



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Building Financial Capability

Microfinance Lending Services Service Guidelines

effective 1 March 2026

January 2026

Business Group	Building Financial Capability Safe, Strong Families and Communities Māori, Communities and Partnerships
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1.0 About these Service Guidelines

1.1 What are these Guidelines for?

These Service Guidelines (Guidelines) give an overview and guidance of the service expectations for Building Financial Capability (BFC) Microfinance Lending Services.

These guidelines are for providers the Ministry of Social Development (MSD) contracts to deliver BFC Microfinance Lending Services.

These guidelines form part of the Provider's Outcome Agreement, and provide:

- a set of practice principles to guide service delivery
- a resource tool to help providers deliver services consistently
- a resource tool to assist providers to meet the desired service outcomes
- a way for MSD to improve its responsiveness to feedback regarding changes to the service delivery component of the Outcome Agreement.

1.2 How should these Guidelines be used?

These Guidelines set the minimum standard for service delivery of BFC Microfinance Lending Services **from 1 March 2026**.

Providers should use these Guidelines to assist them to deliver the BFC Microfinance Lending Service according to the Outcome Agreement requirements. Each Provider shall develop a service that reflects their kaupapa, incorporating Client need and the culture within which they work.

1.3 Will these Guidelines be revised?

The guidelines are a living document. They will be updated over time having considered Provider feedback. MSD will keep Providers informed of any additions, updates, or changes.

For further information on these Guidelines, please contact your Relationship Manager.

Feedback on the Guidelines is welcome at any time and can be sent to the Relationship Manager at Financial_Capability@msd.govt.nz.

2.0 Relationships

2.1 Relationship principles

The Parties to the Outcome Agreement (MSD and the Provider) shall collaborate to ensure BFC Microfinance Lending Services are effective and accessible. Both Parties have a shared goal to achieve positive benefits for the service's target group and recognise that the service is a joint endeavour.

The following principles guide all our dealings under the Outcome Agreement. Both Parties agree to:

- act honestly and in good faith
- communicate openly and in a timely manner
- work in a collaborative and constructive manner
- recognise each other's responsibilities
- encourage quality and innovation to achieve positive outcomes.

Both Parties shall appoint a contract manager who will be responsible for effectively managing the contract relationship between MSD and the Provider.

The Outcome Agreement does not constitute a partnership in the legal sense, nor does it mean that the Provider is an employee or agent of MSD.

2.2 Cultural responsiveness

Both Parties recognise the needs of all people, including Māori, Pacific, ethnic communities and all other communities, to have services provided in a way that is consistent with their social, economic, political, cultural and spiritual values.

2.3 Accessibility

Increased participation is supported by enhanced accessibility and recognises the diverse needs of all people through:

- ease of communication
- flow of information
- physical accessibility.

2.4 Good practice approach

Both Parties support the development of good practice in the delivery of the BFC Microfinance Lending Service. This includes:

- using current good practice approaches, taking into account the local context, community and the knowledge and skills relevant to the purpose and focus of this service
- being client focused, by:
 - involving Clients appropriately in decisions about the delivery of the support they receive and,
 - recognising the importance of cultural responsiveness in service delivery
- designing services and physical facilities in a way that supports accessibility to services for Clients
- using a collaborative approach across services and agencies where possible
- regularly reviewing, reflecting and monitoring of the effectiveness of the service, including Clients, staff and external feedback, and changing and modifying practice in response
- using formal feedback processes for reporting purposes and ensuring that Clients are aware of how information they provide will be used. This includes obtaining permission from the Client to discuss or share their details with creditors, external agencies or other third parties, in compliance with the Privacy Act 2020
- providing relevant training, professional development and (where appropriate) supervision, and utilising appropriate resources and support to staff providing the Services.

3.0 About Microfinance Lending Services

3.1 Aim of Microfinance Lending Services

Microfinance Lending Services are a financial service which aims to help people in financial hardship to borrow safely.

Low-income families are often considered too high-risk by mainstream first tier and second tier lenders. Third-tier lenders are expensive and often contribute to financial stress, which can exacerbate social issues.

