



# Financial Conduct Report

June 2026

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# From the Chair and Chief Executive

This is the second annual Financial Conduct Report from the Financial Markets Authority – Te Mana Tātai Hokohoko (FMA). Its purpose is to be transparent about our regulatory priorities for 2026/27 and report on the impact our activity has had over the last 12 months.

We are proud to have delivered significant work over the last year to grow and improve New Zealand’s financial markets. Key highlights are:

- **Financial advice** – our regulatory approach focused on improving New Zealanders’ access to financial advice, highlighting barriers to innovation and consumer outcomes.
- **Sandbox and on-ramp licensing** – the successful regulatory sandbox pilot and introducing plans for a provisional ‘on-ramp’ licence for innovative firms.
- **Scams** – our continued domestic and international work to deter and disrupt scam-related harm linked to financial products and services.
- **Matangirua** – engagements and publication of Kaupapa Māori reports to support our te ao Māori strategy.
- **Enforcement cases** – the significant high-profile investigations underway, including into Auckland-based company Du Val and South Island-based firm Chance Voight.
- **MyFMA** – enhancing firms’ experience of the FMA through the introduction and ongoing enhancements of MyFMA as a secure online portal.

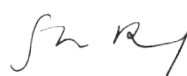
Good conduct builds trust and confidence in the financial sector, and our role as a conduct regulator is critical to ensuring providers treat consumers fairly and operate with integrity. Our approach is based on improving outcomes for businesses, consumers and investors. To support this, a core focus for the FMA is to be future-focused, enabling innovation and flexibility in financial markets.

We are currently in an environment of significant uncertainty and heightened risk, globally and domestically. We are seeing greater market volatility and cost-of-living pressures for households. This reinforces the importance of a robust, well-functioning financial sector that supports New Zealanders and is resilient in the face of these challenges.

We see technology transformation becoming an even more important driver of efficiency, competitiveness, resilience and the consumer experience in the financial sector. New Zealand is in the early stages of developing a modern digital financial system and rolling out its building blocks, including open banking standards, consumer data rights, and digital identity services. The FMA recognises the importance of embracing innovation, and an area of increasing focus for us is the role of artificial intelligence (AI) in the financial system.

As a regulator, our aim is for our actions to be both responsive and proportionate to the harm or potential harm. In that light, you can expect increasingly rapid responses to emerging risks, before they cause greater harm to consumers and markets. In addition, where harm has already occurred, we will address it as quickly as possible using our full range of interventions to prevent further harm and achieve credible deterrence across the financial sector.

We are looking forward to the responsibility for consumer credit becoming part of our mandate. This transfer will enable enhanced consumer protections by applying a broader range of supervisory and enforcement tools. We see it as an opportunity to strengthen the financial system overall, particularly in relation to our longstanding focus on consumers in vulnerable circumstances, which is more important than ever in the current challenging economic environment.



**Steven Bardy**  
FMA Acting Chair



**Samantha Barrass**  
FMA Chief Executive

## Consumer and market outcomes under our outcomes-focused regulatory approach<sup>1</sup>

**Fair services** – Financial products and services deliver what is promised, expected benefits reflect risk, and providers do not improperly take advantage of information or power asymmetries.

**Quality ongoing service** – Where financial products and services create an ongoing relationship with a provider, the interests of the investor or consumer are considered throughout the relationship, e.g. in complaints handling, claims assessment, management of investment funds.

**Improved access to products and services** – Our financial markets deliver services and products that meet New Zealanders' needs. This promotes confident participation in financial markets.

**Resilient markets and providers** – Businesses, investors and consumers have confidence in the resilience of infrastructure, markets and providers to safeguard their assets, money and data.

**Market innovation and growth** – Innovation and flexibility are promoted while market integrity and investor and consumer interests are preserved, and market efficiency and investor and consumer choice are improved.

**Well-informed investors and consumers** – Investors and consumers receive accurate, timely and useful information that enables them to make well-informed decisions, helps improve their financial capability, and empowers them to take responsibility for their financial decisions.

**Market integrity and transparency** – New Zealand's financial markets have a strong reputation for market integrity and honesty, which promotes their ongoing development and attracts investment from New Zealand and overseas. Financial crime such as market manipulation, insider trading, and frauds and scams are not tolerated.

<sup>1</sup> Outcomes-focused regulation

# Our 2026/27 themes and priorities

This Financial Conduct Report (FCR) sets out the FMA's regulatory priorities for the 2026/27 financial year, covering specific sectors and cross-sector themes. It includes priorities for the consumer credit sector, reflecting the 1 July 2026 transfer of credit regulation to the FMA. Where relevant, we provide an overview of the FMA's key research and policy work.

For this year's FCR we are shifting towards a stronger sectoral focus. We have outlined our priorities for the 2026/27 year, and how these support longer-term objectives. Alongside this, we will continue to undertake day-to-day work across the breadth of our remit, including responding to harmful misconduct outside our priority areas.

We have identified four themes that currently pose significant risks for consumer and market outcomes across the sectors we regulate. How these themes are addressed will vary by sector, reflecting the differences in business models, services, and products. These cross-sector themes are:

- **Managing conflicts from remuneration structures** (Consumer Credit; Financial Advice)
- **Product design for new and redesigned products** (Banks and Non-Bank Deposit Takers; Insurance)
- **Complaints:** Use of complaints data to drive improvements (Financial Advice; Banks and Non-Bank Deposit Takers; Insurance; Investment Management); and complaints processes and handling (Consumer Credit)
- **Fraud detection and prevention**, specifically in relation to mortgage fraud, insurance fraud, and fraudulent use of KiwiSaver first-home withdrawals (Financial Advice; Insurance; Banks and Non-Bank Deposit Takers; Investment Management)

The themes represent important areas where a phased, multi-year approach is likely to be necessary to support improved consumer and market outcomes.

## Our priorities by sector for 2026/27 are:

### Financial Advice

- Managing conflicts from remuneration structures
- Fraud detection and prevention
- Use of complaints data to drive improvements
- Digitisation opportunities (such as AI) in financial advice



### Consumer Credit

- Managing conflicts from remuneration structures
- Complaints processes and handling
- Unsuitable or unaffordable lending



### Banks and Non-Bank Deposit Takers

- Product design for new and redesigned products
- Use of complaints data to drive improvements
- Fraud detection and prevention



### Other (sector non-specific)

- Disrupting scams



### Insurers

- Product design for new and redesigned products
- Use of complaints data to drive improvements
- Fraud detection and prevention



### Capital Markets

- Misleading disclosure by wholesale issuers
- Insider conduct by directors and senior managers
- Supporting policy change for capital markets settings



### Investment Management

- Use of complaints data to drive improvements
- Operational resilience of MIS fund administration providers
- Fraud detection and prevention





# Financial Advice

Financial advice businesses help New Zealanders grow their retirement savings and investments, obtain mortgages, protect their income and assets, and support their overall financial wellbeing.

Financial advisers also help investors assess risk tolerance, choose appropriate asset allocations and

diversify investments. The sector offers advice on a range of products and services such as insurance (life, health, disability, and general insurance), credit (residential mortgage lending), and investment products (including KiwiSaver). Advice can be delivered through various channels, including financial advice businesses, intermediated distribution, banks, insurers, platform providers, and digital advice.

## Managing conflicts from remuneration structures

### Relevant outcomes

Fair services

Quality ongoing service



### Our 2026/27 focus

We will focus on ensuring financial advice providers (FAPs) have effective processes and controls in place to manage conflicts of interest arising from commissions, and to detect and deter misconduct that may be incentivised by commission-based relationships. This includes misconduct arising from both upfront commissions and ongoing commissions.

We will undertake targeted monitoring of FAPs to review processes, controls and governance arrangements for managing conflicts associated with specific features of remuneration models. We will also look at agreements between product providers (e.g. banks, insurers and fund managers), including expectations set in those agreements and how FAPs may influence conduct and regulatory compliance.

We will draw on insights from our ongoing reviews of FAP business models and remuneration structures to set expectations for FAPs' processes and controls for detecting and deterring poor conduct driven by commission-based relationships.

We will also focus on whether disclosures clearly explain the nature of ongoing services and related remuneration, so consumers can readily understand what to expect from their financial advice provider over time. This will include responding with more serious interventions to hold bad actors to account and provide credible deterrence of further misconduct where we identify significant disclosure gaps.

### Why is this our focus?

Many FAPs and financial advisers in New Zealand are remunerated by commissions. We recognise that commission-based models can improve access to advice, but these carry risks for consumers that need to be managed. The financial advice regulatory regime provides the framework to ensure clients' interests are prioritised, but we continue to receive reports of misconduct motivated by high upfront commissions. This focus area supports our longer-term objective of ensuring that incentives across the financial sector are commensurate with the service and/or product provided.

We are aware of instances of unmanaged conflicts leading to poor or unsuitable advice, inappropriate replacement business and fraudulent activity. We are aware of high upfront commissions for financial advice across life, health and disability insurance products, and KiwiSaver, which increase the risk of consumer harm. We also see inconsistencies in how advisers disclose ongoing (servicing) commissions.

These poor practices can cause significant financial harm to consumers, including excessive premiums or lending charges, or the loss of benefits due to switching. This undermines trust and confidence in the financial advice sector. Where we see mis-selling of products we will take appropriate action using our full range of regulatory tools.

Our monitoring of the financial advice sector in 2025/26 found the following gaps that support this focus:

- As part of our previous priority focus on fees, incentives and commissions, we identified inconsistent disclosure practices across the sector, particularly in the disclosure of the actual commission payable to both the FAP and the individual adviser, and in the treatment of clawbacks where advice does not proceed or products are replaced early.
- As part of our previous priority focus on vulnerable customers, we identified gaps in FAPs' recognition of vulnerability indicators and advice processes, resulting in poor advice outcomes. This includes the sale of unsuitable products and inappropriate replacement business driven by commission incentives.
- Our ongoing thematic monitoring has highlighted a wide range of business and remuneration models across the sector, including specific features in some business models that pose a greater risk of poor consumer outcomes.
- Our access to advice review identified<sup>2</sup> that certain commission structures can, at times, prioritise new business over the servicing of existing clients.

## Fraud detection and prevention

### Relevant outcome

Market integrity and transparency



### Our 2026/27 focus

We will support FAPs in strengthening the processes and controls used to detect and prevent fraud, with particular focus on mortgage fraud, insurance fraud, and the fraudulent use of KiwiSaver first-home withdrawals. This supports our longer-term objective of reducing consumer harm arising from fraud, through improved processes and controls, and regulatory action that holds bad actors to account and provides credible deterrence.

### Fraud spotlight

Fraud is a complex area, where both providers and consumers can be victims; even consumers who are apparently complicit may themselves be victims of manipulation or deception. Our focus is on the steps that providers can take to minimise risk and improve detection and prevention of fraud. The FMA is focused on three primary areas to minimise the harm to consumers from being influenced or drawn into fraudulent activities by providers or others, sometimes without their knowledge:

- **Mortgage fraud** – this involves deceit or misrepresentation during the process of obtaining, funding, or insuring a mortgage loan, such as by using false property valuations, income or employment details, or other financial information.
- **Insurance fraud** – this involves deceit or misrepresentation in the process of obtaining, underwriting, or claiming on an insurance policy. It can include providers taking out insurance policies for dead or fictitious policyholders (tombstoning) or failing to disclose information that is relevant to underwriting assessments, such as pre-existing health conditions or family history.
- **Fraudulent use of KiwiSaver first-home withdrawals** – this involves deceit or misrepresentation to access KiwiSaver funds for a first-home purchase, for example, claiming eligibility criteria are met even though they are not, or funds not being used for their intended purpose.

<sup>2</sup> Access to financial advice in New Zealand: Challenges and opportunities for the financial advice sector

In 2025/26, we sent a letter to FAP mortgage aggregators and professional adviser associations, as well as banks and non-bank deposit takers, outlining our concerns about mortgage fraud and setting out a list of 'red flags' to help them detect and respond to fraud risks.

In 2026/27 we will continue to support FAPs to detect and respond to fraud risks. We will also strengthen our existing information channels to improve the timeliness and quality of fraud reporting to the FMA, including through enhanced engagement with providers, aggregators and dispute resolution schemes.

We currently have active investigations into alleged mortgage fraud, which we will progress with the aim of holding bad actors to account and deterring others from such conduct. We have also removed several financial advisers from the market for insurance fraud. As in 2025/26, we will continue to use our full range of regulatory tools to address any misconduct identified.

### Why is this our focus?

FAPs play a critical role in identifying and responding to fraud. This focus builds on the previous priority relating to consumers in vulnerable circumstances, where we were concerned about a rise in fraudulent activity in relation to financial advice on mortgages and life insurance products.

We continue to receive complaints and reports of potential mortgage and insurance fraud involving financial advisers and FAPs. Mortgage fraud may result in consumers experiencing unmanageable debt, loss of property, and long-term financial stress. The impacts of insurance fraud can be either direct, resulting in consumers being unable to claim on a policy or holding duplicate policies, or indirect, through rising insurance premiums.

## Use of complaints data to drive improvements

### Relevant outcome

Quality ongoing service



### Our 2026/27 focus

Our focus is on ensuring FAPs regularly consider themes and trends in complaints data to improve product and service offerings. We recognise that complaints are a lag indicator, meaning issues may

already have arisen by the time the data is available. However, they remain a critical input (complemented by other lead and lag indicators) for firms to drive improvements in their products and services. This supports our longer-term objective that consumers know how to complain, are fairly remediated, and that complaints information is used to improve product and service offerings.

In our September 2025 complaints information sheet<sup>3</sup> we noted that financial service providers should be able to demonstrate that lessons learned are integrated into business practices. We will be engaging with the advice sector to understand how complaints data is used.

### Why is this our focus?

This builds on our previous priority focus on ensuring customers are treated fairly when things go wrong. From our 2025/26 monitoring of the sector, we observed that complaints policies and registers were generally in place – however, advisers' understanding and application of these policies were inconsistent. Advisers had limited understanding of what constitutes a complaint, and we observed blank or underutilised complaints registers. There was also a lack of reporting to management and boards about complaints. Through our monitoring of FAPs' arrangements for managing complaints, we have continued to support the uplift of sector practices.

