



Reserve Bank
of New Zealand
Te Pūtea Matua

Deposit Takers Act – Due Diligence Guidance

Supporting information on the exposure draft Guidance

26 February 2026

CONSULTATION
PAPER



Submission details

The Reserve Bank of New Zealand – Te Pūtea Matua invites submissions on this exposure draft by 5.00pm on 15 May 2026. Please note the disclosure on the publications of submissions below.

Submissions and enquiries

You should make your submission by email at: dta@rbnz.govt.nz

Publication of submissions

We will publish your submission on the Reserve Bank's website.

We will make all information in submissions public unless you indicate you would like all or part of your submission to remain confidential. If you would like part of your submission to remain confidential you should provide both a confidential and a public version of your submission. Apart from redactions of the information to be withheld (i.e., blacking out of text) the two versions should be identical. You should ensure that redacted information is not able to be recovered electronically from the document; the redacted version will be published as received.

If you want all or part of your submission to be treated as confidential, you should provide reasons why this information should be withheld if a request is made for it under the Official Information Act 1982 (OIA). These reasons should refer to the grounds for withholding information under the OIA. If an OIA request for redacted information is made, we will make our own assessment of what must be released taking your views into account.

We may also publish an anonymised summary of the submissions received in respect of this exposure draft.

How to have your say

You can have your say by uploading a PDF of your submission. Each chapter contains its own questions, and a complete list of the questions are shown in the annex below.

Navigating this document

This Consultation Paper has been released alongside the exposure draft for the Due Diligence Guidance (the **Guidance**) on the due diligence duty (**the duty**) in the Deposit Takers Act 2023 (the **DTA**).

The document begins with an introduction to provide the background to the development of the Guidance as a whole. It then provides a non-technical summary, discusses the policy development of the duty, and the exposure draft of the Guidance.

The Reserve Bank of New Zealand (the **Reserve Bank**) is also currently consulting on the second tranche of exposure drafts of the DTA standards. This includes the Governance and Risk Management Standards that provide obligations on boards of directors that will support in understanding the duty.

The document uses consecutive paragraph numbering throughout. Other numbered features, such as consultation questions, are also numbered consecutively. This will aid us in the coordination of submissions on the Consultation Paper.

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Introduction

1. The Reserve Bank of New Zealand – Te Pūtea Matua is consulting on our exposure draft of the Guidance on the due diligence duty under the DTA. We are required to prepare this Guidance under the DTA.¹
2. The DTA creates a single, modern regulatory regime for all financial institutions in the business of “borrowing and lending money” in New Zealand - this includes banks and non-bank deposit takers (NBDTs).
3. The DTA includes a duty on directors of licensed deposit takers to exercise due diligence to ensure the deposit taker complies with its prudential obligations.² This duty also applies to the New Zealand chief executive officer³ (**New Zealand CEO**) of an overseas licensed deposit taker (**branch**).⁴
4. The DTA establishes a positive duty on directors to exercise due diligence to ensure that the deposit taker complies with its prudential obligations. In this way, the duty combined with the prudential obligations, sets out a robust framework for governance practices across industry. The DTA defines the scope of prudential obligations that the duty applies to.
5. Guidance on compliance with a deposit taker’s prudential obligations is outlined in different Guidance documents (that is, guidance accompanying each standard).
6. While the Guidance does not contain enforceable requirements, the court must have regard to it when deciding on a case against an individual in the event of a contravention of the duty (in line with section 159 of the DTA).
7. There are interactions between the duty on directors and other prudential obligations, in particular with the Governance Standard. The duty relates to individual obligations on every director, whereas the Governance Standard imposes collective obligations on boards and deposit takers. This distinction is key to understanding the duty.
8. This consultation document is designed to support consultation on the exposure draft, and it is not intended an equivalent document will be released with the final Guidance. This document identifies specific decisions that were made in preparing the exposure draft and identifies specific questions that will support development towards the final Guidance.

¹ See [section 97](#) of the DTA.

² See [section 93](#) of the DTA.

³ See [section 94](#) of the DTA.

⁴ Throughout this document, we generally refer to “**directors**” only for brevity, but this should be read to include the New Zealand CEO of a branch.

Non-technical summary

9. The DTA establishes a positive duty on directors to exercise due diligence to ensure that the deposit taker complies with its prudential obligations.
10. The duty is an individual duty on every director of a licensed deposit taker and the New Zealand CEO of an overseas licensed deposit taker. We generally refer to “directors” only for brevity, but this should be read to include the New Zealand CEO of branches.
11. The DTA requires the Reserve Bank to develop Guidance about the duty. The Guidance covers the following areas:
 - individual directors’ responsibilities towards a deposit taker, the “reasonable director test”, and what factors directors are expected to consider when exercising due diligence;
 - the meaning of due diligence, which includes taking reasonable steps to ensure that the deposit taker follows adequate procedures to ensure compliance, has methods for systematically identifying deficiencies, and promptly remedies any deficiencies;
 - use of information and advice when directors are performing the duty;
 - the respective roles and responsibilities of directors and senior managers in relation to governing and managing the deposit taker in a manner consistent with the prudential framework; and
 - evidence of compliance and approach to enforcement.
12. The duty strengthens the prudential framework by introducing an individual accountability regime. This complements the effectiveness of prudential regulation and supervision by clarifying the responsibility of directors within the prudential framework and incentivising them to take the proper steps to structure and systematise compliance.

Policy development

13. The duty on directors is set in the DTA. The policy reflects considerations made under Phase 2 of the Reserve Bank Act Review. This consultation process introduced a proposed approach to developing a strengthened director accountability regime to support the prudent management of deposit takers.

Exposure draft

14. The exposure draft is intended to test our approach to providing Guidance as required under the DTA. We draw your attention to the following points:
 - Individual responsibilities: the duty and Guidance are focused on the obligations on directors rather than deposit takers. The Guidance sets out the factors a director should consider when determining what a reasonable director would do in the same circumstances in ensuring a deposit taker’s compliance with prudential obligations. This elaborates on the requirements set in sections 93 and 94 of the DTA.

- The elements of exercising due diligence: the Guidance explains the meaning of due diligence, as set out in section 95 of the DTA. For a director, this means taking reasonable steps to ensure that the deposit taker follows adequate procedures to ensure compliance, has methods for systematically identifying deficiencies, and promptly remedies any deficiencies. This section of the Guidance also notes the ways in which compliance with other prudential obligations can support compliance with the duty. Directors must take responsibility for the duty, including identifying what due diligence means for each individual circumstance.
- The respective roles and responsibilities of directors and senior managers: The Guidance outlines the high-level distinction between these roles and how they operate in relation to each other, in relation to prudently governing and managing the deposit taker. The DTA (section 97(2)) requires that this Guidance *"must include guidance about the respective roles and responsibilities of directors and senior managers."*
- Reliance on information and advice: the Guidance covers how and under what conditions directors may rely on information and advice provided by employees, professional advisers, and/or another director or committee of directors.
- Approach to enforcement: the Guidance places our approach to the duty within the Reserve Bank's existing frameworks, including the Enforcement Framework.
- Evidence of compliance: the Guidance clarifies that we do not expect specific documentation and/or committees solely generated for the purpose of proving compliance with the duty. We expect directors to not take a "tick box" approach to compliance with the duty.
- Examples: the Guidance includes examples to illustrate what non-compliance with the duty may look like in different high-level scenarios. Examples also serve to show how the duty relates to other parts of the prudential framework.

Specific questions

Q1	Do you have any general comments on the Guidance?
Q2	Do you have any comments on the interactions between the duty and other prudential obligations, including the distinction between the duty and the collective obligations on boards and deposit takers?
Q3	Do you have any comments on how we have set out the respective roles and responsibilities of directors and senior managers in the Guidance?
Q4	Do you have any comments on the sections relating to "Evidence of compliance" and "Approach to enforcement"?
Q5	Do you have any comments on the examples provided?