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

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**Update:** Review of Key Capital Settings at 27 November 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 3 December 2025.

We are also happy to discuss any further questions you have following your meeting with the international experts on 12 November.

## Key updates

- Following the consideration of submissions, and further analysis, we have provided advice on capital settings to the Board’s Financial Stability Oversight Committee (**FSOC**) for consideration on 1 December.
- We consider the final package of recommendations promotes financial system stability and deposit taker soundness, but also improves efficiency, maintains proportionality, and enhances alignment with the rules of the Australian Prudential Regulatory Authority (**APRA**) as appropriate. It also supports our preferred approach for dealing with distressed trans-Tasman deposit takers. These benefits have been considered alongside the risks outlined by the international experts.
- Final decisions will be taken by the full Board on 11 December, with announcements to follow by 16 December.
- Following discussion at the FSOC meeting on 1 December, we anticipate being in a position to provide a substantive update at our meeting with you on 3 December on the FSOC’s thinking. The purpose is to ensure that you are well prepared to respond to media and stakeholder interest when the Board takes a decision and announces this, on a no surprises basis.
- We intend to provide your office with draft communications material, including Q&As, shortly after the Board takes final decisions and in advance of the announcement.

## Refined proposals

Our revised analysis was informed by feedback from stakeholders, the independent experts, the Treasury and APRA. As set out in RBNZ#6328, the key areas of focus for us in making final recommendations were:

- the articulation of the Board's risk appetite,
- comparison with the APRA's rules,
- whether there can be additional granularity in some risk weights,
- re-testing the proposals on the output floor and scalar considering competing feedback from small and large deposit takers, and
- refining our external communications strategy – which will be key to ensuring the outcomes are well understood and enduring, and stakeholders feel as though we have addressed all their feedback.

We consider the final package addresses these key areas, and the remaining challenges will be ones of communication, and accelerated implementation in 2026.

While some stakeholders may still not agree with all our decisions, including in areas where we received conflicting submissions, we anticipate stakeholders will be satisfied with their opportunities to contribute and be heard through the process. To this end, we are putting a heavy emphasis on our communication strategy and the summary of submissions to be made public. We have actively sought bilateral meetings with several stakeholders to ensure they feel they have had an opportunity to speak directly with us.

## Next steps

As set out in RBNZ #6328, the main milestones until the end of the year are:

Date	Targeted milestone
1 December	The FSOC will consider advice on capital settings.
11 December	The Board will decide on capital settings.
12 December	We will update you on the Board's decisions and provide your office with our draft communications material, summary of key decisions, and Q&As.
By 16 December	Announce the Board decisions on finalised capital settings. This will be accompanied by a media briefing sessions so journalists can ask technical questions of our specialists.

An updated high-level implementation plan for 2026 provided to you in RBNZ#6328 is at Annex 2.

As you are aware, to bring in changes to the settings ahead of the Capital Standard coming into force in late 2028, amendments may need to be made to the existing regulations for non-bank

deposit takers (**NBDT Regulations**). Changes to these regulations are made by Order in Council by the Governor-General on your advice. We will provide you with further advice on this step in the new year or whether there is an administrative option available to the Bank to make this change. Alongside this, we will commence the process to amend the Banking Prudential Requirements (**BPRs**), which will implement the new settings for registered banks.

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**Annex 1** – High level implementation plan

## Annex 1 – High-level implementation plan

Date	No-LAC option chosen	LAC option chosen
December 2025	<b>By 16 December:</b> High-level policy decisions announced, including publication of a media release, independent experts' reports and Consultation Paper submissions.	
H1 2026	<p><b>February 2026:</b> Full documentation published including summary of submissions with our detailed responses, an updated cost benefit analysis and full implementation schedule.</p> <p><b>Late February 2026:</b> Expected cabinet meeting seeking approval for changing NBDT regulations to give effect to changes for NBDTs ahead of Capital Standard coming into effect in late 2028.</p> <p><b>March/April 2026:</b> Short consultation on updated drafting of BPRs to give effect to changes for banks ahead of Capital Standard coming into effect in late 2028.</p> <p><b>June 2026:</b> Short consultation on updated drafting of NBDTs regulations to give effect to changes for NBDTs ahead of Capital Standard coming into effect in late 2028.</p>	<p><b>June-August 2026:</b> Consultation on Capital Standard exposure draft and guidance (rules for all deposit takers from late 2028). Policy consultation on crisis preparedness standard and a "Bail-in Standard" covering LAC requirements, alongside the publication of indicative resolution strategies.</p>
H2 2026	<p><b>1 October 2026:</b> target date for updated BPRs to come into force, covering new risk weights and first annual step changes in capital ratios.</p> <p><b>1 October 2026:</b> target date for updated NBDT regulations to come into force with new risk weights and annual step change in capital ratios.</p>	
2027	<p><b>February-April 2027:</b> Consultation on an exposure draft of a "Bail-in Standard" setting out LAC requirements.</p> <p><b>May 2027:</b> Consultation on exposure draft of Crisis Preparedness Standard</p> <p><b>31 May 2027:</b> Final Capital Standard issued.</p> <p><b>1 October 2027:</b> Annual step change in capital ratios.</p>	
2028	<p><b>1 December 2028:</b> Capital Standard (including the LAC requirements if a LAC option is chosen) commences, annual step change in capital ratios.</p> <p><b>Late 2028:</b> Crisis Preparedness Standard issued.</p>	
2029 and beyond	<p><b>TBC:</b> Implementation of new capital ratio requirements expected to be complete in 2029.</p>	<p><b>TBC:</b> Finalise transition to new capital ratio requirements and introduce LAC requirements.</p> <p><b>Mid-2029:</b> Publish the Statement of Approach to Resolution.</p>