2025 Restrictions on Use of the Word ‘Bank’ Consultation

Australia and New Zealand Banking Group Limited (New Zealand Branch) response to the Reserve Bank of New Zealand

24 November 2025

Introduction

Australia and New Zealand Banking Group Limited (New Zealand Branch) (**ANZ**) welcomes the opportunity to comment and provide feedback on the Reserve Bank of New Zealand's (**RBNZ**) consultation on the Deposit Takers Act Restrictions on use of the word 'bank' (**Consultation**).

CONTACT DETAILS

Please contact Penny Dell, Treasurer, ANZ Bank New Zealand Limited, at 9(2)(a) *[personal details to be kept confidential]* if you would like to discuss the contents of this submission.

CONFIDENTIALITY

ANZ requests that the information identified in this response as requiring confidentiality is kept confidential on the grounds of protection of personal information and/or commercial sensitivity. If RBNZ receives a request to release our response under the Official Information Act, we ask that RBNZ consult with us, and our preference is that the information identified is withheld.

ANZ responses to the Consultation questions

Part A: Use of the word 'bank' for firms with a place of business in NZ

Q1: Do you agree with our proposal to authorise all licensed deposit takers to use the word 'bank' in their name or title?

Yes, we agree with this proposal on the basis that all licensed depositors are prudentially regulated under the DTA. It is important to note, however, that being a 'bank' carries a broad range of customer facing responsibilities including, but not limited to, data safety, stability and standards for customer complaints and customer vulnerability. Looking into the future, all bank customers deserve to be protected by applying all customer facing obligations to all banks (on a proportional basis).

Q2: Are there any reasons why certain types of licensed deposit takers should not be permitted to use the word 'bank' in their name or title?

See our response to Question 1 immediately above.

Q3: Aside from the situation where a restricted word is part of a geographic place name or the name of a natural person, are there any other circumstances under which a financial services provider should be authorised to use a restricted word in its name or title without the requirement to become a licensed deposit taker?

We believe there are no other circumstances under which a financial services provider should be authorised to use a restricted word in its name or title without the requirement to become a licensed deposit taker.

Part B: Use of the word 'bank' in NZ for overseas banks not licensed by the RBNZ

Q4: Do you agree with our proposal to retain the current authorisations approach for overseas banks undertaking limited activities in New Zealand using a restricted word in their name or title?

Currently, section 64(1)(c) of BPSA prohibits any person that is "carrying on any activity directly or indirectly in New Zealand" from using a restricted word unless authorised. This Consultation refers to the RBNZ's existing 'Guidance for overseas banks on the use of restricted words' (**Guidance**), which assists overseas banks to understand how the RBNZ assesses whether an overseas bank is carrying on such activities.

Dissimilar to Australia's approach[1], the RBNZ uses detailed "fact driven analysis"[2], having regard to the Guidance, to determine whether an overseas bank is carrying on activities prohibited under section 64(1)(c) of BPSA. In the past, these types of assessments have been formalised by way of a non-objection letter[3].

Section 425 of the DTA largely replicates the language used in section 64(1)(c) of BPSA.

It would be helpful to understand whether the RBNZ is considering moving closer to the Australian approach by more categorically defining the meaning of section 425(2)(c), as opposed to applying its current approach as per the "fact driven analysis" set out in Guidance. If the RBNZ is considering reissuing Guidance to support the interpretation of section 425(2)(c), we would greatly appreciate having the opportunity to provide feedback on that Guidance.

---

[1] See the criteria in APRA's 'Operation of Foreign Banks in Australia (2013 letter)', referenced in footnote 10 of this Consultation.
[2] See Page 9 of the Guidance
[3] For example, see the RBNZ's non-objection to ANZBGL Branch, dated 9 July 2009.

On page 18 of this Consultation, the RBNZ notes its intention to "phase out" letters of non-objection to overseas banks using restricted words. We would like to better understand what phasing out might mean in relation to existing non-objection letters, particularly those relating to cross border activities that the RBNZ has confirmed are permitted.

Q5: Are there any other wholesale activities that should be included in the scope of the class authorisation for overseas banks?

We have no comments.

Q6: Are there any other conditions we should impose on a new class authorisation for overseas banks, or any changes we should make to the conditions that we currently impose in this authorisation?

We have no comments.

Q7: Do you have any feedback about our approach to individual authorisations?

This Consultation suggests that individual authorisations will be confined to "limited retail activities such as remittances[4]", which reiterates the RBNZ's existing policy stance outlined in its 'Guidance note on the RBNZ's approach to section 65 authorisations for overseas banks'[5]. It is difficult to assess whether the RBNZ's existing approach to individual authorisations is appropriate without having a clear understanding of how the RBNZ intends to define the parameters of section 425(2)(c) of the DTA. We request that, once the RBNZ has clarified its position on how it intends to interpret section 425(2)(c), we are given a further opportunity to provide feedback on the RBNZ's approach to individual authorisations under the DTA.

[4] See page 21 of this Consultation.
[5] See page 4 of that Guidance that states "*Reserve Bank's policy is that authorisations under section 65(1) will typically not be granted to overseas banks for activities that involve retail investors as defined by schedule 1 clause 35 of the Financial Markets Conduct Act 2013*"

Banking Ombudsman Scheme | Te Whare Rama Tōkeke

Reserve Bank of New Zealand

24 November 2025

E te rangatira tēnā koe,

Submission on *use of the word "bank" under the Deposit Takers Act 2023*

Thank you for the opportunity to comment on the consultation paper regarding the proposed expansion of the use of the word "bank" under the Deposit Takers Act 2023. We support the Reserve Bank's work to modernise the prudential framework.

Although the prime focus of the consultation is on prudential regulation and competition considerations, we recommend the Reserve Bank also considers the conduct implications of the proposed expansion of the use of the word "bank".

The Banking Ombudsman Scheme is an approved financial dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. Our scheme provides a free and independent service for customers of our members, which include registered banks, their subsidiaries and related entities, and some non-bank deposit takers.

Our mission is to resolve and prevent complaints to improve banking for both customers and banks. We consider complaints about the conduct of banks and in accordance with our rules. When considering complaints, we apply the laws and industry standards in force at the time of the complaint. The Code of Banking Practice sets out the principles of good industry practice.

In our experience, customers expect any entity calling itself a bank to meet the same standards of practice. If other entities are permitted to use the word bank, it is important, in our view, that they also meet the industry standards and are accountable if they fall short. Otherwise, there is a risk of inconsistency (and hence confusion) regarding the consumer protection framework for bank customers.

Banking Ombudsman Scheme | Te Whare Rama Tōkeke

We consider all banks should be required to meet the principles of good banking practice, including fraud prevention standards. We recommend the Reserve Bank considers consumer expectations in its framework for use of the word bank.

We would be happy to discuss our views on this matter further if you so wish.

Nāku noa, nā

9(2)(a)

Nicola Sladden
Banking Ombudsman

Bell Gully

Reserve Bank of New Zealand: Consultation paper on 'Restrictions on use of the word 'bank' under the Deposit Takers Act 2023

Bell Gully Submission

24 November 2025

By email: dta@rbnz.govt.nz

1. INTRODUCTION AND SUMMARY

1.1 We refer to the following consultation papers published by the Reserve Bank of New Zealand (**RBNZ**) with respect to the implementation of the Deposit Takers Act 2023 (the **DTA**):

(a) the consultation paper with the title '*Restrictions on use of the word 'bank'*" dated 30 September 2025 (the **Bank Names Consultation**); and

(b) the consultation paper with the title '*Second tranche of Deposit Takers Regulations*' dated 30 September 2025 (the **Second Tranche Consultation**).

