



Reserve Bank
of New Zealand
Te Pūtea Matua

Second tranche of Deposit Takers Regulations

Summary of Submissions

23 September 2026

Contents

Introduction	2
Submissions feedback	2
Definition of deposit taker and the regulatory perimeter	3
Other proposals necessary for DTA implementation	7
Next steps	10

Introduction

In September 2025, the Reserve Bank of New Zealand – Te Pūtea Matua (the **Reserve Bank**; **we**) published a consultation paper on a second tranche of regulations proposed under the Deposit Takers Act 2023 (**DTA**).¹ The consultation closed on 24 November 2025.

Regulations and Orders in Council are secondary legislation made on the recommendation of the Minister of Finance. The Reserve Bank is responsible for providing advice to the Minister on proposed regulations. The policy proposals we consulted on informed our recommendations to the Minister and subsequent Cabinet decisions made in June 2026.

This tranche of proposed regulations is necessary for the DTA licensing process to begin on 1 June 2027. The consultation set out our proposed recommendations for the boundary of the regulatory perimeter, which determines which entities must be licensed under the DTA and subject to ongoing prudential requirements and supervision. The perimeter will be set through the definition of 'deposit taker' in Schedule 2 of the DTA, together with any supporting secondary legislation. The proposals we consulted on sought to maintain the current regulatory perimeter.

We also consulted on three other proposals that are important for the smooth implementation of the DTA. These related to the definition of an Australian financial authority, the classes of lending covered by the Deposit Takers Lending Standard, and the form of infringement and reminder notices.

In total, we received eleven submissions from deposit takers, industry associations and law firms. We would like to thank everyone who took the time to make submissions. This document provides a summary of the feedback received. We have also published submissions alongside this summary document.

Submissions feedback

Overall, most respondents expressed support for our proposals. Most of the feedback focused on our calibration of the regulatory perimeter.

All respondents supported our recommendation to carry across the classes of entities that are currently declared by regulations not to be a non-bank deposit taker for the purposes of the Non-bank Deposit Takers Act 2013 (**NBDT Act**). Respondents emphasised the certainty this would provide for currently declared-out entities and noted the rationale for these exclusions remained valid.

Some submissions suggested we should declare out additional groups. All respondents who submitted on financial technology firms (**fintechs**) agreed with our view that fintechs should not be declared to be inside the regulatory perimeter at this time.

Feedback on whether a minimum threshold for carrying on the business of borrowing and lending should be introduced was mixed. Four respondents agreed with our proposal not to create any thresholds, citing financial stability risks associated with a threshold as well as practical concerns. However, two respondents argued for imposing thresholds, as discussed below.

¹ [Second tranche of Deposit Takers Regulations under the DTA - Reserve Bank of New Zealand - Citizen Space](#).

All submitters that responded on our questions about overseas banks supported narrowing the definition of 'specified overseas entity' to only include persons with a physical presence in New Zealand, consistent with our current perimeter for overseas banks.

Definition of deposit taker and the regulatory perimeter

Proposals in the consultation paper

We consulted on maintaining the existing regulatory perimeter through three key proposals. Firstly, we proposed retaining the existing classes of entities that have been declared not to be an NBDT for the purposes of the NBDT Act. Secondly, we proposed not introducing any thresholds to the 'borrowing and lending' test, which would have the effect of excluding some smaller entities from being required to license. Finally, we proposed introducing criteria to narrow the definition of 'specified overseas entity' to exclude overseas banks that have no physical presence in New Zealand.

We asked the following questions in the consultation paper:

Declared-out entities

- Do you agree with our proposal to retain the existing classes of entities that have been declared not to be an NBDT under the Non-bank Deposit Takers (Declared-out Entities) Regulations 2015 (**2015 Regulations**) for the purposes of the NBDT Act, if they would otherwise meet the definition of 'deposit taker', by 'declaring out' these classes of entities under clause 6 of Schedule 2 of the DTA?
- Are you aware of any examples or do you have any concerns relating to businesses that may be unintentionally caught by the borrowing and lending test?
- Which other types of financial service providers, if any, should be 'declared in' or 'declared out' of the regulatory perimeter under clause 6 of Schedule 2 of the DTA and why?

Thresholds

- Should thresholds be set to exclude entities that are borrowing and lending, or are otherwise providing banking and related financial services, and are therefore currently required to be licensed under the DTA? If thresholds were to be set, what would be the appropriate level?

Overseas banks

- Do you agree with our proposal to preserve the status quo perimeter that exists under the Banking (Prudential Supervision) Act 1989 (**BPSA**) in relation to overseas banks? This would be achieved by introducing criteria in the regulations to narrow the definition of 'specified overseas entity' to exclude overseas banks that have no physical place of business in New Zealand.
- Do you prefer any of the other options we considered with respect to the way in which the regulatory perimeter for overseas banks might be set? If so, why?
- Should we further explore aligning more with the Australian Prudential Regulatory Authority's (**APRA**) treatment of overseas banks, for example, by allowing 'representative offices' to conduct liaison and research activities in New Zealand without the need for licensing?

Feedback received and our comments

As noted above, most respondents supported our proposals. We have set out below any alternative perspectives and issues raised by respondents along with our comments.

Declared-out entities

Declaring out issuers of retail notes or bonds

One respondent requested that we exclude from the perimeter issuers who wish to issue retail notes or bonds in New Zealand capital markets. Without this exclusion, wholesale market issuers are prevented from retail participation. The respondent suggested these freely tradeable securities are different to traditional 'deposits' that the DTA seeks to regulate.

Comment

We do not consider there is a need to declare out issuers of retail notes or bonds in New Zealand capital markets. These entities are unlikely to be in the business of borrowing and lending and therefore would not meet the definition of 'deposit taker'. If an issuer of retail notes or bonds was in the business of both borrowing and lending, the intention of the DTA would be for such an entity to be captured in the regulatory perimeter rather than being declared out.

Increasing the asset cap for charities

One respondent noted charities are currently declared out if they hold total assets of \$15 million or less. They recommended increasing this asset cap to \$50 million to allow growth for successful charitable trusts that pose low risk.

Comment

We considered whether to increase the total asset threshold for charities to meet the criteria for being declared out. However, we believe the current threshold in the 2015 Regulations of \$15 million remains appropriate. The intent of this policy is to only exempt charities with relatively small balance sheets. There is no evidence that the current threshold is limiting the growth of successful charities or imposing unnecessary compliance burdens on these entities.

Approach to payment service providers

Subject to the caveats below, all respondents agreed that payment service providers, including some fintechs, should not be declared into the regulatory perimeter. One respondent highlighted the growing risk of payment service providers using trust accounts to facilitate payments (which is not currently subject to independent supervision), and suggested supervision and oversight would be warranted in certain circumstances. Another respondent thought payment service providers should be subject to their own tailored regulatory regime that is separate to the prudential regulatory framework.

Comment

We agree with respondents that these types of entities should not be regulated as deposit takers by the Reserve Bank. To this end, we have recommended that payment facility providers continue to be declared out of the regulatory perimeter, noting they are currently declared out under the 2015 Regulations.

The Ministry of Business, Innovation and Employment (MBIE) is separately undertaking work on the potential regulation of payment service providers and released a discussion document for public consultation in May 2026.² We shared this feedback from our consultation with MBIE and have been consulted on their work.

Formalised monitoring of fintech sector developments

One respondent noted our intention to continue monitoring the fintech sector, given innovation in this space. They agreed that ongoing oversight of this sector is important for monitoring systemic risks and asked that we provide detail on how our monitoring will be undertaken and published.

Comment

The Reserve Bank's ongoing monitoring of the financial system is primarily focused on risks to financial stability, including analysis of the fintech sector. We share this work in our regular publications, such as the Bulletin and the Financial Stability Report (FSR).

