

Hon Nicola Willis

Minister of Finance
Minister for Economic Growth
Minister for Social Investment



- 2 MAR 2026

Rodger Finlay
Chair, Board of Directors
Reserve Bank of New Zealand

[23]

Dear Rodger

RESPONSIBLE MINISTER'S 2026/27 EXPECTATIONS FOR THE RESERVE BANK OF NEW ZEALAND

Thank you for the leadership of the Board over a period of significant transition for the Reserve Bank. With the appointment of Dr Anna Breman as Governor and the full Board in place, this letter outlines my expectations for how the Reserve Bank of New Zealand (the Reserve Bank) Board can continue to support the delivery of the Government's priorities, as well as my specific and general governance expectations for the Reserve Bank for the 2026/27 financial year.

The Government remains committed to fostering a strong and productive economy that lifts living standards of all New Zealanders. The Reserve Bank plays a critical role in achieving these objectives through its roles of contributing to low and stable inflation, promoting a sound and efficient financial system, and ensuring payment and settlement systems operate efficiently and reliably.

Transparency and accountability of the Reserve Bank

The Government places significant importance on transparency of the Reserve Bank to ensure greater public accountability and better understanding of its policy and regulatory decisions. I see continuing the work underway to enhance transparency and accountability as a key priority for the year ahead.

Financial system policy

I welcome the decision to establish the Financial Policy Committee (FPC) to enhance the effectiveness of the Reserve Bank's governance and prudential decision-making framework, and the consideration being given to how the FPC Charter provides for the appropriate level of communications, public engagement and transparency of decision-making.

[33]

Monetary policy

[33]

The Board's statutory role of reviewing the performance of the MPC is an important element of the overall monetary policy accountability framework, which I encourage you to consider enhancing. This may include consideration of greater public transparency of the Board's assessment framework and the analysis of the MPC, and a deeper assessment of performance-related responsibilities.

I appreciate the Reserve Bank's ongoing cooperation with the independent review of monetary policy, and I expect the Reserve Bank to give due consideration to its findings and recommendations. I also look forward to considering the review of the Memorandum of Understanding on Alternative Monetary Policy tools, ensuring the Reserve Bank is well-positioned to respond to future economic challenges.

I understand the 2024-2028 Statement of Intent will be amended to reflect recent changes to the operating environment, and I encourage the ongoing work to improve the Reserve Bank's performance framework. I expect ongoing engagement with the Treasury on the performance measures for the 2026/27 Statement of Performance Expectations.

Progression of key work programmes

It is important to me that a balanced approach is taken across the various elements of the financial stability framework, and I encourage the Reserve Bank to consider this when carrying out its wider work programme.

Banking competition

The Competition Letter of Expectations dated 10 December 2024 outlines the key areas I expect the Reserve Bank to continue to prioritise when setting prudential regulation and making policy decisions. I note that the Reserve Bank has made several commitments in response to the recommendations made by the Finance and Expenditure Committee inquiry into banking competition. I expect that the Reserve Bank progresses these commitments in a timely manner and I am updated on a regular basis.

I acknowledge and appreciate the progress that the Reserve Bank has made with competition-enhancing initiatives, particularly its engagement with the inquiry, broadening access to the Exchange Settlement Account System, and the public consultation on the use of the term 'bank'.

I appreciate the work undertaken during 2025 on the review of capital settings for deposit takers, including your analysis of a range of alternative options, your engagement with stakeholders throughout the process, and consideration of efficiency and competition.

I welcome the Reserve Bank's plan to monitor the impacts of its capital review decisions. I also encourage the Reserve Bank to undertake further work to review other risk weights raised by stakeholders as part of the review and to work to implement the capital review decisions, including accelerating changes for non-bank deposit takers.

I expect the Reserve Bank to continue its collaboration with industry stakeholders to pursue competition-enhancing initiatives, including reducing barriers to lending for housing on Māori freehold land and supporting basic bank accounts being made widely available.

Finally, the current Financial Policy Remit issued by the Government highlights the need for a flexible regulatory environment capable of addressing emerging challenges. I expect that the Reserve Bank proactively reviews its regulatory tools and work programme to ensure policies do not unnecessarily hinder competition or economic efficiency in the future.

