

Response to the

**Ministry of Business, Innovation &
Employment**

on the

**Discussion Paper on Whether to
Introduce a Director Identification
Number**

23 June 2017

1.0 INTRODUCTION

- 1.1 This submission has been prepared by Bank of New Zealand ('BNZ') in response to the Ministry of Business, Innovation & Employment ("MBIE") discussion document on Whether to Introduce a Director Identification Number released in May 2017.
- 1.2 BNZ welcomes this opportunity to provide a response to MBIE's discussion document and acknowledges the industry consultation undertaken on this matter.

2.0 BNZ'S SUBMISSION

- 2.1 Broadly, BNZ supports the introduction of a director identification number (DIN). As suggested in the consultation paper, it will assist when searching the Companies Office to identify company directorships and would help to distinguish between directors with similar names.
- 2.2 From an AML/CFT perspective, BNZ submits there would be significant efficiencies to that might be obtained if an entity was able to rely on the Companies Office due diligence process on granting an identifying number for a Director. This would reduce the compliance burden on financial institutions and reduce the ongoing inconvenience for Directors that would otherwise be associated with being subject to due diligence on multiple separate occasions for the same information.
- 2.3 Directors are often defined as "beneficial owners" of a customer (as either "effective controllers" or shareholders with greater than 25% ownership) under the AML/CFT regime. As such, customer due diligence (CDD) must be conducted on them in accordance with the AML/CFT Act 2009. This requires personal information such as name, date of birth and address, to be collected and verified by supporting documents such as passports, driver licences and secondary documents (name and date of birth) and utility bills (address). Directors often have to provide this information to multiple reporting entities on multiple occasions across different sectors.
- 2.4 By way of precedent, financial institutions might place the same level of reliance on the RealME verification number provided by a customer for CDD purposes given it is a reliable and independent source, and meets the requirements of Part 3 of Identity Verification Code of Practice 2013 (IDVCOP). If the proposal for a DIN also met the IDVCOP requirements, then BNZ would strongly support this as a positive step in supporting a more effective and efficient AML/CFT regime.
- 2.5 BNZ submits that with a relatively small change to the current scope of the DIN requirements, there would be a significant efficiency benefit for New Zealand industry. That change would require directors to provide their address information and associated evidence as part of the DIN application process. By capturing this information as part of the DIN process, all CDD information required from an AML/CFT perspective would be obtained at the same time, meaning that the existence of a DIN may provide reporting entities the means of relying on this to meet CDD obligations. It would mean that directors would not be required to reproduce this information and to go through this process repeatedly with a number of financial institutions thereby saving both them and those institutions a significant amount of time. While difficult to estimate accurately, it is not hard to foresee that this might constitute thousands of hours of avoided and unnecessary repetition.

3.0 CONCLUSION

- 3.1 BNZ is pleased to provide this submission and the information it contains. BNZ is available to discuss any issues raised. Should MBIE have any questions in relation to this submission, please contact:

Head of Regulatory Affairs

Email: