



Kiwibank submission to the Reserve Bank of New Zealand on the Deposit Takers Standards – Tranche 1 Consultation



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Introduction

1. Kiwibank supports the Reserve Bank's principles-based approach to developing the Standards and Guidance. Clear and certain requirements lead to better outcomes for all. We have identified (and set out below) some areas where changes could be made to better align requirements with purposes and principles and to make these requirements clearer and more certain.
2. We encourage the Reserve Bank to change its current breach reporting framework to align with the principles-based approach it has taken to developing the Standards. The current requirement to report any technical non-compliance with liquidity requirements regardless of its severity or impact on liquidity ratios is overly onerous and does not recognise that principles-based requirements are open to interpretation. We submit that the Reserve Bank should be focussed on material non-compliance with material requirements such as instances of liquidity ratios falling below minimum requirements.
3. The Reserve Bank is aware that implementation of multiple Standards by 1 December 2028 will be challenging. Liquidity models and Depositor Compensation Scheme systems will be complex to build. It would be extremely useful if the Reserve Bank finalises the Standards, Guidance and any supporting regulations or other related information (such as 2028 levy requirements) as soon as possible. The Reserve Bank publishing a response to submissions on this consultation, confirming any drafting changes, this year would enable work on building models and systems to progress. A staggered approach to issuing final requirements (rather than issuing all Standards on 31 May 2027) would also assist greatly.

Feedback on the Exposure Draft of the Deposit Takers (Liquidity) Standard 2027 (Liquidity Standard) and Liquidity Standard Guidance Note (Guidance Note)

4. We strongly support the introduction of the Liquidity Standard and accompanying Guidance Note that seek to provide clearer and more certain liquidity requirements. Removal of ambiguity in interpretation and application will lead to consistent outcomes and operational efficiency. We also strongly support the principle-based qualitative liquidity requirements that provide deposit takers with flexibility to comply in a manner that is appropriate and proportionate for their business.
5. Where requirements in the Liquidity Standard are principle-based and/or left open to interpretation, we submit that there should not be negative consequences for a deposit taker that takes a reasonable approach aligned with the policy intent. We ardently encourage the Reserve Bank to change its current breach reporting framework so that only instances of ratios falling below a minimum requirement set by the Reserve Bank in a material respect are required to be reported as breaches.
6. There are other positive steps the Reserve Bank could take to assist deposit takers to successfully and efficiently achieve compliance with the Liquidity Standard. One such step is to automate information flows from the Reserve Bank to deposit takers that are

needed for the calculation of ratios. Another step is to consolidate and simplify reporting requirements (e.g., BSS and liquidity) to remove duplication. We look forward to working with the Reserve Bank to implement a Liquidity Standard that leads to consistent outcomes and operational efficiency.

Specific points of feedback

Reliance on assumptions in calculations should be permitted when appropriate

7. We support clause 5 of the Liquidity Standard permitting deposit takers to rely on assumptions when making calculations. Assumptions assist to make calculations operationally feasible and efficient, enable risk-sensitive judgment in environments lacking perfect data, and promote consistency across deposit takers.
8. We believe the current clause 5 that requires assumptions to be “necessary to make the calculation in a timely and prudent manner” sets the bar too high. We submit that deposit takers should be permitted to make assumptions if they believe, on reasonable grounds, that the assumption is “appropriate in the circumstances”. This still requires a deposit taker to consider the extent to which the assumption could result in inaccuracy of the calculation, particularly an understatement of its liquidity risk.

Lower limit of cap range for CLF-eligible assets eligible as liquid assets is too low

9. Setting the cap at the lower limit proposed in clause 14(4) of the Liquidity Standard (5%) would be too restrictive and could limit the diversity of liquid assets. We recommend raising the lower limit to at least 15%, as this adjustment would still support the policy’s purpose without compromising the safety, soundness, or stability of deposit takers and the wider financial system.

Government agency deposits should not be classified as “market funding”

10. We do not support government agency deposits being classified as “market funding” and subject to a 100% run-off rate under the MMR. Government agency deposits are generally seen as stable and not prone to rapid withdrawal during times of market stress. Reclassifying these deposits as “market funding” takes an overly cautious approach and could unintentionally lead to significant extra costs for the government agency sector. We submit that clause 16(1)(a)(iii) should be deleted.

Deposits should be aggregated in accordance with the “single depositor view”

11. Clarity and certainty of how deposits are to be aggregated for the calculation of ratios is essential to lead to consistent outcomes and operational efficiency. We note that currently two different concepts have been proposed for the same calculations which causes uncertainty, complexity, and would require significantly more work for no apparent benefit.
12. We support the aggregation of balances across a depositor’s accounts in the same way required to produce a single depositor view in accordance with the DCS Standard, as the Reserve Bank encourages in paragraph 81 of the Guidance Note. We do not support

the aggregation of balances for “a person and any associated person” as set out in clauses 16(1)(d) and 22(1)(e). We submit that the words “and any associated person” should be deleted from clauses 16(1)(d) and 22(1)(e).

