

12 June 2025

Committee Secretariat
Finance and Expenditure Select Committee
Parliament Buildings
Wellington

SUBMISSION on Financial Markets Conduct Amendment Bill

1. Introduction

Thank you for the opportunity to make a submission on the Financial Markets Conduct Amendment Bill (the Bill). This submission is from Consumer NZ, an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer NZ has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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2. Comments on the Bill

Given the large number of submissions due in June, the short timeframes and our limited resources, we have been unable to undertake a clause-by-clause analysis of the Bill. However, we wish to make several comments on the Bill.

We urge the Committee to consider including provisions in the Bill that allow designated consumer advocacy organisations to bring super-complaints to the Financial Markets Authority (FMA) (and ideally the Commerce Commission, under the Fair Trading Act) about widespread practices that are harming consumers. The provisions should also require the FMA to respond to the complaint formally within a set time frame.

Introducing a super-complaints mechanism would significantly strengthen consumer protections by giving trusted consumer organisations formal power to prompt regulatory intervention. The mechanism fits within the purpose and intent of the Financial Markets Conduct Amendment Bill and would bring New Zealand in line with best practices from the UK and Australia.

We support the new requirement for fair conduct programmes to include effective policies, processes, systems and controls for resolving consumers' complaints in a timely and effective manner. We receive regular complaints from consumers about their complaints not being dealt with effectively or efficiently by providers, so we support the inclusion of this wording.

However, we are concerned about other amendments that reduce prescription for fair conduct programmes, such as no longer requiring regular review of fair conduct programmes. Although these changes are intended to lower compliance costs and make obligations more adaptable, we consider less prescription could result in lower and more inconsistent conduct standards and risk undermining the regime's purpose.

We strongly support the introduction of on-site inspection powers. These are essential for the FMA to fulfil its role as a modern conduct regulator and to identify misconduct before it harms consumers. However, it is critical the FMA is appropriately resourced to ensure it can exercise these powers.

We support the Bill requiring the FMA to issue a single licence covering different classes of market services. We agree this will improve clarity, efficiency and coordination.

We also urge the Committee to consider including provisions in the Bill that:

- require debt collection specialists to hold a license to ensure their conduct is appropriate and subject to oversight, and
- apply the fair conduct programme protections to all lenders and debt collection specialists, not just banks and deposit takers. This would ensure all consumers benefit from the protections.

Finally, we consider the regime should be reviewed in four years to consider its effectiveness.

ENDS