Microfinance Lending Services offer a safe, ethical alternative to high interest lending.¹

3.2 Role of Microfinance Lending Services

Providers will provide eligible Clients with Microfinance Lending Services to improve Clients' financial wellbeing. The Services may include:

- No or low interest loans for assets that will contribute to Clients' work readiness or improvements in their quality of life.
- No or low interest loans for debt repayment including loans that enable consolidation of harmful debt(s) into affordable repayments
- Client support and advice services that assist Clients to qualify for loans.
- Client support and advice services that may also enable ineligible Clients to improve their financial positions, after agreed remedial work, to become eligible for Microfinance loans.
- The Microfinance scheme should not replicate or substitute for assistance provided by MSD's Service Delivery group also known as Work and Income (Work and Income).

3.3 Role within the range of BFC services and products

MSD funds the delivery of a range of BFC products and services aimed at building the financial capability of New Zealanders.

'Significant and/or complex financial assistance'

Microfinance Lending Services for Clients on low to medium incomes are among those classed as 'Significant and/or complex financial assistance' within the BFC services.

¹ Service description for Microfinance Lending Services:
Providers will provide Clients with specialised Microfinance Lending to improve Clients' financial wellbeing. Clients are supported to reduce their harmful debt. The aim is to shelter people, family and whānau in financial hardship from the financial, health and social impacts of intractable debt.

More context for the role of Microfinance Lending within BFC practice and delivery is contained in the *Building Financial Capability Services Guidelines* (refer to Page 6).³

3.4 Client eligibility

Key entry criteria

All four criteria must be present:

1. Clients must be able to demonstrate EITHER
 - a need for a purchasable asset, treatment, or programme that can improve their readiness for employment or improve their quality of life, OR
 - Clients must show the presence of unsustainable debt (personal consumer debt) or potential insolvency
2. Clients must have the willingness and ability to repay a loan, evidenced by the Client's budget
3. Clients must have low to middle income, evidenced by holding a Community Services Card, or similar evidence of need and proof of income.
4. Clients must be aged 18 or older and be Lawfully in New Zealand.⁴

3.5 Entry into service and Client pathways

Clients can enter Microfinance Lending Services in three ways, subject to Provider acceptance of the referral:

- (a) Referrals by BFC Core Services:
Financial Mentors and MoneyMates facilitators employed in BFC Core Services can refer existing or new clients potentially requiring specialist Microfinance Lending to a Microfinance Lending Service free of charge.⁵
- (b) Referrals from agencies outside BFC Core Services:
Clients who are new to Microfinance lending and have no current relationship with BFC services are also eligible to receive assistance free of charge, subject to an initial assessment of their financial situation and the Client's ability to meet the Provider's own eligibility criteria.

These Client referrals may be from Work and Income, non-MSD-funded financial capability services, Whānau Ora services, social sector NGOs,

³ All MSD Service Guidelines are uploaded here as they are completed:
<https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/service-guidelines/index.html#b>

⁴ This is the most inclusive definition possible and includes New Zealand citizens, refugees or permanent or temporary residents, provided they hold current visas.

⁵ See section 4.10 'Charging for Services'

BFC Plus Kahukura, financial services providers, retailers, or any other interested parties.

(c) Client self-referrals:

Clients can directly approach a Provider, i.e. self-referrals. These will also be free of charge.

3.6 Encouraging links with other BFC services

Once the Provider has accepted a Client referral, they should encourage the Client to also link with a BFC Core Service providing Financial Mentoring and/or MoneyMates groups.

- If the Client consents, the Provider should assist Clients to connect with a suitable BFC Core Service (or with the MoneyTalks financial helpline). Information on the benefits of BFC services will be provided to the Client by the Provider.
- If the Client does not consent to a BFC Core Service referral, the Provider will manage all aspects of the relationship with the Client.

3.7 Microfinance Theory of Change

Goal: Helping New Zealanders strengthen their financial capability through trusted, accessible support.

Microfinance: Theory of Change

Problem Statement: Low-income families are often considered too high-risk for mainstream [first tier and second tier] lenders. Third-tier lenders are expensive and often contribute to financial stress, which can exacerbate social issues.

