

## **Christian Hawkesby: Opening remarks - Financial Services Council Annual Conference**

Opening remarks by Mr Christian Hawkesby, Governor of the Reserve Bank of New Zealand, at the annual Financial Services Council Conference (FSC25), Auckland, 11 September 2025.

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Tn koutou katoa

Thank you for the chance to join the conference for the regulatory fireside chat.

It's the fourth year in a row that I've had the opportunity to participate, and the first time as Governor under this interim 6-month term.

I want to acknowledge that it's been a challenging period for the Reserve Bank of New Zealand (RBNZ), as we face a test of trust and confidence in us as an organisation.

It's typical for the RBNZ to be "in the news" for our policy decisions, publications and research. But for too long this year the RBNZ has been "the news", following the departure of the Governor in March, the loss of our Board Chair in August, and everything in between.

Trust and confidence in our economic institutions is what underpins our financial system and supports economic prosperity for New Zealanders.

That is why I want to assure you that we are resolutely focused on our mandate of delivering low and stable inflation in medium term, and a resilient and enabling financial system. Because this is our best contribution to enable you and your clients to have the confidence to Transform for Tomorrow – the theme of this year's conference.

One of the things that gives me confidence that we are well placed to deliver on our mandate is the governance changes that we have undergone, as part of our own transformation over the past 7 years.

Previously, from a legal perspective, the Governor was the RBNZ, as the sole decision maker on monetary policy, and all other policy and operational matters. Rolling the clock forward, we now have a well-established Monetary Policy Committee (MPC) responsible for formulating monetary policy, and a dedicated RBNZ Board responsible for Prudential Policy decisions amongst other things. The Governor chairs the MPC and is a member of the RBNZ Board.

This governance structure means that in times like these with turnover in leadership, we have the continuity to push ahead with an ongoing emphasis on delivering our mandate.

For the MPC, the main focus this year has been judging the impact of increased global trade barriers following so-called Liberation Day back in April. This has been challenging. While headline inflation has settled back in our 1-3 percent target range, the memory of high inflation is still in the minds of households and consumers, and the

lessons of supply chain disruptions on inflation are still fresh from the period of Covid-19, the Russian invasion of Ukraine and local weather events.

In the May Monetary Policy Statement, we assessed that on net the bigger impact of the rise in trade barriers was the hit to global demand, weaker global growth, and consequently less medium-term inflation pressure in New Zealand.

By the August Monetary Policy Statement, the main surprise was how much of a hit to domestic household and business confidence had occurred. The economy appeared to stall in the middle of the year, creating even more economic slack, and scope to lower the Official Cash Rate (OCR) even further.

While our central projection for the OCR is to fall to around 2.50% by the end of the year, that could occur faster or slower depending on how the economic recovery evolves. Further data on the speed of New Zealand's economic recovery will be what influences the future path of the OCR.

For the RBNZ Board, the main focus has been on delivering a review of capital settings for the deposit taking industry to meet our mandate of a resilient and enabling financial system.

Building on the Capital Review of 2019, this work acknowledges what has changed since, including: new legislation; new supervisory, enforcement and resolution tools and powers; a new Financial Policy Remit with a focus on competition, efficiency and innovation; and the international landscape for capital settings. We have put forward two options for capital setting that we think are strong, simple, proportionate and internationally comparable.

Feedback is vital for us to get this right. The consultation closes on the 3rd of October, and we are looking forward to receiving written submissions in response to our proposals. I know that feedback will get us to a better final decision by the end of the year.

Closer to home for members of the Financial Services Council, I want to assure you that we continue to be committed to completing the review of the Insurance (Prudential Supervision) Act 2010 (IPSA). In August, Cabinet agreed to a set of recommendations to progress an amendment Bill to make changes to IPSA - which you can view on our website.

This is not about having more regulation. But rather, having a regulatory framework that is fit for a modern financial system, with graduated regulatory tools and powers, and an internationally comparable approach. This will be a key focus for 2026.

Finally, we are proud that in our latest Relationship Charter survey 97% of regulated insurers rated their relationship with the RBNZ as 'good' or 'very good'. This was up from 81% the previous year.

We know that we need to work together with you with transparency and respect to continue to earn your trust and confidence, and to support you to Transform for Tomorrow.

N te rourou, nku te rourou, ka ora ai te iwi.

With your contribution and our contribution, the people will prosper.

Thank you.

I am happy to take questions.