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What it means to be licensed by the FMA as a consumer credit provider

This document explains, at a high level, what it means to be licensed as a consumer credit provider (Lender) by the Financial Markets Authority – Te Mana Tātai Hokohoko (FMA). As responsibility for consumer credit transitions from the Commerce Commission to the FMA, it is intended to support understanding of licensing and outline the key obligations that apply to Lenders.

The document covers two pathways to becoming licensed: (1) existing certified Lenders and Lenders currently exempt from certification that will transfer automatically; and (2) new applicants that will need to apply. It then explains the practical impact of being licensed, including (3) ongoing obligations and FMA oversight.

This document is informed by existing obligations under the Credit Contracts and Consumer Finance Act 2003 (CCCFA) and guidance issued by the Commerce Commission, which currently administers the CCCFA. It is also informed by the licensing regime set out in the Financial Markets Conduct Act 2013 (FMC Act).

This document does not constitute legal advice.

1. Transferring entities (existing certified or exempt Lenders)

Under the new licensing regime, existing certified Lenders and Lenders currently exempt from certification will automatically transfer to become licensed by the FMA.

This means these Lenders:

- do **not** need to apply for a licence
- do **not** need to pay an application fee
- do **not** need to provide any new licensing information to continue operating.

If you are transferring automatically, you do not need to submit an application – but you will be subject to the same ongoing obligations and oversight as other licensees (see section 3).

Licences will be granted to existing certified and certification-exempt Lenders automatically from day one of the new regime. This approach is intended to ensure continuity and minimise disruption as Lenders move into the FMA's licensing regime.

Note for transferring entities: Existing certified Lenders and Lenders exempt from certification will not apply for a licence and will not be assessed against entry standards at the point of transition. However, they are still expected to comply with their obligations and should use the licensing expectations and guidance to review and strengthen their policies, processes and controls. The FMA may test this through monitoring and supervision.

What you can do now

Consider the obligations described in this document and how they apply to your business (including governance, systems, and record-keeping). The FMA may, over time, monitor and supervise how you meet your obligations.

We also recommend reading the [guide to the FMA's view of conduct](#) to understand what good conduct looks like and why it matters.

2. New applicants (applying for a licence) – entry standards

New applicants must apply to the FMA for a consumer credit provider licence. As part of the application process, an applicant must demonstrate that it meets expectations set in legislation and by the FMA.

Expectations focus on:

- **Fitness and propriety** – directors and senior managers are suitable for their roles
- **Capability and resources** – the ability to understand and meet CCCFA obligations across the full credit lifecycle
- **Governance and accountability** – clear oversight of lending conduct and decisions
- **Systems and controls** – policies, processes and records that support CCCFA compliance

This reflects the expectation that licensees can meet their obligations on an ongoing basis, not just at the time they apply for a licence.

Holding a consumer credit provider licence issued by the FMA means a person or entity has been formally authorised under the FMC Act to enter into regulated credit contracts and related arrangements under the CCCFA. As a licence holder, the individual or organisation is subject to ongoing regulatory oversight.

3. Ongoing obligations

Licensing is the entry point. Once licensed, Lenders must continue to comply with:

- The standard conditions of their licence (if any)
- Legislation – the FMC Act, under which they are licensed; and the CCCFA, which sets out the lending obligations, including the lender responsibility principles
- Any applicable regulations, standards or guidance issued by the FMA

Important note: The FMA does not intend to impose standard conditions immediately. In time, we will be consulting with industry to gather feedback on any proposed standard conditions for Lenders. To get a sense of common standard conditions for other types of licences, see our website.

The FMA expects licence holders to understand and comply with their obligations under the FMC Act and the CCCFA, maintain effective governance processes to identify breaches, and proactively share relevant information with the FMA, including prompt notification of any material breaches. Licensees must notify the FMA if:

- they discover a material breach, or if they think there may have been or is likely to be a material breach, of a 'market services licensee obligation' – such as an obligation imposed under the CCCFA
- they change directors or senior managers
- there is a 'material change of circumstances'.

Discovering a breach of the FMC Act or CCCFA

A licensee must notify the FMA if it becomes aware, whether through its own monitoring, internal reporting, audits, or external information, that there has been material non-compliance with the requirements set out in the FMC Act or the CCCFA. An example is where responsible lending or disclosure requirements have not been followed. Prompt action is required to report the breach to the FMA and take steps to address and remediate the issue.

Changing directors and senior managers

Lenders were already required to notify the Commerce Commission when changing a director or senior manager under the certification rules. In the same way, FMA licensees are required to notify the FMA.

FMA licensees notify changes in directors and senior managers online via the [myFMA Online Services portal](#). There is no fee associated with this specific process.

