MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Cameron Brewer	**Portfolio**	Commerce and Consumer Affairs
Title of Cabinet paper	Regulations to Implement the Credit Contracts and Consumer Finance Amendment Act 2026	**Date to be published**	1 July 2026

List of documents that have been proactively released		
Date	**Title**	**Author**
June 2026	Regulations to Implement the Credit Contracts and Consumer Finance Amendment Act 2026	Office of the Minister of Commerce and Consumer Affairs
18 June 2026	Regulations to Implement the Credit Contracts and Consumer Finance Amendment Act 2026 LEG-26-MIN-0126 Minute	Cabinet Office
23 June 2026	Stage 2 Cost Recovery Impact Statement: Application fees for licensing of lenders, and for exemptions and declarations under the CCCFA	MBIE

Information redacted **NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

© Crown Copyright, Creative Commons Attribution 4.0 International (CC BY 4.0)

Stage 2 Cost Recovery Impact Statement

Application fees for licensing of lenders, and for exemptions and declarations under the CCCFA

Agency Disclosure Statement

This stage 2 Cost Recovery Impact Statement (**CRIS**) has been prepared by the Ministry of Business, Innovation and Employment (**MBIE**). It assesses the impact of proposed fees that the Financial Markets Authority (**FMA**) will charge to entities applying for licences, exemptions, and declarations relating to the Credit Contracts and Consumer Finance Act 2003 (**CCCFA**).

The analysis in this CRIS was subject to the following limitations and constraints:

- *Limited consultation and feedback:* MBIE sought but did not receive feedback on these fees proposals from several notable industry body representative groups, including the New Zealand Banking Association (**NZBA**), and the National Pawnbrokers Association. This limitation was mitigated by the fact that existing lenders, including banks, will be grandfathered across into the new regime. Targeted consultation with the Financial Services Federation and the Commerce Commission was also undertaken to mitigate this risk. Data from the FMA has also helped to address this limitation.
- *Reliance on existing cost recovery settings:* The proposed application fees rely on the FMA's estimates of the average number of hours involved in processing each application. The hourly rate was set and based on analysis done for the development of fees in 2014 (that the FMA charges for licences and other services under the Financial Markets Conduct Act 2013).
- *Uncertainty about time required to consider exemptions and declarations:* The proposed fees reflect uncertainty about the time required to process applications for an exemption or declaration. Because this complexity cannot be easily predicted or standardised, the proposed fees are structured to reflect the potential fluctuations rather than a fixed timeframe. This ensures cost recovery remains fair while acknowledging that some applications could require substantially more effort than others.
- *Analysis completed almost a year before this statement was finalised*: The analysis summarised in this statement was first completed in 2025, with targeted consultation completed in May 2025. This does not affect the conclusions reached, except to note that some figures used are a little dated and the proposed fees are slightly affected by inflation and have not been adjusted.

A Quality Assurance panel has reviewed this CRIS and found that the document **meets** the Quality Assurance Criteria.

Glen Hildreth

Manager, Consumer Policy 11 June 2026

9ilonl1clm 2026-06-12 15:50:21

Executive summary

The consumer credit regulatory regime in New Zealand, governed by the Credit Contracts and Consumer Finance Act 2003 (the **CCCFA**), protects borrowers by (among other things) requiring fair lending practices, clear disclosure of terms, and responsible conduct from lenders.

On 1 July 2026, the recently passed Credit Contracts and Consumer Finance Amendment Act (the **Amendment Act)** gives effect to the Government's decision to change the consumer credit regulatory regime from a requirement to be certified by the Commerce Commission to a licensing model, operated by the FMA as the new regulator for consumer credit. The broad purpose of the Amendment Act is to streamline oversight and align consumer credit legislation with broader financial market conduct frameworks. This will deliver a clearer 'twin peaks' model for the sector whereby the FMA is responsible for all conduct regulation, and the Reserve Bank of New Zealand is responsible for all prudential regulation.[1]

The FMA would also be able to make declarations and grant exemptions that reduce a lender's obligations under the CCCFA. The FMA has similar declaration and exemption powers under the Financial Markets Conduct Act 2013 (**FMCA**).

This paper proposes fees that are necessary for the FMA to recover the costs it incurs from the service of determining applications for a licence, declaration or exemption. The proposed fees are intended to ensure simplicity, equity, and efficiency, without undermining access to credit (for example, by deterring entry into the market).

The fees have been structured to recover costs, reduce the occurrence of cross-subsidisation between complex and simple applications, provide applicants with certainty around potential costs where possible, and encourage the FMA to efficiently deliver its services.

The proposed application fee for licensing of new creditors under a consumer credit contract is a one-off fee of $670 NZD. This is based off an hourly rate of $178.25, that is stipulated by the Financial Markets Conduct (Fees) Regulations 2014[2], multiplied by the estimated 3.75 hours it would take, on average, to process a standard application (rounded up from $668.43). We also propose the FMA be able to charge extra at the same hourly rate of $178.25, when the processing time goes beyond 4.75 hours, to account for more complex applications. This fee is lower than the current application fee for certification, which is $1,213.25 (including GST) for each of the company's directors or senior managers. Unlike a licence, certification needs to be renewed every five years. Parties who have obtained certification under the current model will not have to pay the proposed licensing fee and are deemed to be 'licensed' when regulatory functions transition to the FMA on 1 July.

For exemption and declaration applications, the proposed fee is a base rate of $115, plus $178.25 for every hour it takes for the FMA to process the application. This is the same

[1] Regulatory Impact Statement: Fit for purpose consumer credit law at page 8

[2] FMA's total costs (excluding litigation costs) were $22.6 million for the 12 months to 30 September 2013. FMA produced 146,200 hours of chargeable time against these costs giving $155 per hour spent ($178.25 GST inclusive). This has been used to determine application fees for exemptions and declarations.

9ilonl1clm 2026-06-12 15:50:21

charge that is already set for applications for exemptions and declarations under the Financial Markets Conduct (Fees) Regulations 2014.

The FMA has established practices in relation to application fees that help to ensure transparency and accountability.

Status quo

Lenders are moving from a requirement to be certified by the Commerce Commission to regulation by the FMA under a licensing regime

The CCCFA is currently monitored and enforced by the Commerce Commission. It requires lenders and mobile traders[3] to be certified, which involves satisfying the Commission that the company's directors and senior managers are fit and proper persons to hold their respective positions.

The regime governs lending to individuals for personal use, such as loans, credit cards, and hire purchase. It requires lenders to, among other things, act responsibly, provide clear disclosures, keep fees reasonable, and avoid unfair practices. Borrowers have rights like early cancellation rights and hardship relief. At present, the Commission enforces these rules, handling compliance checks, investigations, and enforcement actions.

Applications to be certified incur a fee of $1,213.25 (including GST[4]) for each individual director and senior manager, consisting of $1,202 to recover the Commission's costs and an additional charge of $11 for a Ministry of Justice criminal records check. Certification needs to be renewed at this cost every five years. In 2024/2025, the Commission budgeted for $0.302 million in CCCFA costs to be met from third-party fees. This included the certification regime[5]. The Commission has a deficit estimated to be approximately $0.564 million in June 2025 due to under-recovery of costs through the certification system. This has been agreed upon to be met with cash reserves by the Commission during the transfer to the FMA[6].

A full breakdown of the total shift in appropriations from the Commission to the FMA was outlined and agreed to by Cabinet. This totalled $28.410 million over a 5-year period to provide for the transfer of all regulatory functions under the CCCFA from the Commission to the FMA, including an apportionment directly to the enforcement of general market regulation[7].

---

[3] A mobile trader in New Zealand is a person or business that sells consumer goods outside of fixed premises, such as door-to-door or from a truck, and offers deferred payment or credit terms. Under the CCCFA, these sales are treated as consumer credit contracts, meaning mobile traders must comply with all relevant credit laws and obligations. Under the Amendment Act, they will be required to be licensed as lenders.

[4] Fees throughout this document will be inclusive of GST.

[5] Financial services reforms: policy decisions at page 16

[6] As above at page 17. A comprehensive breakdown of the total appropriation being transferred can be found in this document. Note that this deficit has now been written off by the Commerce Commission.

[7] Financial Services Reforms - policy approvals - Minute of Decision at page 5

9ilonl1clm 2026-06-12 15:50:21

Table one: Current populations regulated by the Commerce Commission

Current regime (approximately)[8]	
Current certified lenders	444
Exempt due to already being licenced by FMA and/or RBNZ	74
Exempt under regulations 18[9] or 27[10] of the Credit Contracts and Consumer Finance Regulations	19
Exempt under regulation 28[11] (Commerce Commission estimate)	509
Total population captured by the current regime	1046

In 2024, Cabinet agreed to transfer responsibility for the CCCFA from the Commission to the FMA and to adopt an approach to regulating consumer credit that better aligns with how the FMA regulates other financial services under the FMCA. These policies are reflected in the Amendment Act as part of a package of reforms intended to streamline and simplify regulation of financial services and will take effect from 1 July 2026.

This Cost-Recovery Impact Statement sets out the analysis that supports new fees that are required to ensure the FMA can recover costs it incurs from some of its new functions as the consumer credit regulator. As the FMA performs these functions for other financial markets and has an established approach to funding these functions, we did not produce a stage 1 CRIS to consider whether cost-recovery is appropriate as these functions relate to the CCCFA.

