



FINANCIAL SERVICES FEDERATION

2 October 2025

Committee Secretariat
Transport and Infrastructure Committee
Wellington

By email: ti@parliament.govt.nz

Dear Sir/Madam

Thank you for the opportunity for the Financial Services Federation (the FSF) to submit on the Regulatory Systems (Transport) Amendment Bill (the Bill).

By way of background, the FSF is the industry body representing specialist lenders operating in New Zealand. We have around 100 members (a list of which is attached as Appendix A) which include motor vehicle finance providers, specialist housing lenders, Non-Bank Deposit Takers (NBDTs), the larger finance companies operating in New Zealand, fleet leasing providers, commercial asset leasing and finance providers, credit-related insurers and Affiliate members which include internationally recognised legal and consulting partners.

Our members provide their products and services to more than 1.7 million New Zealand consumers and businesses. Data relating to the extent to which FSF members (excluding Affiliate members) contribute to New Zealand consumers, society and the economy is attached as Appendix B.

Introductory Comments:

Overall, the FSF is very supportive of the amendments contained in the Bill that seek to modernise the transport regulatory system to maintain and improve effectiveness and efficiency and reduce the chance of regulatory failure.

The way in which the Bill seeks to achieve this objective is by ensuring that regulators have the necessary tools to carry out their regulatory functions effectively; improving regulatory system efficiency and removing unnecessary compliance costs, including by modernising legislation to enable convenient digital service alternatives to physical licences and labels; and addressing regulatory duplication, gaps, errors, and inconsistencies within transport legislation.

The FSF believes that the changes the Bill brings about will largely achieve those objectives and we are very supportive of any initiatives that remove unnecessary compliance costs in particular.

Digital modernisation:

The FSF is particularly supportive of the proposal to introduce digital alternatives for transport services to enable the future use of digital driver licences; enable the electronic issuing of infringement and other regulatory notices; and enabling electronic alternatives to requirements to carry and display physical licences and labels, including warrants of fitness, certificates of fitness, and alternative fuel inspection certificates.

However, the FSF notes that among the digital alternatives cited in the Bill vehicle registration labels and Road User Charges are not specifically mentioned as being included for a digital alternative. It is therefore not clear whether it is intended that a digital alternative for vehicle registration labels and Road User Charges will be provided for as a result of this Bill. Whilst digital alternatives are being considered as part of the amendments this Bill will make, the FSF strongly urges the specific inclusion of allowance for digital vehicle registration labels and Road User Charges.

As shown in Appendix A, the FSF represents the major fleet leasing providers operating in New Zealand. These firms provide motor vehicle fleets to Government departments, corporates, and large and small businesses. They are responsible for approximately 100,000 passenger, light and heavy commercial vehicles operating on New Zealand roads.

At present, fleet leasing providers have to physically print individual vehicle registration labels each time they are renewed and courier them out to the individual drivers of all the vehicles in their fleet. One leasing member alone advises that this represents 30,000 individual paper registration labels being couriered to their customers each year.

The cost of this outdated practice to fleet leasing providers is enormous. Each member has their own team of people responsible for physically printing vehicle registration labels as they fall due and couriating these out to the individual drivers of the vehicles who will then, hopefully, replace the expired label on their vehicle with the new one.

The providers rely on courier services to get these labels to the right place at the right time as they cannot rely on New Zealand Post deliveries to do so, and it is a risk to them if the required label does not arrive at the right time. The use of courier services also provides traceability should the label go missing in transit.

The FSF therefore absolutely agrees that reducing reliance on paper-based systems will improve ease and efficiency for both providers and users of transport services and will enable the New Zealand transport system to be more cost-effective and support wider government digitisation objectives. We would say let's do it, sooner rather than later.

However, the FSF cautions officials charged with delivering the digitisation project that it is essential they include the FSF's fleet leasing providers in the design of the digital solution to

ensure that the solution is able to be applied seamlessly without imposing further cost on to business to be able to deliver through the solution.

Because FSF's fleet leasing provider members are responsible for hundreds of thousands of vehicles and their accompanying labels, any solution needs to be cost-effective and efficient for both the business and their customers.

An example where the lack of such consultation played out with unintended consequences which left officials scrambling at the last minute to achieve a solution was the introduction of the Clean Car Discount/Feebate Scheme by the previous government. With no consideration that hundreds of thousands of vehicles in the New Zealand fleet are not privately owned but are in fact owned by a fleet leasing or management company, the industry was left at the last minute prior to implementation trying to find a solution as to who paid the fee or received the rebate.

Amendments to Land Transport Act 1998:

The FSF is in agreement with the proposed changes to the Land Transport Act 1998 as outlined in the Bill. However, as we have said previously, we believe it needs to be made clear in the Bill that the digitisation of New Zealand's transport services also includes the ability to issue electronic vehicle registration labels and Road User Charges alongside digital driver licences, infringement and other regulatory notices, warrants of fitness etc.