## Digitisation opportunities (such as AI) in financial advice

### Relevant outcomes

Improved access to products and services

Market innovation and growth



### Our 2026/27 focus

We will focus on supporting innovation in digitised financial advice options, including AI. Following on from the findings of our access to advice review<sup>4</sup>, we will engage with the sector on digitisation opportunities to improve the accessibility of financial advice. These engagements will seek to understand the potential for technology-enabled and hybrid advice models to reach underserved consumers, while maintaining appropriate governance and consumer protection arrangements.

<sup>3</sup> Complaints: Ensuring consumers are treated fairly

<sup>4</sup> Access to financial advice in New Zealand: Challenges and opportunities for the financial advice sector

We will also undertake a thematic review of the use of AI in financial advice. This work will seek to better understand how AI is used in practice, the associated conduct risks, and the safeguards firms have in place. We will consider the findings from this review and whether there are opportunities to share practical insights with industry on applying AI within the financial advice regime in ways that support good consumer outcomes.

### Why is this our focus?

From our access to advice review, we identified an opportunity for growth in digital advice and

technological innovation, including the use of AI. As part of this work, we engaged with a range of FAPs, technology support providers and fintech firms to better understand the challenges and constraints firms face in adopting or expanding digital solutions, including AI.

Given the flexibility inherent in the regulatory regime for financial advice, these engagements have highlighted that many firms are adopting an unnecessarily cautious approach to innovation. There is an opportunity to build greater confidence across the sector in how the responsible adoption of innovation can support good consumer outcomes.



## Key questions for boards, CEOs and senior executives

- + How do you ensure your compliance arrangements, governance and controls work together to manage conflicts of interest arising from remuneration structures, including the risk of unsuitable advice or replacement business?
- + How do your advisers explain to clients what they can expect in terms of ongoing service and advice, and how do they disclose remuneration for ongoing commissions?
- + Do you identify themes and trends in your complaints data? Are you using those themes and trends as an important input when considering how to make service improvements?
- + What controls, escalation pathways and oversight arrangements do you have in place to detect, prevent and respond to fraud risks? How does the board monitor the effectiveness of these controls given the risk of significant consumer harm?
- + How does the board set and oversee an appropriate risk appetite for innovation (including AI) that improves the accessibility of financial advice while maintaining the quality of advice, governance and consumer protection?

## Other 2025/26 progress

In addition to the activity highlighted above, we have made progress on the following work in relation to last year's Financial Advice sector regulatory priorities.

### Effective protection of client assets

In FY25/26, we monitored the arrangements FAPs have in place to oversee outsourced custody of client money or property, as well as how firms

manage client assets they hold directly. These engagements provided insight into governance and oversight of custody providers, segregation and record keeping practices, and custody reporting to clients. We observed good practices from some FAPs as well as areas of concern, especially regarding the understanding of custody obligations. We will be publishing an insights report to share key observations that support stronger protection of client assets and investor confidence.



# Consumer Credit

Consumer credit providers (lenders) enable New Zealanders to manage their finances and access funds when needed. The supply of credit supports a wide range of consumer needs, from purchasing major assets and funding discretionary spending to meeting essential living costs. The consumer credit sector is characterised by a diverse range of lenders, products and services, and consumer profiles.

In 2024, Cabinet approved the transfer of responsibility for administering and enforcing the Credit Contracts and Consumer Finance Act 2003 (CCCF Act) from the Commerce Commission to the Financial Markets Authority. The transfer will take effect on 1 July 2026.

The transfer is intended to simplify and streamline credit regulation by establishing a single conduct regulator for financial products and services. It will enable enhanced consumer protections by introducing a broader range of supervisory and enforcement tools.

## Managing conflicts from remuneration structures

### Relevant outcomes

Fair services

Quality ongoing service



### Our 2026/27 focus

Conflicted remuneration structures remain a key risk in the consumer credit sector, particularly where lenders rely on third parties to originate or arrange credit.

We will focus on ensuring that lenders, particularly motor vehicle finance providers, have effective processes and controls to manage conflicts of interest arising from commissions, and to detect and deter misconduct incentivised by commission-based

relationships. This supports our longer-term objective of ensuring that incentives across the financial sector are commensurate with the service and/or product provided – for example, deferred compensation may incentivise better outcomes for consumers.

We will undertake targeted monitoring of lenders to review the processes, controls and governance arrangements in place to manage conflicts arising from remuneration models. This will include reviewing agreements between lenders and intermediaries, such as motor vehicle dealers and insurers, and the expectations set out in those agreements. Where we identify specific harm arising from certain arrangements (such as unsuitable or unaffordable loans or add-on products) we will intervene using our full range of regulatory responses.

The Commerce Commission has previously published a review of motor vehicle finance<sup>5</sup>. We will update our understanding of current market practices through our work in this area.

<sup>5</sup> Motor vehicle financing and add-ons review (Commerce Commission)

### Why is this our focus?

The regulatory regime for lenders is designed to protect borrowers' interests. However, the Commerce Commission has frequently received reports of misconduct linked to commission-based remuneration.

In the credit sector, lenders often rely on intermediaries, such as motor vehicle dealers, to arrange finance. Conflicted remuneration structures can drive harmful sales practices, including excessive establishment fees and interest rates. This creates a heightened risk of consumer harm, particularly where borrowers are provided with loans they cannot afford to repay or where consumers in vulnerable circumstances are inappropriately targeted.

## Complaints processes and handling

### Relevant outcome

Quality ongoing service



### Our 2026/27 focus

We will focus on ensuring lenders have processes that make it easy for consumers to raise concerns and for those concerns to be addressed effectively. This aligns with our approach across other sectors in 2025/26 and supports our longer-term objective that consumers know how to complain and are fairly remediated.

We will undertake targeted monitoring to assess lenders' complaints processes and handling, and we will work with the sector and related stakeholders to improve consumer awareness of how to complain when things go wrong.

### Why is this our focus?

Our previous research has found that many consumers do not know how to complain, and don't always feel satisfied with the outcome of a complaint<sup>6</sup>. When consumers know how to raise concerns, they can protect their own interests and contribute to improvements in financial services. Effective complaints handling and high consumer awareness build trust and provide firms with insights to enhance processes and improve consumer outcomes. Where complaints are not raised or acted on, unfair treatment may persist and systemic issues may go unidentified.

<sup>6</sup> Complaints: Ensuring consumers are treated fairly

## Unsuitable or unaffordable lending

### Relevant outcome

Market integrity and transparency



### Our 2026/27 focus

We will focus on ensuring that lenders, particularly motor vehicle finance providers, conduct appropriate suitability and affordability assessments for both primary lending and any add-on products (such as insurance). This will help reduce the number of consumers who experience financial hardship, and supports our longer-term objective of ensuring borrowers are treated appropriately and supported in making informed decisions before entering into credit arrangements.

We will build on the expectations for lenders set by the Commerce Commission regarding how suitability and affordability assessments should be conducted by both lenders and their agents. We will undertake targeted monitoring of lender processes and controls, and engage with industry and consumer groups. Where issues are identified, we will respond using our full range of regulatory responses. Recognising that agents are not themselves regulated, we will take what steps we can to deter, call out, and address harmful conduct by agents such as motor vehicle dealers.

### Why is this our focus?

The Commerce Commission's data and intelligence show that failure to undertake appropriate suitability and affordability assessments is the most complained-about lender misconduct, and the most detrimental in terms of resulting consumer harm.

When affordability is not adequately assessed, consumers may enter a cycle of debt. They may find it difficult to reduce credit limits and continue to receive credit offers they cannot afford. This can increase the likelihood of default, result in additional fees and interest, and negatively affect their credit records and future access to credit. When suitability is not adequately assessed, consumers may enter into contracts for financial products that don't meet their needs, potentially resulting in higher loan amounts and/or debt servicing costs.



## Key questions for boards, CEOs and senior executives

- + How do you ensure that your compliance arrangements, governance and controls work together to manage conflicts of interest arising from remuneration structures, including the risk of unsuitable or unaffordable lending?
- + How effectively do you support consumers' rights to complain, including raising awareness of complaint channels?
- + Do you have sufficient processes for effectively addressing complaints raised?
- + How do you know that your lending suitability and affordability assessments are effective and compliant?
- + Where you see consumers experiencing financial hardship, what do you do about it?



# Banks and Non-Bank Deposit Takers

Banks and non-bank deposit takers provide vital financial products and services to consumers. It is essential that consumers have access to the products and services they need, and can trust that these will perform as expected.

## Product design for new and redesigned products

### Relevant outcome

Fair services



### Our 2026/27 focus

We will focus on ensuring that, when developing new products or redesigning existing ones, firms prioritise consumer needs while also considering the capabilities and limitations of their systems and processes, so they can reliably deliver on what is promised. This supports our longer-term objective that products are designed to meet consumer needs, continue to meet those needs at all stages of the product lifecycle, and are delivered as promised.

### Why is this our focus?

In 2025/26 we monitored how entities review existing products and ensure they continue to meet

consumer needs<sup>7</sup>. We found that financial institutions review products and services, with most doing so both reactively (e.g. triggered by indicators such as complaints) and proactively (e.g. regular reviews on a risk-based cycle). Most carry out their reviews to align products and services with consumer requirements and objectives, and use findings to inform decisions on enhancements or rationalisation. Good practices included clear consideration of the consumer experience, and full product lifecycle reviews to address risks from design through to distribution.

However, there is still room for improvement. We saw that in some cases the absence of negative reporting is taken as confirmation that consumers are being treated fairly. In others, we saw that communication with consumers about changes to products and services following reviews is inconsistent – in particular, communication is not always delivered through a structured, proactive strategy that supports consumers to make informed decisions.

Additionally, we saw limited recognition of risks from legacy systems and reliance on manual controls (including individual expertise), often leading to

<sup>7</sup> Thematic review of financial institutions' product and service reviews

products and services not being delivered as intended. It is important that entities continue to upgrade their technology and mature their systems and processes to provide better products and services to consumers. In the meantime, entities need to take system capability into account in product design and reviews.

## Use of complaints data to drive improvements

### Relevant outcome

Quality ongoing service



### Our 2026/27 focus

Our focus is on ensuring that boards and executives regularly use themes and trends in complaints data as an important input into decisions to improve product and service offerings. We recognise that complaints are a lag indicator, meaning issues may have already arisen by the time the data is available. However, they remain a critical input (complemented by other lead and lag indicators) for firms to drive improvements in their products and services. This supports our longer-term objective that consumers know how to complain, are fairly remediated, and that complaints information is used to improve product and service offerings and consumer interactions.

In our September 2025 complaints information sheet<sup>8</sup>, we made it clear that financial service providers should demonstrate that lessons learned are integrated into their business practices. We will engage with banks and non-bank deposit takers to understand how complaints data is used.

Further, through our supervisory and enforcement work we will continue to address serious fair dealing concerns and ensure timely remediation.

### Why is this our focus?

This builds on our previous priority focus on complaints. From our 2025/26 monitoring of the sector, we observed that entities have accessible processes for consumers to raise concerns to them. Good practices included where processes recognised the need for support for consumers in vulnerable circumstances. However, there is room for improvement in supporting consumers' awareness of and engagement with dispute resolution services, as well as opportunities for entities to better use insights from dispute resolution services to understand

consumers' experience of their products and services. There is also scope to enhance oversight of complaints about third parties such as distributors, and to ensure complaints from different channels are effectively captured and actioned.

Consequently, this work will continue into 2026/27 as we continue to push for improvements that provide greater clarity for consumers, and fair remediation when required. We also want to see information about complaints being considered holistically, to inform improvements to product and service offerings.

## Fraud detection and prevention

### Relevant outcome

Market integrity and transparency



### Our 2026/27 focus

We will focus on supporting banks and non-bank deposit takers to strengthen the processes and controls they use to prevent and detect mortgage fraud<sup>9</sup>, and on understanding how they proactively remediate consumers when issues arise. Fraud is a complex area, in which both providers and consumers can be victims, and apparently complicit consumers may be manipulated or have limited understanding. Our focus is on the steps providers can take to minimise risk and improve the detection and prevention of fraud. This supports our longer-term objective of reducing consumer harm arising from such fraud, through improved processes and controls, and regulatory action that holds bad actors to account and deters other misconduct.

In 2025/26, we wrote to banks and non-bank deposit takers outlining our concerns about mortgage fraud and sharing a set of 'red flags' to help them detect and respond to fraud risks. Our expectation is that banks and non-bank deposit takers use this information to assess the effectiveness of their processes and controls. We will engage with entities to understand progress and process improvements. We will also seek to understand when and how consumers who are not complicit in the fraud are remediated when fraud is detected.

The FMA has active investigations into alleged mortgage fraud. We are taking this action to hold bad actors to account and deter others from engaging in such conduct. As in 2025/26, we will use our full range of regulatory tools to address any misconduct identified.

<sup>8</sup> Complaints: Ensuring consumers are treated fairly

<sup>9</sup> This involves deceit or misrepresentation during the process of obtaining, funding, or insuring a mortgage loan, such as by using false property valuations, income or employment details, or other financial information.

### Why is this our focus?

Mortgage fraud is a serious issue that negatively affects consumers in what, for most, will be their most substantial financial commitment. It can cause severe financial harm to borrowers, including unmanageable

debt, loss of property, and long-term financial stress. Banks and non-bank deposit takers play a critical role in addressing harm by identifying and responding to fraud risk factors.



## Key questions for boards, CEOs and senior executives

- + Is consideration of consumer needs and system capability part of your product design and product review processes?
- + Do you identify themes and trends in your complaints data? Do you use those themes and trends as an important input in your product and service design and review processes?
- + Do you have robust processes and controls for detecting, preventing and responding to mortgage fraud? How are you adapting your controls as mortgage fraud risks evolve?

## Other research and policy work for Banks and Non-Bank Deposit Takers

### Open banking

The FMA supports the opportunities that the secure sharing of financial data can unlock for consumers and businesses across a range of financial services (from credit to investments to savings). This includes more personalised and inclusive services, more competitive pricing, and stronger fraud protection. Open banking (and open finance) are important global developments that can improve competition, and deliver more innovative and diverse products and services that better meet consumer needs. We will continue to engage with Government, the Ministry of Business, Innovation and Employment (MBIE) and industry to ensure the benefits of open banking are realised to their full potential for a wide range of customers, products and services.

### Transaction account services

It is important that consumers understand the benefits and costs of transaction accounts and receive services that meet their needs. Over the next 12 months, we will seek to increase our understanding of how banks and non-bank deposit takers ensure that their provision of transaction account services complies with the fair conduct principle and minimum fair conduct programme requirements. This will include engagement with banks and non-bank deposit takers, as signalled by our participation in the Finance and Expenditure Committee inquiry into banking competition.



# Insurers

The insurance sector supports consumers and businesses to protect themselves against risks and manage impacts on their lives and livelihoods caused by unforeseen events such as ill health, death, accidents, and natural disasters. It does this by offering a range of products such as life, health, disability and general insurance.

## Product design for new and redesigned products

### Relevant outcome

Fair services



### Our 2026/27 focus

We will focus on ensuring that, when developing new products or redesigning existing ones, firms prioritise consumer needs while also considering the capabilities and limitations of their systems and processes, to ensure they can reliably deliver what is promised. This supports our longer-term objective that products are designed to meet consumer needs, continue to meet those needs at all stages of the product lifecycle, and are delivered as promised.

### Why is this our focus?

In 2025/26 we monitored how entities are reviewing existing products and ensuring they continue to meet

consumer needs<sup>10</sup>. We found that most financial institutions are carrying out proactive reviews of products and services. These reviews are driven by a number of considerations, including aligning products and services with consumer requirements and objectives.

However, there is still room for improvement. We saw that in some cases the absence of negative reporting is taken as confirmation that consumers are being treated fairly. We also saw that communication with consumers about changes to products and services following reviews is inconsistent and not always delivered through a structured, proactive strategy.

Additionally, through our fair dealing work, we have identified that legacy technology systems and manual controls and processes are often the root cause of consumers not receiving products and services as intended or promised. It is important that entities continue to upgrade their technology and mature their systems and processes to provide better products and services to consumers. In the meantime, entities need to take system capability into account in product design and reviews.

<sup>10</sup> Thematic review of financial institutions' product and service reviews

## Use of complaints data to drive improvements

### Relevant outcome

Quality ongoing service



### Our 2026/27 focus

Our focus is on ensuring that boards and executives regularly consider themes and trends in complaints data as an important input into improving product and service offerings. We recognise that complaints are a lag indicator, meaning issues may have already arisen by the time the data is available. However, they remain a critical input (complemented by other lead and lag indicators) for firms to drive improvements in their products and services. This supports our longer-term objective that consumers know how to complain and are fairly remediated, and that complaints information is used to improve product and service offerings and consumer interactions.

In our September 2025 complaints information sheet<sup>11</sup>, we noted that financial service providers should be able to demonstrate that lessons learned are integrated into business practices. We will engage with insurers to understand how complaints data is used.

Further, through our supervisory and enforcement work we will continue to pursue serious fair dealing concerns and ensure timely remediation. In particular, we will carry out specific work on travel insurance, which is consistently one of the most complained-about insurance products according to dispute resolution scheme data.

### Why is this our focus?

This builds on our previous priority focus on complaints. From our 2025/26 monitoring of the sector, we have observed that insurers' use of complaints data varies. Only some have comprehensive complaints policies that are regularly reviewed and updated, and customer access to internal and external complaints processes is inconsistent. Overall, insurers are not yet consistently utilising complaints data to inform product changes or improve complaints processes.

Consequently, this work will continue into 2026/27 as we continue to push for improvements that provide greater clarity for consumers, and fair remediation where required. We also want to see information on complaints being considered holistically, to inform improvements to product and service offerings.

## Fraud detection and prevention

### Relevant outcome

Market integrity and transparency



### Our 2026/27 focus

We will focus on supporting health and life insurers strengthening their processes and controls to prevent, detect and respond to insurance fraud<sup>12</sup>. We will also deepen our understanding of the circumstances under which consumers affected by fraud will be remediated. Fraud is a complex area, in which both providers and consumers can be victims, and apparently complicit consumers may themselves be manipulated by others. Our focus is on the steps providers can take to minimise risk and improve the detection and prevention of fraud. This supports our longer-term objective to see a reduction in consumer harm arising from fraud, through improved processes and controls, and regulatory action that holds bad actors to account and deters other misconduct.

As in 2025/26, we will continue to use our full range of regulatory tools to address any misconduct identified.

### Why is this our focus?

Insurance fraud is a serious issue, negatively affecting consumers and causing financial hardship and stress. The impact can be either direct, resulting in a consumer being unable to claim on a policy or holding duplicate policies, or indirect, through the resulting rise in insurance premiums. Insurers play a critical role in identifying and responding to fraud risk indicators.

<sup>11</sup> [Complaints: Ensuring consumers are treated fairly](#)

<sup>12</sup> This involves deceit or misrepresentation in the process of obtaining, underwriting, or making a claim on an insurance policy. It can include taking out insurance policies for deceased or fictitious policyholders (tombstoning), or failing to disclose information relevant to underwriting assessments, such as pre-existing health conditions or family history.



## Key questions for boards, CEOs, and senior executives

- + Is consideration of consumer needs and system capabilities part of your product design and review processes?
- + Do you identify themes and trends in your complaints data? Are you using those themes and trends as an important input into your product and service design and review processes?
- + Do you have robust processes and controls for detecting, preventing and responding to fraud? Are you proactively remediating consumers who are victims of fraud when issues are identified?

## Other research and policy work for Insurers

### Consumer experience

We regularly hear complaints from consumers about their experiences with insurers, including claims handling, product limitations, and premiums and premium increases. We will undertake research to better understand consumer pain points and help insurers to better meet consumer needs. This research will also specifically include the experiences of whānau, hapū and iwi.

### Insurance affordability

As a member of the Council of Financial Regulators, we will continue to contribute to the Insurance Affordability Review. The current phase focuses on identifying patterns and drivers of residential insurance pricing and affordability, with a particular focus on the consumer experience and market competition, as well as on identifying and addressing data gaps. The second phase will be contingent on the findings from the first phase and will focus on developing recommendations for action, if needed.

## Other 2025/26 progress

In addition to the activity highlighted above, we have made progress on the following work in relation to last year's Insurance sector regulatory priorities.

### Communication with consumers on product and service offerings

In 2025/26, we focused on supporting improvements to insurers' communications with consumers, including product exclusion disclosures, and information on fees and premiums. The Contracts of Insurance Act (CoI Act) takes effect in November 2027. This law change emphasises plain language and making policies understandable. Our engagements with boards and executives have highlighted the importance of timely, clear, concise and effective communication with consumers, and of ensuring preparedness for the CoI Act well in advance of implementation.

### Operational resilience

In 2025/26, we surveyed insurers to assess their overall level of operational resilience maturity, to support continuous improvement. This work was also designed to deepen our understanding of risks and potential harm associated with weaknesses in operational resilience, and to gain a better understanding of current practices. We will publish a report highlighting the sector's strengths and noted areas for further improvement. Feedback suggests that most insurers believe their operational resilience is at a moderate to mature level. Findings also highlight a significant reliance on highly customised and legacy technology systems. This creates potential technology risks across the sector, which may be further amplified by the extent of reliance on third-party service providers.