A table below illustrates the broad regulatory function changes and shifts, including the move from certification to licensing that are happening as part of these financial services reforms:

Table Two: Illustration of regulatory changes and shifts through the Amendment Act

Regulatory function	From: The Commerce Commission		To: the FMA
Conduct Regulation	CCCFA oversight	→	CCCFA oversight
Enforcement Powers	Investigations, prosecutions, etc.	→	Broader tools: stop orders, licensing interventions
Staff & Resources	Credit team	→	FMA employees
Supervision Model	Certification regime (Due diligence duty around systems and processes)	→	Licensing regime

[8] Register of certified lenders and mobile traders | Commerce Commission

[9] Regulation 18 relates to exemptions for credit contracts where local authorities provide credit through targeted rates schemes, such as a local council offering finance for home improvements of its residents

[10] Regulation 27 relates to exemptions for entities involved in securitisation or covered bond arrangements. For example, where financial institutions undertake wholesale funding.

[11] Regulation 28 relates to an exemption for businesses that only provide credit on an interim basis but are not primarily financial service providers. For example, care dealerships offering short-term financing while a customer gets their credit approved.

9ilonl1clm 2026-06-12 15:50:21

Transferring responsibility to the FMA reinforces the 'twin peaks' model for regulation of financial markets, whereby there is only one 'conduct' regulator and a prudential regulator (being the Reserve Bank of New Zealand). To enable the FMA to be effective in regulating consumer credit and provide greater consistency for deposit takers, who operate across financial markets that include consumer credit, the Amendment Act will from 1 July 2026 align the CCCFA with the FMCA in three ways relevant to this CRIS:

- Lenders would be subject to the FMCA's licensing regime, rather than the current requirement to be certified by the Commission.[12] To transition lenders who are already certified (or exempt on enactment because they are already licenced by the FMA and/or RBNZ), they will be deemed to hold a relevant licence. Other exemptions from the requirement to be certified will be translated into licensing exemptions.
- Declarations that certain arrangements or facilities are, or are not, credit contracts could be made by the FMA, as secondary legislation, rather than by regulations made on the recommendation of the responsible Minister.
- Exemptions from complying with certain obligations under the CCCFA could be made by the FMA, as an alternative to being made by regulations.

On top of the existing fit and proper test required for certification, the FMA must be satisfied the entity is capable of effectively performing the service and there is no reason to believe the entity is likely to breach its obligations. The FMA is able to impose and vary licence conditions, as well as suspend or cancel the licence where the lender's conduct justifies this.

There is an established approach to funding the FMA's activities

The FMA regulates financial products and services under the FMCA. This regime provides for applications to be considered by the FMA in the course of its licensing functions, and in making exemptions[13] and declarations[14] under the FMCA, allowing the FMA to tailor regulatory obligations where appropriate.

The FMA currently charges fees to recover the costs involved in determining applications to be licenced under the FMCA, applications for declarations and exemptions for the benefit of the applicants (as individuals or a class). These fees are prescribed by the Financial Markets Conduct (Fees) Regulations 2014 (the **Fees Regulations**). These regulations prescribe a standard hourly rate of $178.25 which can be charged for work carried out by FMA staff for both licensing, and exemptions and declarations. This is also the hourly rate used to develop fees where the average number of hours required for an FMA service can be estimated. These fees are the most recent established rate that the FMA can charge. Engagement with the FMA has informed us that it is appropriate and sufficient to rely on the existing fee amounts. Although there is no plan to review the level of these fees in the immediate future, it is likely a review will be required in due course to ensure fee levels reflect changes over time, such as inflation.

The authority to prescribe fees chargeable by the FMA is provided by section 67 of the Financial Markets Authority Act 2011. This is a general power to prescribe fees relating to the FMA's functions and would be used for applications for declarations or exemptions under the

---

[13] S 556, FMCA 2013

[14] S 563, FMCA 2013

9ilonl1clm 2026-06-12 15:50:21

CCCFA. Section 548 of the FMCA is used to prescribe fees relating to licensing under that Act. Some of the FMA's activities are funded by levies prescribed by the Financial Markets Authority (Levies) Regulations 2011.

Analysis undertaken in 2014 to support the establishment of the FMA's fees for market service providers licenses considered multiple options such as an hourly rate, a flat rate fee plus an hourly rate, or a strictly flat fee.[15] These alternative options were discarded due to equity issues relating to cross-subsidisation (charging a flat fee), and the possibility for under-recovery (charging an hourly rate).

