

Review of Council of Financial Regulators

An assessment of form, role, and options

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Glossary

Abbreviation

CFR

CoFR

CoPs

FMA

MBIE

MfR

RBNZ

RIC

Stands for

Australian Council of Financial Regulators

Council of Financial Regulators

Communities of Practice

Financial Markets Authority

Ministry of Business, Innovation & Employment

Ministry for Regulation

Reserve Bank of New Zealand

Regulatory Initiatives Calendar

Executive summary

This review assessed the effectiveness and value of the Council of Financial Regulators (CoFR) in its current form and explored potential models for its future role in the financial system. The objective was to support officials and decision-makers in clarifying what CoFR is for, what value it can deliver, and how best to realise that value.

Stakeholder interviews, desk-based research and facilitated workshops have surfaced a strong consensus: CoFR remains an important mechanism for fostering regulatory coordination, but its current form does not consistently deliver on its potential.

While CoFR has made progress in enhancing cross-agency relationships and trust, there is a shared view that CoFR's current design has become diffuse, lacking clear prioritisation, accountability, and coordination. Stakeholders agree on the need for greater agility, more focused interventions, and stronger system-level risk oversight.

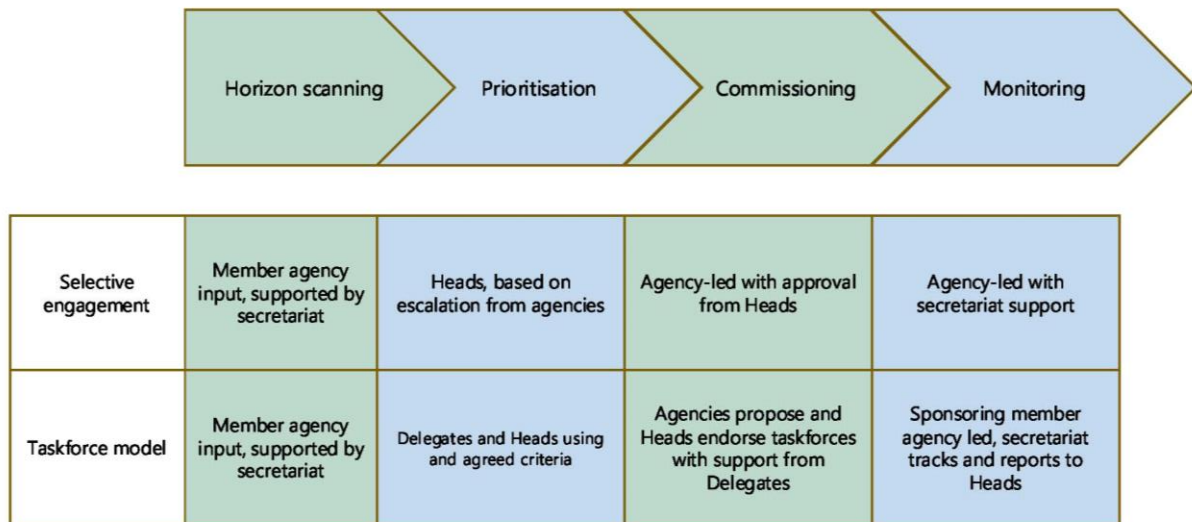
Two detailed future-state options for CoFR's structure are presented through this review. Both options are expected to reduce required resources, relative to the status quo. The proposed options are:

- 1. The taskforce model:** this model positions CoFR as a proactive, dynamic coordination platform that identifies system-wide vulnerabilities and responds through short-term, purpose-built taskforces. Each taskforce is sponsored by one or more agencies, has a fixed mandate and timeframe, and disbands on delivery. Strategic focus is maintained through horizon scanning and transparent prioritisation criteria. This model emphasises agility, accountability, and targeted system stewardship.
- 2. The selective engagement model:** this option envisions CoFR as a light-touch, reactive coordination backstop. Standing structures are disbanded, and CoFR intervenes selectively when bilateral or trilateral coordination is insufficient or where emerging risks require collective oversight. A small secretariat enables cross-agency conversations and horizon scanning but avoids formal programme management unless justified. Industry engagement is restructured to ensure shared leadership and clearer feedback loops.

Both models respond to the need for greater focus and impact but take different approaches: the taskforce model is more forward leaning and proactive, while the selective engagement model is more restrained and targeted. Either model would require cultural shifts, a lean coordinating function, and clearer expectations on agency roles and engagement. A key structural change under both options is the dissolution of Communities of Practice (CoPs). Both options retain industry forums, but suggestions are made under each for their form and general delivery.

The below diagram illustrates how issues are identified, prioritised, commissioned, and monitored under the two preferred models for CoFR's future. It focuses on the end-to-end process of standing up and overseeing joint work, from horizon scanning through to delivery.

Figure 1: Identification, prioritisation, commissioning, and monitoring of issues under each option



While the options differ in posture, one more proactive, the other more selective, both reflect a shift away from standing structures toward purpose-driven coordination, clearer accountability, and more deliberate use of regulatory capacity. Whichever path is pursued, successful implementation will depend not only on formal design choices, but on shared ownership, cultural change, and clarity of purpose. Membership configuration in the new model would also need to be considered.

The next step is for CoFR agencies to reflect on the options presented, weigh their respective merits and implications, and determine which model best aligns with their collective aspirations for the future of regulatory coordination. Once a preferred model is agreed, agencies will need to collaborate on a detailed implementation plan that defines roles, timelines, and transition arrangements. This will be critical to ensuring the chosen model delivers on its promise of greater focus, responsiveness, and system-wide impact.

Finally, there is a question of who should be around the Heads' table. There is a tension between Minister-driven directives greatly influencing departments, versus regulators needing to execute their legislative functions. It is an open question as to who should drive the agenda of CoFR.

1. Purpose and context of this review

The Council of Financial Regulators (CoFR) – Kaunihera Kaiwhakarite Ahumoni – plays a key role in supporting New Zealand’s sustainable economic wellbeing by promoting effective, coordinated, and responsive regulation of the financial system.

CoFR comprises five member agencies:

- Te Pūtea Matua – Reserve Bank of New Zealand (Co-Chair)
- Te Mana Tātai Hokohoko – Financial Markets Authority (Co-Chair)
- Te Komihana Tauhokohoko – Commerce Commission
- Hīkina Whakatutuki – Ministry of Business, Innovation and Employment (MBIE)
- Te Tai Ōhanga – The Treasury.

The group meets quarterly to identify and address emerging risks, regulatory issues, and strategic priorities affecting the financial system. To progress key areas of joint focus, CoFR has established several sub-committees, including those on economic resilience, financial inclusion, climate-related risks, digital and innovation, and regulatory effectiveness.

In addition, CoFR facilitates regular engagement with industry through two dedicated fora: one for the banking sector and one for the insurance sector.

CoFR is mandated through the Reserve Bank of New Zealand Act 2021 (RBNZ Act), including the Reserve Bank of New Zealand (RBNZ) and Financial Markets Authority’s (FMA) role as co-chairs. CoFR’s function is to facilitate cooperation and coordination among member agencies to support effective and responsive financial system regulation.

1.1 Reason for this review

CoFR has operated in its current form since 2020. CoFR member agency heads have agreed it is timely to reflect on where CoFR is delivering the greatest value and how best to ensure the group’s time and resources are being applied purposefully.

There is now a view that CoFR could benefit from a more focused mandate, with an emphasis on senior-level strategic engagement. To inform this, an external rapid review was proposed, to consider a future operating model that enables:

1. effective regulatory coordination that maximises system efficiency and minimises unnecessary regulatory burden
2. a clearer framework for targeting measurable outcomes when responding to emerging risks and opportunities.

1.2 Scope of review

This review has been conducted within the scope of the relevant legislation (section 286 of the RBNZ Act) and, as such, does not consider legislative change. The review covers the following areas:

- whether CoFR is optimally supporting effective and responsive regulation of the financial system in New Zealand, and what the most efficient form of CoFR (as a minimum viable product) might look like
- the current governance structure and operating rhythm of CoFR
- the role of the independent regulatory members versus government department members that are part of CoFR, as well as how CoFR might work with the Ministry for Regulation (MfR)
- CoFR's work compared to the Australian Council of Financial Regulators and Trans-Tasman Banking Council
- what CoFR as a body should do to maximise cooperation and coordination between CoFR members versus what is more efficiently accomplished via bilateral engagement
- proposals or ideas for innovation to achieve an optimal regulatory environment.

While we offer some high-level guidance on implementation where appropriate, detailed implementation planning is outside the scope of this work. An implementation plan will need to be developed once a preferred option is selected. It is also important to note that we did not have access to process or resourcing information necessary to support detailed implementation planning.

1.3 Our approach

We followed a structured approach to ensure comprehensive understanding of CoFR's current role, form and function, and to identify options for a new operating model. We applied an efficiency lens to the review, looking to establish the extent to which CoFR was doing things right (i.e. minimising cost) as well as doing the right things (i.e. targeting resources to areas with the highest value). We also considered dynamic efficiency – how future-focused CoFR was and its ability to adapt.

The work began with a review of documentation supplied to us by CoFR, including terms of reference, meeting materials, and other papers. This helped to establish a baseline understanding of CoFR activities, functions, and priorities to date.

Interviews were conducted with 35 stakeholders. Stakeholders included:

- CoFR staff
- supporting CoFR agencies, such as the Natural Hazards Commission
- industry attending Banking Forum
- industry attending Insurance Forum
- consumer advocacy groups
- representatives of CoPs.

A workshop was held with Delegates and Leads from CoFR member agencies. The primary objective of the workshop was to present five options for CoFR's operating model, and have Delegates provide feedback and identify the preferred two options.

2. Assessment of today's CoFR

Interviews sought information on the following:

- CoFR's recent past, including CoFR's achievements during the last two years and what they would miss if CoFR were to cease
- CoFR's institutional structure, including how effective CoPs operate, who informs the 'long-view' of issues, and how responsive is CoFR
- CoFR's ability to facilitate effective coordination
- future thinking in CoFR, including how CoFR prioritises issues and how well-positioned CoFR is to respond to emergent issues.

Stakeholders indicated that while CoFR has demonstrated value in several key areas, its effectiveness and responsiveness in achieving this overarching purpose is debated. We outline the strengths and weaknesses of the CoFR below.

2.1 Relationship building, crisis coordination, and signalling are positives

Through its collaborative approach, stakeholders suggested CoFR has been successful in building strong inter-agency relationships, developing signalling tools for the wider system, and providing coordination support during times of crisis.

Relationship building

CoFR and CoPs activity has strengthened inter-agency relationships. Stakeholders noted CoFR has helped teams from different agencies "normalise the relationships," shifting inter-agency cooperation from being occasional and reactive to something more deliberate and routine. The openness and mutual understanding fostered through CoFR were frequently described as a material benefit. Many acknowledged that, without CoFR, these connections might never have formed or would have taken considerably longer to establish. In short, CoFR helps build shared trust amongst those who commit to it; public servants in different agencies get to know each other.

Regulatory Initiatives Calendar

The Regulatory Initiatives Calendar (RIC) is broadly seen as a valuable initiative. It offers cross-agency visibility into upcoming initiatives, enabling better coordination of timelines and messaging. While some in industry praised the RIC as a "real positive" capable of streamlining the impacts of regulatory activity, others suggested that it needed to be used more actively. Specifically, agencies should use it more strategically to minimise regulatory burden on industry.

Information sharing and cross-agency signalling

CoFR plays an important role in fostering transparent information flows between agencies. This inter-agency information sharing has been described as "useful" in ensuring regulators remain informed of each other's activities, reducing blind spots, and promoting better alignment of effort and resources.

There are a few tangible outcomes

Examples of successful endeavours identified by stakeholders included the following:

- **Basic bank account report:** this project was cited as a “great example of CoFR working together,” showcasing cross-agency thinking and effective collaboration, albeit driven as a project by several individuals seeing its importance.
- **Fintech Portal:** spearheaded by CoFR’s innovation community, the creation of the Fintech Portal was described as a “success,” offering new and start-up firms a streamlined and reliable interface for navigating regulatory requirements.
- **Cyber resilience note:** a collaboration between the RBNZ and FMA resulted in a consolidated cyber reporting framework, which was well received by industry as it simplified compliance through a single return format.
- **Scams work:** CoFR’s focus on scams was identified as an area where collective action was needed, initially kicked off by the FMA. With Cabinet backing, this effort evolved into the establishment of the Anti-Scam Alliance.

Crisis coordination: comments on crisis co-ordination were mixed. Some stakeholders noted that CoFR provided a useful coordination platform during recent crises, such as the COVID-19 pandemic, the Auckland floods, and Cyclone Gabrielle. A number of interviewees highlighted that existing relationships among senior leaders may have helped facilitate faster communication and decision-making across agencies. In particular, some pointed to the value of having a pre-established network to support cross-agency engagement during fast-moving events. However, views were mixed. While a few respondents saw improved coordination as a result of shared trust, many government stakeholders were either neutral or unable to confirm a significant impact. As one interviewee put it, the benefit may simply have been that “they know each other better.”

2.2 Unclear focus, lack of prioritisation, and weak execution

CoFR faces a range of challenges limiting its effectiveness, agility, and credibility. These challenges are across leadership, governance, prioritisation, industry engagement, and execution.

Lack of focus and clarity of purpose

A persistent theme raised by stakeholders is the lack of a clear and compelling purpose for CoFR. While CoFR is recognised for promoting coordination, its “why” beyond cooperation remains ambiguous. This absence of shared understanding has translated into diffuse and unfocused work:

- CoFR is widely seen as trying to do too much without clear discipline, with its five current priority themes described as too numerous and not sufficiently aligned to tangible outcomes or real-time risks.
- Workstreams are often perceived as lacking substance or urgency, instead producing papers or activities that feel like “make-work”, rather than outcome-driven initiatives.

- Horizon scanning exercises, while valued in principle, are frequently disconnected from strategic decision-making. Identified risks, such as developments in payments or crypto, seldom feed into updated priorities or coherent responses.
- There is limited leadership or directional input from agency heads, leaving prioritisation and agenda-setting heavily secretariat-driven and disconnected from senior executive oversight.

Ineffective structures and weak execution

The structural mechanisms within CoFR, particularly the proliferation of working groups and CoPs, are seen as inefficient and poorly aligned to delivery:

- These groups are widely regarded as “unwieldy,” absorbing significant time and effort without generating clear outcomes or value. Many stakeholders questioned whether the time invested is justified.
- Progress is often overly reliant on individual champions, with few institutional levers to compel follow-through. Formal structures have not reliably translated into tangible change.
- A focus on creating process rather than delivering outcomes has emerged as a key concern. CoFR is often viewed as bureaucratic, generating unnecessary layers rather than enabling nimble responses.
- There is ongoing ambiguity around responsibility and action. Stakeholders described a recurring “so what?” problem, where the next steps are unclear and cross-agency alignment falters.

Resourcing and capability gaps

Resourcing continues to be a barrier to CoFR’s effectiveness, with disparities between agencies and a lack of sustained commitment across the board:

- Much of CoFR’s work is seen as “additional to participants’ day jobs,” with limited career development value. As a result, it is often treated as a “side hustle”, attracting minimal engagement or energy.
- Agencies such as MBIE and Treasury are notably under-resourced relative to others like the RBNZ and FMA, leading to uneven contributions and difficulties in maintaining momentum.
- The absence of dedicated, centralised CoFR staffing or coordination has further strained capacity, diminishing the ability to drive initiatives consistently or at pace.

