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15 October 2026

Submitted via: Policy.Consultation@rbnz.govt.nz

Reserve Bank of New Zealand Te Pūtea Matua
Wellington

Re: Prudential levy consultation

FinCap welcomes the opportunity to comment on The Reserve Bank of New Zealand Te Pūtea Matua Prudential levy consultation. We support the pursuit of levies as a means of cost recovery for essential services. While this consultation has a clear focus on cost recovery for prudential regulation, we seek to draw decision makers' attention to the need for increased and ongoing funding for essential financial mentoring support in communities.

In good economic times, and in bad, many will face difficulty with debt and accessing the essentials. Financial mentors are the non-judgemental experts for helping anyone find a path away from financial difficulty that works for them. Many businesses and agencies rely on financial mentors to assist their customers when times get tough or where the work for better outcomes falls outside the scope of what those businesses or agencies can deliver.

Financial mentors are vital to our communities, and too many are having to go above and beyond just to keep being available to whanau who are struggling with their household finances. There is a very real need for government and industry to provide financial mentors with increased and ongoing funding.

Our sector needs to secure at least $30.5m more funding each year so everyone can access an expert financial mentor when they need one.[1] The Ministry of Social Development provides $19.5 million of sustainable funding for 181.5 FTE financial mentoring roles. This compares to our conservative modelling of 318 FTE needed just to keep up with current demand.[2]

FinCap continues to recommend that industry provides up to $25m of the current annual funding gap for financial mentoring. Levies on a range of industries, like the *Financial Guidance Levy* in the United Kingdom,[3] would be the most sustainable and equitable way of implementing funding certainty for financial mentors from industries that benefit from financial mentors' work.

FinCap reiterates recommendation 3 from our Voices report that - the government, KiwiSaver providers, lenders and FinCap start working together on levies to address some of the gap in financial mentoring funding.[4]

About FinCap

FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the 183 local, free financial mentoring services across Aotearoa. In 2025 FinCap could see more than 30,654 closed financial mentoring cases in the Client Voices system

[1] FinCap, 2026. *Support for financial mentoring in Aotearoa New Zealand; Industry Co-funding Paper*
[2] Ibid, p.6
[3] Expanded from an earlier 'bank levy,' see: Ibid, p.11 for relevant discussion.
[4] FinCap, 2026. *Voices: Update on income, expenses and debt trends, as well as the need for sustainable funding for financial mentoring and licensing requirements for debt collection*

we provide for most of those services, a 57% increase from 19,543 whānau facing financial hardship and accessing support in 2021. We lead the sector in the training and development of financial mentors, the collection and analysis of client data and encourage collaboration between services. FinCap also works with government and businesses towards greater financial wellbeing in communities.

Please contact Senior Policy Advisor Jake Lilley on jake@fincap.org.nz or 027 278 2672 to discuss any aspect of this submission further.

Ngā mihi,



Fleur Howard
Chief Executive
FinCap