

# WHITE LIST FOR THE PURPOSES OF BS11: OUTSOURCING POLICY FOR REGISTERED BANKS

All of the material set out in this document forms part of the requirements referred to in those conditions, except material that is identified as guidance by being included in a shaded box like this.

Prudential Supervision Department  
Document for the purposes of BS11

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1. Telecommunication services, equipment and public utilities (including predictive dialler and automated voice recording services);
2. Discrete advisory services (e.g. legal opinions, certain client-related investment advisory services that do not result directly in investment decisions);
3. Share, domestic note and bond registry and management services;
4. Securities trading agent/provider;
5. Sales, promotional and direct marketing products and activities;
6. Sponsorship, brand or promotional arrangements;
7. Fleet leasing services;
8. Rental property leases;
9. Temporary help and temporary contract personnel;
10. Generic or specialised recruitment and training services, and other incidental human resources related to these activities;
11. Repair, support and maintenance of fixed assets (whether owned or leased);
12. Security system, premises access and guarding services;
13. Title search and security/collateral registration services;
14. Reference and background check services;
15. Debt collection;
16. Production of plastic cards and cheques;
17. Custodial services;
18. Sales and distribution arrangements such as mortgage brokers, financial planners and other commission-based arrangements;
19. Fraud and forensic detection and monitoring services;
20. Agency and trustee arrangements for:
  - a. treasury programmes; and
  - b. syndicated loan facilities.
21. Wealth and insurance functions
22. Data mining, customer surveying and rewards programmes for marketing purposes;
23. Internet and network security services, including penetration testing;
24. Sanctions filtering systems.

## Australian-Owned Large Banks Proposed Modifications and Additions to the White List

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### White List items modified (modifications in green):

11. Installation, repair, support and maintenance of fixed assets (whether owned or leased);
23. Internet, and network and mainframe security services, including penetration testing and PKI certificate management;

### Additional White List items with rationale (in blue):

1. Bank statement printing;
2. Proprietary software or software licensed in perpetuity with no termination rights that is hosted on the New Zealand Bank's systems, and there is no reliance on a Third Party for support or maintenance (other than for routine standard support offering from the software vendor);

This item was moved to the Pre-Approved Functions and Services List (Pre-approved List) in the Exposure Draft – the Large Banks consider this should go back on the White List as these arrangements are not Outsourcing as there is no reliance on a Third Party.

3. Licensed software that is licensed directly to the New Zealand Bank to the extent it exclusively relates to one or more White List functions;

This item was moved to Pre-Approved List in the Exposure Draft – the Large Banks consider this should go back on to the White List as this software relates to White List functions that are not Outsourcing.

4. Support or maintenance of either proprietary or licensed software that is licensed to the New Zealand Bank directly, to the extent it exclusively relates to one or more White List functions;

This was moved to Pre-Approved List in the Exposure Draft – the Large Banks consider this should go back on to the White List as the software support and maintenance relates exclusively to White List functions and therefore is not Outsourcing.

5. Market information and data services (e.g. Moodys, Bloomberg, Standard and Poor's, Fitch, Reuters or equivalent), including market research and analysis services;
6. Data matching services, including personal information matching, valuation data and credit reporting;
7. Real estate appraisal and valuation services;

Items 4, 5 and 6 were moved to the Pre-Approved List in the Exposure Draft the Large Banks consider these should go back on White List as they are not Outsourcing but are specialist information and valuation services or market expertise purchased by a Bank, and are readily available from a number of different specialist providers.

8. Independent audit reviews;

This was previously removed from the White List – the Large Banks consider this should be added back to the White List as this is not Outsourcing, but is external assurance expertise provided by a professional.

9. Independent professional consulting services;

Expertise/consulting provided by professionals - e.g. professional support relating to information technology and communications, business strategy, expert reviews, tax advice etc.

10. Services that a Bank is not legally able to provide;

11. Off the shelf software as a service (SaaS), purchased via online Click to Accept terms;

Software as a service that is publically available online, purchased (often via a business credit or purchasing card) on standard terms and conditions that are non-negotiable on a "click to accept" basis.

12. General business office software, regardless of licensing structure and hosting, that supports office functions;

e.g. 7-zip, Office, Adobe, Outlook, Lotus Notes, applications for internal audit / legal data repositories.

13. Payment or merchant aggregators providing an intermediary transaction switch between merchants and EFTPOS NZ / Paymark NZ/ Direct Payment Solutions (as relevant)

Aggregators is a term used to describe the activity where an intermediary aggregates payments from different merchants before submitting them to a switch so as to get the advantage of volume pricing. They can enable a merchant to accept cards without entering into a merchant service agreement with a bank.

14. Introducers;

Introducers refer merchants to a Bank and undertake a limited level of due diligence on the merchant.

15. Payment Facilitators;

Payment Facilitators undertake know-your-customer (KYC) and merchant due diligence before referring to a Bank.

16. External regulatory agencies' legislative and tax compliance requirements (excluding any prudential supervisory regulatory requirements);

e.g. FATCA and GATCA solutions, OTC requirements etc.

17. Workplace Health & Safety incident and hazard recording, reporting and management systems;

18. Human Resources management and reporting systems and services (including learning & development, remuneration, payroll and performance management);

19. Anti-Money Laundering/Counter-Terrorism Financing reporting and monitoring services;

20. Compliance and operational risk and incident management and reporting systems;

21. Project management applications and systems;

These are for the oversight and management of projects, including budgeting, reporting, contractor management etc.

22. Document scanning, storage and archiving systems and services;

23. Standard business-as-usual infrastructure, application and software upgrades;

For example, where the system, application or software receives standard upgrades but there are no other changes to the underlying system, application or software functionality.

24. Automation services and efficiency applications which are used to improve the speed, accuracy and efficiency of data transmission, management, processing, operations or security, but which are not essential to the storage or processing of data;

25. Non-transactional customer and internal management reporting and analytics applications;

For example, use of a range of general business utility applications to extract and analyse data for both customer and bank internal reporting purposes.

26. Lease and rental portfolio management and reporting applications;

For example, use of applications and/or third parties to manage rental portfolios, including rent payments and reporting.