Limited perceived value for industry participants

Some industry stakeholders described their relationship with CoFR as strained, with its benefit to external stakeholders not always being clear:

- Industry representatives often perceive CoFR as contributing to regulatory overload rather than helping to mitigate it.
- Engagement is described as performative and largely inconsequential, with feedback loops perceived as weak and consultations rarely resulting in meaningful changes.

- The RIC, though conceptually valuable, is criticised for poor maintenance and frequent changes, making it unreliable for industry planning, and not actively used to manage the regulatory load on industry.
- Non-governmental organisations and industry bodies, at times, feel overwhelmed by overlapping consultations and tight deadlines, limiting their capacity to participate effectively or shape outcomes.

Governance and leadership shortfalls

Underlying many of CoFR's challenges are governance issues that seemingly inhibit clear decision-making and accountability:

- There is no clearly defined decision-making within CoFR; responsibility is often unclear, with participants stating "no one knows whose role it is to make a decision".
- CE-level sponsorship is inconsistent and often nominal. We heard that in some cases, senior leaders are distracted with other priorities, weakening governance and momentum for CoFR.
- CoFR is seen by some as "out of touch with commercial realities", prioritising theoretical discussions over practical, market-facing issues.
- The system continues to suffer from regulatory overlap and duplication. For example, we heard that in cyber incident reporting, agencies often ask for the same information without a coherent strategy to streamline or clarify expectations.

Ministerial priorities frequently override CoFR's agenda for some member agencies, with agencies adjusting their work programmes to align with government expectations regardless of CoFR's focus. This further erodes CoFR's authority and relevance.

2.3 Differences between regulation and policy objectives impacts coordination and effectiveness

The roles and institutional characteristics of CoFR members vary, influencing how agencies engage and contribute. Independent regulators, focused on prudential soundness, market conduct, and regulatory oversight, generally have greater operational independence and dedicated resources. This supports longer-term planning, proactive horizon scanning, and leadership of system-level initiatives, enabling more consistent engagement with CoFR.

In contrast, government departments like Treasury and MBIE engage with CoFR through broader policy and economic perspectives. Their involvement is shaped by ministerial priorities and diverse responsibilities, which can bring political and ministerial context to CoFR's priority themes that may not necessarily otherwise be clear.

These differing mandates sometimes compete with one another. Independent regulators are often better positioned to lead cross-agency initiatives, while departments are focused on servicing their Minister. This can create uneven participation and varying expectations about CoFR's role, with some viewing it as key for strategic coordination, others favouring targeted or bilateral engagement. This

tension is healthy to a degree: it can help to ensure a constructive and holistic view of issues that cut across agencies, strengthening the breadth and balance of CoFR's collective perspective.

The MfR has not actively engaged with CoFR, reflecting its relatively recent establishment. MfR's involvement has so far been limited and primarily bilateral, engaging with individual agencies rather than participating strategically in CoFR's collective activities.

The MfR does see value in CoFR as a forum that distinguishes technical regulatory matters from political considerations, offering a resolution mechanism for semi-political tensions that occasionally arise between key agencies. Interviewees from the MfR highlighted that they have mentioned CoFR to other parties as a model that could be utilised in other industry and regulatory areas.

MfR's role would remain more observational than fully participatory, at least until its capacity and mandate mature. The Ministry could be open to greater involvement aligned with future work programmes focused on regulatory compliance and system stewardship, though a defined or strong formal role within CoFR is not yet clear nor on the horizon.

3. Looking forward

This section summarises stakeholder feedback on the value of collective action and collaboration relative to bilateral interaction. We also set out criteria for assessing what options might be successful drawing on the Australian CoFR equivalent as a reference point.

3.1 Where is collective action better than bilateral engagement?

Relative to bilateral engagement, CoFR appears to be most effective when it focuses on the types of coordination that genuinely require a cross-agency structure. As detailed earlier in this report, four domains illustrate where CoFR's multilateral coordination delivers outsized value. These are also the functions where collective action by CoFR is well-suited:

- **System-wide risk identification and coverage gaps:** through shared scanning and analysis, CoFR is well placed to identify emerging cross-agency risks and gaps in allocated responsibility.
- **Signalling tools for industry:** the RIC is a tool that demonstrates the value of collective action and shared transparency, minimising potential duplication.
- **Coordinating projects without an obvious lead:** for cross-cutting issues like cyber resilience and fintech onboarding, CoFR could serve as a neutral convenor and starting point.
- **Crisis coordination and emergency response:** CoFR enables rapid, system-wide responses where macro crisis management is required (e.g. during a pandemic).

The majority view from interviewees was that these functions could be undertaken via bilateral arrangements between member agencies. However, CoFR could more smoothly facilitate these functions, potentially reducing transaction costs, helping to ensure broad alignment, and enabling a platform for coordinated action.

3.2 Functions better suited to bilateral arrangements

In some cases, bilateral engagement between agencies can be more efficient. The following examples illustrate functions better suited to bilateral arrangements, rather than CoFR involvement.

- **Routine coordination and business-as-usual activities:** as inter-agency relationships have matured, many of the operational discussions that once required CoFR can now be handled directly between agencies. Routine issues, particularly those within the remit of a single agency or that require only one or two parties, are likely addressed more quickly and efficiently outside the CoFR structure.
- **Policy development driven by Ministerial mandates:** government departments like MBIE and Treasury have work programmes resulting from Ministerial direction. When a topic is not part of that formal direction, CoFR's involvement has limited practical value. In these cases, agency-to-agency coordination, directed by ministerial priorities, is likely more effective.

- **Consultation and alleviating regulatory burden:** industry participants noted that CoFR has yet to fully alleviate regulatory duplication or consultation overload. Because consultations remain led by individual regulators, industry feedback loops are more effectively refined through direct agency engagement, especially where timing and messaging can be tightly controlled.

3.3 Assessing options

Our criteria for assessing options are set out below. The criteria were determined through our examination of issues and opportunities for improvement, identified by CoFR stakeholders, then refined through our workshop with CoFR Delegates.

Table 1: Option assessment criteria

Assessment criterion	What this assesses	Relevant issue described by stakeholders
Improves system-wide risk foresight	How well the option helps CoFR detect and respond to emerging, cross-sector risks and opportunities.	CoFR provides visibility of emerging risks (e.g., via the RIC), but the workplan actions taken as a result of horizon scanning activities are not obvious.
Strengthens strategic alignment	Whether the option enables a shared sense of direction and aligned cross-agency action.	CoFR's purpose and workstreams are seen as broad and disconnected from tangible system outcomes. Priorities are unclear and not well linked to risk foresight or joint strategy.
Clarifies accountability and ownership	Whether it is clear who is responsible for what, and who drives delivery.	Stakeholders perceive unclear ownership of workstreams and limited visibility of who is accountable for progress or follow-up, undermining effectiveness and delivery.
Reduces duplication of effort	Whether the option avoids overlap and streamlines work across agencies.	Some workstreams duplicate agency-led initiatives or could be handled bilaterally. There's overlap across projects, and CoFR is sometimes seen as adding layers, not reducing them.
Improves cross-agency coordination	How effectively the option supports joined-up action across agencies.	Bilateral is often more effective than CoFR's current coordination structures. CoFR can add complexity without improving outcomes, especially when roles and responsibilities are unclear.
Uses time and resources efficiently	Whether the option is efficient for officials to engage in and deliver through.	Lack of secretariat support and inconsistent agency participation (often reliant on individual champions) lead to inefficiencies and uneven momentum.

Assessment criterion	What this assesses	Relevant issue described by stakeholders
Delivers value to external stakeholders	Whether external stakeholders see benefit from CoFR's role and engagement.	External stakeholders report limited visibility of impact, "consultation fatigue," and few examples of input leading to change. A clearer purpose is needed.

3.4 There are three "red lines"

Three red line issues were identified to us when workshopping with Delegates and Leads. The red lines, or guardrails for choice of any option, are as follows:

- **The option should not require additional resourcing.** Delegates expressed a strong sentiment that options should not place any additional burden on resourcing. This means any proposed changes must be able to be accommodated within existing budgetary limitations and staffing capacity, without introducing any new financial or operational pressures on member agencies.
- **The RIC is maintained.** The RIC is broadly viewed as a successful tool for internal and external stakeholders. Delegates were opposed to the discontinuation of the RIC under any option. However, options that consider tweaks to the RIC remain in play.
- **Forums with industry are maintained.** Delegates were in favour of options that considered adjustments to the format of industry forums. However, they would not be in favour of any option that required or recommended the dissolution of industry forums.

3.5 Learning from the Australian CoFR equivalent – a reference point

The Australian Council of Financial Regulators (CFR) offers a useful comparator for New Zealand's CoFR, particularly in how sustained effort, dedicated coordination resources, and structured governance can enhance regulatory collaboration.

Key features of the Australian model are shown in the table below:

Table 2: Australian CFR features

Feature	Description
Dedicated resourcing and operational continuity	CFR has staff explicitly assigned to support its work programme, enabling structured engagement between meetings. Coordination does not rely on informal relationships or goodwill. Regular contact and coordinated workstreams help maintain momentum.
Proactive identification of systemic vulnerabilities	CFR identifies and prioritises systemic vulnerabilities through annual senior-level workshops, formal risk reporting (e.g. RBA's <i>Financial Stability Review</i>), agency-level risk registers, and qualitative assessments. It distinguishes risks, events, vulnerabilities, and structural fragilities.
Structured multi-layered coordination	CFR uses a mix of standing and ad hoc working groups and committees, including cross-agency "pulled teams" for time-bound priorities. This allows for deep technical engagement, sequencing of joint work, and active monitoring of progress.
Crisis preparation	Crisis readiness is embedded in operations via simulations, playbooks, and inter-agency exercises. These efforts enhance institutional memory and ensure a cohesive, timely response during crises.
Clear roles, adaptation, and accountability	CFR's charter is regularly updated to reflect changing roles and priorities. It includes feedback loops, agency-level reporting on joint work contributions, and periodic reviews. This contrasts with CoFR's more static charter and limited formal review processes.

4. Two preferred options emerge

Following a workshop discussion of five options, two emerged as the preferred approaches: the **taskforce** and **selective engagement** models. This section presents a detailed description and comparison of the two leading options. The final decision on which option to implement is for CoFR and will require additional work on detailed design and associated resource requirements.

4.1 Structure and operating model of the two options

The table below outlines the key differences and similarities in the organisational structure and operating models of the two options under consideration for CoFR's future. While both options share many operational features, such as lean secretariat support, time-bound groups, and a focus on cross-agency coordination, they diverge in their overarching philosophy and approach.

The selective engagement model is more reactive, stepping in primarily to address issues when existing coordination mechanisms fall short.

The taskforce model takes a more proactive stance, actively scanning for and responding to systemic risks through purpose-built, time-limited taskforces. Understanding these distinctions is crucial to evaluating which model best meets the needs of CoFR and its stakeholders.

While data availability restricted our ability to assess in any detail the resourcing requirements of the existing arrangements and the proposed alternatives, our assessment is that both suggested options reduce the resource requirements relative to the status quo.

Table 3: Comparison of structures and operating models

Comparison criterion	Selective engagement model	Taskforce model
Overall philosophy	Reactive — steps in only when specific problems arise that cannot be solved bilaterally or trilaterally. Focuses on being light-touch and selective to avoid duplication.	Proactive — aims to anticipate and address system risks before they escalate. Emphasises forward planning and continuous risk management.
Industry forums	Kept but with joint agenda setting. Forums are more structured and promote stronger engagement.	Industry brings forward issues. CoFR mainly listens and collects insights to inform horizon scanning and risk assessments.
Communities of Practice	Disbanded and replaced by short-term, issue-specific working groups that form reactively when needed.	Disbanded and replaced by time-limited, rotating taskforces focused on tackling proactive, system-wide challenges.

Comparison criterion	Selective engagement model	Taskforce model
Regulatory Initiatives Calendar	Managed by the secretariat, which oversees it. Heads group has oversight, and the secretariat manages day-to-day activities.	Absorbed by the secretariat to support proactive horizon scanning and help prioritise taskforces. Overseen by the Heads group.
Heads group role	Decides when to get involved, approving formation of working groups reactively. Meetings are infrequent (1 to 2 times a year), focusing on triaging issues.	Plays an active governance role, endorsing and closing taskforces. Meetings focused on delivery and accountability.
Secretariat role	Small team (i.e. 1-2 people, with sourcing to be determined) focused on facilitating and brokering connections, helping escalate issues and set up working groups. They don't make decisions.	Small but central coordination team that enables taskforce setup, tracks progress and keeps alignment with wider priorities.
Working groups / taskforces	Short-term, reactive working groups, only set up when bilateral or trilateral coordination fails or is unsuitable. Led by nominated agency leads and disbanded after delivery.	Time-limited, proactive taskforces with clear remits tackling key system risks. Sponsored by one or two agencies with a strong focus on delivery and timely closure.
Meeting structure	Heads meet rarely. Delegate and lead meetings mostly disbanded or called only when needed. Focus is on escalation and oversight.	Heads and delegates meet more regularly than in the selective engagement model, focusing on planning and overseeing taskforces. Leads meetings are not required because the secretariat supports coordination.
Resourcing model	Minimal secretariat resources. Working groups rely on agency staff time. Resource demands are light due to reactive nature.	Secretariat coordinates but taskforces are resourced by participating agencies, with dedicated staff time expected for delivery.
Resourcing requirements	Less resource-intensive overall than the taskforce model and status quo (i.e. a strong productive efficiency improvement). Engagement is ad hoc and absorbed into existing workloads. Secretariat remains small, and demands on agency staff are minimal and intermittent. Less dynamically efficient than taskforce model.	Higher resourcing burden than the selective engagement model, but likely less than the existing arrangements (i.e. a productive efficiency improvement relative to the status quo). Agencies expected to commit dedicated staff for time-bound delivery. While still lean, the model requires structured, short-term agency investment. More dynamically efficient

Comparison criterion	Selective engagement model	Taskforce model
		than selective engagement model, given proactive stance.
Culture and ways of working	Emphasises agency ownership with CoFR acting as a backstop. Less bureaucratic overhead and reactive by nature.	Requires a shift towards proactive collaboration, prioritisation, and disciplined winding up of taskforces. Strong agency sponsorship is essential.
Risk management approach	Deals with issues as they arise through escalation and reactive coordination.	Proactively identifies and manages risks through continuous horizon scanning and taskforces.
Decision-making authority	Heads hold the main authority to decide on interventions. Secretariat facilitates but doesn't decide.	Heads commission projects which will have their own project governance. The secretariat monitors: sponsoring agencies are accountable for delivery.

4.1.1 A note on CoFR membership

As alluded to above, some questions arise as to CoFR membership, under the existing arrangements and proposed alternative options. To reiterate, the variable nature of commitment and associated CoFR engagement for 'non-core' agencies contributes to issues around resourcing, direction and strategic foresight.

While not at the forefront of option design, both of the alternatives have implications for CoFR membership. The taskforce model, where agencies 'sponsor' projects, provides for agency choice around the nature and extent of involvement given the scope of the work proposed. The selective engagement model involves even less direct agency involvement, as a matter of course.

We suggest that the final design of the preferred option would need to actively consider the structure of membership in future, taking into account the ideal role, resource commitment and relative strengths/skills of the relevant agencies.

