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**TO:** Hon Nicola Willis, Minister of Finance

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**Update:** Review of Key Capital Settings at 10 July 2025

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## Purpose

To provide you with a regular update on the Review of Key Capital Settings (**the Review**) ahead of your meeting with the Reserve Bank on 15 July 2025.

## Key updates

We last provided you an update memo on 29 May 2025 and a verbal update when we met you on 19 June 2025. Annex 1 provides a dashboard update of the Review.

### Independent international experts

We have onboarded our international experts, Sir John Vickers and Thorsten Beck, and are having regular meetings with them to explore specific topics.

They will have an initial meeting with the Financial Stability Oversight Committee (**FSOC**) of the Reserve Bank Board on 9 July 2025 to discuss initial thoughts on our approach and draft proposals.

### Independent comparison of international capital requirements

We have engaged Oliver Wyman<sup>1</sup> to prepare an independent report covering an international comparison of our capital settings. Work is underway, and they have sought feedback from members of the New Zealand Banking Association and Non-Bank Deposit Takers Reference Group on Oliver Wyman's proposed methodology to undertake the comparison. They are currently finalising their methodology, but all feedback was supportive of the overarching approach.

We expect a first draft of their report in early July, with a finalised report in late July. We intend to publish the finalised report alongside the position paper and feedback can be provided as part of the consultation process.

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<sup>1</sup> Oliver Wyman is an international management consultancy, with expertise in the financial services sector.

## Internal Analysis

We are refining a shortlist of proposed options that we intend to consult on as part of a position paper in late August to early October. Our proposed range of options incorporates the outputs of the risk weight review we started last year. It also considers how we can introduce more proportionality and efficiency while still meeting our statutory purposes as prudential regulator. We have also assessed key developments since the 2019 Capital Review, and are updating our options assessment criteria and cost benefit analysis.

We intend to seek the Board's approval on the proposed options for consultation in late July. This timing is key to enable us to have final decisions in December, and any delays will have knock-on effects on timing.

## Next steps

The high-level steps for the next few months are:

Month	Targeted milestone
July	We will seek a decision from the Reserve Bank Board on proposed policy positions for consultation, following discussion with the international experts.
August	We will continue to write and refine the position paper on our analysis and proposed options ahead of its publication.
	We will provide you a draft of the position paper and discuss it with you.
	We will publish the position paper for consultation and will commence workshops with stakeholders.
September	We will engage stakeholders during the consultation period.
October	We will update you after consultation closes in early October on the feedback we received. This feedback will inform the next stage of analysis.

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**Annex 1** – Status update at 10 July 2025

## Annex 1 – Status update at 10 July 2025

## Review of Key Capital Settings Dashboard – 10 July 2025

KEY MILESTONES								
April	May	June	July	August	September	October	November	December
Scoping and procurement	Analysis		Decisions on consultation positions	Finalising position paper	6-week public consultation	Post-consultation analysis	Final decisions	
RAG	DELIVERABLES		UPDATE				DUE	
INDEPENDENT INTERNATIONAL EXPERTS								
	<b>Review of RBNZ analysis by independent international experts</b>		<p>We have provided background material to, and had initial conversations with, the independent experts. They are providing feedback on our proposals.</p> <p>They will meet with FSOC in July to discuss their initial thoughts on our approach and draft proposals.</p>				<p><b>Initial views to support decisionmakers:</b> July</p> <p><b>Final Report:</b> December</p>	
CONSULTATION PAPER								
	<b>Comparison of international capital requirements</b>		<p>We have contracted Oliver Wyman undertake this independent report. They have sought and considered feedback from banks and NBDTs on their methodology.</p> <p>We expect a first draft by mid July.</p>				<p><b>Draft report:</b> Mid July</p> <p><b>Final report:</b> End July</p>	
	<b>Assess key developments since the 2019 Capital Review</b>		<p>In June RBNZ Board supported direction of travel based on our initial analysis.</p>				<p>End July</p>	
	<b>Consider whether risk weights accurately reflect risk</b>		<p>We have developed and are refining a range of options for consultation and intend to seek Board approval of these policy positions in late July.</p>					
	<b>Develop range of potential options to seek feedback on</b>		<p>While currently largely on track, the refinement of policy options is a complex and time-consuming task we are conducting under urgency. If positions are unable to be agreed in July, this will have knock-on effects on the broader timeline of the Review.</p>					
	<b>Consider the costs and benefits of all potential options</b>							