The 'Why'	Service & Client level (Providers, Govt/NGO partners, iwi, etc)
<ul style="list-style-type: none"> Access to safe and affordable credit plays an important role in whānau and individual financial well-being. It enables accelerated purchase of relatively expensive services/assets and helps provide resilience from unexpected life events. It also helps eliminate barriers to accessing employment and schooling by ensuring people can afford supplies without incurring unsustainable high-interest debt. For those on low incomes, the reason for incurring debt is often for basic household expenses or family necessities, and for life events and emergencies. A subset of people get into unsustainable levels of debt, often with predatory lenders. Debt repayments, fees, and penalties become chronic and unmanageable – sometimes leading to a spiral of increasing indebtedness and longer-term harm. Financial mentors and their clients have limited alternatives to high-cost debt. Other BFC services and traditional financial mentoring alone cannot provide relief from high-interest debts. <i>The Microfinance service allows low-income families to access zero-interest or low-interest loans to purchase goods and services, and consolidate debt, to improve their ability to attend work and schooling, and improve their whānau wellbeing.</i> 	<p>This service contributes to Government Targets by reducing barriers for people to work, attend school, and reduce crime driven by financial stress. (Relevant Government Targets include: Reduced child and youth offending, reduced violence crime, fewer people on the Jobseeker Support Benefit, increased student attendance, more students at expected curriculum levels.)</p>
	<p>Long-term outcomes (5+ years)</p> <ul style="list-style-type: none"> Increased financial inclusion supports greater social and economic inclusion Improved quality of life including better long-term outcomes for children Improved financial resilience and reduced risk of insolvency Reduction in mental health distress, and crime driven by poverty Increased quality of life and financial stability in retirement due to increased savings/KiwiSaver Children grow up exposed to less deprivation-based harm
	<p>Medium term outcomes (2-5 years)</p> <ul style="list-style-type: none"> Economic benefits from purchase of needed goods or services (including increased readiness to work and school attendance) Improved personal outcomes (e.g., reduced stress, social isolation) Improved credit history leading to increased access to mainstream credit Increased financial capability (e.g., greater understanding and control over personal finances, increased savings) Clients are supported to reduce their reliance on harmful debt
	<p>Short term outcomes (0-2 years)</p> <ul style="list-style-type: none"> People have their immediate needs met as a result of the purchased good or service, without incurring harmful debt People are in a better position to make life decisions (e.g., can leave unsafe or violent living situations or relationships, move house or job, take up training, attend school) Increased awareness of alternatives to third-tier lenders Increased financial capability, confidence and ability to manage money People are supported to connect to other relevant financial and community services Reduction in unmanageable high-interest debts Improved financial stability reduces the need for emergency KiwiSaver withdrawals <p><i>Reflecting on their experience in the post-CFI survey, many participants reported positive changes. Over two-thirds (69%) said they were spending less on things they did not need and around half said they understood their finances more (54%), were paying off debt faster (46%) or saving more money (40%). (Interim report: Outcome evaluation of the Community Finance Initiative, 2017)</i></p>
<p>Inputs, enablers, and mechanisms</p> <ul style="list-style-type: none"> Microfinance providers train and retain staff who: <ul style="list-style-type: none"> have a strong understanding of lending processes and products, use current, good practice, strengths-based approaches, are understanding and respectful of different circumstances and are non-judgemental, and can recognise the needs of clients and offer support that reflects their social, economic, cultural, and spiritual values. Providers have access to credit lines for clients to access no-interest or low-interest loans. Providers can offer/negotiate affordable repayment schedules for Microfinance loans. Microfinance services are free for clients regardless of whether the client is eligible for a loan. Providers recognise when clients need other financial supports and have robust referral pathways to other services. Well established referral and eligibility assessment processes to maximise participation in the service. Services are easy for clients to navigate and remain engaged. MSD provides funding to support operations and delivery of services (not lending capital). 	
<p>Assumptions</p> <ul style="list-style-type: none"> Microfinance is likely to be one service in a client's wider suite of support (financial or otherwise). The surrounding supports will affect a client's outcomes. There are appropriate financial and social services available for Microfinance staff to refer clients to when required. The existing referral channels to Microfinance continue to be used. The Microfinance service remains a relevant and effective approach for supporting people who cannot access mainstream lending. The microfinance scheme should not replicate or substitute for assistance provided by Work and Income. 	<p>Activities</p> <ul style="list-style-type: none"> Assessment of the clients' circumstances to determine eligibility Referrals to other financial supports and social services when other client needs are identified No-interest or low-interest loans for people who do not meet standard bank criteria and have exhausted their Work and Income options. Providers support clients to complete relevant documentation and understand conditions of the loan. On-going monitoring of client progress and loan repayment Microfinance loans can be used for: <ul style="list-style-type: none"> A reasonably priced vehicle (or repairs and/or maintenance to an existing vehicle) A computer/laptop or digital device for work, study, or staying connected Medical expenses including dental work School costs and fees Moving expenses Loans for consolidation of high-cost debt Essential household appliances (e.g., fridge, heating, washing machine)

4.0 Microfinance Lending Services delivery

4.1 The role of Providers

Providers are contracted by MSD, for operational funding only, to deliver the Microfinance Lending Services.

Providers should aim to continuously improve their service delivery by:

- employing and supporting competent staff capable of delivering a quality service
- providing opportunities for on-going training and professional development
- ensuring appropriate financial sector collaboration and networking links are made to support staff and Clients
- developing and maintaining effective collaborative working relationships with BFC-funded financial capability services
- operating a viable service which is able to support all staff and their professional development, in accordance with Social Sector Accreditation Standards and these Guidelines
- participating in training and up-skilling activities to keep up to date with financial capability information.

4.2 Adequacy of lending capital

No Government funding is available for lending capital.

The Provider must maintain sufficient lending capital to support the size of the lending programme that has been agreed between the Provider and MSD.

The Provider must have sufficient lending capital or maintain line of credit arrangements with a financial provider or providers, throughout the term of their Outcome Agreement.

Providers must immediately advise their Relationship Manager of any lending capital shortfall relative to the size of their lending programme, or the proposed end or reduction of any line-of-credit arrangement.

4.3 Location of Services

Microfinance Lending Services are provided nationally across New Zealand.

Providers are not required to provide Client-accessible premises. Services are not required to be delivered to Clients face-to-face. Most client/provider interactions will be electronic, by phone, text, or video conferencing.

If physical interactions are required with Clients (e.g. sighting or signing originals of documents; support for disabled or digitally isolated clients) these can be provided through MSD-funded Heartlands or Building Financial Capability core providers, or similar locations.

4.4 Key relationships in service delivery

Agencies

Clients may be referred to Microfinance Lending Services Providers by BFC-funded providers (including Financial Mentors, MoneyMates facilitators, BFC Plus Kahukura, The Generator, and MoneyTalks) or non-MSD funded budgeting services, Whānau Ora services, social sector NGOs, and financial services providers.

Any of the referral agencies may refer Clients as part of a Client-centred plan to improve Clients' financial wellbeing.

Clients

Clients (Individuals, families and whānau) can refer themselves, regardless of income or previous engagement with BFC services or Work and Income.

Improvements to financial wellbeing and resilience for Clients are the ultimate aim of the services.

When a BFC-funded Provider has made the referral, the Microfinance Lending Service Provider should keep them informed of the Client's progress and any issues.

Other important relationships

Lending capital providers, if applicable

Providers should maintain arrangements with their financial services partners, so the Microfinance Lending Service maintains sufficient lending capital to support their lending programmes.

No Government funding is available for lending capital.

FinCap, the National Building Financial Capability Charitable Trust

FinCap, the peak body for the financial capability and budgeting sector, will assist connection with BFC Core Services via the MoneyTalks helpline and assist in relationships with other BFC services.

The Ministry of Social Development (MSD)

The role of MSD is to:

- approve Providers of Microfinance Lending Services
- manage the funding allocated to Microfinance Lending Services
- monitor the performance and contractual management of the Provider
- ensure national coverage and quality of Services
- seek continuous improvement of service delivery, including updating these Guidelines.
- report back to Government on Microfinance Lending Services and outcomes

- develop resources to support the Microfinance Lending Service (in consultation with the BFC sector)
- work with Microfinance Lending Service Providers to share knowledge and expertise.

4.5 Social Services Accreditation

Providers delivering Microfinance Lending Services are required to meet at least **Level Four** of the Social Sector Accreditation Standards⁷.

Providers are required to hold and maintain their Accreditation for the full duration of their contract according to Social Sector Accreditation Standards. The only exception is for a new Provider following a Procurement process, who must be able to obtain required Accreditation within 6 months of signing their Outcome Agreement.

