

20 June 2024

Submitted via: <https://consultations.rbnz.govt.nz/>

Reserve Bank of New Zealand  
Wellington

**Re: RBNZ Deposit Takers Core Standards Consultation paper**

All should have access to a bank account as they are essential element of financial inclusion for health, wellbeing and social participation in Aotearoa.

FinCap welcomes the opportunity to comment on the Reserve Bank of New Zealand (**RBNZ**) Deposit Takers Core Standards Consultation paper (**Consultation Paper**). FinCap strongly supports the requirement for RBNZ “to support New Zealanders having reasonable access to financial products and services provided by the deposit-taking sector,” within the scope of its role as a prudential regulator, under the Deposit Takers Act. No whānau should face barriers to opening a transaction account with the features necessary for financial inclusion, but financial mentors regularly report this being the case for some of the whānau they support.

We know that the RBNZ is knowledgeable on the issues and impacts with barriers to accessing bank accounts as reflected in the RBNZ’s approach to financial inclusion.<sup>1</sup> This includes references to the latest research published by FinCap and others on the issues.

FinCap’s comments relate to question 3 in the Consultation Paper around the proposed standards implications on financial inclusion. The commentary from paragraphs 81 to 85 in the Consultation Paper and question 3 only seem to consider that RBNZ has limited options for influencing financial inclusion. This is that RBNZ might have an impact around access to bank accounts depending on whether, or not, its standards create disproportionate compliance burden on deposit takers who are smaller but more likely to assist groups who otherwise face barriers to access.

However, to reduce barriers to accessing bank accounts, FinCap recommends that all deposit takers ultimately have some responsibility for providing easily accessible and suitable basic bank accounts. We are aware that some other jurisdiction’s central banks have mechanisms in place to make this a reality. One, among many, of the barriers to bank account access raised by financial mentors includes reduced availability of bank branches in some areas. The barriers also include the debanking of people undertaking a necessary insolvency procedure from an institution. Smaller deposit takers may not be able to service all the need from currently unbanked people as they do not have a nationwide presence. Otherwise, they might not have favourable policies around previous customers who have gone through insolvency procedures.

It is good that RBNZ is considering how it can ensure settings create stability for our financial system while not undermining financial inclusion. However, FinCap recommends that the RBNZ more widely considers whether it, or others in the Council of Financial Regulators, now have the ability to otherwise intervene. Such intervention should appropriately require that the network of all deposit takers across Aotearoa ensure all have access to bank accounts with the features necessary for health, wellbeing and social participation. Such intervention would see fewer financial mentors blocked from assisting

---

<sup>1</sup>See: <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/our-approach-to-financial-inclusion/our-approach-to-financial-inclusion.pdf>

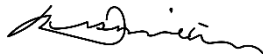
whānau towards financial wellbeing because of avoidable difficulty accessing a bank account. It would also allow the RBNZ to progress the robust settings necessary for other core standards in the Deposit Takers Act while better realising the one relating to reasonable access to financial products and services through other means.

### **About FinCap**

FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the 185 local, free financial mentoring services across Aotearoa. These services supported over 69,000 whānau facing financial hardship in 2023. We lead the sector in the training and development of financial mentors, the collection and analysis of client data and encourage collaboration between services. We advocate on issues affecting whānau to influence system-level change to reduce the causes of financial hardship.

Please contact Senior Policy Advisor Jake Lilley on [jake@fincap.org.nz](mailto:jake@fincap.org.nz) or 027 278 2672 to discuss any aspect of this submission further.

Ngā mihi,



Ruth Smithers  
**Chief Executive**  
**FinCap**