We have recently published a study on the Future of Banking.³ This study includes analysis of emerging risks and potential future systemic risks, including outside the current prudential regulatory perimeter. It also considers how these risks may evolve in the future, so that we can effectively prepare and adapt to the changing environment.

As part of our ongoing horizon scanning, we also monitor overseas regulatory developments and work closely with other financial regulators in New Zealand and abroad.

Thresholds

Introduction of thresholds

Two respondents advocated for introducing a minimum threshold for carrying on the business of borrowing and lending. One respondent suggested a threshold of \$50 million in deposits, while another suggested it be set at a 'relatively significant' level. Both respondents argued the purpose of the regulatory perimeter is to capture those entities whose behaviour or failure could pose significant risks to financial stability and the economy, and a threshold allows activity below this threshold to occur without intensive prudential supervision.

One respondent noted that entities below the threshold would still be subject to requirements and supervision by trustee supervisors, as required by the Financial Markets Conduct Act 2013. They listed several expected benefits of introducing a threshold, including significantly enhancing proportionality and encouraging competition in the financial sector by allowing space for new startups and smaller NBDTs to gain experience and scale before they are subject to the full regulatory burden of the DTA. Under this arrangement, the respondent submitted that entities operating below the threshold would retain the current requirement for a trustee supervisor and would not be able to offer Depositor Compensation Scheme protected deposits.

Comment

Our view is that any entity that is "carrying on the business of borrowing and lending", regardless of its size, should be subject to prudential regulation. This ensures that customers of smaller

² [Consultation on payment services regulation | Ministry of Business, Innovation & Employment](#).

³ [The Future of Banking Study: Future banking scenarios for NZ in 2035 - Reserve Bank of New Zealand - Te Pūtea Matua](#)

deposit takers can benefit from the same regulatory protections as customers of larger deposit takers. We consider this to be one of the key benefits of shifting to a single integrated regulatory regime for deposit takers under the DTA.

Competition and proportionality are important principles that have been factored into the design and calibration of requirements under the DTA. We consider there would be limited-to-no benefit in introducing a threshold that allows deposit takers to operate fully outside the DTA regulatory regime, and to have customers that did not benefit from the Depositor Compensation Scheme.

Limited or restricted licences

One respondent suggested that a preferable alternative to a minimum threshold for carrying on the business of borrowing and lending would be the introduction of a limited or restricted licence within the DTA licensing regime. They argued this would support innovation in the sector and encourage new entrants.

Comment

The DTA does not currently allow for different classes of licence, so this proposal is not in scope of this policy consultation. For completeness, we note that some overseas prudential regulators issue limited or restricted licences as a step towards becoming a fully licensed bank or deposit taker. We are not currently considering this type of licensing regime under the DTA.

Meaning of “carries on the business” of borrowing and lending

One respondent requested clarification as to what it means to be a person that “carries on the business” of borrowing and lending, which forms part of the meaning of deposit taker under the DTA. It is first important to understand whether an entity “carries on the business” of borrowing and lending before determining whether the introduction of minimum thresholds is necessary. The respondent suggested that formal guidance, including on relevant factors that should be considered, would help to clarify the meaning of the phrase.

Comment

We note that the phrase “carries on the business” of borrowing and lending is also used in the NBDT Act as part of the definition of an NBDT. We do not propose a change to how we interpret this phrase compared with our interpretation of the same phrase under section 5 of the NBDT Act. We will consider whether further clarity needs to be provided in guidance as suggested by the respondent.

Overseas banks

Clarity about the proposed physical presence test

Submitters agreed with our proposal to limit the definition of “specified overseas entity” to persons with a physical presence in New Zealand. One respondent requested that the regulations provide the necessary level of detail to explain what “having a physical presence in New Zealand” means rather than using guidance to achieve this. This would enable overseas entities to clearly and easily identify whether they are within the regulatory perimeter.

Comment

We agree that the definition of 'physical presence' in the regulations should be clear and easy to understand. As we develop the regulations, we will work through what is appropriate for guidance and what is better suited to inclusion within the regulations themselves.

