

# DRAFT FOR CONSULTATION

## **Financial Markets (International Money Transfers) Amendment Bill**

Member's Bill

### **Explanatory note**

#### **General policy statement**

New Zealanders pay more for international money transfers than people in Australia, the UK, and the USA. The Commerce Commission has found that the fees charged to New Zealand consumers were opaque and poorly understood.

This is an issue for almost every Kiwi who will make an international money transfer or make a purchase online in a foreign currency. It is a particular issue for Pacific and other migrants that use international money transfer services very frequently to send money back home overseas, and as such they have a special need for price and fee transparency in this process. Banks charge a higher rate for acquiring (and therefore sending) international currencies than the prevailing mid-market rate in order to extract profit, and this effectively constitutes a 'hidden fee' when consumers want to make international money transfers through their bank. Because immigrant and diaspora communities use these services more frequently, they are more vulnerable to these hidden fees.

This bill amends the Financial Markets Conduct Act 2013. It will require greater transparency for fees charged on international money transfer services by:

- requiring fair conduct programmes to include effective policies, processes, systems, and controls to ensure disclosure of international money transfer fees;
- providing for regulations to be made prescribing specific disclosure requirements for fees and charges for international money transfer services, including how information must be displayed at premises or on a webpage (if the transfer is made electronically on-line).

#### **Clause by clause analysis**

*Clause 1* is the Title clause.

*Clause 2* is the commencement clause and provides for the Bill to come into force on the day after Royal assent.

*Clause 3* identifies the Financial Markets Conduct Act 2013 (**the Act**) as the Act amended by the Bill.

*Clause 4* amends section 6 of the Act to insert a new definition of international money transfer service.

*Clause 5* amends section 446J of the Act (Minimum requirements for fair conduct programme), to clarify the requirements in subsection (1)(j) regarding communicating with consumers about the financial institution's relevant services or associated products. It also inserts *new section 446J(1)(ja)* to require that a fair conduct programme must include effective policies, processes, systems, and controls for ensuring that customers using international money transfer services are provided with sufficient information to be able to determine the total cost of a transaction, inclusive of all fees and rates prior to the transaction being initiated, and at a minimum provide for the entire fee for an international money transfer service to be prominently displayed at the time and place the service is provided.

*Clause 6* amends section 546 of the Act, which is a regulation-making power, to provide for regulations to be made to prescribe how and where information about international money transfer services must be provided.

*Arena Williams*

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## **The Parliament of New Zealand enacts as follows:**

### **1 Title**

This Act is the Financial Markets (International Money Transfers) Amendment Act **2025**.

### **2 Commencement**

This Act comes into force on the day after Royal assent.

### **3 Principal Act**

This Act amends the Financial Markets Conduct Act 2013.

### **4 Section 6 amended (Interpretation)**

In section 6(1), insert the following definition in its appropriate alphabetical order:

**international money transfer service** means the transfer of money from a person in New Zealand to an overseas recipient where, as part of the service, money is converted from New Zealand dollars to another currency

**5 Section 446J amended (Minimum requirements for fair conduct programme)**

Replace section 446J(1)(j) with:

- (j) communicating with consumers about the financial institution's relevant services or associated products in a timely, clear, concise, and effective manner, including by—
  - (i) having in place a framework for engaging with consumers to ensure the suitability of products and services, including on an ongoing-basis; and
  - (ii) establishing systems and controls to achieve good consumer outcomes, including providing informative updates about changes to products and services; and
  - (iii) ensuring that information about fees, charges, commissions, interest, or premiums that are connected with a product or service is fully disclosed to a consumer before that fee or charge is incurred; and
- (ja) in respect of international money transfer services, ensuring that—
  - (i) consumers are provided with sufficient information to be able to determine the total cost of a transaction, inclusive of all fees and rates, prior to the transaction being initiated; and
  - (ii) at a minimum, the entire fee charged for international money transfer services is displayed in a prominent location at the time and in the place that the services are provided; and

**6 Section 546 amended (Regulations for purposes of Part 6 (market services))**

After section 546(1)(oa)(vi), insert:

- (via) how and where information about costs associated with international money transfer services must be displayed, including how fees and rates are specified: