

FOUR FAST FACTS

ON: FINANCIAL SERVICES IN ELEVATED ALERT LEVELS

SEPTEMBER 2021

Alert Level challenges

A number of measures have been taken to facilitate the financial services sector during Alert Level 4, including:

- allowing “critical financial services” to continue, by granting exemptions (see more on this in 2 and 3),
- extending the AML/CFT reporting date (see more on this in 4),
- deferring some of the Financial Markets Authority’s work to reduce regulatory burdens and allow financial service providers to focus on their customers, and
- making possible “last resort” KiwiSaver hardship withdrawals.

For financial service providers operating outside of Auckland and Northland, the guidance issued ([Doing Business at Alert Level 3](#)) includes a specification that in-person customer transactions may only be carried out if online or phone banking options are not possible.

1

Exemptions for Alert Level 4

The Director General of Health has declared that:

- registered banks and licensed non-bank deposit taking entities (banks and NBDTs), and
- specified licensed insurers; money remitters and money transfer operators; financial product market operators; broking services; payment and settlement system providers; custodians; registry services; EFTPOS infrastructure and management services; payments architecture services; and credit bureaus (other exempted entities), carrying out “critical financial services” may operate as an Alert Level 4 business or service.

However, activities are limited to “critical financial services”, and subject to the conditions of the exemptions (which relate to compliance with Alert Level 4 public health requirements for workplaces).

2

Critical financial services

“Critical financial services” for banks and NBDTs and for other exempted entities are not identical but are very similar in essence, including:

- processing and maintaining systems for processing financial transactions and services,
- providing access to credit and lending services,
- ensuring provision of funding for ATMs and to move currency and payments,
- facilitating critical financial and capital markets, enabling secondary trading of financial products, enabling access to capital for business and investment/return of capital for investors,
- facilitating the manufacture of and distributing critical infrastructure to other Alert Level 4 businesses and services, and
- providing necessary banking support for customers who need assistance from carers, or can’t use remote services.

3

AML reporting

Acknowledging that the current COVID-19 Alert Levels may result in reporting entities not being able to access information required to complete their Annual AML/CFT Report by the due date of 31 August, the AML/CFT Supervisors have changed the submission deadline to **31 September 2021**.

The AML/CFT Supervisors published [Guidance: Complying with AML/CFT verification requirements during COVID-19 Alert levels](#) in March 2020 when we were last in Alert Level 4. This guidance remains applicable.

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