Deposit Takers Act 2023 (DTA) standards

It is important for regulatory certainty that the DTA implementation programme continues to progress. I encourage the Reserve Bank to complete its exposure draft consultation process in 2026 to allow for final standards to be issued, and licensing to commence, as anticipated in 2027.

Crisis preparedness, management, and resolution

The Reserve Bank has made significant progress in developing its crisis preparedness, management, and resolution functions, including with the implementation of the DTA, establishment of the Depositor Compensation Scheme (DCS) and formalisation of the Reserve Bank's role as resolution authority.

It is important that the crisis preparedness and management framework is further developed in a timely manner. This work should ensure a balanced approach is taken across the wider tools available, including resolution preparedness, DCS functionality and supervision, to ensure resilience of the financial system.

Along with cooperation with trans-Tasman partners, I expect the Reserve Bank to engage closely with the Treasury, including on the development of the Crisis Preparedness Standard, the implementation of resolution strategies, and the preparation of the statutory Statement of Approach to Resolution.

The Reserve Bank's role in whole-of-Government initiatives

Payment system modernisation

I welcome the Reserve Bank's efforts to lead modernisation of New Zealand's retail payments system and look forward to significant progress in this space. I expect close collaboration with key government agencies and industry stakeholders, particularly the banks and Payments NZ to deliver a fit-for-purpose payments system that meets the needs of New Zealanders and supports economic dynamism.

I am also supportive of the Reserve Bank's efforts to improve access to cash services and overall resilience of the cash system. I encourage the Reserve Bank to work with industry to implement sustainable solutions to this critical issue.

Single Economic Market

The Australia and New Zealand's Single Economic Market aims to create a seamless trans-Tasman business environment by reducing regulatory differences, aligning standards, and integrating economies. I ask the Reserve Bank to explore opportunities to work with its Australian counterparts closely on areas of mutual interest, in particular with a view to more closely align non-financial risk management regulatory settings.

General expectations

The Government expects all public organisations, including the Reserve Bank, to focus on delivering core objectives and work along stakeholders to improve performance.

Fiscal discipline

The Reserve Bank has proactively responded to the 2025-30 Five Year Funding Agreement, which has included a large organisational change programme, prioritisation of its work programme and improvements in its financial controls. I appreciate the Board is pursuing subletting of some of its Auckland premise, and I expect the Reserve Bank to continue to evaluate its cost efficiency and seek opportunities for further cost savings.

Supporting management of the Government's legislation programme

The Government has a busy legislative work programme that requires us to make challenging prioritisation calls about what legislation to progress and its phasing. I ask that whenever the Reserve Bank is contemplating policy that may require legislative change, you give me visibility of this as early as possible and well before policy proposals are fully developed, and also work with the Treasury to ensure that these can be considered and prioritised as part of the annual legislative bids process.

Stakeholder engagement

I expect that the Reserve Bank has open and constructive engagement with the regulated sector, as exemplified by the proactive engagement with stakeholders throughout the review of capital settings for deposit takers and also to work collaboratively with other Government agencies with roles in the financial sector, for example through the Council of Financial Regulators, including the work I have commissioned from the Council on insurance affordability.

I continue to expect the Board to operate in a politically impartial manner and in accordance with high professional and ethical standards and the Board's code of conduct, as outlined in my previous Letters of Expectations and consistent with the Treasury's [Owner's Expectations](#) document, where appropriate.

Response to the Letter of Expectations

In your Strategic Issues letter, due 31 March 2026, I ask that you outline how you plan to respond to the expectations outlined in the Letter of Expectations. I ask the Board identify opportunities and include actions to address these expectations in the Reserve Bank's business planning documents.

My officials at the Treasury are available to discuss these expectations and engage with the Reserve Bank as it carries out its 2026/27 business planning. I ask to be kept informed on a 'no surprises' basis about how the Reserve Bank is giving effect to its strategic direction, and any significant matters.

I wish you every success with your endeavours.

Yours sincerely



Hon Nicola Willis

Minister of Finance

cc Anna Breman, Governor, Reserve Bank of New Zealand, Anna.Breman@rbnz.govt.nz