4.6 Reporting to the Commerce Commission

Where the Provider becomes aware of circumstances that indicate a person's rights may be breached under the Fair Trading Act 1986 or the Credit Contracts and Consumer Finance Act 2003 the Provider will:

- discuss this breach with the client,
- ask if they would like to have a "Red Flag" report registered with the Commerce Commission.
- A report may be made:
 - by the Client
 - by the Provider on behalf of the client
 - by the Provider, with the client being kept anonymous.

More information about Reg Flag complaints is available on the Commerce Commission's website: <https://comcom.govt.nz/consumers/resources-for-consumer-organisations/red-flags>

4.7 Making a complaint to a dispute resolution service

Service Providers are able to make complaints on their clients' behalf. Four dispute resolution services provide free, fair, and independent dispute resolution for complaints about financial services.

These services can help if something has gone wrong with a financial service provider and the financial service provider has been unable to resolve the complaint. For example:

- a lender has loaned money to someone who cannot afford to repay the loan
- a car has been repossessed or immobiliser turned on

⁷ Social Services Accreditation, <https://xn--tekhuikhu-7bbe.govt.nz/accreditation/index.html>

- a KiwiSaver hardship application has been declined
- an insurance claim has been declined
- a customer has had transactions or withdrawals made from their account without their knowledge
- anything else that doesn't seem right.

All financial service providers are required to be registered with a dispute resolution service. Any of the services listed below can be contacted about a complaint, and they will direct the Client, or the Provider on the Client's behalf, to the appropriate service.

Banking Ombudsman Scheme www.bankomb.org.nz 0800 805 950

Financial Dispute Resolution Service www.fdrs.org.nz 0508 337 337

Financial Services Complaints www.fscl.org.nz 0800 347 257

Insurance & Financial Services Ombudsman Scheme www.ifso.nz 0800 888 202.

4.8 Membership of a financial dispute resolution scheme

Providers must be members of an approved Financial Dispute Resolution Scheme (DRS) in New Zealand, established and approved by the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

Provided that:

- Providers who do not charge interest or credit fees under Microfinance loans are not required to register on the Financial Service Providers Register (FSPR). Those offering interest-free and fees-free loans are also not required to be registered with a Financial Dispute Resolution Scheme (DRS), provided they commit to maintaining this interest- and fee-free status for the full duration of the contract.
- If a Provider intends or anticipates charging interest or credit fees under a Microfinance loan, they will be deemed to be providing a financial service and must be registered under the Financial Service Providers Act (FSPA) and with a Financial Dispute Resolution Scheme (DRS). This registration requirement applies for the full duration of the contract.⁸

4.9 Client complaints about Provider services

Providers must maintain and use an effective process to resolve any complaints in accordance with MSD's Social Sector Accreditation Standards or the FinCap policies.

⁸ Definitions (FSPA Section 4):

- Interest charge: A charge that accrues over time, determined by applying a rate to an amount owing under a credit contract (includes default interest).
- Credit fees: Fees payable under or in connection with a credit contract (e.g., establishment or prepayment fees), excluding default fees.

4.10 Charging for services

Providers will not charge Clients for Microfinance Lending Services where the Providers claim funding from MSD for those same services. This includes receiving donations, gifts or koha or tithes (or any other term referring to money received) from Clients. If Clients make such payments, they should be returned in full to the Client.⁹

4.11 Additional charges on Clients

If any Client, through their actions or any default, is to be charged any loan fees, increase in interest charged on their established borrowings, debt collection fees, legal expenses or other costs, the Relationship Manager must be advised in advance of imposition of such costs.

4.12 Ending this Microfinance Lending Service

When this Microfinance Lending Service ends (whether through end of contract or early Termination) the Provider will:

- Notify all Clients about transition arrangements in writing
- If not continuing the relationship with the Client, advise the Client how their loan will be managed, who to contact for support, their rights to their records
- Safeguard the wellbeing of the Client and avoid any sale or transfer of their loan that will substantially worsen the terms and conditions of their loan
- Protect all Client information as required by the Privacy Act 2020
- Provide MSD with a comprehensive final report.

