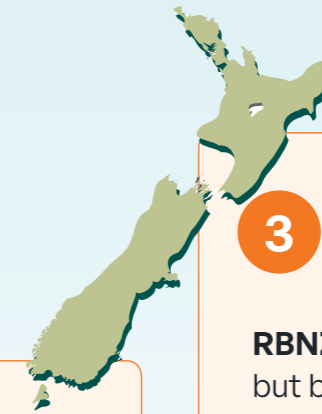


Proportionate Risk and Compliance Frameworks

Build enough rigour to manage material harm – then prove why it is enough.



3 NZ guidance anchors

RBNZ proportionally: not one-size-fits-all, but baseline requirements still apply.

FMA fair conduct: effective policies, processes, systems and controls, approved and overseen by the board.

Governance: clear roles, challenge, accountability and transparency. Show me, don't tell me.

Customer outcomes: monitor what customers actually experience, not only what was documented.

1 Design test

Material first: focus on customer harm, liquidity/funding risk, licence impact and operational resilience.

Right-sized: align effort to nature, size, complexity and risk profile.

Evidence-led: document why the control is scaled up or down.

2 Core operating model

Obligations > Ownership > Controls > Evidence > Monitoring > Decisions

Know what applies and have one source of truth

Business owners, not "compliance by default"

Simple, repeatable routines linked to risk/harm

Proof that controls operate as intended

Risk-based testing, lead and lag indicators

Board-ready MI, escalation and remediation



Good looks like: less friction, clearer ownership, better evidence and faster decisions

5 Example questions leaders should ask

- When did we last test that fees and interest are being calculated exactly as disclosed/promised?
- Who checks change control in systems, product settings and pricing for logic for unintended consequences?
- How do we know we are capturing all complaints?
- What do complaints, arrears, exceptions and remediation tell us together?
- Which controls depend on one person, one spreadsheet or one system being right every time?

4 Where frameworks usually fail



The business don't understand all obligations and ownership is vague.



Controls exist on paper, but evidence is stale or missing.



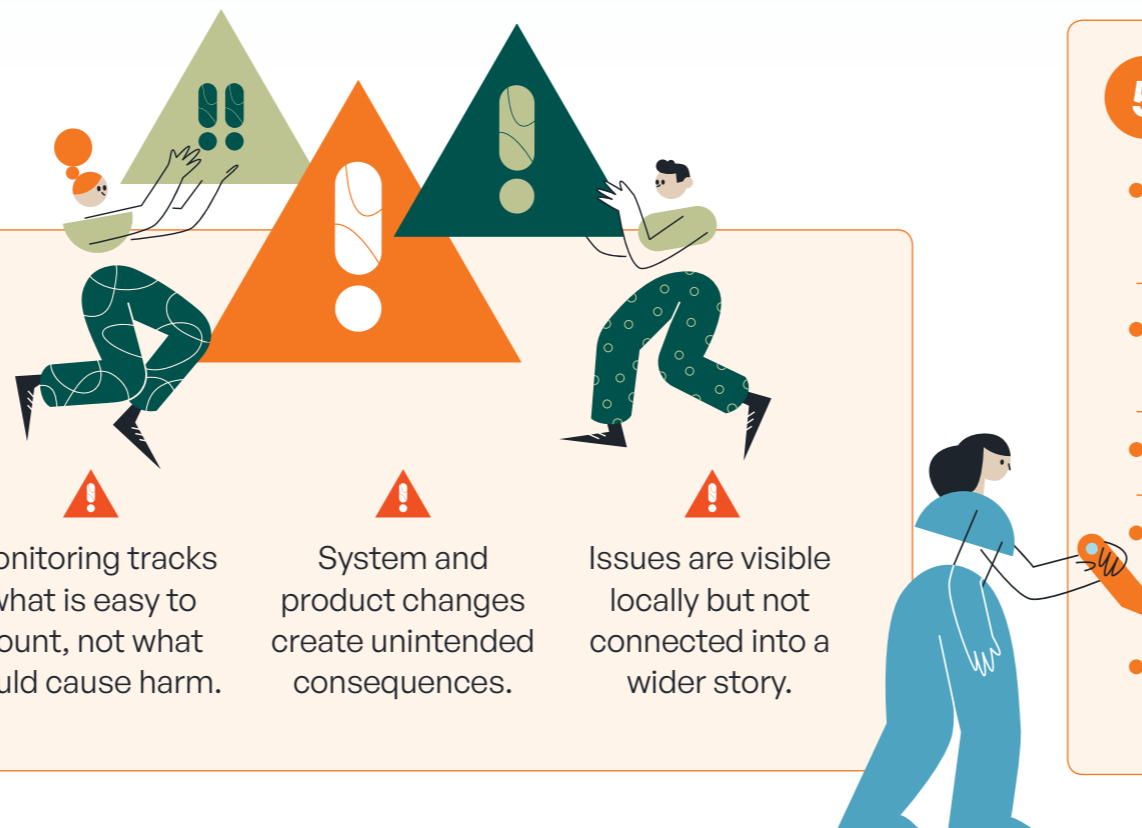
Monitoring tracks what is easy to count, not what could cause harm.



System and product changes create unintended consequences.



Issues are visible locally but not connected into a wider story.



! A proportionate framework is not a longer checklist – it is a set of pressure gauges for the business. It tells leaders where harm, stress, control failure or other risk is building before it becomes a material problem.

