

The Dentons logo is a white arrow pointing to the right, containing the word "DENTONS" in a bold, sans-serif font. The background of the entire page is a photograph of a New Zealand landscape, featuring rolling hills and mountains under a hazy, golden sky, with a large purple graphic overlay on the left side.

DENTONS

Banking and finance in New Zealand

August 2025

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2 partners

4 professionals



Dentons are extremely capable in explaining complex matters in simple terms. They are proactive in discussing a range of solutions that consider both a legal and commercial lens.

— Banking & Finance,
Chambers and Partners Asia-Pacific, 2025

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Key points about banking and finance in New Zealand



The Reserve Bank of New Zealand (Reserve Bank) is New Zealand's central bank.



Banks operating in New Zealand must be registered with the Reserve Bank.



Certain non-bank deposit takers (NBDTs) operating in New Zealand must be licensed by the Reserve Bank.

The detail

Reserve Bank of New Zealand

The banking industry in New Zealand is prudentially supervised by the Reserve Bank. The Reserve Bank's purpose, objectives and powers are set out in the Reserve Bank of New Zealand Act 2021 (the RBNZ Act), the Banking (Prudential Supervision) Act 1989 and the Deposit Takers Act 2023 (DTA) respectively. In general, the Reserve Bank:

- Formulates and implements monetary policy to maintain price stability and support sustainable employment.
- Promotes the maintenance of a sound and efficient financial system.
- Supplies and manages the New Zealand currency.

Fundamental to the Reserve Bank's roles are managing the registration and prudential supervision of banks and eligible deposit takers under the DTA and monitoring the financial system to prevent, or mitigate the consequences of, institutional distress or failure.

Bank registration

All banks operating in New Zealand must be registered with the Reserve Bank. There are currently 27 registered banks in New Zealand, most of which are subsidiaries or branches of overseas-incorporated banks.

Only an entity whose business substantially consists of borrowing or lending money, or the provision of financial services, may be registered as a bank in New Zealand. In general, for registration, the Reserve Bank will have regard for:

- **Qualitative criteria:** The applicant's financial standing and its ability to prudently manage its business.
- **Quantitative criteria:** Evidence of the applicant's ability to meet the qualitative criteria, and of its ability to consistently carry on business in a prudent manner on an ongoing basis following registration.

In addition, applicants that are incorporated overseas are required to have the approval of their home supervisor to conduct banking business in New Zealand. The applicant must also meet the prudential requirements imposed on it by its overseas home supervisor.

Any person or entity carrying out any activity in New Zealand and that includes 'bank', 'banker', or 'banking' in its name must be a registered bank or authorised to use that name by the Reserve Bank or otherwise be exempt under the Banking (Prudential Supervision) Act 1989.

Deposit Takers Act 2023

From 1 April 2025, the DTA started coming into effect as part of a staged implementation, creating a single regulatory framework that will apply to all entities who hold deposits (including banks and credit unions). There will be a staggered implementation of the DTA until July 2028. The DTA introduces the following significant changes to New Zealand's prudential settings:

- Introduction of a Depositor Compensation Scheme.
- Integration of separate prudential regimes for the licensing and management of deposit takers.
- Strengthening of New Zealand's deposit taker crisis management framework.

The Depositor Compensation Scheme came into effect from 1 July 2025 and will be administered by the Reserve Bank. Certain provisions relating to the bank's information gathering powers came into effect from 1 April 2025. The Depositor Compensation Scheme covers eligible depositors up to NZ\$100,000 per depositor, per event, per institution. The scheme will apply to eligible depositors, meaning anyone holding funds in a deposit compensation scheme-protected account. A Depositor Compensation Fund will cover eligible depositors if a licensed deposit taker, such as a bank, non-bank institution, including credit unions and building societies, fails.

Under the DTA, any person carrying on business as a deposit taker must be licensed by the Reserve Bank, including registered banks and non-bank deposit takers such as building societies and credit unions. The Reserve Bank may consider the following criteria when determining whether to issue a licence:

- **Minimum capital requirements:** Ensuring financial stability of the license holder.
- **Applicant's business activities:** Assessing the size, scope and duration of activities in New Zealand.
- **Governance and risk management framework:** Evaluating compliance with prudential obligations and requirements under other legislation, for example financial reporting obligations.
- **Fit and proper tests for director(s) or senior manager(s):** Requiring directors and senior managers to provide fit and proper certificates.

To ensure continuity and to provide for a staged implementation, the DTA establishes a transitional period from 1 July 2025 until section 10 of the DTA comes into force and deposit takers must be licensed. During the transitional period, existing deposit takers will be treated as licensed under the new DTA regime for the purposes of the Deposit Compensation Scheme, ensuring existing deposit takers can continue operations while seeking formal licensing from the Reserve Bank. The Reserve Bank must issue licenses to existing deposit takers that comply with the licensing criteria. New applicants under the regime will be treated as a registered bank under the Banking (Prudential Supervision) Act 1989 or a licensed non-bank deposit taker under the Non-bank Deposit Takers Act 2013.

The Reserve Bank is engaged in consultation on new standards, having started in early 2024 and will continue until 2026, with the new DTA licensing regime to be rolled out in 2027.

Non-bank deposit takers (NBDT)

An NBDT is an entity which is not a registered bank but which offers debt securities (a deposit-taker) and carries on the business of borrowing and lending money, or providing financial services, or both.

In general, every NBDT which makes a regulated offer of debt securities to retail investors is required to be licensed in New Zealand. If a licence is granted, it may be subject to conditions imposed by the Reserve Bank.

NBDTs are prudentially regulated by the Reserve Bank under the Non-bank Deposit Takers Act 2013 (NBDT Act) and (now) the DTA (among other regulations). The relevant provisions of the NBDT Act will remain in force until the DTA fully comes into effect.

How we can help you

We represent some of the largest financial institutions and corporate trustees in New Zealand and globally on matters including:

- Corporate financing, including acquisition finance, property development, trade finance and receivables financings.
- Asset and asset based financing.
- Specialist retirement village development financing.
- Debt capital markets.
- Financial services regulatory advice.
- Consumer finance and PPSA advice.
- New product structuring and development, including assisting major New Zealand and international banks with developing corporate finance, transactional banking, trade finance and receivables financing products.
- Structured finance arrangements including securitisations.
- Restructuring.

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