4.13 Family Services Directory

Throughout the term of their Outcome Agreement with MSD, Providers must ensure that their organisation is listed in MSD's Family Services Directory (<http://www.familyservices.govt.nz/directory>) and that necessary information is updated when required.

⁹ This advice is adapted from the Social Workers Registration Board Code of Conduct, <https://swrb.govt.nz/public-and-employers/code-of-conduct> and MSD recommends that Providers follow the Board's approach (Principle 6.4) to client payments and gifts.

5.0 Measuring results and reporting

MSD needs to understand how Microfinance Lending Services work across a range of sectors to help indebted individuals, families and whānau overcome unsustainable debt.

MSD will do this through collecting results in the Provider Report and Performance Measures attached to the Outcome Agreement.

MSD relies on Providers collecting consistent and standardised data to build the evidence base.

5.1 What data needs to be collected for reporting?

The measures are detailed in the Provider Report and Performance Measures attached to the Outcome Agreement. Measures of quantity, quality and Client outcome will be collected.

Quantity and Quality measures are numerical or percentages, based on Provider records, and this data is supported by the Provider Narrative report (see **Appendix One, page 17**).

5.2 Calculating FTE for reporting

Report 'the Number of FTEs directly employed in the provision of Microfinance Lending Services.'

The number of Full-Time Equivalents (FTE) reported shall match or exceed the number of FTE funded through the contract. If the FTE reported is less than the contracted number of FTE, the Relationship Manager should be informed and a plan developed to resolve this imbalance.

Manager positions should not be included in the FTE count unless they have direct service provision responsibilities, as management functions are part of the overhead in the calculated FTE rate.

5.3 What reports are required by MSD?

Reporting is required by the Provider to meet the contractual obligations set out in the Outcome Agreement. Reporting is necessary to ensure accountability to Government for the funding provided under the Outcome Agreement.

The following must be completed and sent to your Contract Manager on or before the dates set out in the Outcome Agreement:

- Provider Report and Performance Measures (Appendix to your Outcome Agreement) to be filled out quarterly on your contract reporting due dates.

To help you fill out your contracted reporting, Appendix One includes:

- Template of the Provider Report and Performance Measures for quarterly reporting
- Template of the Provider narrative report.

5.4 Provider narrative reporting and Client Outcomes Measurement

All Providers are required to collect information on the effectiveness of referral pathways, Clients' experiences and what the outcomes of their interactions have been, and possible adjustments to the service that could be made through a continuous improvement process.

MSD and Providers will participate in further development of the Microfinance Lending Services client outcomes measurement framework throughout the contract term. This will ensure data collected is accurate and relevant to the needs of Clients, Providers and MSD.

5.5 Evaluation

The Provider agrees to cooperate with, and participate in, any evaluation of BFC Microfinance Lending Services that is undertaken by MSD (or by a third party appointed by MSD) to facilitate such an evaluation.

More information on BFC evaluation can be found on the MSD website:
<https://www.msd.govt.nz/what-we-can-do/providers/building-financial-capability/evaluation-of-bfc-services.html>

5.6 Provider obligations under the Privacy Act

In supplying information to MSD, Providers are required to comply with their obligations under the Privacy Act 2020.

5.7 Provider Report and Performance Measures

The performance measures are designed to collect information on a range of factors relating to the delivery of the Microfinance Lending Service.

Performance measure: FTEs		
	Number of FTEs directly employed in the provision of Microfinance Lending Services	<i>[Target number]</i>
Results: lending		
	Number of initial loan interviews with Clients, completed	Actual number
	Number of completed (submitted) loan applications	Actual number
	Number of loans approved	Actual number
	Percentage of completed (submitted) loan applications approved	Actual percentage
	Number of loans paid off	Actual number
	Number of loans written off	Actual number
Results: Client situation		
	Clients who report they feel better able to manage their money and resources	Actual percentage of Clients surveyed
	Clients who report they have improved awareness of safe, fair and affordable alternative lending models	Actual percentage of Clients surveyed
	Clients who report they feel better able to meet their family/whanau basic needs and obligations	Actual percentage of Clients surveyed

Narrative reporting

Providers should use the narrative section of the Provider report to record a broader and more detailed view of the Microfinance Lending Service.