As we are proposing fees that operate similar to these applications, we see it is reasonable to rely on this previous analysis and justification. Currently, multiple existing FMA services apply standardised application fees that then have additional hourly charges at the prescribed standard hourly rate of $178.25 (as taken from the 2014 fees regulations). As the FMA is the financial markets regulator, it is reasonable to rely on fee values that other of its licensing activities for closely related regimes use, such as market services or financial advice providers. Additionally, the underlying purpose of these broader reforms is to place licensing of creditors within the FMA's remit, as it aligns much more with the FMA's tools, purpose and functions as the regulator for New Zealand's financial markets sector.

The FMA has informed us that relying on the 2014 fees regulations is a reasonable basis for cost-recovery. Although we are not planning to review these fees in this process, when they are, these fees will be reflected accordingly. Therefore, we consider it appropriate to use the existing and most up to date fees regulations for the purpose of these reforms but acknowledge their age.

Cost Recovery Principles and Objectives

Principles

The principles underpinning the recovery of FMA's costs of licensing, exemptions and declarations for consumer credit are:

- **Simplicity / Transparency:** The cost recovery regime is straightforward and readily understood by the consumer credit sector.
- **Equity:** Fees are distributed fairly among parties who benefit from the costs, including avoiding disproportionate charges or cross-subsidisation.
- **Efficiency:** There are reasonable constraints on charging and, where costs are recovered, resources are allocated efficiently.

Objectives – Fees for licensing, and exemptions and declarations

MBIE's objectives for determining fees for licensing, exemptions and declarations are:

- ensuring the charges do not reduce the availability and accessibility of credit for consumers (such as by creating a barrier to entry for new entrants).

---

[15] Ministry of Business, Innovation and Employment (2014, March 11), *Regulatory Impact Statement: Financial Markets Conduct Act Licence Fees and Increase of Other Financial Markets Authority Fees*. Regulatory Impact Statement: Financial Markets Conduct Act Licence Fees and increase of other Financial Markets Authority Fees

9ilonl1clm 2026-06-12 15:50:21

- providing indicative certainty to prospective applicants as to the amount they will be required to pay.
- ensuring the FMA's costs are appropriately recovered.

Policy Rationale: Why a user charge, and what type is most appropriate?

Why is cost recovery appropriate for the activity

The proposed cost recovery for licensing is consistent with Treasury guidance on public sector charging. Licensing activities confer private benefits to identifiable individuals or entities—such as the right to operate in a regulated environment—and are therefore appropriate candidates for third-party funding[16]. This aligns with the principle that those who benefit from a service should contribute to its cost, ensuring equity and preserving Crown funding for activities that deliver broader public benefits.

What is the nature of output from the activity

Characteristics of licensing

The Amendment Act would make entry into the market for consumer credit conditional on holding a licence. The FMA's ability to consider a licence application benefits the applicant through the prospect of exclusive participation in this market. The fact the market is both exclusive and regulated instils the confidence of consumers in its participants and affords them a degree of repute. This makes a licence akin to a 'club good'. Issuing licences ensures that the FMA can undertake oversight and enforcement activities to enable a sufficiently regulated consumer credit regime.

The FMA's process generally includes reviewing and analysing an applicant's application, any follow ups for information, and then the acceptance or rejection of an application.

Characteristics of exemptions and declarations

The FMA would be able to make exemptions and declarations under the CCCFA in a variety of situations. Declarations can be used to confirm that a particular arrangement is or is not a consumer credit contract or allow certain credit contracts to be exempt from standard requirements. Exemptions can help businesses by reducing compliance costs, allowing more flexible models (including non-traditional lenders), and supporting innovation and access to credit where full consumer protections are not necessary.

Although the FMA would be able to make these decisions on its own initiative, entities could apply to the FMA for an exemption or declaration to have their situation specially considered. They would be seeking a decision that is beneficial to their business.

---

[16] Treasury's Guidelines for Setting Charges in the Public Sector state: "The types of activities that are cost-recovered are decided on a case-by-case basis depending on the nature of the activity, the intended policy outcomes, who can or should be charged, and the effectiveness and efficiency of cost recovery." https://www.treasury.govt.nz/publications/guide/guidelines-setting-charges-public-sector, p. 6.

9ilonl1clm 2026-06-12 15:50:21

Is full or partial cost recovery being proposed

Full cost recovery is proposed for both licensing and for exemptions and declarations. Currently, the FMA fully recovers its costs from equivalent activities relating to other financial markets (i.e. considering applications for licences, exemptions, and declarations under the FMCA). Given the Amendment Act simply extends these activities to consumer credit, cost recovery is proposed on the same basis.

