



New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Finance and Expenditure Committee

Komiti Whiriwhiri Take Pūtea, Take Whakapaunga Pūtea

54th Parliament

April 2026

**Financial Markets (Conduct of Institutions)
Amendment (Duty to Provide Financial
Services) Amendment Bill**

125—1

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Financial Markets (Conduct of Institutions) Amendment (Duty to Provide Financial Services) Amendment Bill

Recommendation

The Finance and Expenditure Committee has examined the Financial Markets (Conduct of Institutions) Amendment (Duty to Provide Financial Services) Amendment Bill. We recommend that the House take note of our report.

About the bill

This is a member's bill in the name of Andy Foster MP. According to its general policy statement, the intent is to:

prevent registered banks "debanking" or withdrawing banking services from New Zealanders, body corporates or companies, whose political views or outlook may not align with the sensibilities of that institution.

The bill would amend the Financial Markets (Conduct of Institutions) Amendment Act 2022. It would:

- require financial institutions to provide services without discriminating based on:
 - environmental, social, and governance factors
 - climate reporting standards
 - industry type
 - grounds listed in the Human Rights Act 1993
- include an exception to this duty if justified by a valid and verifiable commercial reason, or if permitted by other legislation
- establish penalties for contravening the duty, including fines up to \$500,000 for bodies corporate and fines or imprisonment for individuals.

We explain our process for considering the bill in the appendix of this commentary.

Legislative scrutiny

As part of our consideration of the bill, we examined its consistency with principles of legislative quality. We have no issues regarding the legislation's design to bring to the attention of the House.

Overview of submissions

We received and considered 1,445 submissions, 97 percent of which were made by individuals and 3 percent by organisations. Overall, 59 percent of submitters opposed the bill, 32 percent supported it, and 9 percent were unclear.

Those who opposed the bill raised concerns about environmental, social, and governance (ESG) risks, particularly climate change. They noted the consumer's right to take action and

make informed choices on ESG matters. Some argued that ESG considerations are an important part of commercial assessments that financial organisations already make. Some raised concerns about regulatory overreach into the commercial decision-making of free market enterprises, including the criminal penalties proposed. Most submitters who raised concerns about Māori interests were individuals and opposed the bill.

Many submitters who supported the bill were concerned about challenges in accessing banking services, such as transaction accounts and credit. Most of these submitters live in rural communities or are part of the natural resources sector. They considered that they are unfairly targeted and discriminated against due to different ideologies, offshore frameworks, and social pressures. These submitters said access to financial services is a fundamental right that all New Zealanders are entitled to.

Inquiry into banking competition

In August 2025, we completed our inquiry into banking competition. During the inquiry, we explored similar issues to those raised in our consideration of this bill. We made 19 recommendations in our inquiry report, most of which we made unanimously. We specifically draw attention to the following recommendations, which we consider would improve transparency in the banking sector:

Recommendation 9: Make climate lending rules clear and consistent

We recommend the Reserve Bank develop transparent national guidelines for banks on the application of climate-related risk weighting and pricing, regarding how it influences subsequent lending practices across different sectors.

Recommendation 15: Formal disclosure of factors

We recommend agricultural lenders formally disclose to customers the specific factors they take into account when calculating their risk margin and pricing.

We also indicated in our report that we will be requesting six-monthly updates from banking regulators and entities about such things as improvements to the transparency of transaction accounts. These updates will be an opportunity to ask about the provision of banking services.

We consider that our recommendations, as well as our ongoing scrutiny, would achieve the outcomes the bill seeks to accomplish.

New Zealand Labour Party differing view

The New Zealand Labour Party opposes this bill.

New Zealand First differing view

Following initial consideration of the bill and hearing of submissions it was apparent that while submitters held differing views on the bill as originally drafted, there was considerable agreement on two matters—the right to obtain a transaction account, and the right to transparency, that is the right to know why a financial service (particularly credit or insurance) has been declined.

We suggest that particularly insurance information is becoming increasingly important.

As a result, the member in charge of the bill presented a revision to the bill to the committee (attached below, emailed to committee on 3 November 2025) which narrowed the scope of the bill to those two matters only, which also removed the language around climate change which many submitters clearly found problematic.

Neither the departmental report (dated 8 October 2025), nor the committee report (we note still dated November 2025) even reference this revision and narrowing of scope.

That does not recognise that the committee itself (March 2026) asked me to engage further with the banking and insurance sector and with sectors concerned that they have been denied services and not had adequate reasoning provided. We continue to receive concerns from those sectors and have engaged with the financial sector as the committee requested. We expect further response from them in due course.

Finally, we note that the draft committee report relies on two recommendations from the committee's banking inquiry.

Recommendation 9 (climate change) is now of less relevance to the bill, unless the committee is acknowledging that banks do deny lending just for climate risk reasons. The bill as revised would not focus on climate change related reasons specifically, but on requiring disclosure of any pertinent financial and risk reasons for financial services being declined.

Recommendation 15 is useful but limited to agriculture customers. We have had concerns about the denial of services notably from agriculture, smaller lending businesses, mining, motor trades, and the sex industry.

