

# Global Finnet Limited

Company Registered Number 1898580

Reg. Office & Business Office  
5<sup>th</sup> Floor, 369 Queen Street  
Auckland Central, 1010  
New Zealand

Tel: (64) 9 303 5579  
[www.globalfinnet.com](http://www.globalfinnet.com)  
Email: [info@globalfinnet.com](mailto:info@globalfinnet.com)

P.O. Box 5033  
Wellesley Street  
Auckland 1141  
New Zealand



## Banking and Financial Institutions in New Zealand

“We do not license the business of banking *per se*. Financial institutions do not have to be registered banks in order to take deposits and make loans. A financial institution can conduct the business of banking without being subject to the Reserve Bank’s prudential requirements for registered banks, so long as it does not use the word “bank” in its name.”

***Alan Bollard, Governor, Reserve Bank of New Zealand***

So, in order to transact all banking business a New Zealand Financial Institution (NZFI) needs only to be organised and permitted by its Constitution to perform banking business. It must also comply with a variety of laws and regulations governing various aspects of banking. While these can be a bit of a minefield, Global Finnet will provide assistance with these laws and regulations as part of its monthly compliance fee.

### NZFI Name.

The Reserve Bank Governor did not detail what he meant by use of the word “bank” in its name. A NZFI cannot use the word “bank” in any language, or any derivative of that word, in its name. Other words such as “Savings and Loan” can be used in the name of the NZFI. However, when describing the activity being undertaken phrases such as “Family Banking” or “International Bank Services” or anything similar can certainly be used following established precedent provided it is clearly stated that the Financial Institution is not a Licensed Bank.

### Office Requirements

In order to transact business in New Zealand, from New Zealand, or have accounts with another New Zealand Bank, it is necessary to have a real office that is staffed by real people during normal business hours. Virtual Offices and mail drop addresses do not comply with this requirement. Global Finnet has developed a facility in the CBD in Auckland that does satisfy this need and the facility is shared with all NZFI’s that are administered by Global Finnet to reduce costs. This also serves as Registered Office and the office that under New Zealand law is available for Document Serving, plus maintaining and housing Statutory Records and any public documents.

### Directors.

The requirement is a minimum of one Director, who must be a real person. This Director need not be resident in New Zealand. Nominee Directors are not a possibility because in law in New Zealand the Directors are personally responsible for the activities of the company and in serious cases can be jailed for offences. Ask us about the provision of a genuine New Zealand Resident Director, which we do have available.

### Shareholders

More than 75% of the shares of the NZFI need to be held by New Zealand residents, or a New Zealand company. We provide a New Zealand company to act as nominee shareholder under one or more Declarations of Beneficial Ownership. If this condition is not met then a New Zealand Registered Auditor must be appointed to audit the company’s annual accounts. We can assist with this requirement also.

### Tax Registration

If the NZFI intends to do business within New Zealand, from New Zealand, or maintain any bank accounts in New Zealand, it must register with the Inland Revenue Department, be allocated a Tax File Number and submit to all tax requirements by the due date. We can usually attend to these requirements. You will

no doubt wish to talk with one of our representatives to ensure that you are not going to pay any unnecessary tax.

#### Taxation

There is a range of taxes in New Zealand but not all of these will be of interest to you, depending upon your own circumstances. There is a very low rate of tax – just 2% of interest paid – on instruments that achieve the status as qualifying for the Approved Issuer Levy. This compares with the normal rate of 15% on interest paid by most New Zealanders. There is also a Goods and Services tax of 12.5% but this does not apply to exported goods or services. Financial services are zero-rated. Please consult with us on the issue of tax, especially company tax, so there are no misunderstandings. Should we be unsure of a difficult point in your circumstances we will refer you to a specialist tax consultant.

#### Share Capital

There are no capital requirements laid down for an NZFI. In our view you should only have sufficient Share Capital for your own operational needs. There are no Capital Adequacy Ratios. A full 100% of your Share Capital remains entirely under your own control at all times. In New Zealand Ordinary Shares are taken to have no par value.

#### Banking Support

If you decide to open (multi-currency) bank accounts in New Zealand you will have to send the Director to New Zealand to front up to the bank with the due diligence material required by your chosen bank. We give you our backing with this including the bank's own requirements to have a local authorised signatory to the account in addition to the director etc in order that the bank can have timely dialogue on any issues that may arise. All banking records need to be maintained in NZ also. Remember that a New Zealand Resident Director can eliminate the requirement to visit NZ.