1.2 Bell Gully welcomes the opportunity to submit on the two consultation papers.

1.3 Bell Gully is a full service law firm with offices in Wellington and Auckland. Bell Gully advises a number of local and offshore financial institutions along with a number of issuers, borrowers and other end users in New Zealand that borrow money from, or use the services of, both local and offshore financial institutions. In particular, Bell Gully advises a number of offshore financial institutions that have either opted-in to the Banking (Prudential Supervision) Act (Overseas Banks) Class Authorisation 2019 (the **Existing Class Authorisation**) or rely on an existing non-objection letter issued by the RBNZ in respect of the 'bank names' regime under the Banking (Prudential Supervision) Act 1989 (**BPSA**). However, this submission is given in our own capacity and not on behalf of any client of Bell Gully and it should not be taken to represent the views of any particular Bell Gully client.

1.4 In responding to the consultation, we have focused on the questions relevant to offshore financial institutions that provide limited services to New Zealand clients (on the basis of the Existing Class Authorisation or on the basis of a non-objection letter). However, if the RBNZ would like to discuss with us any of the other matters covered by the consultation papers, we would be happy to do so. We have responded to specific questions below.

1.5 As a general observation, Bell Gully supports the overall tenor of the proposals in both consultation papers with respect to the approach to regulation of offshore financial institutions under the DTA.

2. THE BANK NAMES CONSULTATION

Do you agree with our proposal to retain the current authorisations approach for overseas banks undertaking limited activities in New Zealand using a restricted word in their name or title?

2.1 We support the proposal to retain the current authorisations approach for overseas banks undertaking limited activities in New Zealand using a restricted word in their name.

2.2 We advise a number of clients that rely on the Existing Class Authorisation regime and we consider this to be a well-designed regime that achieves the objectives of the DTA. We consider that the Existing Class Authorisation, together with the current guidance issued by the RBNZ, provides overseas financial institutions with an appropriate degree of legal certainty to undertake limited activities in New Zealand.

2.3 We believe that the presence of overseas banks in the New Zealand market is positive for New Zealand institutional borrowers and issuers seeking debt capital (or seeking other products and services from overseas financial institutions). From our perspective, the current regime (and associated regulatory perimeter) is well understood by a number of global banks that rely on the Existing Class Authorisation (and we would expect that those entities that currently rely on the non-objection letters are also familiar with the regime).

Are there any other wholesale activities that should be included in the scope of the class authorisation for overseas banks?

2.4 Generally, we consider that the current set of wholesale activities in the Class Authorisation is appropriate. However, we make the following suggestions:

(a) Clause 8 of the Existing Class Authorisation provides a broad authorisation for activities relating to "primary issuances". In addition, clause 10 provides an authorisation for "trading" activities. However, clause 10 is limited to trading in "New Zealand financial products" and only where such trading is "for its own account".

While we appreciate that, in principle, most secondary market trading of equity and debt instruments would not necessarily constitute an activity that is "carried on" in New Zealand (and therefore not be within the scope of the regime), our view is that it would be helpful if the wording of the new authorisation could be amended such that there was a general authorisation for secondary market trading activities in debt and equity instruments (or other financial products) with New Zealand investors (provided that they are all wholesale), regardless of whether the instruments are issued by that bank and regardless of whether that bank is trading on its own behalf or on behalf of a client.

(b) Generally speaking, the Existing Class Authorisation does not provide a broad authorisation for the provision of custody and other securities services (clause 9 and 12 provide such authorisations in respect of primary issuances and in respect of derivatives respectively). We consider that it would be helpful to provide a general authorisation for the provision of custody and other related securities services generally where the services are provided to wholesale customers in New Zealand.

Are there any other conditions we should impose on a new class authorisation for overseas banks, or any changes we should make to the conditions that we currently impose in this authorisation?

2.5 Anecdotally we have discussed with certain entities and they have found the obligation to provide six monthly reporting to be challenging. In particular, they have found it challenging that, where a specific branch of a bank opts into the Class Authorisation, the reporting obligation applies to the bank as a whole (as the branch may have compliance on a branch-by-branch basis). If an overseas bank was able to provide reporting for a particular branch only, we believe that would create more flexibility for others to opt-into the regime.

3. THE SECOND TRANCHE CONSULTATION

Do you agree with our proposal to preserve the status quo perimeter that exists under the 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.

3.1 We agree that overseas banks with no physical place of business in New Zealand should be excluded from the definition of 'specified overseas entity'. This approach preserves the status quo which we consider to be well understood by overseas financial institutions and supports proportionality. The "carrying on business" threshold provides less legal certainty than a "place of business" threshold. Preserving the status quo therefore provides greater legal certainty as to the perimeter of the regime for offshore financial institutions. We consider that to be positive for institutional issuers and borrowers (or other consumers of wholesale financial services) in New Zealand.

4. CONTACT DETAILS

4.1 We would be happy to assist further with any questions the RBNZ may have on this submission. Please contact:

Zac Kedgley-Foot
PARTNER
DDI +64 4 915 6820
MOB +64 21 535 253
zac.kedgley-foot@bellgully.com

Yours sincerely

9(2)(a)

Zac Kedgley-Foot
Partner

Regulatory Affairs
9(2)(a)

Private Bag 39806, Wellington Mail Centre, Lower Hutt, 5045

24 November 2025

Reserve Bank of New Zealand
PO Box 2498
Wellington 6140
Email: dta@rbnz.govt.nz

Dear Sir or Madam

Bank of New Zealand's response to the Reserve Bank of New Zealand's consultation document: restrictions on use of the word 'bank'.

1 Introduction

1.1 E mihi ana te Pēke o Aotearoa ki te whai wāhi ki Te Pūtea Matua mō te arotake i te restrictions on the use of the word 'bank'. E tautoko ana mātou i Te Pūtea Matua i tā rātou whakapūmautanga ki te whakarite i tētahi pūnaha pūtea e whakawhirinaki ana te iwi whānui ki a ia.

~~~~~~

1.2 Bank of New Zealand (BNZ) appreciates the opportunity to respond to Reserve Bank of New Zealand's (RBNZ) consultation: restrictions on the use of the word bank. We support the RBNZ's commitment to maintaining a financial system that maintains public confidence.

~~~~~~

1.3 BNZ welcomes the opportunity to submit on the Reserve Bank of New Zealand's (RBNZ) consultation on the use of the word 'bank'. We acknowledge the importance of this policy in supporting public confidence in the financial services sector.

1.4 The term 'bank' carries with it significant public trust in New Zealand, built up over decades. We believe restrictions on the use of the word 'bank' have long played a role in New Zealand's regulatory settings. BNZ notes that prudential oversight of the non-bank deposit taker sector has strengthened in recent years and anticipate it will increase further once the Deposit Takers Act (DTA) and Depositor Compensation Scheme (DCS) are fully in force. Therefore, we recommend that any changes to the restricted words framework must carefully balance competition benefits with the Reserve Bank's financial stability mandate.

2 Do you agree with our proposal to authorise all licensed deposit takers to use the word 'bank' in their name or title?

2.1 BNZ broadly agrees with the proposal to authorise all licensed deposit takers to use the word 'bank' in their title. We strongly recommend this does not occur before the DTA

regime is fully operational. We note that once the DTA regime is fully operational, all licensed deposit takers will be required to meet minimum standards covering governance, capital, liquidity, risk management, and outsourcing. We believe aligning authorisation with full DTA regime implementation will ensure public confidence that any entity using the term 'bank', is operating within a strong prudential framework. BNZ submits that this timing ensures consistency, avoids premature market signals suggesting prudential equivalence, and aligns with Basel Core Principle 4 which requires the term 'bank' to be restricted to institutions that are licensed and supervised in a way that prevents the public being misled.

3 Are there any reasons why certain types of licensed deposit takers should not be permitted to use the word 'bank' in their name or title?