We would also note that while the bill's explanatory note originally referenced banking specifically, the actual text of the bill itself focused on "financial institutions" and "financial services". This is defined in law: **Financial Service Providers (Registration and Dispute Resolution) Act 2008**. Section 5(m) specifically includes provision of insurance. The committee report does not recognise this either.

Appendix to New Zealand First differing view:

Financial Markets (Conduct of Institutions) Amendment (Duty to Provide Financial Services) Amendment Bill

General policy statement

This amendment is intended to prevent registered banks and insurers declining or withdrawing specified services from New Zealand real persons, body corporates or companies without providing clear financial reasons on request by clients or prospective clients to whom specified services have been declined.

This amendment also requires that registered banks have an obligation to provide specified transaction services on conditions specified by the banks when those services are sought by New Zealand real persons, body corporates or companies.

This amendment recognises that the New Zealand economy needs everyone and every business to be enabled to play their part to maintain and enhance our status as a first world country.

This amendment recognises that access to banking services and facilities is fundamental, particularly transactional services.

This amendment also recognises that access to credit services is almost essential to business establishment, operation or expansion. However, it also acknowledges that extending credit can expose banks to a degree of risk, and they need to be able to manage that risk.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause and provides that the Bill comes into force 6 / 12 months after the day of Royal assent.

Clause 3 identifies the Financial Markets (Conduct of Institutions) Amendment Act 2022 as the Act being amended by the Bill.

Clause 4 defines specified financial services

Clause 5 places a new duty on banks and insurers to provide specified financial services to clients and / or to provide on request clear financial reasons for declination of specified financial services. Failing to do so constitutes an offence.

Andy Foster

Financial Markets (Conduct of Institutions) Amendment (Duty to Provide Financial Services)

Amendment Bill Member's Bill

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- 1 Title
- 2 Commencement
- 3 Principal Act
- 4 Definitions
- 5 Section 12 amended (New subpart 6A of Part 6 inserted)

Clause 4 amendments Definitions in the Financial Markets Conduct Act

Specified Financial Services

For the purposes of the Financial Markets (Conduct of Institutions) Amendment (Duty to Provide Financial Services) a specified service

- (a) under clause 446JA (1) transactional bank account products and services
- (b) under clause 446JA (2) credit or lending products and services
- (c) under clause 446JA (3) insurance products and services

Duty to provide financial services

446JA Financial institutions must not withdraw or refuse to provide financial services except for financial or risk reason.

446JB Offence to fail to provide financial services

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Financial Markets (Conduct of Institutions) Amendment (Duty to Provide Financial Services) Amendment Act 2025.

2 Commencement

This Act comes into force 6 months / 12 months after the day of Royal assent.

3 Principal Act

This Act amends the Financial Markets (Conduct of Institutions) Amendment Act 2022.

4 Section 12 amended (New subpart 6A of Part 6 inserted)

In section 12, after new section 446J, insert:

Duty to provide financial services

446JA Financial institutions must not withdraw or refuse to provide financial services except for commercial reason including consideration of risk to the institution.

(1) A registered bank

(a) must provide banking transaction services on terms and conditions that it deems appropriate

(b) must not treat any client less favourably in the provision of financial services than would otherwise be the case for any of the following reasons:

(i) any factors related to the nature of the client where that is not able to be explained in terms of financial terms and risk to the bank.

(2) Where registered bank denies a client the renewal of credit or loan services or products or denies a potential client credit or loan services and products the bank shall on request by the client or potential client within 10 working days provide full financial and risk reasons for those services being declined.

(3) Where a registered insurer denies a client the renewal of insurance services and products or denies a potential client insurance services or products the insurer shall on request by the client or potential client within 10 working days provide full financial and risk reasons for those services being declined.

Appendix

Committee procedure

The Financial Markets (Conduct of Institutions) Amendment (Duty to Provide Financial Services) Amendment Bill was referred to our committee on 21 May 2025. We called for submissions with a closing date of 4 July 2025. We received and considered written submissions from 1,445 interested groups and individuals. We heard oral evidence from 35 submitters.

We received advice on the bill from the Ministry of Business, Innovation and Employment. The Office of the Clerk provided advice on the bill's legislative quality. The Parliamentary Counsel Office was available to assist with legal drafting.

We engaged with the member in charge of the bill both before and after submissions. Despite supporting an extension to the report back date, the committee and the member in charge were unable to find a workable way to update the bill.

Committee members

Hon Cameron Brewer (Chairperson)
Jamie Arbuckle (until 13 August 2025)
Dan Bidois
Hon Barbara Edmonds
Ryan Hamilton
Francisco Hernandez (from 11 February 2026)
Mariameno Kapa-Kingi (from 4 June to 25 June 2025)
Nancy Lu
Hon Dr Deborah Russell
Todd Stephenson
Chlöe Swarbrick (until 11 February 2026)
Rawiri Waititi (except for 4 June to 25 June 2025)
Dr David Wilson (from 13 August 2025)
Hon Dr Megan Woods

Andy Foster participated in our consideration as the member in charge of the bill.

Related resources

The documents that we received as advice and evidence are available on [the Parliament website](#).