4.2 The selective engagement model

This model positions CoFR as a light-touch, reactive coordination platform. CoFR steps in only when existing bilateral or trilateral coordination mechanisms are insufficient to resolve complex cross-agency issues or emerging risks. Rather than managing ongoing workstreams, CoFR acts as a system-level broker, activating short-term working groups in response to specific problems that have already arisen and require consolidated regulatory action.

4.2.1 Structure of the option

CoFR retains strategic visibility through horizon scanning but focuses on selective, timely intervention to avoid duplication and unnecessary bureaucracy. The secretariat facilitates engagement and maintains awareness, but decision-making and day-to-day coordination primarily occur at agency levels until an issue escalates to CoFR. Industry forums continue and there is visibility through the RIC.

Versus the status quo, this model has strong productive efficiency performance, through reduced effort and required resourcing. It:

- disbands permanent CoPs
- reduces the frequency and scope of CoFR meetings
- delays CoFR by removing the role of either Delegates or Leads
- updates regular industry forums, so that industry has a greater voice in setting the agenda.

In the place of CoPs, there are short-term, issue-specific working groups, activated as needed and dissolved once their objective is achieved.

A small coordination function or secretariat remains in place to:

- enable conversations across agencies
- track cross-agency issues
- maintain visibility across the system, particularly from a risk and horizon scanning perspective
- operate and co-ordinate industry forums.

If there is a need for inter-agency working, then the secretariat may facilitate that activity but would not be responsible for undertaking or over-seeing that joint activity.

4.2.2 Initiation and governance

CoFR's engagement is selective and purposeful, stepping in only when bilateral or trilateral efforts have been exhausted, and issues span multiple agency mandates. Its role is to drive system-level alignment needed for public confidence, regulatory coherence, or crisis response. Interventions are coordinated through working groups, which, like existing CoPs, may include external partners outside CoFR membership if their involvement is essential to resolving system issues.

Who makes the decision to form a working group?

Importantly, a working group is only established when other arrangements are not suitable for addressing an issue. Heads retain authority over when a working group is established. Any member agency can escalate an issue to the Heads for consideration to form a working group. Proposals to the Heads for establishing a working group could outline:

- the nature of the issue
- why a collective response is warranted
- the resourcing required for the working group
- estimated timeframe for the working group to address the issue
- suggested outcomes or key benefits anticipated from the working group.

The Heads considers the proposal and makes a consensus-based decision on whether to proceed, ensuring alignment with CoFR's role. If endorsed by the Heads, a short-term working group is stood up to resolve the matter. A simple proposal template could be maintained by the secretariat to support consistency and speed.

What decision-making criteria could Heads follow when deciding on the formation of a working group?

CoFR Heads should use clear criteria to determine whether an issue warrants CoFR attention. Issues suited for escalation to the formation of a working group might include:

- cross agency boundaries or mandates
- pose system-level risks or affect financial stability
- lack clear ownership or agency capability
- represent emerging risks requiring coordinated oversight
- have not been resolved through bilateral or trilateral coordination.

If Heads agree the issue warrants a working group, one may be established with a clear mandate and defined outputs. Where issues do not meet the threshold, Heads may advise agencies to pursue other forms of coordination or keep the matter under review. Decisions and rationale should be documented to support transparency and consistency.

How are the scope and deliverables for working groups agreed upon?

Scope and deliverables are co-designed through a simple, structured process that ensures issues are well-framed, aligned with CoFR's purpose, and result in clear, actionable outputs.

The process could work as follows:

- the proposing agency drafts an initial problem statement and suggested scope
- the secretariat helps refine this, testing alignment with CoFR's role and identifying relevant agencies
- the Heads confirms the final scope and deliverables by consensus, ensuring shared ownership.

Administration of the working group?

Each working group is led by a nominated agency representative, endorsed by the Heads and responsible for driving momentum, delivery, and reporting. The lead agency act as facilitators rather than decision-makers, convening meetings, coordinating outputs, and keeping the Heads informed. The secretariat may assist with early coordination or identifying suitable leads where needed.

4.2.3 Operations and resourcing

CoFR functions as a lean, agile coordination forum focused on high-impact, time-bound interventions rather than routine workstreams. Its core roles include tracking cross-agency signals, triaging issues for escalation, and supporting rapid mobilisation of short-term working groups.

Core operational functions include:

- tracking cross-agency signals through horizon scanning and agency input
- triaging issues for potential escalation to the Heads
- supporting rapid mobilisation of short-term working groups when warranted.

The CoFR secretariat is minimal, typically one or two secondees, acting mainly as a facilitator to broker agency engagement, convene groups, and monitor progress. It does not make decisions but helps maintain momentum, supports re-scoping or winding down stalled groups, and escalates unresolved issues to the Heads.

The secretariat could also act as an early-warning system to highlight cross-agency risks or opportunities needing senior attention, preserving CoFR's agility without shifting decision-making authority.

The RIC function should be formally integrated into the secretariat, with oversight by the Heads and daily support from the secretariat.

Working groups, resourced by participating agencies, operate with urgency and autonomy, led by appointed leads endorsed by the Heads, supported by the secretariat as needed, and disband upon completing their outputs.

This option is less dynamically efficient than the taskforce model.

Working groups are resourced by participating agencies and are expected to operate with urgency and autonomy. They:

- rely on agency expertise and staff time
- appoint a lead or co-leads, agreed by the Heads
- are supported by the secretariat only where needed (e.g. documentation, scheduling, or inter-agency communication)
- disband upon delivery of their agreed outputs.

4.2.4 Impacts on routine internal meetings

CoFR's meeting cadence and structure are reduced, reflecting the shift to a reactive model:

- Heads meetings may only occur once or twice per year, with flexibility to convene more frequently during crises or major system events. Their purpose is to:
 - review system-wide risks
 - triaging issues for potential CoFR involvement
 - authorise formation of working groups when needed.
- Delegates meetings are largely disbanded, only convening when a cross-agency issue requires operational alignment or when requested by the Heads.
- Leads meetings are eliminated. During crises, operational coordination may be supported by ad hoc meetings or targeted agency engagement, convened by the Heads or secretariat.

This approach reflects a clear shift in ownership: day-to-day coordination is devolved to agencies, with CoFR acting as a backstop and escalation mechanism.

4.2.5 External engagement

Industry able to set agendas and bring forward issues. CoFR ensures feedback loops are closed, and cross-agency impacts are addressed. Industry co-chairs are selected transparently to ensure broad representation and rotate regularly.

Agenda-setting is collaborative, with early consultation between industry and regulators to identify shared priorities and emerging risks. The secretariat tracks progress, monitors actions, and escalates key issues to CoFR Heads for strategic oversight.

This approach is intended to foster ongoing, meaningful dialogue that feeds into horizon scanning and risk assessment, supporting a coordinated regulatory response.

4.3 The taskforce model

This model reimagines CoFR as a proactive coordination platform centred on regularly identifying and addressing system-wide vulnerabilities or proactively addressing opportunities. CoFR initiates a series of time-bound, purpose-built taskforces, each tasked with tackling regulatory challenges or emerging systemic risks before they escalate.

Through structured horizon scanning and active engagement with agencies and industry, CoFR prioritises system risks and vulnerabilities, commissioning taskforces with clear mandates and sunset clauses. This ensures ongoing alignment with evolving system needs, sharpens focus, and strengthens accountability through agency sponsorship and leadership of taskforces.

Rather than waiting for issues to reach a critical point, this model emphasises forward-looking stewardship to maintain system integrity and improve regulatory outcomes (i.e. the option is less productively efficient than the selective engagement model but performs better in terms of allocative and dynamic efficiency).