3.1 BNZ believes there is no reason to exclude any subset of licensed deposit takers once the full DTA standards apply.

4 Aside from the situation where a restricted word is part of a geographic place name or the name of a natural person, are there any other circumstance under which a financial services provider should be authorised to use a restricted word in its name or title without the requirement to become a licensed deposit taker?

4.1 BNZ supports the geographic place name or natural person exceptions. However, we strongly recommend that authorisation is not granted for fintechs or other financial services providers that are not licensed deposit takers under the full regime. We submit that such an exception would be inconsistent with the Basel Core Principle 4 and risks public confusion about Depositor Compensation Scheme coverage, and the amount of prudential supervision associated with the term 'bank'.

4.2 We believe that where fintechs or other financial services providers evolve to undertake core deposit-taking, these entities should be required to become licensed. At this point, we submit it may be appropriate for these entities to use the term 'bank'.

5 Do you agree with our proposal to retain the current authorisations approach for overseas banks undertaking limited activities in New Zealand using a restricted word in their name or title?

5.1 BNZ agrees with this proposal.

6 Are there any other wholesale activities that should be included in the scope of the class authorisation for overseas banks?

6.1 BNZ submits that the scope should not exceed what is permitted under the future Branch Standard.

7 Are there any other conditions we should impose on a new class authorisation for overseas banks, or any changes we should make to the conditions that we currently impose in this authorisation?

7.1 BNZ supports the current conditions.

8 Do you have any feedback about our approach to individual authorisations?

8.1 BNZ supports maintaining a pathway for limited individual authorisations and recommends that these continue to be rare and tightly scoped. We believe these authorisations must remain consistent with the principles of financial stability, competition, efficiency and proportionality, in order to avoid confusion and maintain public confidence.

Should the RBNZ have any questions in relation to this submission, please contact Paul Hay on the details below:

Yours sincerely

9(2)(a)

Paul Hay
Āpiha Matua: Waeture me te Tūtohu (Chief Regulatory and Compliance Officer)
Bank of New Zealand

DDI: 9(2)(a)
Mobile: 9(2)(a)
Email: 9(2)(a)

Response ID ANON-FGXB-JAAB-N

Submitted to Use of the word ‘bank’ under the DTA
Submitted on 2025-10-20 14:14:55

Contact details

What is your name?

Name:
Elizabeth Rutherford

What is your email address?

Email:
9(2)(a)

Are you making a submission as an individual or on behalf of an organisation?

Organisation

Name of organisation (if applicable):
Commonwealth Bank of Australia, New Zealand branch

Publication of submissions

Please indicate your consent below.

I have read the above text on how submissions will be used and consent to the input being used as described above.:
Yes

Would you like to make a PDF submission or an online submission?

Online submission

Questions from Chapter 2 - Use of the word ‘bank’ for firms with a place of business in New Zealand

1 Do you agree with our proposal to authorise all licensed deposit takers to use the word ‘bank’ in their name or title?

Yes

Do you agree with our proposal to authorise all licensed deposit takers to use the word ‘bank’ in their name or title? :

Yes, we agree. Authorising all licensed deposit takers to use the word ‘bank’ aligns with international norms and supports transparency for customers. It reinforces the credibility of entities that meet prudential standards under the DTA.

2 Are there any reasons why certain types of licensed deposit takers should not be permitted to use the word ‘bank’ in their name or title?

No

Are there any reasons why certain types of licensed deposit takers should not be permitted to use the word ‘bank’ in their name or title? :

No, provided that all licensed deposit takers meet the same prudential and conduct requirements, there is no compelling reason to restrict the use of the term 'bank' for any subset of licensed deposit takers.

3 Aside from the situation where a restricted word is part of a geographic place name or the name of a natural person, are there any other circumstances under which a financial services provider should be authorised to use a restricted word in its name or title without the requirement to become a licensed deposit taker?

Not Answered

Aside from the situation where a restricted word is part of a geographic place name or the name of a natural person, are there any other circumstances under which a financial services provider should be authorised to use a restricted word in its name or title without the requirement to become a licensed deposit taker?:

Questions from Chapter 3 - Use of the word ‘bank’ in New Zealand for overseas banks not licensed by the Reserve Bank

4 Do you agree with our proposal to retain the current authorisations approach for overseas banks undertaking limited activities in New Zealand using a restricted word in their name or title?

Not Answered

Do you agree with our proposal to retain the current authorisations approach for overseas banks undertaking limited activities in New Zealand using a restricted word in their name or title?:

5 Are there any other wholesale activities that should be included in the scope of the class authorisation for overseas banks?

Not Answered

Are there any other wholesale activities that should be included in the scope of the class authorisation for overseas banks?:

6 Are there any other conditions we should impose on a new class authorisation for overseas banks, or any changes we should make to the conditions that we currently impose in this authorisation?

Not Answered

Are there any other conditions we should impose on a new class authorisation for overseas banks, or any changes we should make to the conditions that we currently impose in this authorisation?:

7 Do you have any feedback about our approach to individual authorisations?

Do you have any feedback about our approach to individual authorisations?:

Submission redactions

If you would like all or part of your submission to remain confidential, please let us know what part of your submission to redact (black out) below.

Redacted text:

FINANCIAL SERVICES FEDERATION

24 November 2025

Reserve Bank of New Zealand
Wellington dta@rbnz.govt.nz

Dear Madam/Sir,

Re: Restrictions on the use of the word 'bank' under the Deposit Takers Act 2023

The Financial Services Federation ("FSF") is grateful to Reserve Bank of New Zealand ("RBNZ") for the opportunity to respond on behalf of our members to the Restrictions on the use of the word 'bank' under the Deposit Takers Act 2023 ("the Consultation").

By way of background, the FSF is the industry body representing specialist lenders operating in New Zealand. We have nearly 100 members (a list of which is attached as Appendix A) which include motor vehicle finance providers, specialist housing lenders, Non-Bank Deposit Takers (NBDTs), the larger finance companies operating in New Zealand, fleet leasing providers, commercial asset leasing and finance providers, credit-related insurers and Affiliate members which include internationally recognised legal and consulting partners.

Our members provide their products and services to more than 1.5 million New Zealand consumers and businesses. Data relating to the extent to which FSF members (excluding Affiliate members) contribute to New Zealand consumers, society and the economy is attached as Appendix B.

Introductory Comments

To begin we think the proposals contained in this consultation will have positive implications on the competitive settings in the deposit taking sector. We are very pleased to see that the RBNZ's preferred option includes allowing for all licensed deposit takers to be able to rebrand as a 'bank' if they wish to.

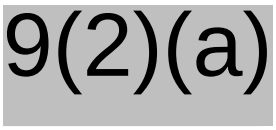
We note that the RBNZ's preference is to not allow deposit takers to begin using restricted words such as Bank until full implementation of the Deposit Takers Act (currently 1 December 2028). While we understand the RBNZ's reasoning for this we believe that due to deposit takers being covered by the Depositor Compensation Scheme already any risks are minimised. It seems artificial to make deposit takers wait that long as a result.

Other than the issue of when deposit takers can begin to use restricted words, we agree with the RBNZ's analysis of options one and two for the use of the word 'bank' for firms with a place of business in New Zealand. We thank RBNZ for their sound reasoning and for listening to industry on this topic.

General Comment
As an aside we believe that there are other words that should fall inside the restricted words regime that currently do not. Phrases such as ‘term investment’ or ‘term deposit’ are being used by non-prudentially regulated entities and have the effect of misleading consumers into believing that their investment is being covered by the Depositor Compensation Scheme when it is not. This is a concern for our members and is something that we believe should be considered when setting regulation.

Please do not hesitate to reach out if you wish for us to speak further on any of the points made in this submission.