Non-compliance with technical detail of requirements should not be reportable

13. The Reserve Bank currently requires banks to report any non-compliance with BS13 and BS13A, regardless of its severity or impact on liquidity ratios. This leads to reporting minor technical breaches even when minimum ratios are maintained and, does not account for the complexity of calculations that make occasional technical errors unavoidable. We recommend that under the DTA, deposit takers should only report when a ratio materially falls below the Reserve Bank’s set minimums, aligning with current capital ratio reporting practices.

Liquidity requirements should be clear and certain

14. We have identified some instances where further clarity and certainty of requirements would assist to achieve consistent outcomes and operational efficiency. These are:

Reference	Feedback
Clause 4 – Application of liquidity requirements	The Guidance Note says that deposit takers are not expected to produce real-time calculations and generally will not need to calculate ratios at multiple times throughout the day or on non-business days. The inclusion of the word “generally” suggests that the Reserve Bank could require deposit takers to calculate ratios at multiple times throughout the day. Since banks use end of day data, meeting this requirement would require significant additional work and cost for no apparent benefit. We propose that the word “generally” is deleted from paragraph 13 of the Guidance Note.
Clause 7 – Cash flow and liquidity position	It is unclear what “deterioration in the quality of collateral” in paragraph 37.3 of the Guidance Note is intended to cover. We suggest that further clarity on this term is provided in the Guidance Note.
Clause 14 – Calculation of liquid assets under Part 3	Clause 14(1) sets out the list of eligible assets for the MMR. The Guidance Note introduces the concept of assets being “pre-positioned” for the CLF which suggests deposit takers are required to take some action in relation to a debt security before it can be an eligible asset and included in clause 14(1). We submit that all debt securities that could be CLF-eligible should be able to be included in clause 14(1) without any other action needing to be taken, and the Guidance Note should be amended to provide this clarity.

Clause 14 – Calculation of liquid assets under Part 3	Clause 14(3) refers to the value of a debt security eligible for a liquidity facility as “the purchase price offered by the Bank under the liquidity facility”. The Guidance Notes says that the purchase price would be based on the market value of the securities. It is unclear how this market value is determined. We suggest that the Guidance Note is revised to make it clear that a deposit taker may determine the market value.
Clause 16 – Calculation of cash outflows under Part 3	If the Reserve Bank classifies some government agency deposits as “market funding” the government agencies should be identified and notified to deposit takers by the Reserve Bank to ensure there is consistency and clarity across deposit takers.
Clause 16 – Calculation of cash outflows under Part 3 and Clause 22 – Calculation of core funding	There could be differing interpretations of the term “readily tradable” in clause 16(1)(b) and clause 22(1)(d)(i). We suggest that further clarity on this term is provided in the Guidance Note to ensure consistency across deposit takers.
Clause 16 – Calculation of cash outflows under Part 3 and Clause 22 – Calculation of core funding	Clause 16(2) permits a deposit taker to ‘look through’ to the underlying party for the purposes of subclause (1)(d). Clause 22(2) does the same for the purposes of subclause (1)(e). It is unclear why this permission does not also apply for the purposes of subclause (1)(c) for both clauses 16 and 22. Debt securities in respect of which a levy is payable under the DTA may be held under relevant arrangements, and where the underlying deposits can be identified with reasonable certainty, the option to include them within clause 16(1)(c) should exist. We note that without certainty on how the calculation of the levy base will be based on single depositor view files, including for relevant arrangements, it is difficult to determine how subclauses 16(1)(c) and 16(1)(d) work together, and how relevant arrangements may be treated. We propose that clause 16(2) and clause 22(2) are amended to also permit a deposit taker to ‘look through’ to the underlying party for the purposes of subclause (1)(c) in both clauses 16 and 22. We also submit that paragraphs 80 - 82 of the Guidance Note should be amended to more clearly articulate how deposits are to be categorised into the relevant section of clause 16, how assumptions may be used, and how relevant arrangements may be treated.
Clause 16 – Calculation of cash outflows under Part 3 and Clause 22 – Calculation of core funding	Clauses 16(2)(b) refers to arrangements where the deposit taker does not have an obligation to repay the named holder of the debt security within 30 days, but clause 16(1), which clause 16(2) relates to, deals with debt securities that are repayable within 30 days. This drafting does not seem to work, and we submit that subclause 16(2)(b) and subclause 22(2)(b) should be deleted.

Clause 18 – Core funding ratio	We note that the Quantitative Impact Study template defines “total lending of money” as “bank’s balance sheet figure for loans and advances as at the last working day of the month”. The term “total lending of money” is used in clause 18. We suggest that the Guidance Note is updated to include this definition and clarify that the “total lending of money” figure is to be used once it is available each month.
Clause 22 – Calculation of core funding	Clause 22(1)(b) refers to the principal sum of debt securities repayable “no earlier than 1 year after the calculation”, while clauses 22(1)(c)(ii) and 22(d)(ii) refer to debt securities payable “no later than 1 year after the calculation”. In tandem these clauses will double count any debt securities due to be repaid in exactly one year. This seems unintended so we ask the Reserve Bank reconsider this drafting.