Application of the regulatory perimeter to overseas banks with New Zealand branches

One respondent asked that we confirm in secondary legislation that an overseas bank and any registered branch (which is termed an 'overseas licensed deposit taker' under the DTA) should be viewed as two distinct entities. The respondent considers this would provide certainty that a registered branch's physical presence in New Zealand and/or an authorisation for the overseas bank to use restricted words would not bring all the activities of the overseas bank within the regulatory perimeter.

Comment

While an overseas deposit taker and its New Zealand branch (the overseas licensed deposit taker) are the same legal entity, the prudential framework distinguishes between the New Zealand business and the overseas deposit taker's wider offshore activities. Prudential requirements applying to overseas licensed deposit takers focus on the New Zealand business rather than the overseas deposit taker's activities as a whole. This approach is reflected in the Reserve Bank's existing branch policy and will continue under the Deposit Takers (Incorporation outside New Zealand) Standard 2027. Consistent with this approach, the 'near final' version of that Standard and accompanying guidance refer to the "New Zealand business" of the overseas deposit taker and apply a number of prudential requirements by reference to that New Zealand business.⁴

We do not consider it necessary to include additional provisions in secondary legislation regarding the relationship between an overseas deposit taker and its New Zealand branch. The proposed regulations are not intended to alter the existing regulatory perimeter for overseas licensed deposit takers in New Zealand. In particular, the physical presence of a branch in New Zealand does not, of itself, bring all the overseas activities of the bank within the prudential framework.

Other proposals necessary for DTA implementation

Proposals in consultation paper

We proposed three additional regulations necessary for DTA implementation. Firstly, only prescribing APRA as an Australian financial authority, consistent with the approach under BPSA. Secondly, prescribing residential mortgage lending as the only class of lending that the Lending Standard applies to. Finally, carrying over the existing form of infringement and reminder notices that were prescribed in the Reserve Bank of New Zealand (Infringement Notice and Reminder Notice) Regulations 2022.

We asked the following questions in the consultation paper:

- Do you agree with our proposal to carry over the existing definition of Australian financial authority used under the BPSA, which means only APRA would be prescribed in the

⁴ For example, see clause 5 of [Near-final Deposit Takers \(Incorporation outside New Zealand\) Standard 2027](#) and paragraphs 13-19 of [Near-final Incorporation outside New Zealand Standard guidance](#).

regulations? If not, which other Australian public authorities should be included in the meaning of 'Australian financial authority' and why?

- Do you agree with our proposal that a regulation should be made to specify that the Lending Standard applies to residential mortgage lending only? If not, what other classes of lending should the Lending Standard apply to and why?
- Do you agree with our proposal to carry over the existing form of the infringement notice and reminder notice that was prescribed under the RBNZ Act in the 2022 regulations? If not, what amendments would you suggest?

Feedback received and our comments

All respondents who commented on prescribing APRA as an Australian financial authority supported our proposal. Some respondents sought clarification on proposals related to the Lending Standard and the infringement and reminder notices, as discussed below.

Clarifying the definition of 'residential mortgage lending'

One respondent supported our proposal for the Lending Standard to apply only to residential mortgage lending but emphasised the need for certainty around how this term is defined. The respondent noted the interrelationship between the proposed regulation, the Lending Standard and the Capital Standard, and noted that feedback provided on the exposure drafts of those Standards should be considered when developing these regulations. They suggested further consultation is warranted once a coordinated definition of 'residential mortgage lending' is determined.

In defining residential mortgage lending, the respondent requested clarity around sub-classes of lending, and whether housing developments from community housing providers or government entities are included. Another respondent sought a clear exclusion for farm lending to be included in the Lending Standard.

Comment

Since the consultation on the second tranche of Deposit Takers Regulations, we have published an exposure draft of the Capital Standard (in June 2026) and a 'near final' version of the Lending Standard (in September 2026). The definition of 'residential mortgage loan' is intended to have the same meaning in both Standards⁵, and we note that this definition explicitly excludes farm lending and loans to community housing providers.