Yours sincerely,



Katie Rawlinson
Legal and Policy Manager
Financial Services Federation

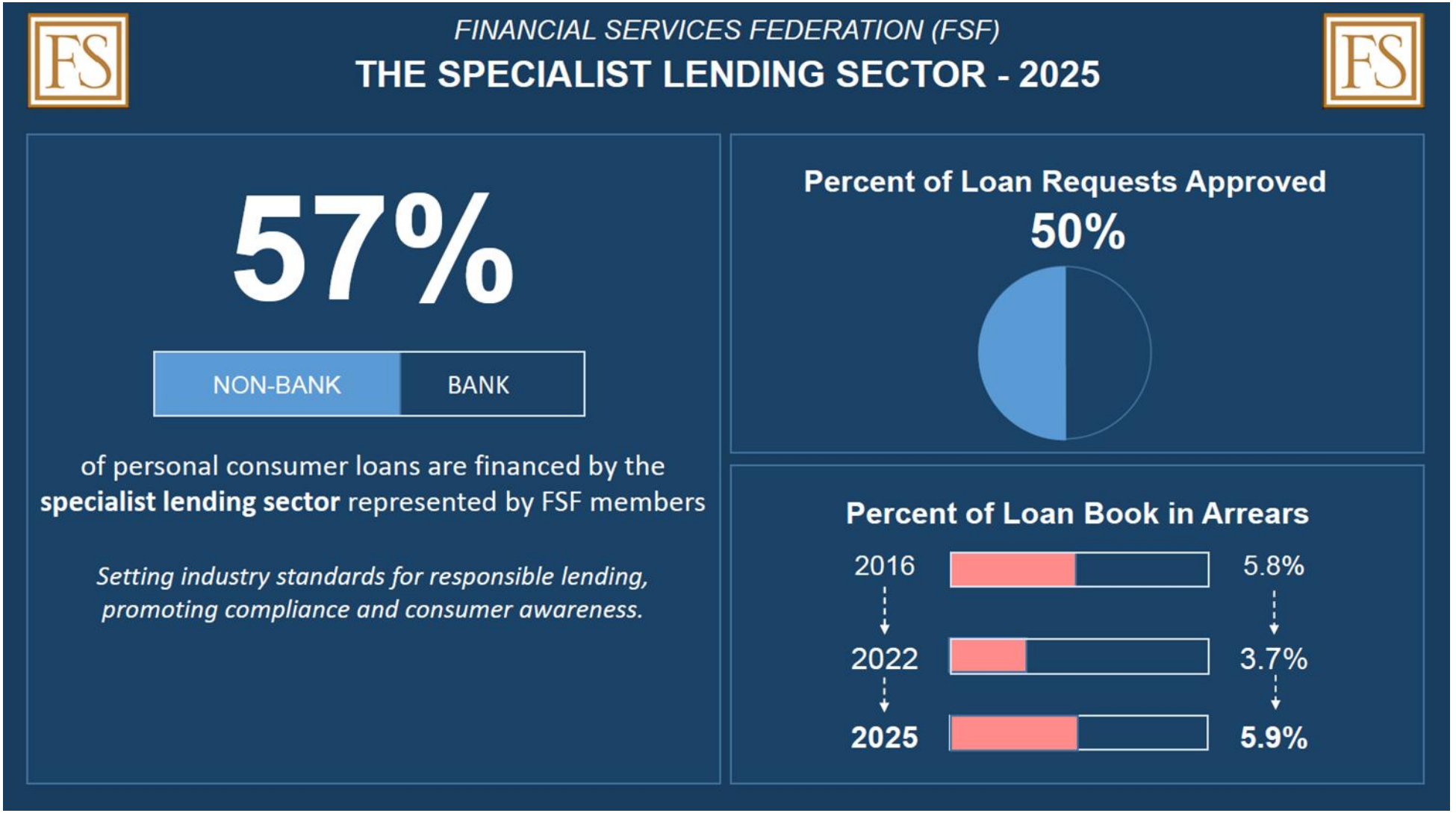
Appendix A

FINANCIAL SERVICES FEDERATION

FSF Membership List as at October 2025

Non-Bank Deposit Takers, Specialist Housing/Property Lenders, Fleet Leasing Providers	Vehicle Lenders	Finance Companies/ Diversified Lenders	Finance Companies/ Diversified Lenders contd./ Social Impact Lenders, Credit-related insurers	Insurance Premium Funders, Affiliate Members	Affiliate Members contd.
Non-Bank Deposit Takers Finance Direct Limited ➢ Lending Crowd General Finance (BB) Mutual Credit Finance (B) Welcome Limited Credit Unions/Building Societies First Credit Union (BB) Nelson Building Society (BB+) Police and Families Credit Union (BB+) Specialist Housing Lenders Basecorp Finance Limited First Mortgage Managers Ltd. Pepper NZ Limited Resimac NZ Limited Fleet Leasing Providers Custom Fleet Euro Rate Leasing Limited Fleet Partners NZ Ltd ORIX New Zealand SG Fleet	Auto Finance Direct Limited BMW Financial Services ➢ Mini ➢ Alphera Financial Services Community Financial Services Daimler Truck Financial Services AU Pty Ltd Honda Financial Services Kubota New Zealand Ltd Mercedes-Benz Financial Motor Trade Finance Nissan Financial Services NZ Ltd ➢ Mitsubishi Motors Financial Services ➢ Skyline Car Finance Onyx Finance Limited Scania Finance NZ Limited Toyota Finance NZ ➢ Mazda Finance Yamaha Motor Finance	AfterPay American Express Avanti Finance ➢ Branded Financial Basalt Group Blackbird Finance Caterpillar Financial Services NZ Ltd Centracorp Finance 2000 DebtManagers De Lage Landen Limited Finance Now Future Finance Geneva Finance Harmoney Humm Group Instant Finance ➢ Fair City ➢ My Finance Latitude Financial Lifestyle Money NZ Ltd Mainland Finance Limited Metro Finance	Nectar NZ Limited NZ Finance Ltd Partners Finance Personal Loan Corporation Pioneer Finance Prospa NZ Ltd Speirs Finance Group (L &F) ➢ Speirs Finance ➢ Speirs Corporate & Leasing ➢ Yoogo Fleet Turners Automotive Group ➢ Autosure ➢ East Coast Credit ➢ Oxford Finance UDC Finance Limited Yes Finance Limited Zip Co NZ Finance Limited Social Impact Lenders Money Sweetspot Ltd Credit-related Insurance Providers Protecta Insurance Provident Insurance Corporation Ltd	Arteva Funding NZ Ltd Clearmatch Elantis Premium Funding NZ Ltd Financial Synergy Limited Hunter Premium Funding IQumulate Premium Funding Rothbury Instalment Services Affiliate Members Alfa Financial Software AML Solutions Limited Buddle Findlay Chapman Tripp Credisense Ltd Deloitte EY FinTech NZ Finzsoft Happy Prime Limited KPMG Loansmart Ltd	Match me Money Ltd Motor Trade Association Odessa Technology Inc. PWC Sense Partners Simpson Western Solifi Pty Limited Symphonix Credit Reporting, Debt Collection Agencies, Centrix Credit Corp ➢ Baycorp ➢ Collection House Creditworks Indebted (was Debtworks) Equifax Gravity Credit Management Limited Illion Quadrant Group (NZ) Ltd Recoveries Corp NZ Ltd Total 99 members

Appendix B


FINANCIAL SERVICES FEDERATION (FSF)
THE SPECIALIST LENDING SECTOR - 2025
57%
NON-BANK
BANK
of personal consumer loans are financed by the specialist lending sector represented by FSF members
Setting industry standards for responsible lending, promoting compliance and consumer awareness.
Percent of Loan Requests Approved
50%
Percent of Loan Book in Arrears
2016
5.8%
2022
3.7%
2025
5.9%

KEY FACTS: THE SPECIALIST LENDING SECTOR

FSF Members (as at 31 Mar 2025)