4.3.1 Structure of the taskforce option

Under this model, standing workstreams and CoPs are disbanded. In their place, CoFR initiates short-term, rotating taskforces, each with a well-defined, and commissioned scope. Each taskforce is endorsed by one or two CoFR member agencies who assume responsibility for leading the work. Taskforces may comprise participants from agencies outside of CoFR, where their membership is important in resolving system issues.

Taskforces are not permanent; they are created, run, and disbanded according to need. A small coordination function (secretariat) remains in place to support their formation, track progress, and ensure alignment with CoFR's broader objectives. The secretariat takes on a project management function. In addition, the secretariat would develop a commissioning framework to assist in prioritisation, efficient scoping of work and allocation of responsibilities.

4.3.2 Initiation and governance

Taskforces are initiated in response to clearly defined coordination problems, surfaced through:

- horizon scanning outputs
- agency-led identification of systemic vulnerabilities
- feedback from regulated entities and industry engagement.

To ensure prioritisation is rigorous, a clear and transparent set of prioritisation criteria is agreed by CoFR Heads. These criteria focus on the severity and breadth of risk, cross-agency impact, clarity of ownership, and alignment with system-level objectives.

Delegates play a central role in shaping and scoping taskforce proposals. Proposals should include:

- a succinct problem definition
- rationale for coordination
- initial scoping of deliverables
- expected resource needs
- proposed timeframes.

The Heads retain decision rights on whether a taskforce is required, and which agencies will lead it. Each taskforce must:

- have a defined scope and problem statement
- deliver tangible outputs within a fixed timeframe (typically 6 to 12 months)
- include a sunset clause to ensure timely closure.

The secretariat supports this process by providing a consistent initiation template, coordinating early design, and ensuring alignment with overall priorities. Heads also retain accountability for taskforce oversight, monitoring progress, and determining when a taskforce should be closed or extended.

4.3.3 Operations and resourcing

Taskforces are time-bound, outcome-focused delivery mechanisms. Each is expected to operate with discipline and clarity, producing specific outputs such as:

- a joint policy recommendation
- an implementation roadmap
- coordinated guidance or regulatory principles
- a shared dataset or monitoring framework.

The secretariat's role is enabling, not delivering. It maintains a central record of taskforce activity, facilitates inter-agency connections, and ensures that work aligns with CoFR's strategic purpose. It also manages light-touch reporting processes to update the Heads and track progress against deliverables.

Taskforces are resourced primarily by sponsoring and participating agencies. Resourcing includes:

- staff time (secondments or partial allocation)
- access to relevant workstreams
- decision-making authority at the working level.

This option requires a shift in agency mindset and culture, toward owning outcomes collectively and committing resources only where collaboration is genuinely required.

4.3.4 Impacts on routine meetings

- Heads meetings occur more flexibly but with greater focus, primarily used to assess system-wide risks, authorise taskforce formation, and hold agencies to account for delivery.
- Delegates meetings evolve into dynamic taskforce planning and oversight forums. Delegates actively help define, scope, and close taskforces, rather than overseeing a static programme of work.
- Leads meetings are eliminated under this model. Their role is effectively absorbed by the taskforce sponsors and the secretariat, avoiding duplication and streamlining accountability.

4.3.5 External engagement

Engagement forums are intended to provide an opportunity for industry participants to raise emerging issues, challenges, and areas of concern with CoFR. CoFR's role in these forums is to listen and consider the insights shared, using them to support horizon scanning and system-wide risk assessment. This helps ensure CoFR's understanding of the financial system is informed by real-world developments and sector-level perspectives. By focusing on gathering insights rather than driving the agenda, CoFR maintains a light-touch approach that avoids placing unnecessary demands on stakeholders. This model is intended to support a constructive flow of information, helping to build trust and position CoFR as a responsive and well-informed coordinator.

4.4 Comparing options against the assessment criteria

The table below compares how each option performs against the assessment criteria, highlighting the nuances in their design and the implications for CoFR's effectiveness, accountability, and external engagement.

Table 4: Option performance against assessment criteria

Assessment criterion	Selective engagement model	Taskforce model
Improves system-wide risk foresight	This model retains a light-touch horizon scanning function via the secretariat, with a focus on cross-agency signals. However, the removal of permanent structures may weaken continuous, proactive monitoring unless supplemented by strong agency-driven inputs.	Taskforces rely on horizon scanning and agency input to identify risks, but the focus on discrete, time-bound taskforces may limit continuous, system-wide risk oversight unless taskforces are frequently refreshed and well-coordinated by the secretariat.

Assessment criterion	Selective engagement model	Taskforce model
Strengthens strategic alignment	Strategic alignment is improved by engaging CoFR selectively—only where cross-agency alignment is essential. Prioritisation is done at the Heads level, with each intervention grounded in a clear, time-bound mandate.	Clear improvement through taskforces scoped around high-priority system issues with fixed deliverables, providing sharper focus and alignment with system priorities.
Clarifies accountability and ownership	Working groups have designated leads and clear outputs, approved by Heads. The model improves accountability by setting tight mandates and reporting lines, though accountability may vary depending on agency participation and leadership.	Strong accountability as sponsoring agencies lead taskforces with defined mandates and sunset clauses, creating clear ownership for delivery and outcomes.
Reduces duplication of effort	This is a key strength. CoFR only intervenes when bilateral or trilateral mechanisms are insufficient, helping reduce duplication and layering.	Effectively reduces duplication by disbanding standing structures and focusing effort on discrete, time-limited taskforces tackling specific issues.
Improves cross-agency coordination	Coordination improves in high-value areas through temporary working groups, though reduced standing engagement may limit general agency alignment or shared situational awareness over time.	Promotes collaboration through multi-agency taskforces with secretariat support, improving coordination on targeted priorities but potentially risking siloed activity if taskforces are not well linked.
Uses time and resources efficiently	Strong performance. It eliminates routine meetings and focuses on short-term, purpose-driven activity, reducing time burdens and increasing clarity of purpose.	Encourages efficient use of officials' time by limiting commitments to defined taskforces with clear deadlines, assuming discipline in scoping and closure is maintained.
Delivers value to external stakeholders	Engagement with external parties is more structured and co-led by industry, improving relevance and shared ownership. However, reduced frequency of formal outputs may risk visibility or perceived responsiveness if not well-managed.	Industry-led forums mainly as a channel to gather insights to inform horizon scanning and risk assessment, but direct influence on taskforce outputs may be less visible or consistent.

Present form and function of CoFR

This section outlines the current form and function of CoFR. It draws on CoFR documentation and insights gathered through stakeholder interviews. We establish a clear understanding of the status quo, as a reference point for comparing alternative arrangements.

This overview of CoFR's current form and function highlights a well-established coordination platform. Through its statutory purpose, structured governance, and network of CoPs and industry forums, CoFR aims for strategic alignment and operational collaboration across New Zealand's financial regulatory system. While the existing arrangements provide a solid foundation, this baseline understanding sets the stage for assessing where CoFR is adding the most value and where there may be opportunities to focus, streamline, or enhance its role in supporting a more effective and resilient financial system.

Aligning regulation through a twin peaks model

New Zealand's financial regulatory system is built on the twin peaks model, which separates financial regulation into two distinct but complementary functions:

- **Market conduct regulation**, led by the Financial Markets Authority, focuses on ensuring financial service providers act with integrity, treat consumers fairly, and provide clear, accurate product information.
- **Prudential regulation**, overseen by the Reserve Bank of New Zealand, is concerned with the financial soundness and stability of institutions such as banks, insurers, and non-bank deposit takers.

Each function requires different capabilities, mandates, and approaches. The twin peaks model is intended for specialisation and clarity of responsibility, while ensuring both consumer protection and system stability are actively managed.¹

Purpose and objectives of CoFR

CoFR is mandated by statute, rather than established through policy. While such arrangement involves the 'weight' of legislation, the relevant clauses are broadly worded, meaning CoFR has some flexibility in how it meets its objectives. Section 286 of the RBNZ Act states that the function of CoFR is:

"...to facilitate co-operation and co-ordination between members of the council to support effective and responsive regulation of the financial system in New Zealand."

