

Recommendation	Action underway and next steps
1. The Government, as Kiwibank's owner, should consider what is necessary to make Kiwibank a disruptive competitor, including how to provide it with access to more capital.	The Minister of Finance has asked Treasury to engage with Kiwibank's parent company Kiwi Group Capital to provide advice before the end of 2024 on options for raising new capital in the future, including from KiwiSaver funds, New Zealand investment funds and investment from everyday New Zealanders.
2. Industry and the Government should commit to ensuring open banking is fully operational by June 2026.	The Government is progressing the Customer and Product Data Bill and will consult on a designation for banks, outlining how they must comply with new data sharing requirements. The Government expects the banking designation will enable open banking to be operational well before June 2026. Industry has committed to start implementing open banking, starting this year with the four major banks.
3. The Government should support open banking by being an early adopter – e.g. across tax and welfare payments, and vehicle licensing.	The Government will investigate opportunities for early adoption of open banking by Government to drive wider uptake across the economy.
4. The Reserve Bank should broaden the way it undertakes competition assessments under the Deposit Takers Act and place more focus on reducing barriers to entry and expansion in the banking sector. 5. The Reserve Bank should place greater emphasis on competition in specific upcoming decisions.	<p>The Minister of Finance will issue a revised Financial Policy Remit (FPR) before the end of 2024 to influence how the Reserve Bank takes regard of competition in its decision-making.</p> <p>The findings of the market study are relevant for several upcoming decisions by the Reserve Bank, including how to tailor its capital requirements to smaller players and new entrants and a revised access policy for Exchange Settlement Account System (ESAS) accounts.</p> <p>The Government supports the market study finding that the Reserve Bank should review its settings for standardised risk weights taking into account impacts on competition, as well as the restrictions on the ability of some entities to market themselves as a "bank".</p>
5. The Government should introduce an initial flat-rate levy for the Depositor Compensation Scheme (DCS).	The DCS will be funded by levies paid by deposit takers, with final decisions on levy settings to be made by the end of 2024, after considering relevant findings of the market study.
6. The Government should ensure that existing legislation and future decisions do not unintentionally favour banks, particularly larger banks, over other providers.	We agree this work sits across all agencies that have referenced banks in legislation and guidance. The Government expects agencies to deliver a clear and consistent approach that supports a level playing field.
7. The Government should lessen barriers to switching home loan providers as part of Credit Contracts and Consumer Finance Act (CCCFA) reforms.	Prescriptive CCCFA affordability regulations have been revoked, and the Responsible Lending Code has been revised. These measures were intended in part to reduce barriers to switching home loan providers. The Government will consider the need for making further changes to the Code as recommended by the Commission.
8. The Government should prioritise competition concerns when reforming the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) regime.	As part of the Government's Q3 Action Plan, Cabinet will take decisions on proposed improvements to the AML/CFT regime to ensure it is both workable and effective.
9. Industry should invest in making improvements to its switching services. 10. Home loan providers should present offers in a readily comparable manner, accounting specifically for the effective value of cash contributions. 11. Home loan providers pro-rate all clawbacks for mortgage advisor commissions and bank cash contributions. 12. Mortgage advisors and banks should make changes to promote price competition and choice for home loans. 13. Industry and the Government should prioritise reducing barriers to lending for housing on Māori freehold land. 14. Industry should cooperate to make basic bank accounts widely available.	<p>The Government will monitor whether banks are making timely and effective progress on competition issues.</p> <p>In June, the Minister of Finance requested a Select Committee inquiry into banking competition, which is currently underway. This inquiry is aimed at ensuring New Zealanders have access to bank services at competitive prices, that regulation isn't unduly influencing the cost of borrowing, and that banks' profits are justified and comparable to banks in similar jurisdictions, particularly in rural banking.</p> <p>The Financial Markets Authority will continue to oversee financial advisors, including mortgage advisors.</p> <p>The designation of banking under the Customer and Product Data Bill will support recommendation 12 by making it easier for mortgage advisors to access customers' banking data for their assessments.</p>