Number of Members	100
Number of Employees	3,162
Total Value of Loans	$22.25B
Applications Processed	1,187,492
Loan Requests Approved	588,671
Percent of Loan Book in Arrears	5.9%
Loan Disputes Upheld	TBC

Bank Sector (as at 31 Mar 2025)

Value of Mortgage Loans	$369B
Value of Consumer Loans	$7.6B
Value of Business Loans	$127B

Specialist Lending Sector Share (Mar 2025)

% of Total Mortgage Loans	0.5%
% of Total Consumer Loans	57.2%
% of Total Business Loans	7.4%

Insurance Credit Related (as at 31 Mar 2025)

Number of Employees	174
Number of Policies	285,371
Gross Claims (annual)	$13.2M

Consumer Loans (as at 31 Mar 2025)

Total Value of Loans	$12.0B
Number of Customers	1,383,344
Number of Loans	1,488,692
Average Loan Size	$8,070
Total Value of Loans:	
Mortgage	$1,839M
Vehicle Loan	$4,850M
Unsecured	$4,772M
Other Security	$541M
Lease Finance	$11M
Average Value of Loan:	
Mortgage	$293,661
Vehicle Loan	$15,719
Unsecured	$4,280
Other Security	$9,244
Lease Finance	$38,981

Business Loans (as at 31 Mar 2025)

Total Value of Loans	$10.2B
Number of Customers	137,075
Number of Loans	226,820
Average Loan Size	$45,146
Total Value of Loans:	
Mortgage	$3,033M
Vehicle Loan	$3,033M
Unsecured	$441M
Other Security	$1,960M
Lease Finance	$1,773M
Average Value of Loan:	
Mortgage	$824,431
Vehicle Loan	$35,177
Unsecured	$29,182
Other Security	$42,184
Lease Finance	$23,532

24 November 2025

Reserve Bank of New Zealand
2 The Terrace
WELLINGTON 6140

By email: dta@rbnz.govt.nz

Kia ora,

Submission of Heartland Bank Limited – Restrictions on use of the word 'bank' under the Deposit Takers Act 2023

1. Introduction

1.1 Heartland Bank Limited (**Heartland**) welcomes the opportunity to submit on the Reserve Bank of New Zealand (**RBNZ**) proposals regarding use of the words 'bank', 'banker' and 'banking' (**restricted words**) once the Deposit Takers Act 2023 (**DTA**) is fully in force (**the Consultation**).

1.2 The word 'bank' is an important public marker of a regulated deposit-taking institution. As a registered bank, Heartland is committed to safeguarding the use of restricted words to uphold public trust and confidence in the financial system.

1.3 The proposal to allow all licensed deposit takers—including those currently classified as non-bank deposit takers—to use the word 'bank' would broaden usage significantly. While this may enhance competition, it places a substantial responsibility on the RBNZ to ensure that institutions using the term are subject to rigorous licensing and prudential oversight.

1.4 Heartland's submission focuses on Section 1 of the Consultation – use of the word 'bank' for firms with a place of business in New Zealand. Heartland does not submit on Section 2 regarding the approach for overseas banks, noting that this is broadly a carry-over of the existing class authorisation approach.

2. Overall Feedback

2.1 Heartland understands the proposal to align use of restricted words with licensing status under the DTA.

2.2 This approach is in line with international practice – that if a deposit taker is prudentially licensed and supervised as a bank, it can call itself such. However, this assumes that all licensed deposit takers are subject to robust and equivalent regulation and supervision. Heartland submits that this will not be the case under the DTA.

2.3 Group 3 deposit takers will benefit from significantly lighter regulatory standards and oversight under the DTA, with reference to the Proportionality Framework. This would allow institutions to adopt the name 'bank' without requiring equivalent minimum capital ratios, operational maturity, governance standards, risk management and public disclosure.

2.4 Furthermore, at present, deposit takers are subject to vastly different regulatory standards and oversight. Institutions regulated under the Non-Bank Deposit Takers Act 2013 (**NBDT Act**) currently face a lower bar than registered banks regulated under the Banking (Prudential Supervision) Act 1989 (**BPSA**).

2.5 Therefore, it is essential that institutions facing the most significant step-up to meet the new regulatory standards are subject to appropriate scrutiny before being granted a license under

the DTA and being allowed to immediately rebrand themselves as banks.

2.6 The RBNZ's licensing process, as outlined in its 19 November 2025 webinar, appears time-constrained and reliant on self-assessment and negative assurance. This raises potential challenges in assessing the readiness of institutions – particularly non-bank deposit takers – to meet heightened requirements and rebrand as banks immediately upon the DTA coming into force.

2.7 Heartland is fully supportive of the RBNZ's objective to promote a competitive and stable financial system. We acknowledge that the ability for institutions that are currently non-bank deposit takers to rebrand as banks upon being licensed under the DTA may help level the competitive playing field for deposit takers of different sizes.

2.8 However, as the RBNZ notes in the Consultation, the main risk with this approach is that the credibility of the word 'bank' could be compromised if a newly-named bank was to fail.

2.9 The reputational contagion from such a failure is likely to be felt disproportionately by other small or mid-sized banks, such as Heartland, potentially driving customers to seek the perceived safety of large banks and adversely impacting the intended competition benefits.

2.10 To mitigate these risks, Heartland recommends in its submission:

i A licensing process and ongoing supervisory approach that accounts for the differing regulatory baselines of deposit takers under the NBDT Act and the BPSA.

ii Consideration of the Proportionality Framework in this context, to ensure it delivers consistent regulatory outcomes across Groups 1, 2, and 3.

iii Consideration of minimum hurdles or a phased approach for institutions wishing to use the term 'bank'.

2.11 Heartland agrees that unlicensed entities, including fintechs, should remain prohibited from using the term 'bank', maintaining its link to prudential regulation.

2.12 More detailed responses to the Consultation questions are provided in **Appendix 1**.

3. Questions

3.1 If you have any questions or would like to discuss any aspect of this submission, please contact Heartland via Andy Wood, Chief Risk Officer.

Yours sincerely

Leanne Lazarus
Chief Executive Officer

Appendix 1 – Consultation Questions

Responses to:

- **Q1: Do you agree with our proposal to authorise all licensed deposit takers to use the word 'bank' in their name or title?**

1. Heartland broadly agrees with the proposals, subject to consistent regulatory standards

1.1 As New Zealand moves to a single regulatory regime for deposit-taking activity under the DTA, Heartland acknowledges the benefits of a consistent approach to the use of the term 'bank'.

1.2 This is in line with international norms; however, it presupposes a consistent standard of licensing, prudential requirements and supervision being applied to all deposit takers, in line with Basel Core Principle 4 (**BCP 4**).

1.3 Heartland notes that BCP 4 allows for commensurate differences in approach for smaller firms, but this specifically refers to non-bank financial institutions.

1.4 Based on the information currently available regarding the RBNZ's approach to licensing and prudential requirements under the DTA – including the Proportionality Framework – further consideration is warranted as to whether this applies an equivalent standard to all deposit takers.

1.5 Heartland's view is that, in practice, the RBNZ is applying vastly different requirements and prudential oversight to the three groups of deposit takers (as defined in the Proportionality Framework). We elaborate on this point in response to Consultation Q2.

1.6 In respect of financial service providers, including fintechs, Heartland agrees with the RBNZ's position that such institutions should only be authorised to use restricted words if they become licensed deposit takers. This is consistent with international best practice and avoids any public misunderstanding around the regulatory status of such institutions.

2. Use of restricted words should align to full commencement of the DTA

2.1 Should the use of restricted words be extended as per the RBNZ's proposals, Heartland supports the RBNZ's position that this should not be implemented any earlier than full commencement of the DTA.

2.2 Heartland agrees with the RBNZ's analysis of the practical and policy implications of allowing non-bank deposit takers to rebrand as banks before the full commencement of the DTA; this could mislead the public to believe that non-bank deposit takers are already being regulated and supervised as banks and would be contrary to BCP 4.