Material changes of circumstances

Material changes are not prescribed but [section 410 of the FMC Act](#) defines a material change of circumstances, in relation to a licence, as:

- A change that adversely affects a licensee's or an authorised body's capacity to perform the licensed market service in an effective manner; or
- A change that means the licensing requirements referred to in section 396 or section 400(1) or (1A) are not, or are no longer, satisfied.

It's about thinking practically. If something happens, consider how that affects your ability to provide credit effectively.

myFMA Online Services portal

myFMA is a secure online portal hosted by the FMA for submitting some licence applications, regulatory returns and scheme information, and notifications and amendments. For further information visit the [myFMA Online Services portal](#).

Lender responsibility principles

Licensed Lenders must comply with the lender responsibility principles in section 9C of the CCCFA. These principles require Lenders, at all times, to:

- Exercise the care, diligence and skill of a responsible lender
- Make reasonable inquiries to be satisfied it is likely that credit meets the borrower's requirements and objectives
- Make reasonable inquiries to be satisfied the borrower is not likely to suffer substantial hardship
- Assist borrowers to reach informed decisions and be reasonably aware of the full implications of entering into a credit contract

These principles apply across the full credit lifecycle – from advertising and contract formation through to ongoing management and debt recovery.

The Responsible Lending Code provides guidance on how these principles can be met and is an important reference point for regulatory expectations. You can download the Code from the [Consumer Protection website](#).

Disclosure obligations

Lenders must comply with the CCCFA's disclosure regime, which is central to enabling informed borrower decision-making. Disclosure obligations may include:

- Publication of standard form contract terms and costs of borrowing
- Initial disclosure before a borrower enters into a credit contract
- Continuing disclosure during the life of the contract
- Variation, request, guarantee and transfer disclosure where applicable

Disclosure must be clear, concise, not likely to mislead or deceive a reasonable person in relation to any material information, and be provided in a way that is likely to bring the information to the attention of a reasonable person.

Fees, interest, and fair treatment

Lenders must ensure that:

- Interest rates comply with the requirements of the CCCFA, including restrictions on the interest and fees payable under high-cost loans
- Fees are not unreasonable in accordance with the CCCFA
- Borrowers are treated reasonably and in an ethical manner throughout the relationship, including where repayment difficulties arise

Record-keeping and evidence of compliance

The CCCFA requires Lenders to keep records demonstrating compliance with their obligation to undertake affordability and suitability inquiries (noting that Lenders are *not* required to keep records about inquiries when an application is declined or withdrawn). Lenders must keep the records for a period of at least 7 years after the date on which the inquiry was made, and must make the records available to:

- the FMA (on request by the FMA) within 20 working days of the request being received, or any longer period of time specified by the FMA; or
- a dispute resolution scheme (on request by that scheme), the borrower, or a guarantor within 20 working days of the request being received.

Lenders must also keep records about credit and default fees, demonstrating that each fee is not unreasonable at the time at which the fee was calculated or reviewed. Lenders must keep the records for a period of at least 7 years after the date on which the fee is calculated or reviewed, and must make the records available to:

- the FMA (on request by the FMA) within 20 working days of the request being received, or any longer period of time specified by the FMA; or
- a dispute resolution scheme (on request by that scheme) within 20 working days of the request being received.

Regulatory oversight and supervision

Being licensed by the FMA means an ongoing commitment to meet regulatory expectations, adapt as regulatory requirements evolve, and operate in compliance with the statutory obligations of licensees. Licensing is therefore both a permission to operate and an enduring obligation to operate responsibly.

Being licensed by the FMA means being subject to regulatory monitoring and supervision. This may include:

- Information requests and reporting requirements
- Reviews of governance, systems or conduct
- Engagement and supervisory discussions
- Enforcement or other regulatory action where necessary

Licensees must be able to demonstrate compliance and respond to the FMA in an open, timely and constructive manner.

Accountability

If a licensee fails to meet its obligations, the FMA may take regulatory action. Depending on the regime and the circumstances, this can include:

- Imposing or varying licence conditions
- Issuing warnings or directions
- Suspending or cancelling a licence
- Taking enforcement action under the relevant legislation

Regulatory action plays a significant role in licensing, helping ensure licensed activities are effectively overseen and fostering trust in the regulatory process.

What you can do before you are licensed

- Consider the obligations and how they might apply to you.
- Read the [guide to the FMA's view of conduct](#) to learn what we mean by good conduct and why it matters.

Where to get more information

Email questions@fma.govt.nz to ask us a question.

We regularly post updates on our website. You'll also find answers to frequently asked questions and definitions of technical terms used to describe licensing regimes on the [Consumer credit provider licensing page](#) on our website.

By [subscribing to our alerts](#) you can ensure you are up to date with the latest news on financial advice changes, including upcoming events.