What type of charge is being proposed

The charge being proposed for licensing, exemption, and declaration applications is an individual application fee that reflects the direct costs to the FMA of processing these applications. We do not consider a levy to be appropriate in this case because the processing of a lender's application is a cost that can be linked directly to that lender. Levies are usually appropriate where a charge does not have a "direct line of sight" to an individual's consumption of a good or unit of service, and where it is not efficient to identify the amount of the services that any one individual uses.

The approach to licence application fees is to take the average number of hours it would take to process the application and make this a fixed rate, with the potential to charge for extra hours for more complex applications. This is to reflect that:

- generally, the costs incurred from licence applications is relatively predictable (with most applications likely to require little manual assessment by staff),
- but in some circumstances, applications may require more staff consideration, such as overseas applicants, certain distribution channels such as pawnbrokers, or large, complex organisations.

The approach to exemptions and declarations gives greater weight to the hourly rate, reflecting greater uncertainty about the length of time necessary to process these applications (than for licensing). Processing time for these applications can vary significantly depending on the nature and complexity of the exemption or declaration being sought.

In proposing a structure for these fees that combines fixed and variable components, we considered the following trade-offs:

- a model that charges a flat fee would increase the risk of over or under recovery for each application, involving greater potential for cross-subsidisation between complex and less complex applications
- a model that relies entirely on variable charging would provide less certainty for applicants, which may deter smaller, more price sensitive firms.

Our view is that a flat fee should be preferred to the extent costs are expected to be consistent between applications and predictable; whereas the uncertainty involved in an hourly rate is preferable to attempting to average out these costs where costs vary significantly between applications. A table set out below illustrates this rationale:

Table Two: Benefits of exemptions and declarations using a flat and hourly rate approach.

Component	Purpose	Benefit
Flat rate	Covers basic processing required for all applications, regardless of number of hours required.	Predictable, accessible and efficient, particularly for applicants

9ilonl1clm 2026-06-12 15:50:21

		who have straight-forward requests
Hourly rate	Reflects the varying level of complexity between applications	Fair, scalable, and discourages inefficiency

Who will pay the cost recovery charges?

The proposed licence application fee will impact businesses that want to enter into the consumer credit market. It will not affect current market participants (who will either be deemed to hold a licence or exempt from the need to hold a licence). The proposed fee for exemptions and declarations will affect those who seek these decisions from the FMA.

Market participants are those in the business of lending to consumers for predominantly personal or household purposes. They include banks, credit unions, building societies, finance companies, pawnbrokers, certain lessors, mobile traders who provide goods under a credit sale, and buy now pay later providers.

We have estimated the number of entities entering the market and needing to obtain a licence under the new regime, based on the number of applications to be certified by the Commission. This number has fluctuated over the years since the certification requirement took effect. We consider the year of 2022 – 2023 provides the best indication of the long-term rate of applications. We do not see clear reasons why that rate would increase or decrease significantly under a licensing model. On that basis, we forecast that there could be between **30-40 lenders each year**.

It is difficult to estimate the number of applications for exemptions and declarations under the CCCFA. Applications from participants in other financial markets are not necessarily a good guide, nor is the number of existing declarations and exemptions in secondary legislation (given these powers have not existed for very long, and parties may be more or less inclined to seek relief from the regulator than the Minister). We also note exemptions could still be sought from the Minister. We consider applications to the FMA are unlikely exceed 10 in a year.

Assessment of proposed licensing and exemptions and declarations fees against objectives

We consider the proposed models for licensing, exemption, and declaration application fees will result in the most equitable and efficient method. A table below assesses this against the objectives.

Table Three: Assessment of fees against objectives.

Objective	**1. Licensing fee model** (fixed fee, with hourly rate for complex applications)	**2. Exemptions and declarations** (nominal application fee with hourly rate)
Ensuring the charges do not reduce the availability and accessibility of credit for consumers.	The fee will closely reflect the actual cost required for applications based on an hourly rate developed for fees set in 2014. It compares favourably with the current costs of obtaining certification.	Exemptions and declarations are alternatives to complying with the CCCFA, which in some cases may influence availability of more innovative products to consumers. However:

9ilonl1clm 2026-06-12 15:50:21

		• the fee will closely reflect the FMA's actual costs. • exemptions can also be sought from the Minister (at no cost).
Providing indicative certainty to prospective applicants as to the likely total amount of fees they will be required to pay.	Yes, for all but complex applications. Applicants who are charged extra hours may be aware of the complexity necessitating this and have greater means. Applicants would be notified, including given reasons as to why they are being charged extra hours. Others may pay more than the standard fee through lack of care following the process properly.	No. It will be very difficult for applicants to judge in advance the total cost of having their application considered.
Ensuring the FMA's costs are appropriately recovered.	Moderate – low risk of under recovery. Hours after 4.75 will be chargeable in excess of the standard fee. An average of 3.75 hours is expected given the process is procedural and not often influenced by the nature of the applicant. However, the fee regulations have not been amended since 2014.	Moderate - low risk of under recovery, given hourly rates apply regardless of application time. However, the fee regulations have not been amended since 2014.

