

# Fit for Purpose Financial Services Reform

June 2024



New Zealand Council Of  
Christian Social Services

## Tirohanga Whānui | Overview

The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on the Fit for Purpose Financial Services Reform consultation. We support the kaupapa to make financial services more accessible to consumers and remove regulatory burden. However, we believe there is a need to maintain provisions which protect consumers.

Our main points are:

**Item One - We support the prioritisation of effective protections for consumers engaging with Financial Services**

**Item Two - We support maintaining the 'fit and proper person' certification regardless of the regulatory choice decided**

**Item Three - We support the use of plain language to ensure consumer understanding**

**Item Four - We support provisions in lending that will minimise harm to vulnerable consumers**

**Item Five - We support an increase in funding to the FMA to ensure that they can accommodate this additional responsibility**

## Taunakitanga | Recommendations

We raise the following points and recommendations for consideration:

**Item One - We support the prioritisation of effective protections for consumers engaging with Financial Services**

While we understand that these changes may reduce regulatory burden for borrowers and allow more consumers to access lending, this needs to be balanced with careful protections.

We support the fair conduct principle remaining open ended to ensure that consumers are treated fairly.

**Recommendation 1:** We support maintaining consumer protections as a key priority in these changes.

**Item Two - We support maintaining the 'fit and proper' person certification regardless of the regulatory choice decided**

In order to ensure good and safe advice, it is critical that individuals providing these services meet fit and proper character standards.

If these assessments are maintained to ensure protections for the individuals accessing services, we have no preference between the regulatory models.

**Recommendation 2:** We suggest ensuring the ‘fit and proper’ requirements are maintained regardless of certification process.

**Item Three - We support the use of plain language to ensure consumers understand**

Prioritising the use of plain language in documentation allows consumers a higher level of understanding, ensuring that they can make choices which best suit their needs.

The use of plain language is particularly important in financial documents, which if misunderstood could result in consumers taking unnecessary financial risk.

**Recommendation 3:** We suggest using plain language in all documentation.

**Item Four – We support provisions in lending that will minimise harm to vulnerable consumers**

We do not agree that reducing protections for vulnerable consumers is in the interest of consumers as a whole.

The removal of provisions to protect vulnerable consumers are likely to result in an increased risk for these consumers, and we consider the regulatory burden on providers to be on balance with protections to their consumers.

**Recommendation 4:** We suggest maintaining provisions which prioritise the protection of vulnerable consumers.

**Item Five - We support an increase in funding to the FMA to ensure that they can accommodate this additional responsibility**

The shift in responsibility to the FMA from the Commerce Commission will add additional costs to the FMA.

It is essential that the FMA’s funding is increased to allow them the capacity to meet this new role and prevent any potential detrimental impact to consumers.

**Recommendation 5:** We suggest ensuring that the budget for the FMA is increased to account for the additional responsibility in overseeing this aspect.

**Ko wai tātou | Who we are**

NZCCSS has six foundation members; the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches.

Through this membership, NZCCSS represents over 230 organisations providing a range of social support services across Aotearoa. We believe in working to achieve a just and compassionate society for all, through our commitment to our faith and Te Tiriti o Waitangi. Further details on NZCCSS can be found on our website [www.nzccss.org.nz](http://www.nzccss.org.nz).

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