The FSF is particularly supportive of Clause 55 of the Bill which amends section 200 of the principal Act, subject to our comments below to ensure privacy and data security controls are in place. This amendment clarifies that the person to whom a photographic image relates may access the image when accessing and using their electronic driver licence.

The amendment also clarifies that the New Zealand Transport Agency (NZTA) may give a third-party access to photographic images of driver licence holders for the purposes of creating and maintaining an electronic register with the consent of the person to whom the photographic image relates.

It is this second amendment that is of particular interest to the FSF and our members. The New Zealand driver licence is the primary means of identity verification available to individual New Zealanders. When an individual is required to confirm their identity, their driver licence is the most commonly used means of doing so.

The FSF is aware that the NZTA does not agree with the fact that the New Zealand driver licence is an identity document – their view is that it is simply a licence to drive a motor vehicle on New Zealand roads. In practice however, the majority of New Zealanders provide the identity verification that is required for them to access financial services products and services under the Anti-Money Laundering and Countering of Financing Terrorism regime.

Unfortunately, the current driver licence system is open to abuse by criminal elements intent on committing fraud. The practice of misusing a person's driver licence details to produce a very authentic looking fraudulent licence document is widespread. It is difficult to obtain real data to support this but the Department of Internal Affairs' website states: "*It's difficult*

to get precise statistics on identity theft and crime but it's estimated that thousands of New Zealanders are victims of identity theft annually and the resulting identity crimes may cost the New Zealand economy in excess of \$200 million every year."

Fraudsters obtain an individual's driver licence details through many means. They then produce a copy of the licence that looks entirely genuine with the licence holder's photo replaced on the licence by one of their own. This will pass any biometric testing a financial services provider may use to verify the person's identity as the photo of the holder of the fraudulent licence will match with the photo on the licence being presented.

This then results in loans being approved that are entirely fraudulent and it is often not until the loan repayments are in default and the finance provider begins recovery action that the individual whose details have been misappropriated becomes aware of the fact that their identity has been stolen. This affects their credit rating and therefore their ability to access credit and other services until the issue has been rectified – by which time the fraudsters have received the loan proceeds, made off with their ill-gotten gains and moved on to their next victim.

If it was possible to access the driver licence photo database to verify that the photo on the driver licence being presented matches the photo of the genuine licence holder in the NZTA database, the vast majority of identity fraud perpetrated in New Zealand would be eliminated saving victims and businesses literally millions of dollars in the process.

Obviously, there would need to be strict controls around who and how the database could be accessed, particularly to allay any privacy concerns. The FSF submits that the way in which S200(4A) is written according to Clause 55 of the Bill, the provision of the photographic image to a third party for the purposes of identification or verification or both is allowable and this could be by providing the access only to third parties such as credit reporting agencies who could provide a service to verify that the photo on the driver licence being presented to the financial services provider matches the one in the photo database.

The FSF has no further comment to make on the Bill but please do not hesitate to contact us if you have any questions about this submission.