# Capital Markets

Fair, efficient, and transparent capital markets can enhance investor confidence and participation, ensure capital flows to the most productive investments, enable businesses to raise funds, and incentivise better corporate governance and accountability. Capital markets include both regulated and unregulated participants and products. The FMA plays a key role in supporting well-functioning capital markets in New Zealand.

## Misleading disclosure by wholesale issuers

### Relevant outcomes

Market integrity and transparency

Well-informed investors and consumers



### Our 2026/27 focus

We will continue to focus on ensuring that disclosure by wholesale offerors, including advertising, is not false, misleading or unsubstantiated. Over the past year, we have used our regulatory tools to respond to misconduct as necessary, including issuing warnings and, in exceptional cases, external administration and insolvency procedures – and will continue to do so in 2026/27.

We will also ensure the eligible investor exclusion, which is one avenue to qualify as wholesale, is applied correctly. In particular, we will work to ensure that those who confirm investors' eligibility are fulfilling their role by considering an investor's relevant experience before signing an eligible investor certificate.

### Why is this our focus?

We continue to see wholesale offers that contain false, misleading or unsubstantiated information, particularly in their advertising. These offers are often widely marketed, via both traditional channels and social media. This use of broader advertising channels increases the potential that less-sophisticated investors will be attracted to offers that are unsuitable for their needs. There is a heightened risk that investors cannot make well-informed decisions or obtain suitable investment products because of false,

misleading or unsubstantiated disclosure.

The High Court recently clarified that wholesale offerors have only limited obligations to verify investors' suitability using eligible investor certificates. This again underscores the importance of providing investors with accurate disclosure to support their informed decision-making.

## Insider conduct by directors and senior managers

### Relevant outcome

Market integrity and transparency



### Our 2026/27 focus

We will continue to work closely with NZ RegCo, the regulatory arm of NZX, to detect and address insider conduct. We will prioritise the investigation of referrals from NZ RegCo that indicate potential insider conduct by senior managers and directors. It is our expectation that directors and senior managers are aware of, and comply with, their obligations regarding the use of material non-public information.

We will use our broad range of regulatory tools to respond to misconduct when it occurs. We will increase our expectation-setting engagements with the director and listed issuer communities.

In 2025/26 we completed a thematic review of listed issuers' policies and procedures relating to insider conduct. That review established that listed issuers generally have acceptable policies, and some made improvements in response to our review. However, where our inquiries or investigations call into question compliance with those policies and procedures, we will engage directly with listed issuer boards to set our expectations and require improvements.

### Why is this our focus?

We continue to see instances of potential insider conduct, with the most serious and common cases involving current and former directors and senior executives of listed issuers. In some cases, we have observed repeated behaviour from the same individuals, and potential misconduct by different individuals within the same issuer. These cases remain under investigation.

This conduct threatens market integrity and erodes trust and confidence in public markets. This was a focus area for 2025/26, and we continue to pursue our longer-term objective of reducing instances of market misconduct through:

- improved understanding of what constitutes insider conduct;
- improved practices by listed issuers; and
- regulatory action that holds bad actors to account and provides credible deterrence.

## Supporting policy change for capital markets settings

### Relevant outcome

Market innovation and growth



### Our 2026/27 focus

We will continue to support MBIE advancing capital markets policy changes to support innovation and economic growth, create investment opportunities, and maintain investor trust and confidence.

During 2025/26, we worked with MBIE to deliver a number of important changes to capital markets policy settings, including changes to the disclosure requirements for prospective financial information in equity IPOs (initial public offerings) and adjustments to the Climate-related Disclosures regime. In 2026/27, we will continue to support MBIE considering certain product disclosure requirements, auditor liability, and continuous disclosure liability. Collectively the proposed changes aim to strengthen and grow New Zealand's capital markets, support capital raising, enable investment, and align our regulatory settings with comparable international markets.

We will also engage with industry to identify further opportunities to simplify or reduce public market regulation in ways that do not raise the risk to retail investors beyond acceptable levels.

### Why is this our focus?

Public markets are a key part of the capital markets ecosystem, providing access to capital and opportunities for investment and wealth creation. Private equity markets have grown relative to public equity markets, both globally and in New Zealand. It

is important to continue assessing whether regulatory settings are consistent with supporting confidence in public markets, while avoiding unnecessary regulatory burden.

There is a risk that the cost and burden of listing reduce the attractiveness of public markets in

New Zealand, leading to fewer suitable investment opportunities for New Zealanders. Our longer-term objective is to ensure that both public and private market settings encourage greater participation through an appropriate balance of regulatory obligations for issuers and protections for investors.



## Key takeaways for boards, CEOs, and senior executives

- + Do you have oversight of conduct within your business, and foster a culture that prevents serious misconduct, e.g. through a rigorous trading policy that deters insider conduct?
- + For listed issuers, do you have the necessary processes to assess the materiality of information, and manage access to it?
- + For wholesale offerors, are you confident that your disclosures provide sufficient transparency for potential investors to make informed decisions?

## Other research and policy work for Capital Markets

### Wholesale regime

Given the concerns noted above, and the broad accessibility of wholesale offers to less-sophisticated investors, we will continue to work with MBIE and assess whether the wholesale regime is operating in a way that provides opportunities for investors and access to capital, while maintaining adequate

guardrails and protections for less-sophisticated investors.

We will canvass market views on what is working well and opportunities for improvement, consider possible lessons from regimes in other jurisdictions, and support MBIE exploring any policy changes.

## Other 2025/26 progress

In addition to the activity highlighted above, we have progressed the following work in relation to last year's Capital Markets sector regulatory priorities.

### Continuous disclosure

For 2025/26, we focused on ensuring compliance with continuous disclosure obligations amid a changing economic environment. We delivered education for directors through a joint director forum with NZ RegCo. During the year we did not encounter any significant issues requiring our intervention. While continuous disclosure is not a regulatory priority for 2026/27, we will pursue any serious misconduct identified.

### Clear expectations for ethical investment disclosures

In 2025/26 we released draft guidance for consultation. We received significant feedback, which was incorporated into a final version issued in May 2026. As a result of the feedback, we changed the title from 'Ethical investing disclosure' to 'Sustainability-related disclosure'. We expect issuers of financial products with sustainability-related features to consider the guidance when preparing their disclosures. While sustainability-related disclosure is not a regulatory priority for 2026/27, we will pursue any serious misconduct identified.



# Investment Management

Investing in financial products helps New Zealanders manage their money and grow their wealth. This sector encompasses entities that provide investment vehicles or services to enable investors to seek returns on capital, including KiwiSaver providers and discretionary investment managers.

## Operational resilience of MIS fund administration providers

### Relevant outcomes

Resilient markets and providers  
Quality ongoing service



### Our 2026/27 focus

We will engage with outsource providers of managed investment scheme (MIS) fund administration to understand their processes for ensuring operational resilience, and assess whether these are appropriate for their size and for managing the flow-on risk to market participants.

### Why is this our focus?

Outsource providers of MIS fund administration are not directly regulated by the FMA, yet they provide a

critical service that enables the provision of managed funds. This activity is largely concentrated among a few large providers, so any issue affecting an outsource provider's ability to deliver its services could have far-reaching impacts on the managed funds industry and investor confidence.

## Fraud detection and prevention

### Relevant outcome

Market integrity and transparency



### Our 2026/27 focus

We will focus on ensuring that fund managers have robust processes and controls to verify and approve KiwiSaver first-home withdrawals when there is a risk of harm to the consumer<sup>15</sup>. Fraud is a complex area, in which both providers and consumers can be victims,

<sup>15</sup> This relates to deceit or misrepresentation to access KiwiSaver funds for a first-home purchase, for example, claiming eligibility criteria are met even though they are not, or funds not being used for their intended purpose.

and apparently complicit consumers may themselves be manipulated or have limited understanding. Our focus is on the steps that providers can take to minimise risk and improve the detection and prevention of fraud. This supports our longer-term objective to reduce consumer harm arising from fraud, through improved processes and controls, and regulatory action that holds bad actors to account and deters other misconduct.

We will engage with the sector to better understand the processes and controls in place to detect and prevent fraudulent KiwiSaver first-home withdrawal applications, and how these types of issues are escalated, remediated and reported to the FMA when they arise. We will also continue to prioritise and investigate allegations of fraud where consumers are harmed.

### Why is this our focus?

Through our ongoing investigations into potential mortgage fraud, we have identified a risk that KiwiSaver withdrawals to support the purchase of a property may be misused or fraudulently applied to the detriment of the consumer.

## Use of complaints data

### Relevant outcome

Quality ongoing service



### Our 2026/27 focus

Our focus is on ensuring that boards and executives regularly consider themes and trends in complaints data to improve product and service offerings. This supports our longer-term objective of ensuring consumers know how to complain and are fairly remediated, and that complaints information is used to improve product and service offerings and consumer interactions.

We will engage with boards and executives to understand how complaints data is used, and set expectations for analysis and improvements.

### Why is this our focus?

This builds on our previous priority related to complaints. We published a complaints information sheet to help firms ensure consumers are treated fairly when making a complaint<sup>14</sup>. From our 2025/26 monitoring of the discretionary investment management service (DIMS) sector, we observed that firms have complaint policies and registers in place, and that practical application is generally good. We observed strong complaints management processes, with DIMS often focusing on addressing complaints promptly. We now want to ensure that the information being collected is considered holistically, to inform improvements to product and service offerings.



## Key questions for boards, CEOs, and senior executives

- + Are you confident that any essential services outsourced to MIS fund administration providers are sufficiently reliable and of appropriate quality, so as to minimise risk to your investors?
- + Does your business continuity planning account for a material failure by a fund administration provider? Are you comfortable that the plan can be executed if required and will be effective?
- + Do you identify themes and trends in your complaints data? Are you using those themes and trends as an important input into your product and service design and review process?

<sup>14</sup> Complaints: Ensuring consumers are treated fairly

# Other research and policy work for Investment Management

## KiwiSaver fees

Given the increased government focus on KiwiSaver contributions and growing retirement income, we will undertake research to gain an understanding of recent trends in KiwiSaver provider fees.

## Other 2025/26 progress

In addition to the activity highlighted above, we have made progress on the following work in relation to last year's Investment Management sector regulatory priorities.

### Clear expectations for ethical investment disclosures

In 2025/26 we released draft guidance for consultation. We received significant feedback, which was incorporated into the final version issued in May 2026<sup>15</sup>. As a result of the feedback, we changed the title from 'Ethical investing disclosure' to 'Sustainability-related disclosure'. We expect issuers of financial products with sustainability-related features to consider the guidance when preparing their disclosures. While sustainability-related disclosure is not a regulatory priority for 2026/27, we will pursue any serious misconduct identified.

### Consumers and investors understand fees, incentives, and commissions

In 2025/26 we used our monitoring programmes to better understand how market participants disclose their fees, incentives and commissions. We focused on financial advice providers, discretionary investment management services and managed investment schemes, including KiwiSaver. Overall disclosure was acceptable, and where we identified areas of non-compliance and areas for improvement, we provided feedback directly to the market participants. We will publish an insights report in 2026/27 with summarised observations.

### Effective protection of client assets

In 2025/26 we used our monitoring programmes to better understand custody arrangements for the provision of discretionary investment management

services, with a focus on oversight of custodians' performance and information provided to investors. We found that in general, appropriate custody arrangements are in place across the sector, but weaknesses remain in some important areas. We will publish an insights report in 2026/27 to share our findings.

We also reviewed licensed MIS supervisors' custody arrangements, focusing on how supervisors discharge their custody obligations and oversee outsourced or delegated custodial functions, and on the extent to which issues identified in 2019 have been addressed<sup>16</sup>. The review covered different custody models, key asset classes, and oversight mechanisms. We did not identify any material deficiencies in supervisors' custody arrangements or oversight practices, which appeared proportionate to the current legislative framework. The insights into the current regime we have gained will inform ongoing considerations for law reform to improve protections for assets held in custody.

### Ensuring consumers' and investors' interests are at the forefront of decision-making

In 2025/26, we focused on practices and controls relevant to related party transactions, particularly for registered schemes and DIMS. In May 2026, we released for public consultation a draft document to provide fund managers and their supervisors with clarity on our position on aspects of related party transactions involving registered schemes<sup>17</sup>. The document is intended to support the sector and help ensure a more consistent approach to related party transactions. We plan to publish the final document after considering feedback from the consultation.

We also engaged with supervisors to understand the findings of their liquidity risk management monitoring activities and assess whether further

<sup>15</sup> Sustainability-related disclosure guidance

<sup>16</sup> Thematic review of MIS custody arrangements

<sup>17</sup> Consultation: Related party transactions insights

clarity from the FMA could support improvements. The review indicates a positive uplift in liquidity risk management practices across the MIS sector, with supervisors reporting no material issues that would warrant escalation to the FMA. Our 2024 Liquidity Risk Management Guide<sup>18</sup> is considered fit for purpose and operating effectively. Ongoing supervisory engagement will focus on supporting the continued embedding and maturation of these practices.

#### **Private asset valuations**

In 2025/26 we undertook research to understand the valuation practices of managed funds investing in private assets. The survey did not identify any serious concerns. We published the findings of our survey in April 2026<sup>19</sup>.

#### **Operational resilience**

In 2025/26 we surveyed peer-to-peer lenders, crowdfunding providers, derivatives issuers and discretionary investment management service providers to assess their overall operational resilience maturity. This work deepened our understanding of the risks and potential harm arising from weaknesses in operational resilience. We published an insights report<sup>20</sup> for each sector. Key insights indicate a foundation of frameworks and processes in place, although there is scope for development, including strengthening board and senior management capability, scenario testing, and due diligence practices and oversight of service providers where outsourcing is used.

<sup>18</sup> Liquidity risk management guide

<sup>19</sup> Private assets in managed funds

<sup>20</sup> Operational resilience thematic: findings and insights



# Other (sector non-specific)

## Disrupting scams

### Relevant outcome

Market integrity and transparency



### Our 2026/27 focus

Scam activity remains frequent and is becoming increasingly sophisticated. Our focus will remain on reducing consumer harm through an integrated, intelligence-led approach combining proactive disruption, strong public-private collaboration, and targeted awareness and education.