The proposed regulation under section 83 of the DTA will effectively set an outer boundary for the Reserve Bank's potential application of a lending standard. Within that boundary, the technical definition of residential mortgage lending will be defined in the Lending Standard itself.

How the Reserve Bank will act when persons respond to notices

Two respondents noted that persons who receive an infringement or reminder notice may ask the Reserve Bank to consider any matter relating to the circumstances of the alleged offence. The respondents recommended the Reserve Bank set out in guidance how it will consider the person's

⁵ Refer to clause 3 of [Near-final Deposit Takers \(Lending\) Standard 2027](#) and clause 148 of [Capital Standard exposure draft](#).

response, and what obligations the person owes while the Reserve Bank's consideration is ongoing.

Comment

We will consider this request for guidance on the infringement regime as part of the planned update of the Enforcement Framework Investigation Guidelines, ahead of the DTA coming into full force. In the meantime, if a deposit taker wishes to raise matters relating to the circumstances of the alleged offence after an infringement notice has been issued, we would encourage the deposit taker to notify the Reserve Bank at the earliest available opportunity.

Clarifying when a fee may be payable in the absence of a reminder notice

One respondent said the infringement notice refers to "some circumstances" in which a person may still become liable to pay a fine and court costs despite not receiving a reminder notice. The respondent believes this refers to provisions in the Summary Proceedings Act 1957 and requested that we clarify this point within the notice itself or in the associated guidance.

Comment

If a deposit taker believes it has not received a reminder notice it would be a matter for the Court to determine whether sections 78B or 78C of the Summary Proceedings Act apply and whether the deposit taker is liable to pay the fine and court costs. Sections 78B or 78C concern the court's power to correct irregularities in proceedings.

Confirming how an infringement offence may be proceeded in the absence of the infringement notice

Two respondents noted some infringement offences are already in force under the DTA despite the infringement notice still being developed, which creates uncertainty. One respondent asked us to confirm that infringement notices cannot currently be issued, meaning proceedings could only be taken by filing a charging document under section 168(1)(a) of the DTA.

Comment

We note that there is currently one infringement offence in force under the DTA. This is contained in section 193 and relates to a contravention of the requirement for licensed deposit takers to publish a list of protected deposits. The Reserve Bank considers that the infringement offence in section 193 of the DTA is currently enforceable through filing a charging document in the District Court. Regulations contemplated by section 171 of the DTA are scheduled to be made in the first half of 2027.

Next steps

The following policy decisions relating to the second tranche of Deposit Takers Regulations have been confirmed by Cabinet⁶:

- narrow the regulatory perimeter of the DTA for overseas entities to only include persons with a physical presence in New Zealand, thereby retaining the current regulatory perimeter under existing legislation for overseas banks operating in New Zealand;
- declare that the same classes of entities that have been declared not to be an NBDT under the Non-bank Deposit Takers (Declared-out Entities) Regulations 2015 are not deposit takers, if they would otherwise meet the definition of 'deposit taker' in the DTA;
- prescribe the Australian Prudential Regulation Authority as an Australian financial authority, thereby retaining the same definition of Australian financial authority that exists in the current prudential legislation;
- apply the Lending Standard to residential mortgage lending only, which will enable the Reserve Bank to seamlessly transpose the current macroprudential framework into the DTA;
- prescribe the form of infringement and reminder notices under the Act based on the existing form prescribed for the purposes of the Reserve Bank of New Zealand Act 2021.

Regulations that align with these decisions are currently being drafted and we intend to seek Ministerial and Cabinet approval in the first quarter of 2027. This is to ensure that the regulations will be in force prior to commencement of the DTA licensing period on 1 June 2027.

⁶ [Cabinet Paper Deposit Takers Regulations Policy Decisions](#) and [ECO-26-MIN-0107 Deposit Takers Regulations Policy Approval Cabinet Minute](#).