If you decide to open up accounts in another jurisdiction we can provide you with all the usual corporate documentation that may be required including notarised and / or Apostilled copies of originals. We can also open accounts for your company in Cyprus, or a non-EU country.

Some NZFI's will ask us to provide them with fiduciary accounts via a major bank with the intention that after a period of time they will use the then established bank relationship to apply for full correspondent banking facilities.

We are not tied to any one bank. We are constitutionally organised to provide a full range of financial services ourselves, however, we choose not to compete with other banks, or our clients' NZFI. Instead we use our knowledge and relationships to assist others to set up in a wide range of financial services.

#### Acceptance

A NZFI is a well-accepted structure that has played an important part in the overall banking and finance scene within New Zealand for the last decade, or more. New Zealand is known, and well regarded, for its clean image and a strong regulatory framework. We suggest that you take a look at the Financial Services Federation website at [www.fsf.org.nz](http://www.fsf.org.nz). Here you can see some of the other companies who are Members of the Federation. Notable among them is the PSIS, which was originally formed as a co-operative and then became a NZFI after originally providing banking services solely for the New Zealand Government employees. Membership of Financial Services Federation would add to your credibility when dealing with other banking institutions although in your circumstances it may be an expense that is not necessary. Membership cost is based upon your Capital. Large Capital attracts a Membership fee of \$9,000 per year but low capital cost is only about \$1,000.

#### Swift

The costs of having SWIFT capabilities are high and although the credibility that goes with a SWIFT address is excellent you really do need a fairly large business base in order to cover the associated costs. Please take a look at the website of SWIFT to see what the costs are. You can see this here [http://www.swift.com/index.cfm?item\\_name=new\\_c\\_snk\\_overview1](http://www.swift.com/index.cfm?item_name=new_c_snk_overview1) and find the prices near the bottom of the page. If you really need SWIFT you may like to look at using a SWIFT Bureau instead?

#### Banking Software

We do not get involved in the provision of software ourselves although we do have 3 solutions that we recommend clients look at. Probanx and Megasol are very comprehensive with a cost label to match. They are modular meaning that you only need buy what you want. They are designed and suited to on-line banking solutions. Bank Manager is far more basic and starts at a significantly lower cost. In our view

it is ideal for a start up operation that cannot afford a completely developed system. Also suited to a smaller private bank. You can find out more by visiting <http://www.bankmanager.biz/>.

#### Business Certificate

We work with Document Verification Limited – see [www.verify-document.com](http://www.verify-document.com). This is a Private Certifying Authority that provides a range of Due Diligence services. They will provide your NZFI with a Business Certificate that sets out the business that you are constitutionally registered to perform.

#### Card Solutions

The card industry is changing so rapidly that it is a full time job to keep abreast of the changes. Our opinion is that it is better to use one of the many card suppliers around who will look at co-branding with you. You need to separate cards into credit cards / charge cards, which are really difficult and debit card / cash card which are much easier. We are able to process card applications with a reliable bank for reloadable cash cards that allow the holder to draw cash anywhere in the world that Maestro / Cirrus is accepted.

#### Global Node

With the advent of globalization, researchers in the UK have concluded that Auckland in New Zealand will become one of the financial nodes in the global network providing financial services to support physical trade. We do have a natural advantage due to our location on the doorstep of Asia and excellent legislation.

#### Free Trade Agreement

New Zealand has become the first country in the world to actually enter into a Free Trade Agreement with China. Although no doubt there will be other countries to follow it does speak volumes for “can-do attitudes” in New Zealand supporting views of a good financial future.

#### Tax Treaties

New Zealand currently has about 35 tax treaties in force, which include most of the major countries. This allows a more relaxed attitude by authorities in those countries when dealing with any issues.

#### Relevant Legislation

Depending upon your activity, none, all, or some of the following pieces of legislation may become relevant:

- Bills of Exchange Act 1908
- Cheques Act 1960
- Companies Act 1993
- Consumer Guarantees Act 1993
- Credit Contracts and Consumer Finance Act 2003
- Electronic Transactions Act 2002
- Fair Trading Act 1986
- Financial Transactions Reporting Act 1996
- Investment Advisers (Disclosure) Act 1996
- Personal Property Securities Act 1999
- Proceeds of Crime Act 1991
- Property Law Act 1952
- Reserve Bank of New Zealand Act 1989 & Amendments
- Securities Act 1978 & Amendments
- Unclaimed Money Act 1969.

#### Inquiries

We find that client requirements are many and varied carrying quite different costs for the appropriate structure. To enable us to give you correct advice and quotation, we ask you to request a questionnaire from us and return it to us for evaluation, recommendations and quotation.