CoFR plays a role in bringing together the two peaks, RBNZ and the FMA, as co-chairs, alongside other key agencies: MBIE, the Treasury, and (currently) the Commerce Commission. While the twin peaks model defines regulatory responsibilities, CoFR enables coordination across the system, helping agencies work together on cross-cutting issues such as systemic risks, financial resilience, innovation, and inclusion. In this way, CoFR supports the effectiveness of the twin peaks model by promoting

¹ <https://www.cofr.govt.nz/files/regulatory-charter-financial-markets.pdf>

regulatory alignment, strategic collaboration, and a shared understanding of emerging challenges in New Zealand's financial system.

According to CoFR,² its main objectives are to:

- identify and monitor important issues, risks, and gaps in the financial system that may impinge upon achievement of member agencies' regulatory objectives
- develop a collective view on longer-term, strategic priorities for the financial system
- agree on collaborative responses to issues requiring cross-agency involvement and put in place appropriate channels to deliver them.

A three-tiered governance structure

CoFR operates through a structured series of meetings that support effective coordination at all levels, from strategic oversight to day-to-day collaboration. This three-tiered approach ensures alignment across agencies, timely decision-making, and smooth implementation of joint work programmes.

- **CoFR Heads meetings:** held quarterly, these meetings are the highest-level forum, attended by the Chief Executives of member agencies. The meetings focus on long-term strategic priorities, emerging risks, and system-wide issues that require a coordinated regulatory response. Heads meetings also guide the overall CoFR work programme and provide collective advice to Ministers.
- **CoFR Delegates meetings:** held monthly, these meetings act as CoFR's operational engine room. Attended by senior officials (such as Executive Directors or General Counsel), Delegates meetings prepare advice and proposals for Heads, monitor progress on CoFR initiatives, and resolve operational barriers. Chairing alternates between the RBNZ and FMA.
- **CoFR Leads meetings:** held fortnightly, Leads meetings are informal touchpoints for the designated CoFR contact in each agency. These sessions support day-to-day coordination, allow for early identification of issues, and ensure information flows smoothly across agencies. They help prevent surprises and keep all members informed of ongoing work.

Together, these meetings form a structure where Heads provide strategic direction, Delegates drive delivery, and Leads maintain operational alignment across the financial regulatory system.

Co-ordinating and collaborating via Communities of Practice

The CoPs within CoFR are cross-agency groups that meet regularly to support effective and coordinated financial system regulation in New Zealand. The CoPs bring together officials from CoFR member agencies, and occasionally others, to share expertise, align work, and drive progress on shared goals.

Each community focuses on a specific area of strategic importance, such as climate-related risks, digital innovation, economic resilience, financial inclusion, or regulatory effectiveness. At a high-level, their work includes:

² <https://www.cofr.govt.nz/about-us/objectives-and-responsibilities.html>

- **sharing information** to strengthen coordination and reduce duplication
- **pursuing long-term, outcome-focused goals** aligned with CoFR's strategic priorities
- **identifying system-wide risks and regulatory gaps** that may not be visible to individual agencies
- **collaborating on joint initiatives** to improve regulatory outcomes and ensure alignment across the system.

Communities are intended to function as something of an operational engine room, with the aim of turning high-level strategy into more practical, and collective, action. They are intended to work together on complex, cross-cutting issues that no single agency can address alone, helping to build a more integrated, effective, and resilient financial system.

There are five Communities of Practice

Under the present configuration, there are five CoPs operating within CoFR, including:

- **Climate-related risks:** this community supports coordination across financial regulators to help the sector respond to climate change. It focuses on building regulatory capability, aligning with global standards, and supporting the transition to a low-emissions economy. Agencies contribute through monitoring disclosures, integrating climate risk into supervision, and guiding emissions reduction and ethical claims.
- **Economic resilience:** the Economic Resilience group focuses on strengthening the financial system's ability to withstand disruptions. Its key areas of work are improving cyber resilience and tackling financial fraud and scams, through cross-agency coordination, information sharing, and partnerships with the private sector.
- **Digital and innovation:** this group ensures the financial regulatory system supports innovation that benefits consumers and market participants. It monitors fintech trends, coordinates regulatory responses, and promotes information sharing. Key initiatives include a central contact point for fintech enquiries via fintech.govt.nz and the development of a guide to help industry understand how fintech fits within existing regulation.
- **Financial inclusion:** this community focuses on improving access to financial products and services for all New Zealanders. It brings together regulators and partners to identify barriers and support a more inclusive financial system. Current priorities include addressing unbanked populations by promoting access to basic accounts, and improving Māori access to capital through better data, capability, and systemic change.
- **Regulatory effectiveness:** this group works to ensure financial regulation is effective and proportionate, particularly where regulatory roles overlap across agencies. It promotes coordination in areas like licensing, supervision, enforcement, and suitability requirements, aiming to reduce unnecessary compliance burdens while maintaining strong regulatory outcomes.

CoFR engages external stakeholders through two industry forums

The Banking and Insurance Forums are sub-committees of the Council of Financial Regulators that support open, structured engagement between regulators and industry. These forums are intended to provide a platform for dialogue, coordination, and early identification of risks or regulatory overlaps within their respective sectors.³⁴

Each forum brings together regulators and industry representatives to:

- share updates on current and upcoming regulatory initiatives
- discuss emerging risks, issues, or areas of concern
- identify opportunities for cross-agency coordination and reduce duplication of effort
- explore broader developments in financial markets and intermediation that may impact the sector.

While the Banking Forum focuses on registered banks and regulatory matters affecting the banking system, the Insurance Forum centres on licensed insurers and includes more direct two-way engagement between agencies and industry.

The Regulatory Initiatives Calendar gives a view of regulatory initiatives

CoFR maintains a Regulatory Initiatives Calendar. The RIC is intended to provide stakeholders with a broad snapshot of all regulatory initiatives CoFR member agencies are working on. The calendar sets out expected timing for all relevant regulatory initiatives that are in planning or are underway. At present, the calendar is updated quarterly.

Opportunities and options for improvement

Our overview of CoFR's current structure and operations establishes a comprehensive baseline for considering its future direction. While the present model demonstrates a strong foundation for cross-agency coordination and stakeholder engagement, it also reveals opportunities to refine focus, reduce duplication, and strengthen impact. The following appendix presents five potential models for CoFR's future role and structure, each offering different levels of resource commitment and governance intensity.

³ <https://www.cofr.govt.nz/files/insurance-forum-terms-of-reference.pdf>

⁴ <https://www.cofr.govt.nz/files/banking-forum-terms-of-reference.pdf>

An overview of five options

We develop five options based on increasing levels of resource commitment. All options meet the legislative objective in our view, albeit to varying degree.

We apply the assessment criteria to options for CoFR's future role and structure. Each option is assessed against the criteria to understand how well it supports effective system coordination, alignment, and stakeholder value. This structured assessment will help identify the strengths and limitations of each model and inform the development of a preferred way forward.

Table 5: Overview of five options

Option	Key features	Resource commitment	Strengths	Limitations
1. Minimalist model	• Heads meet annually • No secretariat or formal work programme- • Informal, ad hoc action	Very low	• Extremely light-touch • Can activate in crises	• No sustained coordination • No routine engagement
2. Selective engagement	• Small Secretariat • No standing work programme • Issue-based, agency-led coordination	Low	• Agile, comparative advantage-based • Avoids unnecessary work	• No systemic prioritisation • Relies on strong agency will
3. Status quo	• Flexible, inclusive structure • Standing Communities of Practice • Rotational secretariat	Medium	• Familiar and established • Preserves flexibility	• Lacks clarity in mandate • Risk of irrelevance over time
4. Taskforce model	• Time-bound taskforces • Sunset clauses • Industry-informed priorities • Small secretariat	Low-medium	• Strategic and focused • Greater accountability and ownership	• Less continuity • Requires disciplined oversight

Option	Key features	Resource commitment	Strengths	Limitations
5. Separate entity	- Statutory body - Dedicated staff and funding - Public reporting and formal governance	High	- Strong authority - Long-term system stewardship	- High setup cost - Requires legislation and political support

The minimalist model

In the minimalist model, CoFR exists solely as a Heads-level coordination forum, with no supporting structures, secretariat, work programme, or routine delegate-level engagement. It relies on informal, ad hoc information-sharing and agency self-coordination rather than any formal governance or operational machinery. The group would meet once per year, or more often if required, primarily to share updates, discuss emerging risks, and determine whether coordination is warranted. There is no agenda-setting or priority-setting mechanism, any coordinated action would be initiated directly by the Heads or a designated agency, as needed.

This “light-touch and latent” model imposes minimal operational and administrative burden on member agencies, with no dedicated staff or resources. While largely dormant in normal times, the group could still be activated in response to exceptional events such as financial crises, natural disasters, or cross-agency systemic risks. In such cases, Heads may coordinate a temporary response or nominate an agency to lead cross-sector work.

Key features of this model include:

- no secretariat, work programme, or formal structure beneath the Heads
- Heads meet once a year, with flexibility to convene more frequently in response to events
- no standing agenda or outputs; meetings are informal, and discussion based
- no routine delegate or leads-level engagement.

Coordination is possible in crises but occurs on an ad hoc basis.

The selective engagement model

In this model, CoFR operates as a flexible, collaborative platform built on the principle of comparative advantage. Rather than establishing permanent working groups or shared priorities, the forum activates coordination selectively, based on which agency is best placed to lead a particular piece of work.

Under this approach, the Heads and Secretariat remain intact but are intentionally light touch. There is no formal joint work programme. Instead, coordination efforts are initiated on a case-by-case basis, with the lead agency determined by the nature of the issue and each agency’s relative expertise or statutory role. The Secretariat facilitates this matching process, helps convene agencies as needed, and maintains situational awareness across the system.

This model retains CoFR's ability to respond to risks and opportunities, while avoiding duplication and unnecessary process. It formalises coordination only when a clear value-add is identified and only for the duration needed.

Key features of this model include:

- a standing Heads structure supported by a small Secretariat
- no permanent work programme; coordination is initiated as appropriate based on issue-specific needs
- working groups are time-bound and agency-led based on comparative advantage
- secretariat role focused on brokering, convening, and early warning, but not directive oversight.

The model provides a balanced, agile approach to coordination, allowing CoFR to scale its involvement to match the significance and nature of the challenge at hand.

Maintain the status quo

Maintaining the status quo was presented for completeness of our suit of options. We did not detect a strong sentiment for maintaining the status quo from any stakeholder group. We assess that continuing with the status quo could be beneficial in terms of avoiding disruption to existing relationships, structures, and platforms for knowledge sharing and coordination. Maintaining the status quo would also preserve CoFR's present flexibility, would result in no additional implementation cost, and would retain its capacity to quickly respond in times of crisis. However, no actions would be taken to address existing inefficiencies, and CoFR's lack of clarity in mandate and responsibility. Moreover, the risk of diminished stakeholder value would continue and there would be a growing risk of CoFR being seen as ineffective or irrelevant over time, which would likely impact attendance and general commitment.

Under this option, CoFR retains a flexible and inclusive structure, centred on five thematic priorities, each supported by a standing Community of Practice. Key features include:

- ongoing industry engagement through forums such as the Banking and Insurance Forums
- coordination driven by goodwill and agency-led initiatives, with variable resourcing and leadership
- system-level priorities set by consensus at Heads and Delegates meetings, informed by horizon scanning and agency insights.

While this model promotes broad participation, it lacks formal mechanisms for prioritisation, risk ranking, or performance monitoring. Governance remains shared but diffuse:

- **Heads** provide overall direction
- **Delegates** oversee the work programme and RIC
- **Leads** support operational coordination.

Secretariat support is rotational or ad hoc, and delivery often depends on agency champions. Operations are largely sustained through voluntary staff contributions, with variable participation and limited performance oversight. Most workstreams are open-ended, without formal closure protocols.

Routine meetings across all levels—Heads, Delegates, and Leads—maintain regular cadence but can result in duplicated effort and unclear accountability.

The taskforce model

This option proposes a transformation of CoFR into a more agile, proactive coordination platform, focused on identifying and addressing emerging system-wide vulnerabilities through time-bound, purpose-built taskforces. Rather than maintaining standing workstreams or permanent structures, CoFR would initiate targeted interventions in response to specific risks surfaced through horizon scanning, agency insight, or industry feedback. This model aims to deliver sharper strategic focus, clearer ownership, and more disciplined use of time and resources.

Under this model, CoFR moves away from routine, ongoing coordination and instead concentrates on forward-looking system stewardship. The Heads plays a central role in prioritising and authorising taskforces based on clear criteria, while the Delegates group scopes, plans, and monitors delivery. Taskforces are short-lived, with sunset clauses and defined outputs, such as policy recommendations, regulatory guidance, or shared monitoring frameworks. They are led by sponsoring agencies, with support from a small secretariat that coordinates activity, ensures alignment, and maintains visibility across the system.

External engagement is industry-led, with forums designed to collect signals, challenges, and insights directly from stakeholders. CoFR interprets these inputs through a risk lens to help identify and prioritise coordination needs, rather than setting the agenda in advance. This supports more responsive and insight-driven decision-making.

Key features of the model include:

- CoFR commissions time-bound taskforces to respond to specific, cross-agency risks or coordination challenges
- each taskforce is agency-led and scoped with a clear problem statement, deliverables, and closure timeline
- standing workstreams and CoPs are disbanded to reduce duplication and focus effort
- Heads set strategic direction and retain decision rights on taskforce formation and closure
- Delegates take on a more active role in taskforce design and oversight
- a small secretariat supports taskforce initiation, coordination, and light-touch horizon scanning
- external engagement is led by industry, with CoFR listening to and interpreting signals to shape taskforce priorities.

A separate entity

This option proposes the most ambitious transformation of CoFR: from a voluntary coordination forum into a formal statutory body with defined powers, responsibilities, and resources. It responds directly to stakeholder concerns that CoFR's current influence is limited by its informal structure, lack of authority, and resource constraints. By establishing CoFR through legislation, with a clear mandate, dedicated funding, professional staff, and decision-making powers. This model aims to create a visible and accountable system steward capable of driving complex, cross-agency reform. It mirrors similar

models internationally and would allow CoFR to lead system-wide initiatives, manage risk proactively, and ensure long-term regulatory coherence.

This model would involve significant structural and legislative reform, and require strong political backing, but delivers the most potential for sustained impact. CoFR's role would be formalised through statutory governance arrangements, with strategic planning based on risk assessments and Ministerial input. A professionalised secretariat would support programme delivery, and formal reporting mechanisms would provide visibility to Parliament and the public. While this approach introduces material administrative overhead, it enables durable coordination at scale.

Key features of the model include:

- CoFR becomes a formal statutory entity with delegated authority, a defined legislative mandate, and structured accountability
- a permanent secretariat is established with dedicated staff and budget
- Heads act as a governing board with statutory responsibilities, approving strategy, resourcing, and system performance monitoring
- Delegates function as a senior operations committee overseeing programme execution and delivery
- cross-agency teams work on major reforms (e.g. payments, ESG, crypto) with formal project oversight
- public reporting and performance dashboards provide transparency and impact measurement.

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