3. Heartland broadly agrees with the RBNZ's position on alternative options

3.1 Heartland submits the following comments on the alternative options considered in Section 2.3 of the Consultation.

3.2 The alternative options considered are:

i **An approximated status quo using Group 1 and 2 under the Proportionality Framework as a proxy for 'registered bank'.** RBNZ has dismissed this option on the basis that the Proportionality Framework under the DTA has been calibrated so as not to create a marked difference in the way Group 3 deposit takers are regulated and supervised relative to Group 1 and 2 deposit takers. Heartland encourages further review of whether the Proportionality Framework achieves consistency in the regulation and supervision of

deposit takers, or whether there are certain minimum hurdles that should be met by institutions branding themselves 'banks'. We elaborate on this in our response to Consultation Q2.

ii **Authorising 'transactional' deposit takers only to use restricted words.** Heartland agrees with the RBNZ's assessment that this definition is arbitrary and does not link to the legal definition of a deposit taker under the DTA. This option would unfairly penalise banks that offer important specialist banking products to New Zealand customers but do not offer transaction accounts. As such, Heartland agrees that this alternative option should be discounted.

Responses to:

- **Q2: Are there any reasons why certain types of licensed deposit takers should not be permitted to use the word 'bank' in their name or title?**

4. The Proportionality Framework creates marked differences in the regulation and supervision of Group 3 deposit takers

4.1 Taken together, a single regulatory regime for deposit takers and widening use of the term 'bank' will reasonably lead the public to the conclusion that all deposit takers are subject to the same prudential requirements and oversight.

4.2 However, in practice, the RBNZ is applying vastly different requirements to the three groups of deposit takers as defined in the Proportionality Framework.

4.3 The RBNZ states that prudential requirements for Group 3 deposit takers have been calibrated to not create a marked difference in the way these firms are regulated and supervised relative to Group 1 and 2 deposit takers.

4.4 Heartland submits that the Proportionality Framework as it stands *does* create marked differences in prudential requirements.

4.5 This would allow institutions to adopt the name 'bank' without requiring equivalent operational maturity, governance standards, risk management and public disclosure. It also differs from the current requirements under the BPSA, which sets a higher bar for deposit takers to call themselves banks than would be applied to Group 3 deposit takers under the DTA.

5. Minimum standards for institutions calling themselves a bank should be preserved

5.1 The current regulatory landscape recognises that institutions calling themselves a 'bank' need to meet a higher regulatory bar, given the public's expectations around the conduct and safety of such institutions.

5.2 Heartland suggests that the RBNZ explicitly considers whether there should be minimum hurdles for deposit takers to call themselves a bank under the DTA, to ensure transparency and consistency.

5.3 Group 3 deposit takers would not necessarily have to meet these requirements if they do not want to call themselves a bank and could continue to benefit from proportionality.

5.4 These hurdles could include requirements to:

i Obtain and maintain a credit rating from an approved agency, as currently required of all registered banks under the BPSA.

ii Have a majority of independent directors on the Board, as currently required of all

registered banks under the BPSA.

iii Have internal controls, risk management systems and policies in place that are equivalent to the standards required on initial registration as a bank under the BPSA[1].

iv Publish one full-year prudential disclosure statement each year in addition to the quarterly Dashboard publication, instead of the 'Dashboard only' approach. We note the APRA has moved to a Dashboard only approach for its non-significant financial institutions, however several other comparable jurisdictions have retained at least an annual prudential disclosure requirement for small banks.

v Comply with the Open Bank Resolution (OBR) Standard, ensuring an orderly exit can be achieved and limiting reputational contagion onto other banks in the event of failure.

5.5 Heartland notes that there is international precedent for distinguishing between different types of licensed deposit takers in respect of using restricted words. Up until 2018 in Australia, APRA's policy was that authorised deposit-taking institutions needed to meet an extra hurdle (minimum Tier 1 capital) before they could rebrand as banks. The Consultation does not consider the merits of a similar approach in New Zealand, particularly in the early stages of a new regulatory regime.

6. Gradual widening of restricted words usage as an alternative to differentiating between deposit takers

6.1 Heartland acknowledges that licensing all deposit takers under the DTA will be a significant undertaking. Whilst all licensed deposit takers may eventually be allowed to use the term 'bank', the RBNZ could consider a phased approach to the use of restricted words, to ensure stability and consumer confidence, as well as recognising the limitations of licensing many deposit takers within a small window.

6.2 Past failures emphasise the importance of front-loading due diligence. The RBNZ should ensure it is able to adequately assess core areas of governance, risk management, capital adequacy, and operational resilience before granting a license and on an ongoing basis.

6.3 Based on the RBNZ's approach to licensing – as outlined at its 19 November webinar – Heartland is unclear whether these requirements will be satisfied.

6.4 A phased approach could see non-bank deposit takers allowed to rebrand as 'banks' only after demonstrating compliance with enhanced governance, risk management, and disclosure requirements under the DTA for a defined period.

6.5 A phased approach has the following benefits:

i **Ensures readiness:** Smaller deposit takers need time to uplift governance, risk management and operational maturity.

ii **Aligns with international norms:** Basel Core Principles align use of the term 'bank' with strong prudential compliance and oversight – it is unclear if this will be demonstrated immediately upon licensing.

iii **Avoids reputational risk:** Allowing immediate rebranding without demonstrable compliance with higher prudential standards may risk consumer misunderstanding and undermine public confidence

6.6 This approach is not dissimilar to restricted licensing or mobilisation approaches adopted in other jurisdictions, such as Australia and the United Kingdom. Although internationally this

[1] Statement of Principles – Bank Registration and Supervision (BS1)

approach has been used for new applicants entering the regulatory perimeter for the first time, the principle – of closely supervising new banks early on to mitigate the risks of a disorderly failure that could hurt the 'bank' brand for the whole system – is also relevant here.

Responses to:

- **Q3: Aside from the situation where a restricted word is part of a geographic place name or the name of a natural person, are there any other circumstances under which a financial services provider should be authorised to use a restricted word in its name or title without the requirement to become a licensed deposit taker?**

7. Heartland is not aware of any such circumstances.

End of submission

Submission to RBNZ on bank name consultation

Submission to the Reserve Bank of New Zealand on Use of the term "bank" under the Deposit Takers Act

INTRODUCTION

1. This submission is made by the Non-Bank Deposit Takers Association (NBDTA) in response to the Reserve Bank of New Zealand's (RBNZ) consultation paper (Consultation Paper) on the restrictions on use of word 'bank' under the Deposit Takers Act 2023 (DTA).

2. We welcome the opportunity to provide feedback on this matter. As you are aware, this is a priority issue for the NBDTA, on which we have actively been engaging with the RBNZ and the Minister of Finance for a number of years. Our submission focuses on your consultation questions regarding use of the word "bank" by firms that have a place of business in New Zealand.

SUMMARY OF KEY POINTS

1. The inability of our members to call themselves a bank, despite offering banking services and being prudentially regulated, impacts the perception of their creditability and their ability to compete.

2. The term bank is associated with certain activities but also signals prudential regulation and supervision. We agree that use of the term "bank" should align with these things so that consumers are not mislead and the efficacy of the regime is not undermined.

3. We agree that aligning use of the term "bank" with the regulatory perimeter is the desirable approach as it balances maintaining the integrity of the regime with business model flexibility.

4. We also believe that it is desirable and consistent with the purposes and principles of the DTA to encourage entities offering banking (or bank-like) services to operate within the regime.

DETAILED SUBMISSIONS

Do you agree with our proposal to authorise all licenced deposit takers to use the word "bank" in their name or title?