In the first three quarters of 2025/26, the FMA issued 68 new scam warnings and 180 updates to existing warnings. Disruption capability has been strengthened through 'Trusted Flagger' status with Google, TikTok and Meta (from April 2026), making the FMA the first financial regulator in the Asia-Pacific region with this level of coverage. This has enabled large scale takedowns of scam websites as well as hundreds of scam advertisements and profiles.

Strong international engagement will continue to enhance the FMA's ability to disrupt scams affecting New Zealanders. Through the International Organization of Securities Commissions (IOSCO), we will contribute to and gain early insight into emerging global scam trends. This work will inform proactive warnings, disruption activity and consumer outreach in New Zealand.

### Why is this our focus?

Scams remain prevalent in the market; they are evolving in approach and complexity, and continue to cause consumer harm and erode trust in the financial system. A strong regulatory response to misconduct and close collaboration with local and international stakeholders to disrupt and prevent scams remain critical.

Over the last year, we have welcomed significant investment from the banking and deposit taking sector to detect and respond to scams. Increased scam-related communications and system-level coordination through the Anti Scam Alliance<sup>21</sup> further disrupt scams by improving recognition of warnings, driving timely reporting to the FMA, and enabling earlier intervention.

<sup>21</sup> New Zealand Anti-Scam Alliance launched to strengthen scam prevention efforts (Ministry of Business, Innovation & Employment)



## Key question for boards, CEOs, and senior executives

- + How are scams affecting your business and consumers? What are you already doing to reduce harm, and what more can you do?

## Other research and policy work

### Virtual assets and payments regime

In 2025/26, we published a discussion paper on tokenisation in financial markets<sup>22</sup> and gathered feedback from market participants to inform future policy and support responsible innovation. We heard that regulatory fragmentation and uncertainty are constraining adoption of virtual assets. In 2026/27, we will continue to work with Government and MBIE to support a fit-for-purpose regulatory framework for virtual assets, to encourage innovation in the provision of virtual asset services and enable regulatory intervention when harmful conduct is identified.

In 2025/26, we also engaged with many payment service providers, including at our innovation roundtable event and through the regulatory sandbox. We heard about opportunities to improve regulatory certainty for providers offering electronic money, digital wallets, savings products, foreign exchange,

and digital payment tokens (including stablecoins). In 2026/27 we will support MBIE in developing a regulatory framework for payment service providers to enhance competition and improve consumer choice.

### Custody controls

New Zealand is out of step with other jurisdictions in the level of protection offered by a specific custodial services regime, and advocating for reform for assets held in custody was a priority in 2025/26. In June 2026 we published a discussion paper reviewing law and practices relating to the provision of custodial services<sup>23</sup>. Our focus acknowledges the importance of a strong custody regime, not only in protecting investors against fraud, but also in providing confidence in our regulatory environment. In 2026/27, we will continue to support law reform to improve protections for assets held in custody.

## Other 2025/26 progress

In addition to the activity highlighted above, we have made progress on the following work in relation to last year's sector non-specific regulatory priorities.

### Removing unnecessary regulatory burden

While removing unnecessary regulatory burden was a priority in 2025/26, a core component of our outcomes-focused approach is to ensure our regulatory efforts are well targeted and proportionate. Through our ongoing work, we will continue to proactively reduce unnecessary burden on industry.

### Sandbox

Six firms participated in the FMA's sandbox pilot, which aimed to remove unnecessary regulatory barriers and encourage innovation. Through the sandbox, four firms identified a pathway to market for their innovative products or services, where regulatory uncertainty and other barriers to entry might otherwise have prevented launch. For one participant, the FMA applied its designation powers in relation to a non-yielding stablecoin.

The pilot delivered valuable insights for both the FMA and participants, deepening our understanding of the benefits and risks of financial innovation and

<sup>22</sup> Discussion paper: Tokenisation in financial markets

<sup>23</sup> Discussion paper: Review of law and practices relating to custody of assets

emerging technologies. It identified gaps and areas of friction within the existing regulatory framework and provided practical, real-world evidence for policymakers. The findings from the pilot have directly informed our broader innovation approach, including plans to expand the sandbox to introduce an 'on-ramp' licence that will offer a pathway for firms to test new products and services in a controlled environment.

### **Single licensing**

The Government has proposed amending the Financial Markets Conduct Act 2013 to mandate that the FMA issue a single licence when firms provide two or more services. In 2025/26 we commenced work to identify the system and process changes that will be required to implement this change.

For firms offering only one service, the impact will be small. For those that currently hold multiple

licences for different market services, these will be combined automatically into a single licence, without the need to apply for it.

Alongside this legislative change, in 2025/26 we commenced a review of the standard conditions, application processes, and regulatory returns associated with licensing, to streamline them. Currently, firms licensed to provide multiple services must comply with separate sets of licence conditions and file multiple regulatory returns. Streamlining these processes will reduce the regulatory burden for licensed firms.

Firms will also see efficiencies through greater use of the MyFMA portal, for example, to report various matters to the FMA. These changes will not happen immediately or all at once. We will keep licensees informed and allow time to adapt before implementation.

# Appendix: Who we regulate

## Financial Advice



Enables distribution of products on an advised or sales basis, including directly or through online platforms.

Financial Advice Providers who offer advice in the following domain areas:

- Personal risk insurance, life, health and disability
- Lending, including personal, commercial and residential via industry aggregators
- Fire and general insurance, both personal and commercial lines
- Investments (including KiwiSaver), and broader investment and retirement planning

## Banks and Non-Bank Deposit Takers



Provides access to deposit taking, payment services and lending facilities (both secured and unsecured).

- Deposit taking
- Payment services
- Mortgages
- Overdrafts
- Credit cards
- Personal loans

## Consumer Credit



Provides access to credit products and services.

### Direct regulatory relationship with the FMA

- Consumer credit (e.g. home loans, personal loans, vehicle loans, BNPL, mobile trader contracts)
- Consumer leases
- Buy-back transactions of land
- Business credit
- Debt collectors

### Indirect regulatory relationship

- Creditors' agents
- Advisers/brokers

## Insurers



Provides risk management functions for both individuals and businesses.

- Life insurance
- Non-life insurance

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## Capital Markets

Enables matching of issuers with investors, and creation and trading of securities.



### Direct regulatory relationship with the FMA

- Issuers
- Licensed market operators (e.g. financial product markets such as NZX)
- Derivatives issuers
- Alternative capital raising (e.g. peer-to-peer and crowdfunding)
- Financial market infrastructures (e.g. settlement systems)

### Indirect regulatory relationship

- Brokers
- Investment platforms

## Investment Management

Provides investment vehicles and services to enable investors to seek returns on capital.



### Direct regulatory relationship with the FMA

- Retail managed funds, KiwiSaver, superannuation etc
- Supervisors and licensed independent trustees
- Discretionary investment management services (DIMS)

### Indirect regulatory relationship

- Wholesale funds
- Custodians

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## Multi-sector

- Audit
- Climate reporting entities



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