

Five LLD Reconciliation Challenges **NZ banks need to solve before September**

The path to a confident September go-live

September 2026 marks the first official monthly Loan Level Data (LLD) submission to the Reserve Bank of New Zealand. With the full specifications now published and dry-run submissions underway, banks can now make the full assessment of what the reconciliation requires, and the picture is complex.

Starting with the scale. Across the two critical data quality gates, banks face more than **1,300 individual checks each month:**

585	427	735	3
Gate 2 content checks	Gate 2 error rules	Gate 3 reconciliation checks	surveys compared in the automated Gate 3 pipeline

At Gate 2, **585 content checks** assess the format, completeness, referential integrity, consistency and accuracy of every submitted file. Of those, **427 trigger errors**, which can quarantine the entire submission. Gate 2 also introduces a dependency that is easy to underestimate: several checks require access to **prior period submitted data**. For example, the `LOAN_BALANCE_PRIOR_MONTH_END_AMT` field in LOANFLOW must match the `LOAN_BALANCE_CURRENT_AMT` from the previous period's LOAN submission, so the validation system must retain and query historical submissions from day one.

At Gate 3, **735 reconciliation checks** compare LLD aggregates against three existing survey collections: the Bank Balance Sheet (BBS), the LVR new commitments, and the DTI survey, with the Capital Satellite survey reconciled outside the automated pipeline to begin with. Of these checks, **285 require multi-table joins** to reconstruct the survey-equivalent aggregate. RBNZ has set tolerance levels as low as 0.1% to trigger validation warnings on some of the “Gold” level data points.

Five reconciliation challenges - three technical, two organisational

Across New Zealand banks, significant effort has gone into building the data pipelines, variable mappings and file structures that the LLD collections require - and that foundation is essential. The dry-run period now underway is the first real opportunity to pressure-test those pipelines against the full specifications of the RBNZ Data Quality Framework. Banks that translate dry-run learnings into their delivery plans will be best placed for a confident September go-live. We have identified 5 reconciliation challenges NZ banks may face in the lead-up of their first submissions.

Technical · 1-3

01 Interpreting RBNZ's check logic and reconstructing survey-equivalent aggregates

Rebuild BBS, LVR and DTI aggregates from the relational LLD model, and replicate RBNZ's own reconciliation logic, check by check.

02 Accounting for structural differences

Quantify, explain and stabilise the differences between LLD and surveys that RBNZ already expects.

03 Calibrating error & warning thresholds

Test data against the Gate 2 and Gate 3 checks, and build a process to triage warnings and errors.

Organisational · 4-5

04 Closing the ownership gap

Designate a named owner of the reconciliation layer with authority to respond to RBNZ queries.

05 Building sign-off confidence

Give Finance and Risk the visibility, workflow and time to review and stand behind each submission.

Addressing the technical and organisational challenges together will give banks a reconciliation framework Finance and Risk teams can stand behind.

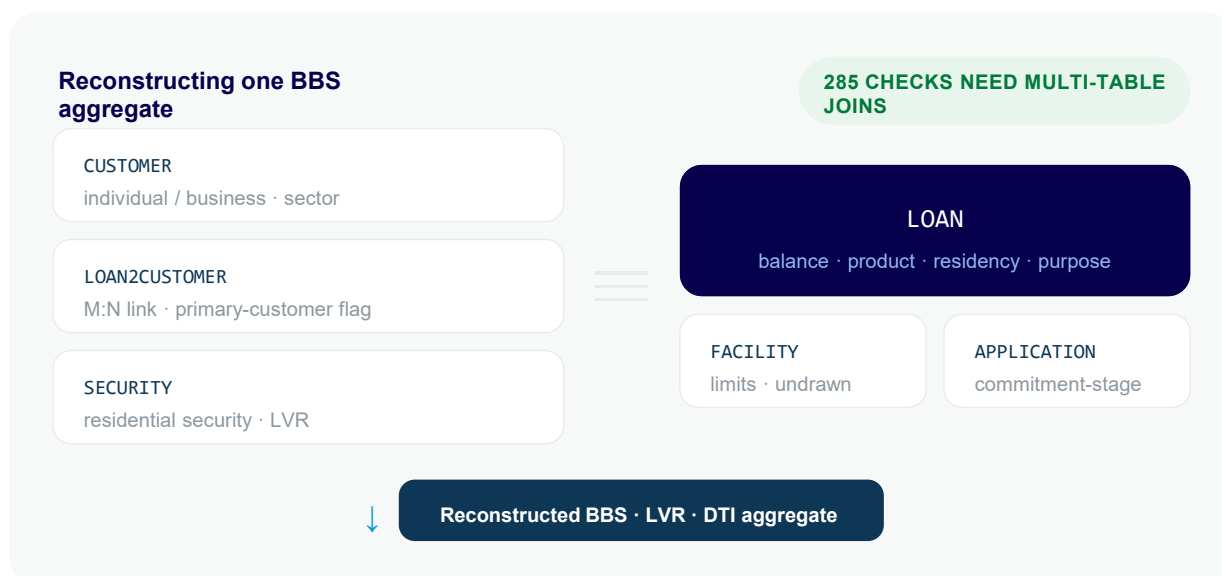
01

TECHNICAL

Interpreting RBNZ's check logic and reconstructing survey-equivalent aggregates

RBNZ's Gate 3 reconciliation compares LLD data against aggregate survey submissions - primarily the Bank Balance Sheet (BBS), the LVR new commitments and the DTI survey. Described that way, it sounds like a comparison exercise. But for the Gate 3 checks, survey-equivalent aggregates must be reconstructed using the LLD data model.

The LLD data model is relational. A single loan record in the **LOAN** table does not carry all the dimensions needed for reconciliation. Of the 735 Gate 3 checks, **285 require joins across multiple tables**. To reconstruct the residential lending breakdown that appears in the BBS, a bank needs to join:



Each join in this chain has its challenge. The relationship tables can introduce many-to-many relationships that must be handled carefully - particularly primary customer identification and cross-collateralisation.

EXAMPLE · RBNZ'S RECONCILIATION SHORTHAND

Total gross loans in LLD maps to **cell K112 on the BBS "Counterparty" return**. Every one of the 735 checks carries a mapping like this - survey, tab, cell - and each must be interpreted and rebuilt in the bank's own pipeline.

Where the interim approaches reach their limits

Most banks have started in Excel - and for a first dry-run, that is a sensible way to learn the checks: summary extracts from the LLD pipeline on one side, survey submissions on the other, bridged by hand. The constraint appears at loan-level volumes - potentially hundreds of thousands of records for a mid-sized NZ bank. The joins described above cannot be performed meaningfully in a spreadsheet, and manual aggregation leaves too much room for error.

Banks that have invested in a database pipeline for their submission files are a step ahead - but in most cases that pipeline ends at file production. The survey data sits in a separate Finance reporting environment - often another set of spreadsheets or a legacy reporting tool - with no automated connection to the LLD data. Reconciliation then becomes a manual monthly exercise: extract, pull survey totals, align in a spreadsheet, investigate differences, document explanations - all within the 12 working day submission window.

A process that takes two people three days to complete manually is not a sustainable operating model for an ongoing monthly collection.

The gate 3 reconciliations pose an operational challenge: running these joins **reliably each month, within the deadline**, with time for Finance and Risk to review and sign off. Banks that industrialise this step replace a monthly scramble with a repeatable process.