3. As you are aware from previous engagements, we strongly support the proposal to authorise all licenced deposit takers to use the word "bank" in their name or title. Being unable to use the word bank in our names has put us at a competitive disadvantage to the big banks for many years. There are two key drivers for this competitive disadvantage, being:

   (a) *Credibility*: the public generally associates the term "bank" with a high degree of trust and safety and, as is noted in your consultation paper, is generally used to signal prudential regulation and supervision. Not only are we not able call ourselves a bank, we must describe ourselves as a "non-bank" which sends the opposite signal; and

   (b) *Function*: we provide the same functions (credit intermediation) and services (deposit taking and lending) as banks, which are generally described as "banking" and "banking services". Being unable to align our name with our function immediately puts us on the back foot when trying explain what we are to stakeholders (including investors) or market our services to customers.

4. The retail-funded finance companies are particularly disadvantaged by not being able to use the bank name as a key signal that they are prudentially regulated and supervised. While this perception

is beginning to change, these entities are still equated with the finance companies of the global financial crisis, which were not prudentially regulated, and have since had all of the burden of being prudentially regulated without the recognition, which would go a long way to removing the stigma.

5. We agree with the Reserve Bank's assessment of the benefits of allowing all licenced deposit takers to be able to use the bank name and that it is consistent with the principles of the DTA. We also agree that the benefits of the proposal clearly outweigh the risks. While we appreciate that there is contagion risk associated with a "bank" failure, we agree that this risk is appropriately mitigated by prudential regulation and supervision, and should be applied consistently across all deposit takers under a single regulatory regime.

Are there any reasons why certain types of licensed deposit takers should not be permitted to use the word "bank" in their name or title?

6. No, we do not think that there are any types of licensed deposit takers that should not be permitted to use the work "bank" in their names. We note your suggested option of allowing only deposit takers that offer transactional account (i.e. provide payments services) to use the word "bank" in their names and agree that this would not be a desirable approach.

7. In addition to the reasons set out in your consultation paper, we note that while banks have traditionally been the main payment service providers, internationally there has been a progressive decoupling of payments services from banks. This approach would represent an outdated view of what it is to be a bank and would be inconsistent with the approaches taken in comparable jurisdictions. We think that aligning the term bank with the regulatory perimeter creates appropriate risk mitigants, while allowing deposit takers the flexibility to determine their business model and operate in niches.

8. In our view, the only licenced deposit takers that may introduce undue risk are new entrants into the regime. However, to the extent that new entrants are subject to the same prudential requirements and supervision (rather than, for example, a specific regime for new entrants) we do not see a need to differentiate. Rather the Reserve Bank will need to ensure that it is managing this risk through the licencing process.

Aside from the situation where a restricted word is part of a geographic place name or the name of a natural person, are there any other circumstances under which a financial services provider should be authorised to use a restricted word in its name or title without the requirement to become a licensed deposit taker?

9. No, we do not, at this time, see any other circumstances under which a financial service provider should be authorised to use a restricted word in its name.

10. As you have noted in your consultation paper, we believe it is important to clearly demarcate the prudential safety net (including the DCS) with the use of the word "bank". The majority of the general public are unlikely to look beyond the name bank (or claims of DCS coverage) to understand an entity's regulatory coverage and there is therefore a high risk that the public will be misled. This means that extending use of the term bank to financial service providers that are not prudentially regulated risk having a negative impact on trust and confidence in the DTA regime in the event that such an entity fails and increases contagion risk.

11. We also note that this is particularly important in New Zealand, where we don't have the same restrictions on a financial service provider's ability to provide "bank-like services" that may mislead the public. For example, in the United Kingdom, e-money licence holders (equivalent to the fintechs operating under bare trust models in New Zealand) are prohibited from undertaking lending activity or offering interest on money held. The purpose of these restrictions is to ensure that firm's role is as a

payment service provider (rather than a deposit taker or bank) is clarified for the consumer so that they are not confused about the nature of the services and the safety of their funds.

12. In New Zealand, where there are unregulated entities offering “bank-like services” it is significantly more important to create clear signals for consumers both for consumer protection and for the integrity of the prudential regime.

13. Additionally, prudential regulation is a significant burden and it is important to ensure that there are some benefits to incurring this burden to encourage participation in the regime – both in terms of encouraging new participants and retaining existing participants – to enhance both competition and financial stability.

Timing

14. As the RBNZ is aware, members of the NBDTA would like to be able to use the bank name as soon as possible rather than wait another three years to remove this competitive disadvantage. We note your comments about ensuring the NBDTs have appropriate lead-in time to rebrand. We would like to clarify that we are nimble organisations that could rebrand in a matter of weeks, or months at most. Therefore, this need not be a material consideration.

15. If this is not possible, the outcome is so material to our members that we expect even signalling the outcome to our stakeholders will be of significant benefit. Therefore, we look forward to your final decision being announced as early as possible in the new year.

On behalf of the Non-Bank Deposit Takers Association.

NBS
Banking for life

24 November 2025

The Reserve Bank of New Zealand – Te Pūtea Matua
Via online portal: https://consultations.rbnz.govt.nz

Dear Sir or Madam,

NBS submission - consultation on use of the word 'bank'

This submission on the Reserve Bank of New Zealand's 2025 Consultation Paper Restrictions on use of the word 'bank' (**Consultation Paper**) is made by Nelson Building Society (**NBS**). As its name suggested, NBS is a building society, one of the few remaining in Aotearoa in 2025.

NBS is a member of the Non-bank Deposit Takers Association (**NBDTA**) and supports its submission. NBS has the following submissions to make in relation to questions 1 and 2 of the Consultation Paper.

Q1 – Do you agree with our proposal to authorise all licensed deposit takers to use the word 'bank' in their name or title?

Yes, NBS agrees with this proposal and supports the NBDTA submission on this question.

In NBS' view, allowing all licensed deposit takers to use the word 'bank' will level the playing field. NBS sees this as doing so because:

- NBS agrees that this will create a clearer distinction between licenced deposit takers and unlicensed deposit takers. NBS believes there is clear benefit in allowing all licenced deposit takers to use the word 'bank' in their names. While some consumers may not be fully aware of the difference in those entities which are prudentially regulated by the DTA and those which are not, using 'bank' signals a safety net in terms of legitimacy of an organisation and therefore could be a deciding factor for consumers to choose their banking institution. For long standing institutions like NBS, this can be balanced against the attractiveness to some consumers of unlicensed entities in the fintech sector who are able to more readily innovate but will not be able to use the word 'bank' in their names.
- This particularly affects NBS as it offers banking services, but is currently known as a 'non-bank deposit taker'. In fact, NBS takes deposits *and* issues loans, services that consumers commonly associate with banks although the name 'non-bank deposit taker' confusingly signals the opposite. The ability to re-align its name with the services that it provides would strengthen NBS' position in the market.

Q2 – Are there any reasons why certain types of licensed deposit takers should not be permitted to use the word 'bank' in their name or title?

NBS supports the NBDTA submission on this question. NBS favours simplicity, in that licensed entity be able to use the word 'bank'.
NBS does not see the need to distinguish further between entities which can and cannot use the word 'bank'. This would undermine the simpler approach, reducing the potential advantage that NBS sees in being able to use the word 'bank'.

Conclusion

NBS would welcome the opportunity to engage further on these matters if any additional detail on our capital position would be useful, and we thank the Reserve Bank for its consideration of our submission.

