

Commerce Commission lender webinar - Opening speech for Sarah Bartlett, Director Credit

November 2024

Kia ora koutou katoa, nau mai haere mai,

Welcome to our final lender webinar of the year and thank you for joining us today. My name is Sarah Bartlett. As part of some recent changes within the organisation, my new title is Director, Credit, within the Competition, Fair Trading, and Credit branch here at the Commerce Commission. I feel privileged to lead the team in the important work we do for New Zealand consumers.

It's been good to have so many of you join our lender webinars throughout this year. These sessions have provided a valuable platform for exploring key topics under CCCFA and sharing developments in the evolving credit space. Please continue to share your feedback so we can ensure these webinars remain useful for you.

This session we are focusing on record keeping guidance and affordability assessments and in addition to the Commission team, I'm really pleased to welcome Meryn Gates from FCSL who will talk about the importance of record keeping. We also look forward to hearing from you today and will address as many of your questions as possible. We've set up a webpage where you can access all our presentations, speeches, and answers to questions. This page will be updated towards the end of the month, and you can also find content from our previous webinar on Financial Hardship through this link.

It's been a year of change in the credit space! Most recently, in September, Minister Andrew Bayly, announced policy decisions to the financial services legislation. For consumer credit legislation the key policy decisions are to:

- Regulate consumer creditors via a market services licence, to simplify and streamline current regulatory arrangements.
- Remove the due diligence duty and personal liability for senior managers and directors.
- Retain the consequences for failure to make initial disclosure or disclosure of agreed changes, but only where the borrower or the regulator can show the failure caused harm.
- Retain the high-cost credit provisions as they are currently (no changes)

- Exempting Buy Now Pay Later providers from the fee requirements in ss 41 and 44A of the CCCFA

This announcement also covered some details around the transfer of the CCCFA regulatory function from the Commerce Commission to the FMA including what that means for our people and we are working through that. We have set up a project to manage the transfer and along with the FMA, and are focused on ensuring that the integrity of the CCCFA function is maintained throughout this transition process.

We want to assure you that until the transfer takes place, the Commission continues to be the regulator of the CCCFA and is fully committed to its regulatory responsibilities. We continue to educate industry and issue guidance, take appropriate enforcement action and will be engaging with you in the same way we have been. We will continue to provide updates as we get closer to the date of the transfer and of course, you will start to see and hear from the FMA who have begun some constructive engagement with the industry on the policy changes and the regulatory approach of the FMA.

I wanted to draw your attention to two pieces of recent guidance we have issued. Firstly, the Self-reporting Guidance for Lenders. The guidance is intended to help lenders understand the process to follow when reporting potential breaches of the CCCFA and/or Fair Trading Act and the consideration that will be given to the self-report by the Commission. The guidance is designed to assist lenders in understanding when and how to make a self-report and address some questions that lenders may have.

Secondly, the Record Keeping Guidance to assist lenders in complying with the record keeping requirement in section 9CA of the CCCF Act relating to affordability assessments for borrowers and guarantors. We will be exploring this topic in greater detail this session.

We have also recently published a new notification of prescribed change form, designed to assist lenders in understanding what changes must be notified. Certified lenders must notify the Commission in writing about any prescribed changes that could affect their certification within 10 working days once they become aware of a prescribed change. The changes include the appointment and/or removal of a director or senior manager. Please ensure details of your directors and senior managers on the FSPR are correct. You can find the updated form on our website.

And finally, the Credit team recently reached out to a cohort of lenders with a short survey intended to capture a view on financial hardship being seen by lenders in New Zealand. We will be using the insights and information gathered from this survey to support our both our borrower and lender education in the future. The survey has now closed, and we have published the results in our latest pānui.

That is all the updates I have for you this morning, thank you again for joining us, I'm sure you will find the session useful. Over to you team.

Nga mihi nui