Microfinance Lending Services ■ Provider Narrative Report
What internal factors or barriers relating to your service delivery affected results for Clients? <i>Internal factors could be: set-up issues, referrals (sources, quality or numbers), completeness and quality of Clients' responses or applications, relationships with referrers, staffing, professional development.</i>
What activities are you engaging in to address these barriers and issues relating to service delivery to achieve better results for Clients?
What further adjustments could be made to address these barriers and issues?
What external factors or barriers relating to a Client's personal situation effect Microfinance Lending results? <i>External factors could be: the general economic situation, relationships with financial services providers, Clients' limited language access or cultural differences, social norms and attitudes.</i>
What activities are you engaging in to address barriers relating to the Clients' situations to achieve better results for Clients?
What adjustments could be made to address these barriers and issues?
Provide an explanation of the variances (if any) between volumes contracted and volumes delivered.

6.0 Definitions

BFC Core Service

An MSD-funded service providing Financial Mentoring and/or MoneyMates groups support programmes to Clients.

Client

A person, family or whānau who agree to engage with the Provider's services.

The term 'Client' can encompass family and whānau or others deemed by that person as relevant to that person's financial circumstances.

Closed Client file

A Client's file should be recorded as 'closed' when:

- the Client has completed their plan/achieved the loan repayment or debt consolidation goals they requested, and they no longer require support
- the term of the Client's debt repayment arrangement or debt consolidation loan has ended
- the Client has not initiated contact or responded to contact requests for a period of time and the Provider considers it appropriate to close their Microfinance Lending file.

Financial capability

A person's ability to make informed judgements and effective decisions about the use and management of money. It includes financial planning and budgeting, dealing with debt, informed use of financial services, saving and investing.

Financial hardship

Where a person has insufficient resources to meet basic needs and being excluded from a minimum acceptable way of life in one's own society.

Financial resilience

A person's ability to access and draw on inherent capabilities and appropriate, acceptable and accessible external resources and support in times of financial adversity. This enables people to bounce back after adverse events and experiences, adapt to changing circumstances and deal with environmental stress.

FinCap, the National Building Financial Capability Charitable Trust

FinCap, the national entity for the financial capability and budgeting sector, provides training, training resources and other workforce capability requirements; a database of staff; the client management system Client Voices; and Communities of Practice for financial mentors.

Hard to reach communities

These are communities that do not connect to existing financial capability support services and may have differing understandings of the ethical framework and use of money, financial concepts and individual and collective ownership.

Strengths-based approach

This approach values the capacity, skills, knowledge, connections and potential in people and communities by emphasising their determination and strengths. It also views people as resourceful and resilient in the face of adversity, and as the experts in their own lives.

Tiers of the banking and finance sector

The New Zealand finance sector is divided into three tiers, defined by the Ministry of Consumer Affairs. These tiers are characterised by decreasing levels of regulation and financial safeguards as the tier number increases. Interest rates and fees charged by third-tier lenders can be significantly higher than those of first and second-tier institutions.

First Tier: Registered banks in New Zealand.

Second Tier: Building societies, credit unions, and the Public Service Investment Society.

Third Tier: Finance companies (excluding those focused on business finance), pawn brokers, most buy-now pay-later providers, and high-interest lenders.

7.0 More information and useful web links

Map of funded BFC Core Services (Financial Mentors and MoneyMates Groups)	https://www.msd.govt.nz/documents/what-we-can-do/providers/building-financial-capability/bfc-core-providers-map.pdf
MSD Service Guidelines	https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/service-guidelines/index.html#b
Services for people, families and whānau experiencing hardship (key elements of practice)	https://www.msd.govt.nz/documents/what-we-can-do/providers/building-financial-capability/bfc-services-for-people-experiencing-hardship.pdf
The Voice of People, Families and Whānau Experiencing Hardship (understanding those who use BFC services)	https://www.msd.govt.nz/documents/what-we-can-do/providers/building-financial-capability/bfc-voices-of-people.pdf
The Voices of People in Hard-to-Reach Communities (tailoring BFC services to meet the needs of hard-to-reach)	https://www.msd.govt.nz/documents/what-we-can-do/providers/building-financial-capability/cultural-and-social-inclusion/the-voices-of-people-in-hard-to-reach-communities.pdf
FinCap's repository of policies that meet Social Sector Accreditation requirements	https://tepapahou.co.nz/policies/
Financial disputes resolution schemes	Banking Ombudsman Scheme www.bankomb.org.nz Financial Dispute Resolution Service www.fdrs.org.nz Financial Services Complaints www.fscl.org.nz Insurance & Financial Services Ombudsman Scheme www.ifso.nz
Health and Safety information	https://worksafe.govt.nz/
Privacy Act information	https://www.privacy.org.nz/privacy-principles/