The level of the proposed fee and its cost components (cost recovery model)

This section sets out the make-up of the proposed fees and discusses the design, costing, and cost drivers of licensing and exemptions and declarations, separately.

Licensing fees

Outlined below is a table describing the proposed full licensing fees:

Table Four: Full licensing proposed fees and comparison to existing regime.

Application fees (including GST)	Full licensing proposed fees
	Creditors under a consumer credit contract
Estimated average application processing time.	3.75 hours at a rate of $178.25 per hour for an employee of the FMA.
Additional costs.	Fees charged on an hourly basis for hours exceeding 4.75 hours, at a rate of $178.25 per hour.

9ilonl1clm 2026-06-12 15:50:21

Total fee	$670 for most applications (*Rounded up from $668.43*)

The total application fee would (without overtime costs) be **$670NZD,** inclusive of GST.

The estimated average processing time of 3.75 hours has been provided directly as an estimate from the FMA and based off its recent experience with licensing financial institutions. This estimated average includes approximately one hour of looking at whether the applicant is fit and proper, and the remainder is time that will be needed to manually assess other escalation areas.

Outputs and processes of the activity

The FMA will incur costs related to the amount of staff time required to consider a licence application. The time required to consider an application will vary depending on the complexity of the application. Applications are triaged, to assess complexity and ensure efficient use of resources. Applications will be made through the FMA's existing online portal, and a risk assessment will be undertaken by the system. The system will then flag any issues that need further manual consideration by staff (e.g. the need to request further documentary evidence). There are no system costs identified to include in this fee.

It is expected that less complex applications would require minimal assessment by FMA staff, as the estimated number of hours relates to those less complex applications. The licensing system is being designed with binary questions for applicants to indicate whether they consider they meet the requirements. With less complex applications, limited documentary evidence is likely to be requested.

Circumstances that may increase the complexity of an application may include[17]:

a) The applicant submits an application that is missing required information or documents.

b) Multiple questions or issues arise that require the FMA to seek additional information from the applicant (e.g. making further enquiries about whether a director satisfies the "fit and proper person" requirements).

c) The applicant's business is novel or involves different distribution channels.

Costing the activity

The hourly rate proposed for these fees was developed for the Fees Regulations in 2014 based the FMA's total costs and hours of chargeable time against those costs[18]. We have not reviewed this figure in the course of setting fees specific to consumer credit.

Forecast total revenue based on the estimated number of potential and new applicants, at the proposed average licensing fee, is set out below:

[17] Ministry of Business, Innovation and Employment. (2025, 27 May). *Financial institution licensing fees*. Financial institution licensing fees | Ministry of Business, Innovation & Employment

[18] More detail on how this rate was developed can be found in the Ministry of Business, Innovation and Employment (2014, March 11), *Regulatory Impact Statement: Financial Markets Conduct Act Licence Fees and Increase of Other Financial Markets Authority Fees*, 12-13. Regulatory Impact Statement: Financial Markets Conduct Act Licence Fees and increase of other Financial Markets Authority Fees

9ilonl1clm 2026-06-12 15:50:21

Table Five: Estimated three-year revenue with proposed licensing fee.

Forecast total revenue with proposed licensing fees		
Year	*Average no. of applicants*[19]	*Yearly forecast revenue*
2026	40	(40 x $670) = $26800
2027	40	(40 x $670) = $26800
2028	40	(40 x $670) = $26800
3-year forecast revenue total	*Estimated revenue* = (3 x $26800) = $ 80,400	

The FMA has good time recording practices to compare the estimated processing times with actuals and reports on its fee revenue through its annual report. Where the FMA charges for additional hours it would specify to the applicant its reasons for doing so.

Application fees for declarations and exemptions

Table 6: proposed fees for exemptions and declarations

Power	Application fee
1. Exemptions **2. Declaration**	$115 fixed one-off application fee, and charges on the hourly basis ($178.25 for an employee of the FMA, or $230 in the unlikely event a member of the FMA is involved).

It is difficult to calculate a fixed application fee for these decisions because they would not follow a uniform procedure. Processing times will vary significantly depending on the nature and complexity of the decision being sought. This fixed rate of $115 and hourly rate of $178.25 mirrors fees set in the Fees Regulations for exemptions and declarations the FMA can make the Financial Markets Conduct Act 2013. Deriving the proposed fee from an existing fee that the FMA currently charges for similar processes is a reliable cost-recovery measure. Fees for these functions have been in-place since before the introduction of the 2014 regulations, as they applied to applications for exemptions under the Securities Act 1978.