Lyn McMorran
EXECUTIVE DIRECTOR

Appendix A



FSF Membership List - August 2025

Non-Bank Deposit Takers, Specialist Housing/Property Lenders, Fleet Leasing Providers	Vehicle Lenders	Finance Companies/ Diversified Lenders	Finance Companies/ Diversified Lenders contd./ Social Impact Lenders, Credit-related insurers	Insurance Premium Funders, Affiliate Members	Affiliate Members contd.
<u>Non-Bank Deposit Takers</u> Finance Direct Limited ➤ Lending Crowd General Finance (BB) Mutual Credit Finance (B) Welcome Limited <u>Credit Unions/Building Societies</u> First Credit Union (BB) Nelson Building Society (BB+) Police and Families Credit Union (BB+) <u>Specialist Housing Lenders</u> Basecorp Finance Limited First Mortgage Managers Ltd. Pepper NZ Limited Resimac NZ Limited <u>Fleet Leasing Providers</u> Custom Fleet Euro Rate Leasing Limited Fleet Partners NZ Ltd ORIX New Zealand SG Fleet	Auto Finance Direct Limited BMW Financial Services ➤ Mini ➤ Alpha Financial Services Community Financial Services Daimler Truck Financial Services AU Pty Ltd Honda Financial Services Kubota New Zealand Ltd Mercedes-Benz Financial Motor Trade Finance Nissan Financial Services NZ Ltd ➤ Mitsubishi Motors Financial Services ➤ Skyline Car Finance Onyx Finance Limited Scania Finance NZ Limited Toyota Finance NZ ➤ Mazda Finance Yamaha Motor Finance	AfterPay American Express Avanti Finance ➤ Branded Financial Basalt Group Blackbird Finance Caterpillar Financial Services NZ Ltd Centracorp Finance 2000 DebtManagers Finance Now Future Finance Geneva Finance Harmony Humm Group Instant Finance ➤ Fair City ➤ My Finance Latitude Financial Lifestyle Money NZ Ltd Mainland Finance Limited Metro Finance	Nectar NZ Limited NZ Finance Ltd Partners Finance Personal Loan Corporation Pioneer Finance Prospa NZ Ltd Speirs Finance Group (L &F) ➤ Speirs Finance ➤ Speirs Corporate & Leasing ➤ Yoogo Fleet Turners Automotive Group ➤ Autosure ➤ East Coast Credit ➤ Oxford Finance UDC Finance Limited Yes Finance Limited Zip Co NZ Finance Limited <u>Social Impact Lenders</u> Money Sweetspot Ltd <u>Credit-related Insurance Providers</u> Protecta Insurance Provident Insurance Corporation Ltd	Arteva Funding NZ Ltd <u>Clearmatch</u> Elantis Premium Funding NZ Ltd Financial Synergy Limited Hunter Premium Funding IQumulate Premium Funding Rothbury Instalment Services <u>Affiliate Members</u> Alfa Financial Software AML Solutions Limited Buddle Findlay Chapman Tripp Credisense Ltd Deloitte EY FinTech NZ Finzsoft Happy Prime Limited IDCARE Ltd KPMG	Loansmart Ltd Match me Money Ltd Motor Trade Association Odessa Technology Inc. PWC Sense Partners Simpson Western <u>Symphonix</u> <u>Credit Reporting, Debt Collection Agencies.</u> Centrix Credit Corp ➤ Baycorp ➤ Collection House <u>Creditworks</u> Debtworks (NZ) Limited Equifax Experian Gravity Credit Management Limited Quadrant Group (NZ) Ltd Recoveries Corp NZ Ltd Total 97 members



FINANCIAL SERVICES FEDERATION (FSF)

THE SPECIALIST LENDING SECTOR - 2025



57%

NON-BANK

BANK

of personal consumer loans are financed by the **specialist lending sector** represented by FSF members

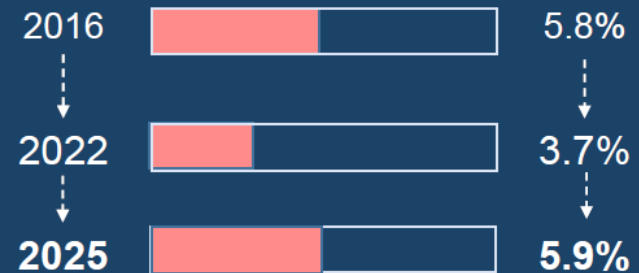
Setting industry standards for responsible lending, promoting compliance and consumer awareness.

Percent of Loan Requests Approved

50%



Percent of Loan Book in Arrears



KEY FACTS: THE SPECIALIST LENDING SECTOR

FSF Members (as at 31 Mar 2025)

Number of Members	100
Number of Employees	3,162
Total Value of Loans	\$22.25B
Applications Processed	1,187,492
Loan Requests Approved	588,671
Percent of Loan Book in Arrears	5.9%
Loan Disputes Upheld	TBC

Bank Sector (as at 31 Mar 2025)

Value of Mortgage Loans	\$369B
Value of Consumer Loans	\$7.6B
Value of Business Loans	\$127B

Specialist Lending Sector Share (Mar 2025)

% of Total Mortgage Loans	0.5%
% of Total Consumer Loans	57.2%
% of Total Business Loans	7.4%

Insurance Credit Related (as at 31 Mar 2025)

Number of Employees	174
Number of Policies	285,371
Gross Claims (annual)	\$13.2M

Consumer Loans (as at 31 Mar 2025)

Total Value of Loans	\$12.0B
Number of Customers	1,383,344
Number of Loans	1,488,692
Average Loan Size	\$8,070

Total Value of Loans:

Mortgage	\$1,839M
Vehicle Loan	\$4,850M
Unsecured	\$4,772M
Other Security	\$541M
Lease Finance	\$11M

Average Value of Loan:

Mortgage	\$293,661
Vehicle Loan	\$15,719
Unsecured	\$4,280
Other Security	\$9,244
Lease Finance	\$38,981

Business Loans (as at 31 Mar 2025)

Total Value of Loans	\$10.2B
Number of Customers	137,075
Number of Loans	226,820
Average Loan Size	\$45,146

Total Value of Loans:

Mortgage	\$3,033M
Vehicle Loan	\$3,033M
Unsecured	\$441M
Other Security	\$1,960M
Lease Finance	\$1,773M

Average Value of Loan:

Mortgage	\$824,431
Vehicle Loan	\$35,177
Unsecured	\$29,182
Other Security	\$42,184
Lease Finance	\$23,532