Yours sincerely,

9(2)(a)

Gina Dellabarca
Chief Executive

9(2)(a)

---------- Original Message ----------
From: 9(2)(a)
To: Georgina.Hassell-Hopkinson@rbnz.govt.nz
Date: 14/10/2025 08:52 NZDT
Subject: Use of word Bank

This is my submission:
I am completely opposed to the use of the word “Bank” for currently non bank entities. This will be confusing to potential customers and will give them a false sense of security. Customers have the right to know that an entity is not a real bank.
Please forward my submission to the appropriate person.
It would be more helpful if there was a link in your emails to where we could make a submission.
Thanks
Kind regards
Ralph Wilson
Auckland
NZ

100 St Aubyn Street East
PO Box 431, Hastings 4156
0800 229 943
unitymoney.co.nz
enquiries@unitymoney.co.nz

24 November 2025

Consultation on use of term 'bank; under DTA
The Reserve Bank of New Zealand - Te Pūtea Matua
Wellington 6140

By email: dta@rbnz.govt.nz

Unity submission – RBNZ Consultation on use of term 'bank' under DTA

Thank you for the opportunity to make a submission on the use of the term 'bank' under the Deposit Takers Act.

We have provided general feedback, as well as responded to the specific questions raised in the consultation. Please note that we have also contributed to and support the joint submission from the Non-Bank Deposit Takers Association (NBDTA).

For Unity's submission we have focused on the areas of particular interest and impact for us. This mainly repeats feedback provided in the NBDTA submission but also excludes points that are not of direct relevance to Unity.

General Feedback

The following points set out our general feedback:

- The inability of NBDTs, including Unity, to call themselves a bank, despite offering banking services and being prudentially regulated, impacts the perception of their creditability and their ability to compete.
- The term 'bank' is associated with certain activities but also signals prudential regulation and supervision. We agree that use of the term 'bank' should align with these things so that consumers are not misled and the efficacy of the regime is not undermined.
- We agree that aligning use of the term 'bank' with the regulatory perimeter is the desirable approach as it balances maintaining the integrity of the regime with business model flexibility.
- We also believe that it is desirable and consistent with the purposes and principles of the DTA to encourage entities offering banking (or bank-like) services to operate within the regime.

Response to Questions

The following responds to the RBNZs consultation questions. Note – we have not responded to questions 4-7 as these are not relevant for Unity.

Q1	Do you agree with our proposal to authorise all licenced deposit takers to use the word "bank" in their name or title?

Yes, Unity supports the proposal to authorise all licenced deposit takers to use the word 'bank' in their name or title. Being unable to use the word bank has put us at a competitive disadvantage to the big banks for many years. There are two key drivers for this competitive disadvantage, being:

a) Credibility: the public generally associates the term "bank" with a high degree of trust and safety and as is noted in the consultation paper, is generally used to signal prudential regulation and supervision. Not only are we not able call ourselves a bank, we must describe ourselves as a "non-bank" which sends the opposite signal; and

b) Function: we provide the same functions (credit intermediation) and services (deposit taking and lending) as banks, which are generally described as "banking" and "banking services". Being unable to align our name with our function immediately puts us on the back foot when trying to explain what we are to stakeholders or market our services to customers.

We agree with the RBNZ's assessment of the benefits of allowing all licenced deposit takers to be able to use the bank name and that it is consistent with the principles of the DTA. We also agree that the benefits of the proposal clearly outweigh the risks. While we appreciate that there is contagion risk associated with a "bank" failure, we agree that this risk is appropriately mitigated by prudential regulation and supervision and should be applied consistently across all deposit takers under a single regulatory regime.

Q2	Are there any reasons why certain types of licensed deposit takers should not be permitted to use the word "bank" in their name or title?

No, we do not think that there are any types of licensed deposit takers that should not be permitted to use the work "bank" in their names. We note the suggested option of allowing only deposit takers that offer transactional account (i.e. provide payments services) to use the word "bank" in their names and agree that this would not be a desirable approach.

In addition to the reasons set out in the consultation paper, we note that while banks have traditionally been the main payment service providers, internationally there has been a progressive decoupling of payments services from banks. This approach would represent an outdated view of what it is to be a bank and would be inconsistent with the approaches taken in comparable jurisdictions. We think that aligning the term bank with the regulatory perimeter creates appropriate risk mitigants, while allowing deposit takers the flexibility to determine their business model and operate in niches.

In our view, the only licenced deposit takers that may introduce undue risk are new entrants into the regime. However, to the extent that new entrants are subject to the same prudential requirements and supervision (rather than, for example, a specific regime for new entrants) we do not see a need to differentiate. Rather the RBNZ would manage this risk through the licencing process.

Q3	Aside from the situation where a restricted word is part of a geographic place name or the name of a natural person, are there any other circumstances under which a financial services provider should be authorised to use a restricted word in its name or title without the requirement to become a licensed deposit taker?

No, we do not, at this time, see any other circumstances under which a financial service provider should be authorised to use a restricted word in its name. As noted in the consultation paper, we believe it is important to clearly demarcate the prudential safety net (including the DCS) with the use of the word "bank". The majority of the general public are unlikely to look beyond the name bank (or claims of DCS coverage) to understand an entity's regulatory coverage and there is therefore a high risk that the public will be misled. This means that extending use of the term bank to financial service providers that are not prudentially regulated risk having a negative impact on trust and confidence in the DTA regime in the event that such an entity fails and increases contagion risk.

We also note that this is particularly important in New Zealand, where we don't have the same restrictions on a financial service provider's ability to provide "bank-like services" that may misled the public. For example, in the United Kingdom, e-money licence holders (equivalent to the fintechs operating under bare trust models in New Zealand) are prohibited from undertaking lending activity or offering interest on money held. The purpose of these restrictions is to ensure that firm's role is as a payment service provider (rather than a deposit taker or bank) is clarified for the consumer so that they are not confused about the nature of the services and the safety of their funds.

In New Zealand, where there are unregulated entities offering "bank-like services" it is significantly more important to create clear signals for consumers both for consumer protection and for the integrity of the prudential regime.

Additionally, prudential regulation is a significant burden, and it is important to ensure that there are some benefits to incurring this burden to encourage participation in the regime – both in terms of encouraging new participants and retaining existing participants – to enhance both competition and financial stability.

Yours sincerely

9(2)(a)

Kevin Hughes
Chief Executive

24 November 2025

To: Reserve Bank of New Zealand – Te Pūtea Matua
From: Welcome Limited

Re: Consultation on Restrictions on use of the word 'bank', 30 September 2025

Welcome Limited (**Welcome**) is a licensed Non-bank Deposit Taker (**NBDT**).

Welcome is a signatory to the submission made to the RBNZ by the Non-Bank Deposit Takers Association (**NBDTA**) on this consultation. We fully support that submission.

In addition, we wish to make the following supplementary points specific to our experience as a new entrant NBDT.

Clear delineation for consumers

The word 'bank' provides an immediately understood signal that an entity is licensed and prudentially regulated, and that its deposit products are protected by the Depositor Compensation Scheme (DCS). In contrast, terms such as "term investments" or references to "deposits" and the DCS by unlicensed or unregulated providers may create confusion for consumers and blur what should be a clear distinction between regulated and non-regulated offerings.

Challenges as a new-to-market NBDT

As a newly established NBDT, we face significant challenges in explaining our regulatory status to potential customers, across all channels of communication and marketing —phone, email, advertising, sponsorship, publications and platforms that will only show or list bank deposits, and on our own website. Consumers are generally unfamiliar with the terms Non-bank Deposit Taker or NBDT and can easily confuse regulated NBDTs with unregulated funds and fintechs. Considerable time and money are spent explaining that we are licensed and regulated by the RBNZ, independently supervised, and our products are covered by the DCS.

Authorising licensed deposit takers to use the word 'bank' would resolve this confusion. It would provide consumers with an immediate and accurate understanding of our regulatory status and protections, significantly improving clarity and trust in the market.

Lead-in time to rebrand

We note the Reserve Bank's comments regarding lead-in time. Welcome does not require a lengthy transition period to rebrand. Should we elect to rebrand as a bank, we expect this could be achieved within months—not years—once the policy is confirmed.

9(2)(a)

Tracey Jones
Chair

9(2)(a)

Anton Douglas
Chief Executive Officer