Outputs and processes of the activity

The application fee covers staff time spent getting the application from FMA's exemptions inbox, a quick triage for new policy issues, assigned to a legal team member to be the case lead, and getting the timecode set up by finance before staff time is able to be recorded

[19] This data is based on estimates from 2022-2023, where there were 40 new certification applications under the existing regime as regulated by the Commerce Commission.

9ilonl1clm 2026-06-12 15:50:21

against the application[20]. The hourly rate reflects the potential for signification variation in the time required to determine applications of exemptions and declarations.

Costing the activity

The fee for exemptions and declarations has been based off fees currently charged by the FMA to process applications for exemptions and declarations under the Financial Markets Conduct (Fees) Regulations 2014[21].

Impact analysis

This section provides our analysis of the proposed licensing, declarations and exemptions fees.

What is the impact of the proposed fee?

Licensing fees

The proposed fee is $670 (hourly rate of $178.25 x 3.75 hours rounded up from $668.43), with extra hours charged for complex applications (at the same rate of $178.25).

The proposed fee of $670 would be less than the current cost of applying for certification from the Commerce Commission. This fee would improve affordability for new lenders wishing to enter the market and reduce the administrative requirement of 5-yearly renewal, as currently exists with the status quo.

Exemptions and declarations fees

The proposed exemption and declarations would be a flat fee of $115 plus $178.25 per hour it takes the FMA to process the application. This is consistent with fees currently charged by the FMA to process applications for exemptions and declarations under the Fees Regulations. This is unlikely to be a barrier for application, as declaration and exemption applications are not mandatory fees to be paid to operate in the regulated market.

Impacts/risks on the regulator

We do not foresee any risks to service quality or performance by the FMA through introducing these cost-recovery measures.

The proposed application fees for exemptions and declarations are identical to existing application fees for exemptions and declarations under the Fees Regulations. We consider them to be reasonable. The FMA will be able to continue to carry out its role as regulator for consumer credit, and the requirement to process licensing applications and applications for exemptions and declarations with the proposed fees.

---

[20] Ministry of Business, Innovation and Employment. (2014). *Regulatory Impact Statement: Financial Markets Conduct Act Licence Fees and Increase of Other Financial Markets Authority Fees*, 12-13. Regulatory Impact Statement: Financial Markets Conduct Act Licence Fees and increase of other Financial Markets Authority Fees

[21] Regulation 4, 4A, Schedule 1, Part 1, Financial Markets Conduct (Fees) Regulations 2014

9ilonl1clm 2026-06-12 15:50:21

Expected effects on demand for services

We do not expect these cost-recovery proposals to make a notable difference to demand for licences, exemptions or declarations. We do not expect decisions to enter the market are particularly sensitive to the price of licence applications (compared with that for certification). It would be speculative to say whether a reduction in costs would increase applicants. However, it is unlikely to discourage new entrants from applying. Applications for exemptions and declarations have greater potential to incur significant costs. However, the potential payoff for the applicant in being granted relief from compliance is also significant. If these fees have any impact on willingness to seek exemptions or declarations, they may incentivise applicants to be more selective and provide high quality applications. However, this is difficult to compare with the status quo, which effectively involves lobbying the government.

What is the evidence that the cost recovery arrangements are reasonable?

The fee would use an established hourly rate that is based on a costing exercise that was completed in the development of the Fees Regulations in 2014. MBIE was involved in supporting and developing this rate.

Consultation

In Early May 2025, a discussion paper was released to several stakeholders which sought targeted feedback on our preferred options for these fees. The consultation period ran for 10 days between 6-16 May 2025. We worked closely with the FMA to obtain relevant data and develop the proposals reflected in the consultation document.

The discussion paper sought feedback on the calculation of licensing fees and the impact the fees would have on volumes of applications, as well as declarations and exemptions fees. The paper discussed the rationale for charging fees, what type of conduct would be captured and who would be subject to them. Targeted questions were asked to creditors generally, relating to reasonableness of the proposed fees, and whether relying on the existing hourly rate was reliable. Questions were also directed separately to pawnbrokers and mobile traders, about the potential effects of the fees on their respective sectors.

Targeted consultation was undertaken due to the narrow scope and technical nature of the fees. Furthermore, only those newly entering the market as creditors will be required to apply for a licence.

The table below lists the parties that were consulted. All parties were directly contacted via email to provide submissions. There was no intention to meet with parties due to the proposal being extremely targeted.