Appendix One – Provider report and performance measures templates

Microfinance Lending Services - Loans Provider

Provider Report and Performance Measures

Provider Name for Period **01 March 2026 to**

Report Due Dates
10 July 2026
10 October 2026
10 December 2026
10 April 2027
<i>And so forth</i>

Signed by: _____

Date: _____

Name: _____

Position: _____

Appendix 1-A – First financial year (FY2026) of contract only						
Description of Service	Performance Measures (during the reporting period)*	Quantity of Service <i>[FTEs - Target number]</i>	01 March to 30 June 2026 <i>[4 months -this quarter only]</i>			
Providers will provide Clients with specialised Microfinance Lending to improve Clients’ financial wellbeing. Clients are supported to reduce their harmful debt. The aim is to shelter people,	Contract measure: FTE					
	Number of FTEs directly employed	Report actual				
	Results: Lending activities					
	Number of initial loan interviews completed	Report actual				
	Completed (submitted) loan applications	Report actual				
	Number of loans approved	Report actual				
	Loans approved, as a percentage of completed (submitted) loan applications	Report %				
	Number of loans paid off	Report actual				
	Number of loans written off	Report actual				

family and whānau in financial hardship from the financial, health and social impacts of intractable debt.	Number of clients offered a referral to other community support services (at any time throughout the lending application process)	Report actual				
	Outcomes: Client Situation					
	Clients who report they feel better able to manage their money and resources, as a percentage of completed (submitted) loan applications	Report %				
	Clients who report they have improved awareness of safe, fair and affordable alternative lending models	Report %				
	Clients who report they feel better able to meet their family/whanau basic needs and obligations	Report %				
	Narrative Report					
	Report– to support the data	One per quarter				

Appendix 1-B – Remainder of contract (FY 2027 and further years)						
Description of Service	Performance Measures (during the reporting period)*	Quantity of Service [FTEs - Target number]	01 July 2026 to 30 September 2026	01 July 2026 to 30 November 2026	01 July 2026 to 31 March 2027	01 July 2026 to 30 June 2027
Providers will provide Clients with specialised Microfinance Lending to improve Clients' financial wellbeing. Clients are supported to	Contract measure: FTE					
	Number of FTEs directly employed	Report actual				
	Results: Lending activities					
	Number of initial loan interviews completed	Report actual				
	Completed (submitted) loan applications	Report actual				
	Number of loans approved	Report actual				

<p>reduce their harmful debt.</p> <p>The aim is to shelter people, family and whānau in financial hardship from the financial, health and social impacts of intractable debt.</p>	Loans approved, as a percentage of completed (submitted) loan applications	Report %				
	Number of loans paid off	Report actual				
	Number of loans written off	Report actual				
	Number of clients offered a referral to other community support services (at any time throughout the lending application process)	Report actual				
	Outcomes: Client Situation					
	Clients who report they feel better able to manage their money and resources, as a percentage of completed (submitted) loan applications	Report %				
	Clients who report they have improved awareness of safe, fair and affordable alternative lending models	Report %				
	Clients who report they feel better able to meet their family/whanau basic needs and obligations	Report %				
	Narrative Report					
	Report– to support the data	Four per year	1 report	1 report	1 report	1 report

Provider Narrative Report
What internal factors or barriers relating to your service delivery effect results for Clients?
What activities are you engaging in to address these barriers and issues relating to service delivery to achieve better results for Clients?
What external factors or barriers relating to Clients' situations effect Microfinance Lending results?
What activities are you engaging in to address barriers relating to the Clients' situations to achieve better results for clients?
What adjustments could be made / did you make to address these barriers and issues?
Provide an explanation of the variances (if any) between volumes contracted and volumes delivered.

Notes