

SECURING NEW ZEALAND'S FUTURE



**BUDGET
2026**

Hon Nicola Willis Minister of Finance

28 May 2026

Financial industry to bear the cost for regulation

Budget 2026 introduces a new prudential levy on banks, non-bank deposit takers, insurers, and other financial market participants to help cover the costs of services provided by the Reserve Bank, Finance Minister Nicola Willis says.

“This mirrors the approach taken by the Financial Markets Authority and the Commerce Commission which fund much of their activity through levies on financial market participants.

“It is also consistent with international practice in countries like Australia, Canada and the United Kingdom.

“This levy will ensure the cost of regulation and supervision is borne by financial market players rather than taxpayers.

“The prudential levy is estimated to recover around \$209 million over the next four years. The levy will be paid to the Reserve Bank, with the revenue returned to the Government through an increased dividend.

“In a more unstable world, it’s important we strengthen the financial system, so it keeps working for Kiwis when times get tough.

“The Reserve Bank will commence consultation with the sector following the Budget. Cabinet is aiming to make decisions early 2027 with a view to the levy being introduced mid-2027.”

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Notes to editors:

- New Zealand’s financial services industry is large and profitable.
- The revenue from the new levy will be less than 1 per cent of the total profits of the big four banks alone.

- The Reserve Bank's prudential responsibilities include:
 - Licensing entities to operate in New Zealand.
 - Developing and issuing prudential requirements imposed on regulated entities.
 - Monitoring the financial health of regulated entities and supervising them to ensure compliance with prudential requirements.
 - Taking enforcement action against entities that breach their requirements.
 - Crisis management and resolution of entities in financial distress.

- The levy will apply to deposit takers, insurers and financial market infrastructure providers.
 - Deposit Takers: There are currently 27 registered banks and 14 licensed non-bank deposit takers in New Zealand
 - Insurers: There are currently 81 licensed insurers in New Zealand, operating across the general, life, and health insurance markets.
 - Financial Market Infrastructures (FMIs): There are currently five designated FMIs, which arrange and provide for the clearing, settlement and recording of financial transactions like payments, securities, and derivatives.