Table Seven: List of consulted parties and their organisation types

Stakeholder	Organisation type
Commerce Commission	Government
New Zealand Banking Association, Financial Services Federation, Pawnbrokers Association	Industry body

9ilonl1clm 2026-06-12 15:50:21

All Apps Ltd, Dollar Dealers, Finance 247 Ltd, Lync (NZ) Co Ltd, Lynkdeal Company Ltd, Technology UCAN Trust Ltd, Vickers Marketing Ltd	Lenders

We received submissions from the Financial Services Federation (FSF) and the Commerce Commission.

The FSF agreed that it would be reasonable to rely on the existing fees in the Fees Regulations, as proposed.

There were questions from both submitters around the proportionality and transparency of the fees. These concerns were based on the uncertainty, as well as potential for disproportionate licence fees if the fee could potentially go beyond 4.75 hours without a cap on what can be charged. To mitigate this, the FMA will be required to inform applicants on the reasons why their application will take longer to process ahead of time before additional charging. This is consistent with other market service licence fees.

The Commerce Commission stated that it is challenging to assess the licensing fee without first having a more exact understanding of what a typical new entrant applicant will have to pay. This is a valid point and will be addressed in the next fees review which will assess whether the fees need to be changed. However, the point of the standard application fee (based off 3.75 hours) is that it is an estimate of what the typical entrant will pay.

Submitters were not concerned that the proposed licensing fee might deter anyone wishing to enter the consumer credit market.

The FSF submitted it does not believe the proposed fees will inhibit entities from applying for exemptions and declarations, compared to the current fees. FSF also submitted that these fees are reasonably priced, and the basis for determining them is reasonable.

Conclusions and recommendations

Licensing fees

The proposed licensing application fee for those who wish to apply to be creditors under a consumer credit contract will be $670 NZD, with the possibility of the fee increasing at a rate of $178.25 per hour if processing time goes beyond 4.75 hours per application, following notification of reasons to the applicant.

The proposed approach of a flat fee plus an extra charge based off an hourly rate for complex applications that exceed standard time for processing will meet the principles of equity, simplicity and accountability. It will see many applicants pay a relatively low fee, while allowing the FMA to recover costs associated with considering more complex applications.

Fees for exemptions and declarations

The application fee for both exemptions and declarations will be a fixed fee of $115 plus $178.25 per hour of FMA processing time.

The proposed approach of a small flat fee plus hourly rate for the time it takes to process the application is the optimal trade-off between the principles of equity, simplicity and

9ilonl1clm 2026-06-12 15:50:21

accountability, given uncertainty about the time required to decide these applications. It will ensure the FMA is able to fairly and straightforwardly recover the costs associated with considering applications. It is also consistent with how fees are charged for equivalent decisions under the Financial Markets Conduct Act 2013.

Implementation plan

Next steps for implementation

The licensing fees and application fees for exemptions and declarations will come into effect on 1 July 2026 – to coincide with the effective date of the associated changes made by the Amendment Act.

Only new entrants will be required to apply for licensing, and incumbents (those already certified under the previous regime) will be 'deemed' to be licenced on 1 July.

Applications will be possible from 1 July and the proposed fees payable to the FMA. Implementation of these fees proposals will be straightforward, as it involves the FMA extending its existing capabilities and systems to perform equivalent functions for consumer credit. There are no system costs identified to include in this fee. The inclusion of consumer credit is expected to slightly increase overall demand for the FMA's services of licensing, exemptions and declarations. However, the FMA is receiving staff from the Commerce Commission, having the existing appropriation transferred and the proposed fees ensure it can appropriately recover the additional costs involved in processing these applications.

Since the proposed fees use a combination of flat rates and hourly charges, this will enable transparency on how the FMA utilises its resources.

Monitoring and evaluation and review

MBIE will monitor the impact of the new regulatory regime on the FMA's resourcing and the consumer credit market and its charging of fees. The fees proposed in this paper will be incorporated into our wider commitment to periodically review fees set under financial markets legislation.

The hourly rate used was based on modelling of the FMA's total costs (excluding litigation). This accounts for all monitoring and compliance.[22] As a Crown Entity, the FMA is required to report to the Minister of Commerce and Consumer Affairs and to the public about its performance. The FMA has established practices for record keeping and annual reporting on a range of non-financial performance measures, including measures relating to the completion of licence applications within agreed timeframes. The FMA is also required to separately record and report on the revenue that it generates from licensing fees in its Annual Report.

[22] FMA's total costs (excluding litigation costs) were $22.6 million for the 12 months to 30 September 2013. FMA produced 146,200 hours of chargeable time against these costs giving $155 per hour spent ($178.25 GST inclusive). This has been used to determine application fees for exemptions and declarations.

9ilonl1clm 2026-06-12 15:50:21