Feedback on the Exposure Draft of the Deposit Takers (Depositor Compensation Scheme) Standard 2027 (DCS Standard), DCS Guidance Note (DCS Guidance) and DCS Data Submission Guidelines

Information about depositor compensation scheme (Part 1 of the DCS Standard and associated DCS Guidance)

Specific points of feedback

DCS Information sheet

15. Kiwibank strongly opposes the requirement in clause 10 of the DCS Standard that deposit takers must provide an authorised individual with a DCS information sheet no later than the time a protected deposit is placed. This clause should be removed. Our reasons are:

- (a) the requirement is duplicative because customers will be able to find out DCS information on deposit taker websites and the Reserve Bank’s website and so there is no added benefit for customers. Having to provide this information sheet in the way proposed in clause 10 could in fact fatigue or unnecessarily concern customers. It is important to get the balance right between informing customers about the DCS yet also remembering that banks are well capitalised and the risk of failure is low.
- (b) the requirement is an unnecessary compliance burden which may be in tension with the principle in section 4(c) of the DTA (that the Reserve Bank must in achieving the purposes of the DTA take into account the need to avoid unnecessary compliance costs). For example, if the information sheet would have to be available in potentially different formats, on different channels, each time a protected deposit is placed, and if it has to be given to ‘authorised individuals’ who are defined widely.

16. If the Reserve Bank, however, still proceeds with the requirement then we submit that it should be amended to be more proportionate and less burdensome. In particular:
- (a) the appropriate time to provide the information sheet would be once to a customer at onboarding rather than each time a protected deposit is placed;
 - (b) where there is more than one authorised individual, the requirement should be satisfied by providing the information sheet to any one of them individually; and
 - (c) the requirement should be able to be satisfied electronically or via a link to the Reserve Bank's website and it should be clear that physical mail out is not required.

Revolving credit contract products

17. Kiwibank submits that clause 6(3) of the DCS Standard is too restrictive by prohibiting advertisements about revolving credit contract products from referring to the product as a protected deposit under the DCS. If the Reserve Bank's intention here is to avoid confusing customers, because DCS protection for these products is focused on any positive credit balance in connection with the revolving credit contract (Regulation 5(2)(a)(x) of the Deposit Taker Regulations 2025), we submit that it would be more confusing for customers if they see these products on the protected deposits list (as required by section 193 of the DTA) but then receive no further information from the deposit taker about how DCS protection applies because that could be prohibited. We also have concerns that clause 6(3) may inadvertently risk prohibiting these products appearing on the protected deposits list itself which cannot be the intention given section 193 of the DTA.
18. Clause 6(3) of the DCS Standard should therefore either be removed entirely or the clause and/or the definition of 'advertisement' in the DCS Standard should be amended so that any restriction carves out the protected deposits list required by section 193 of the DTA. There should also be a carve out for documents produced for non-promotional purposes, such as disclosure statements etc. These documents would also include any explanation documents that deposit takers produce for the purpose of helping customers understand how DCS protection applies.

Advertisement definition

19. 'Advertisement' should be defined in the DCS Standard and should take as a starting point the definition in section 6(1) of the Financial Markets Conduct Act 2013 with necessary carve outs like the protected deposits list (as submitted above). As stated in our submission to the Reserve Bank on the DTA core standards policy consultation dated 15 August 2024, we do not support taking the definition of 'advertisement' from section 434(4) of the DTA as it would be too broad capturing 'anything used to promote the services or products of [bank]' and so we have concerns how this would work especially where there is limited space such as banners, tiles, or where multiple products or services are being advertised at the same time.

DCS Depositor Page (Part 2 of the DCS Standard; associated Guidance)

Specific points of feedback

Authorised Individual definition

20. Kiwibank does not support widening the authorised individual definition further to administrators who may not have full transaction authority and who may not therefore meet the current definition (we refer here to paragraph 61 of the Reserve Bank's supporting information on the exposure drafts dated 30 October 2025 (**Supporting Information**)). This would make the definition too wide. Changing it is also likely to require significant system re-build and associated costs. We refer the Reserve Bank again to the principle in section 4(c) of the DTA that it must take into account the need to avoid unnecessary compliance costs.

N to sign

21. In answer to question 7 of the Reserve Bank's Supporting Information, Kiwibank supports the Reserve Bank's view in paragraph 62 of the Supporting Information that the Transitional Standard would allow any of the authorised individuals in an 'n to sign' scenario to individually submit an alternate account to a DCS depositor page. We do not suggest this be changed and are concerned that if it were changed it could cause significant system change and associated re-build costs.

Preferred method of contact

22. Reference to 'preferred method of contact' in the new 'contact details' definition used in clause 12(1)(b) of the DCS Standard means that deposit takers would have to re-build their DCS depositor page to also be able to collect the preferred method of contact. We submit that the existing Transitional Standard requirements are sufficient, requiring the page to be able to collect alternate account details, email and phone details. Relevantly, clause 12(2) in both the Transitional Standard and DCS Standard means that only the alternate account details must then actually be filled in. The preferred method of contact should therefore be removed or made optional for deposit takers to include on the page. Neither paragraph 13 of the DCS Guidance nor the Depositor Data file on page 15 of the DCS Data Submission Guidelines refer to preferred contact method so it may not have been intended for it to be mandatory (if so, the Standard should be amended to align).

Updates to details

23. Paragraphs 17 and 18 of the DCS Guidance have changed since the Transitional Standard Guidance. Rather than accept the first submission of depositor information only, the Reserve Bank now proposes to accept updated information unless or until a claim has progressed to processing the payment. It also appears that an authorised individual may be able to change the information either themselves via the DCS depositor page or by contacting the Reserve Bank (but the Reserve Bank should clarify this since the wording is currently conflicting). These changes would be substantial and cause re-build work. It may also introduce complexity by allowing potentially multiple changes to depositor information to be made by authorised individuals themselves.

24. We submit that the status quo should be maintained – that the first submission provided only is accepted and then the DCS depositor page can be locked down and changes cannot be made unless and until an authorised individual contacts the Reserve Bank and the Reserve Bank decides to accept corrected information. If, however, the Reserve Bank proceeds to allow changes to be made to depositor information, including by any authorised individual, then we submit that this should be optional for the deposit taker to provide and the Guidance could clarify that any authorised individual can either contact the Reserve Bank to have details corrected/updated or, if the deposit taker allows it, provide corrected/updated information through the DCS depositor page.

Additional technical feedback

Standard or Guidance reference	Feedback
Paragraph 18 of the DCS Guidance (in relation to clause 12 of the DCS Standard)	Paragraph 18 of the DCS Guidance refers to where an 'account' has more than one authorised individual. The Reserve Bank should also explain that there may be more than one authorised individual for the 'depositor' (not just an account of the depositor). For example, a depositor may have one authorised individual for one account e.g. a petty cash account, and a different authorised individual for another account e.g. term deposit – both are 'authorised individuals' as per the DCS Standard's definition and so either/any could individually provide the DCS depositor page information for the depositor as a whole (given that there can only be one alternative account per depositor and because DCS compensation is calculated on a single depositor view (SDV) basis). As a general related point, we encourage the Reserve Bank to consider across the Standard and Guidance whether it correctly uses the terms 'account', 'depositor', 'deposit' in view of the example above and given the SDV concept.
Electronic credentials definition in clause 13(2) of the DCS Standard and referred to in paragraph 20 of the DCS Guidance	The DCS Guidance should clarify that this includes biometric data given that mobile app users may use face ID and/or fingerprints.
Paragraph 21 of the DCS Guidance	This should be amended to refer to 'depositors' not 'deposits' in the first sentence. An authorised individual may need to provide different alternate account details for different depositors in the context of this paragraph (alternate account details are provided for a depositor not a deposit given the SDV concept).
Guidance on clause 15 of the DCS Standard	The Guidance should also cover the situation where there are two or more authorised individuals and one authorised individual has already provided the depositor information. In those circumstances, if the first authorised individual or any subsequent authorised individual accesses the DCS depositor page they will get a statement with the information set out in clause 15, together with details of the depositor information submitted (i.e., contact and account details). The

Standard or Guidance reference	Feedback
	Guidance should provide that there can also be a message saying that if the information is incorrect or needs to be updated, the authorised individual can contact the Reserve Bank to correct the details. The added new words to clause 15(b) "provided through the page" should also be deleted as it may not be correct. For example, if those details are incorrect or have been subsequently updated.

Single Depositor View (Part 4 of and Schedule 2 to the DCS Standard; associated DCS Guidance and DCS Data Submission Guidelines)

Specific points of feedback

Open Bank Resolution (OBR) and DCS integration

25. Kiwibank encourages the Reserve Bank to release its policy decisions for OBR as soon as possible and before consultation on the OBR exposure draft standard in June 2026. This is important given the Reserve Bank's proposal for an interrelationship between OBR and DCS which may impact how deposit takers deliver requirements. The Reserve Bank delayed the OBR policy decisions because of the capital review. Now that the capital review decision has been released, we encourage the Reserve Bank to release its OBR policy decisions promptly.

CSV versus JSON data format

26. We submit that the Reserve Bank should provide optionality for deposit takers to still use JSON if they prefer. We do not support the requirement that all deposit takers now use the CSV data format which is a shift in policy from the Reserve Bank's previous proposal favouring JSON. In the Reserve Bank's summary of submissions and policy decisions for the core standards dated 1 May 2025 there was no deviation from JSON. Kiwibank has already been planning for JSON. We also consider that JSON is more sophisticated (see paragraphs 27 and 28 below for why). For deposit takers that can only provide CSV data format we submit that it would be relatively simple for the Reserve Bank itself to convert CSV data format to JSON. This would have the benefit of maintaining JSON as the primary format, ensuring consistency for the Reserve Bank and a more sophisticated data format, yet also enabling deposit takers to provide CSV or JSON.

27. The SDV needs to represent hierarchical data (depositor can have zero or many accounts, each of which can have one or many authorised individuals). JSON is more sophisticated here compared to CSV (JSON can represent structured, nested relationships, it would also more easily support extensibility via schema versioning, supports data validation against the JSON schema, and would create a smaller file size). CSV in contrast supports flat/tabular data and struggles to represent hierarchical relationships without duplication or splitting files into related objects (e.g. separate files containing depositors; accounts; relationships) and needs subsequent reconstruction.

28. The Reserve Bank's current CSV specification could not be provided as a single file where there are multiple authorities. Deposit takers will have a number of different authority types and there may be one or many authorised individuals for one or more of a depositor's accounts. If the Reserve Bank continues to require CSV, then the proposed CSV specification needs to be improved and supported by scenarios (e.g. person with multiple accounts and multiple authorities), and explain how it will work for multiple authorities, (e.g., in a separate row). The current DCS CSV only provides for one 'authority' object per account. Additionally, section 3.5 of the DCS Data Submission Guidelines needs refinement where it requires a unique identifier given that where there is more than one authority they may relate to the same unique identifier and account number.

Temporary High Balances

29. Kiwibank is concerned that the description of this new SDV field 27 in Part 4 of the DCS Guidance leaves open the possibility that regulations could be prescribed for temporary high balances before the DCS Standard comes into force in December 2028. Given that this may be complex to define and achieve and in view of the work already required to implement the SDV generally, we highlight that introducing regulations before 2028 could be very challenging. We need to know whether or not that is the Reserve Bank's intention and, if it is, be consulted pursuant to section 462 of the DTA early this year and with sight of regulations this year given that we are already having to begin work on the SDV on the basis of the draft Standard and given the overall timetable.

Protected deposits

30. Kiwibank is concerned that the Reserve Bank may have drafted the DCS Standard and Guidance to capture in the SDV file all deposits and then identify which are protected deposits. We reference here use of 'deposits' in clause 2 of Schedule 2 to the DCS Standard compared to 'protected deposits' in clause 1 of Schedule 2. We also refer to field 33 'protected deposits' in Part 4 of the DCS Guidance. And there is also potential inconsistency with the field descriptor for field 31 'product type' which appears to focus on protected deposits. We submit that the Reserve Bank should be tailoring the SDV requirements to protected deposits only. If the SDV also captures deposits, then the Reserve Bank will end up getting more information than necessary which would be counterproductive. There is precedent for our suggested approach. We understand that in the UK ineligible deposits are not included in the Single Customer View, according to the Financial Services Compensation Scheme (FSCS) Guide to SCV January 2021.¹

Authority on account

31. We request that the Reserve Bank be clear about what they intend to capture in the 'Authority on account' field 39 in Part 4 of the DCS Guidance so that we understand what is required in the SDV file and can reflect this in our system build. Currently, the description of this field in Part 4 of the DCS Guidance is different to the definition of 'authorised individual' in the DCS Standard (relevantly, 'authorised individual' is used in clause 4 of Schedule 2 to the DCS Standard). It is unclear why the field is different. The

¹ Page 9 to 10 of the Financial Services Compensation Scheme (FSCS) Guide to SCV January 2021 [scv-guide---jan-2021---revised-dec-2025.pdf](#)

Reserve Bank should also be clear about whether, if they did intend a different definition for field 39, did they intend here to include capturing account ‘owners’ (those with a principal relationship to the depositor but who may not always also have transactional capability on an account and so may not be ‘authorised individuals’).

Relevant arrangements

32. We submit that the requirement to identify relevant arrangements should be framed as where the arrangement is known. This could be achieved by making the ‘relevant arrangements’ field 34 in Part 4 of the DCS Guidance (and corresponding part of Appendix B in the DCS Data Submission Guidelines) framed to capture ‘Relevant Arrangement: Yes; No; or Unknown’. Unknown would be the default unless a deposit taker can answer Yes or No. Clause 2(e) of Schedule 2 to the DCS Standard may also need to be adjusted. This is important because some deposit takers may not always know whether an account is a relevant arrangement and clause 32 of the DCS Standard and paragraph 51 of the DCS Guidance are clear that there is no requirement for deposit takers to ask depositors for information to complete the SDV.

SDV file timing and sequencing of events

33. Kiwibank submits that the Reserve Bank needs to refine how the DCS Standard and supporting Guidance sequences events so that SDV data is captured at the right time:

- (a) in the scenario contemplated by clause 30 of the DCS Standard (requirement to produce the SDV not dependent on a specified event notice and so no associated quantification time and deposit taker shut down), it would be challenging for us to run data at a specific time set by the Reserve Bank because we could not shut down the bank to calculate accruals and so on. We instead propose that deposit takers could provide the most recent overnight file containing the balances at that point, within 24 hours of the Reserve Bank request. We submit that the DCS Standard and/or Guidance be clear that this is allowed for and amended if necessary; and
- (b) in the scenario contemplated by clause 31 of the DCS Standard (requirement to produce the SDV if the Reserve Bank issues a specified event notice and the SDV must contain information at the quantification time), the Reserve Bank need to consider sequencing shut down, quantification time and the creation of the SDV file. We envisage that the appropriate time to run the SDV is once systems are shut down including deactivation of account software under clause 18 of the DCS Standard.

Additional technical feedback

SDV Fields	Feedback
IRD number (field 11, Part 4 of the DCS Guidance and in Appendix B of the DCS Data Submission Guidelines)	This should not be mandatory.
Preferred contact method (field 15, Part 4 of the DCS Guidance and in Appendix B of the DCS Data Submission Guidelines)	This should not be mandatory. We also do not think there is a convincing use case to have it at all.

	See also related point for DCS depositor page data at paragraph 22 of our submission above.
Phone number and email address fields (fields 23, 24, 51, 52 in Part 4 of the DCS Guidance and in Appendix B of the DCS Data Submission Guidelines)	This should not be mandatory as deposit takers may not hold this information for every customer. Section 3.6 on page 55 of the Reserve Bank's summary of submissions and policy decisions for the core standards dated 1 May 2025 noted this and said the final SDV will reflect this. However, the fields remain mandatory, so we reiterate our feedback.
Trust account (field 35 of Part 4 of the DCS Guidance and in Appendix B of the DCS Data Submission Guidelines)	We do not see a convincing use case for this field given that any trusts will already be identified in field 2 'Type of depositor'. We submit that this be removed.
Type of authority (field 40 of Part 4 of the DCS Guidance and in Appendix B of the DCS Data Submission Guidelines)	The "Field descriptor" should remove the reference to "legal guardian for a minor account". Not all deposit takers may have this authority type and it is therefore unhelpful. Relevantly, we support the Reserve Bank's flexible approach to 'Factor' field attributes like Field 40, enabling deposit takers to use their internal categories (in particular, we support section 3.1 of the DCS Data Submission Guidelines reference that "for each factor variable in the SDV variables list, except for tax variables, include a list and definitions or all categories and sub-categories (if any) used internally").
Payout hold status (field 53 in Part 4 of the DCS Guidance and in Appendix B of the DCS Data Submission Guidelines; and clause 2(h) of Schedule 2 of the DCS Standard)	Clause 2(h) of Schedule 2 of the DCS Standard refers to holds 'in whole or in part'. We consider that the Guidance should be clear that, while a deposit taker should identify whether or not there is a hold on an account, there is flexibility and optionality for whether the deposit taker provides further information in the SDV, for example, whether or not the hold is partial or whole.
Other points	Feedback
Identifying information (definition in clause 3 of the DCS Standard; used for example in clauses 1(a) and 4(a) of Schedule 2 to the DCS Standard; also relevant is New Zealand Business Number field 9 in Part 4 of the DCS Guidance and in Appendix B of the DCS Data Submission Guidelines)	The definition should be amended so that it is clear that (d) in relation to New Zealand Business Number adds at the end of the sentence <i>'if the deposit taker has one recorded for them'</i>. This is because not all non-individuals have an NZBN. Relevantly, this definition is used for SDV purposes in clauses 1(a) and 4(a) of Schedule 2 to the DCS Standard. In addition, the field for NZBN in field 9 of the DCS Guidance is not mandatory which

	supports our view but the definition in the Standard should also therefore be clear.
SDV testing, specifically, clause 33(b)(i) of the DCS Standard and paragraph 59 of the DCS Guidance	It is unclear what 'complete and reasonably accurate' is in relation to. We submit that it must be in relation to the information held in deposit taker systems and we think that the DCS Guidance should be amended to make that clear.
DCS information-gathering notice This term is used throughout DCS Data Submission Guidelines but not in the DCS Standard or DCS Guidance.	Please clarify what this notice is and which clause/section of the DCS Standard and/or the DTA it relates to. What is its status, for example, compared to the specified event notice referred to in section 194 of the DTA and in the DCS Standard.
Manifest file Referred to within the DCS Data Submission Guidelines (for example, section 3.1, page 8).	The DCS Data Submission Guidelines suggests that an information-gathering notice would tell us what needs to be included in this manifest file. We submit that that may be too late. We would rather understand, as part of the DCS Standard and its supporting guidance, what the manifest file needs to contain so that we can pre-position and build for this if we judge that necessary.
Negative balances Referred to in section 2.1 on page 5 of the DCS Data Submission Guidelines	If the Reserve Bank wants negative balances converted to zero this may complicate reconciliation (e.g. with balance sheet data). We think the better approach would be to provide the actual balance (as a 'signed' value i.e. indicating if it is negative). The Reserve Bank should be able to filter negative balances for the purposes of entitlement calculation. It would need to be clear, however, that any 'aggregate' entitlement attributes (e.g. field 51 Compensation amount) should be calculated based on the sum of credit balances only.
In-flight payments	We have seen no update from the Reserve Bank about whether it plans to address further what happens to in-flight payments since November 2024 following the DCS Regulations consultation. The Reserve Bank said then that it was not going to make regulations for in-flight payments because the DTA empowering provision was too restrictive and it may look to recommend a remedial amendment. The Reserve Bank also said that this was acceptable in the short-term, as in the absence of regulations, legal DCS entitlements would default to being determined by balances at the point of failure (which we interpret to mean that in-

	flight transactions would be disregarded). The Reserve Bank also said that longer term they favoured alignment with OBR and would consider this as a future policy issue. It is important for us to understand status as it may impact how we build for the SDV. We also want to avoid regulations being made at late notice given the overall challenging implementation timetable. Please can the Reserve Bank therefore confirm whether they intend to progress treatment of in-flight payments before December 2028.
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Feedback on the Exposure Draft of the Deposit Takers (Lending) Standard 2027 (the Lending Standard) and the Lending Standard Guidance Note (the Lending Guidance)

Substantial changes between BS19 and BS20 and the Lending Standard and Guidance

34. Overall, we are encouraged by the drafting of the Lending Standard and Lending Guidance, particularly its structure and streamline nature. However, as an overarching comment, we do also note that the draft Lending Standard and Lending Guidance has substantially changed some previous BS19 LVR Framework and BS20 DTI Framework meanings or made the interpretative position unclear. It is unclear to us why this is the case particularly given that we understand that the Reserve Bank intended to largely carry-over existing BS19 and BS20 requirements.
35. Our submission below includes examples of where we think the Lending Standard and Guidance have significantly changed the status quo. We encourage the Reserve Bank to confirm its intention and to engage with deposit takers about this (for example, through an industry workshop) at the earliest opportunity to ensure that the underlying policy intention is achieved and to resolve any drafting issues.

Business surplus income determination

36. The Lending Standard and Guidance (clause 22 and paragraph 87 respectively) have introduced a material change to the determination of business surplus income compared to existing section 12 of BS20. It is unclear why and whether this is intended. We have strong concerns (particularly with paragraph 87) that this will cause re-build of our system and processes for DTI. This would be an unnecessary compliance burden which therefore may be in tension with the principle in section 4(c) of the DTA (that the Reserve Bank must in achieving the purposes of the DTA take into account the need to avoid unnecessary compliance costs). We would like to understand why this change is proposed and we also submit that our strong preference is to keep the current formula (the five step process) in BS20.
37. To further explain the issues that the proposed change would cause we highlight that under the new method, servicing costs are being double counted. Under the current approach the starting point is net profit *after* tax (NPAT) and then interest and depreciation are added back in and then servicing costs deducted (i.e. only one lot of

servicing costs is included in the calculation). This is not the case under the new proposed approach which appears to suggest deducting servicing costs twice (firstly in the derivation of net profit *before* tax (NPBT), and again in 87.2 of the Guidance, which says servicing costs need to be deducted again. We cannot understand what the intention of this is. It will have a significant impact for borrowers from a serviceability point of view, as it could significantly reduce the income used in the DTI calculation, potentially resulting in more restricted lending (i.e. high DTI lending). Another difference is the starting point of the business surplus calculation which has changed from NPAT to NPBT, which will require system re-build if this is the intention.

Residential housing loan

38. The definition of residential housing loan used in the Lending Standard and Guidance differs to the definition of residential mortgage loan in BPR 131. Some differences are of concern and we submit that the definition requires refinement. In particular:
- (a) certain exclusions need to be carried over from BPR 131, for example Kāinga Whenua loans (these should be treated as “Other Assets” for capital purposes); and land used predominantly for farming or commercial activity; and
 - (b) the definition of ‘residential land’ used in the ‘residential housing loan’ definition should itself be defined and clarify, for example, that the definition refers to a specific interest in land on the land registry.
39. The definition should also clarify:
- (a) that it means a credit contract ‘*secured directly or indirectly*’ by a first mortgage. We submit that this is the right interpretation and is also how we currently interpret the existing definition of residential mortgage loan. It would be helpful if the Lending Standard and Guidance could be clear that this is the case;
 - (b) whether housing developments developed by iwi, community housing providers or government entities are included (the recent Reserve Bank Capital Review decision announced on 17 December 2025 provided further clarity about community housing providers and government entities but we submit that this should be reflected as well in the Lending Standard and/or Guidance and that clarity about iwi should also be provided as this is less clear).

Treatment of guarantors

40. Either the ‘residential housing loan’ definition in the Lending Standard or the Lending Guidance needs to address the treatment of guarantors. The Lending Standard does not currently define guarantors nor is it clear how the debt, income and security of guarantors should be treated. We submit that the Reserve Bank should make clear in the Standard and/or Guidance that the existing approach in BS20 is carried over. In particular, the treatment of guarantees under clause 21(1)(d) of the Lending Standard should be clear that where we are not dealing with a look-through company (**LTC**) or trust (for example, a parent guaranteeing their child’s loan), we do not include this in any calculation unless the guarantor’s income is being used to service the loan.

Calculation of debt including exclusions applied

41. Clause 21(2)(b) of the Lending Standard creates confusion on the treatment of debt used for business purposes, particularly with the use of the term “personal loan”, and “investment purposes” compared to the current wording. It is unclear how a business loan or other credit facilities (that are not personal loans) are to be treated if they are used for business purposes. We submit that any credit facilities (agnostic to product type), if for business purposes, should be excluded, and that all credit facilities that are for residential investment purposes should be included.
42. The 50% personal debt / personal loan usage test will create an additional operational burden on lenders and be difficult to perform and administer. We submit that a conservative approach should be allowed for (that when business debt and personal debt cannot be separated all debt is aggregated and included in the calculation of debt).
43. Proposed alternative wording for 21(2)(b) is set out below:

“any credit facilities which the debtor records on that debtor’s balance sheet for the purposes of carrying on business activities (this exclusion cannot be applied for credit facilities used for residential investment purposes or where personal credit facilities cannot be separated from business purposes in a reasonable manner).”

44. We also submit that an additional clause needs to be added to the Lending Standard regarding how business debt secured by residential property should be treated. We submit that the Standard should carry-over the existing concept that it is currently excluded if it is for business purposes but included if it is for residential investment purposes.

First advance versus loan commitment date

45. We submit that use of the terminology ‘advance’ in the Standard, which is new, risks confusion given that (while not defined in the Lending Standard) ‘advance’ is typically understood as being the point at which the loan is drawn down, rather than the earlier date where it is committed (where DTI, LVR and capital are currently calculated). A definition of “loan commitment date” should be included to clarify. We prefer alignment with the currently understood timing and interpretation in BS20 and BS19 and the Standard and Guidance should make this clear.

Credit contract versus loan

46. The terms ‘credit contract’ and ‘loan’ are used interchangeably in the Lending Standard. We submit that it should be ‘credit contract’ for consistency, taking the definition of ‘credit contract’ used by section 82(5) DTA (which refers to clause 1 of Schedule 2 of the DTA).
47. We also consider that there could be some ambiguity around the use of the CCCFA definition of “credit contract” and request clarification from the Reserve Bank as follows. Currently a credit contract is measured from the point an irrevocable offer is made (documents are sent to a solicitor in final form for example). This is much earlier than when funds are advanced. We would like the Reserve Bank to confirm that referring to

'credit contract' does not unintentionally change this established position, in particular, that 'contract' is not to be interpreted as something that is later down the credit lifecycle versus an irrevocable offer which occurs at the point of commitment. It is important to maintain the status quo given this is how our systems and processes operate and DTI, LVR and capital are all calculated at the commitment point. We do not believe that the Reserve Bank's intention is to change the current position but suggest it be made clear in the Guidance. For example, clarifying that a contract is formed when documents are sent out in final form.

Relative versus related party

48. The Standard uses "debtor" and "person" interchangeably and sometimes uses the term "relative", although relative is missing from the refinancing, remediation, security substitute, and bridging exemptions. Relative is undefined in the Standard and so it is unclear what it includes. This is materially different to BS19 and BS20, which uses the defined term "related party" instead, i.e. the exemption applies to a debtor/borrower or related party. The CCCFA definition of debtor refers to a "person" but there is no granularity to tell us if this encompasses a related party, and this is also not clear in the Standard or the Guidance. We submit that the definition of related party in BS19 and BS20 should be carried over into the Standard given that this is well understood, instead of introducing the new terminology 'relative'. The Standard and Guidance should therefore refer to debtor or related party. The risk of not carrying over the same terminology of related party is that exemptions may not be able to be applied to the extent that they currently can be which negatively impacts borrowers.
49. To further illustrate why we consider that the existing term related party should be carried over, we highlight that BS20 also further comments on related party in section 15(8) of BS20. The section explains that the definition of the term related party of another person in section 14(4) of BS20 and the way it is used in the exemptions in section 14(3) of BS20 are intended to capture commonly used ownership vehicles for residential property, and cases where ownership may be transferred without any actual new lending occurring. It gives the example that in the case of loan refinancing on the same property, the exemption allows cases such as a person transferring ownership to their spouse (or vice versa), ownership being transferred into a family trust, or ownership transferring from the estate of a recently deceased person to their widow(er). We submit that this commentary would be usefully carried over into the Lending Guidance to supplement a definition of related party in the Standard.

Feedback on Chapter 5, Group Supervision Policy for deposit takers, in the Reserve Bank's Supporting Information paper

50. The Reserve Bank has indicated that the next step in developing its Group Supervision Policy will be to consider changes to primary and secondary legislation to enable the Reserve Bank to regulate and supervise holding entities. It will be important for the Reserve Bank's group supervision powers to have a narrow scope and clearly exclude holding entities that only have one subsidiary that is a deposit taker. If the boundaries are drawn too widely, this could result in a significant additional compliance burden for little or no additional benefit. This could have a negative impact on proportionality, competition, and participation of institutions in the deposit taking sector.