02

TECHNICAL

Accounting for known structural differences

Even with the correct linkages in place, LLD and survey aggregates will not match exactly. RBNZ acknowledges this directly in their Data Quality Framework - several structural differences are expected and documented. The challenge is to **quantify each difference, explain it, and ensure it is stable month-to-month.**

Some Examples:

DIFFERENCE	IN LLD	IN THE SURVEY
Business overdrafts	Reported as overdrafts under <code>LOAN_TYPE_CODE</code>	BBS reports these under revolving credit
Mixed-collateral housing loans	Single record under one mortgage type	BBS may split across owner-occupier & investor
Revolving credit, reducing limits	Consistent as revolving credit	BBS varies by bank repayment type
APPLICATION scope	All apps fully secured by residential property, incl. some business loans	LVR/DTI new commitments cover a slightly different scope
Sector & counterparty classification	LLD code lists (sector, ANZSIC)	Survey groupings do not map one-to-one

Reconciliation differences between LLD and surveys will need to be classified between “expected” differences versus “unexpected differences”. Given the volume of checks each month, banks will want to be running automated reconciliation processes to deal with the volume alone.

03

TECHNICAL

Calibrating error and warning thresholds before the deadline

RBNZ's data quality pipeline applies tiered responses to reconciliation issues, with thresholds set against the Bronze, Silver and Gold data quality standards applied to individual variables.

ERROR

May quarantine a submission - and may require explanation or resubmission.

WARNING

Registered for follow-up; data flows through but the issue is logged against the bank.

INFORMATION

Monitored but not immediately actioned - still visible to RBNZ over time.

RBNZ's latest Data Quality Framework updated, issued in April 2026, confirms that Gate 2 checks that fail the validation threshold will quarantine a submissions, whereas all Gate 3 checks will be treated as warnings.

0%
-
2%

The tolerance levels for the reconciliations are tight. Many Gate 2 checks have a 0% tolerance threshold. For most **Gold-standard BBS variables reconciliations** - total loan balances, residency breakdowns, impairment flags, past due data - RBNZ's indicative tolerance sets the error threshold between a **0.1% and 0.4% variance**. Maximum expected variance across the 735 checks is set **at 2%**.

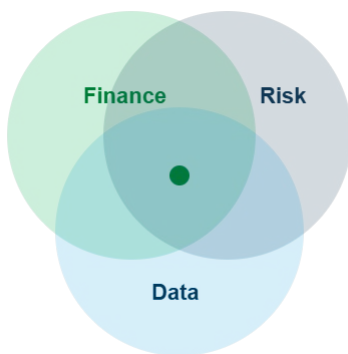
Warnings still require work

A warning lets the submission flow through, but it is registered for follow-up: RBNZ issues a data quality report listing the rules breached and the variables, tables and record counts affected, and may query the bank. The bank is expected to investigate, provide commentary and respond - often within the same submission window. Banks therefore need a process to **triage and action Gate 3 warnings**.

RBNZ is expected to further calibrate the reconciliation thresholds and focus on banks who are outliers from a data quality perspective.

04 ORGANISATIONAL Closing the ownership gap

The organisational structure of most NZ banks reflects decades of survey reporting. Usually Finance owns the Bank Balance Sheet. Risk owns capital reporting. Treasury owns funding and liquidity submissions. These are mature, well-understood ownership lines. LLD, by contrast, has typically been delivered as a **project** - led by Data, IT or a regulatory program that owns the technical build, but not the reconciliation between LLD and the surveys Finance and Risk already control.



- **Finance - BBS knowledge**
Owns the Bank Balance Sheet and its definitions.
- **Risk/Treasury - Capital Satellite knowledge**
Owns capital reporting and prudential context.
- **Data - LLD model knowledge**
Owns the technical build and the LLD data model.
- **The reconciliation layer**
Needs all three - no single team holds it today.

RBNZ's own materials flag this directly: unclear ownership between Data, Finance and Risk - particularly for reconciliations, explanations and sign-off - is identified as a key industry challenge. When RBNZ sends a reconciliation query - which it will - the response needs to come from someone with the authority to explain differences across both collections.

"Designate a clear owner of the reconciliation layer before September - someone with the standing to sign off the explanation of differences and answer RBNZ queries with authority."

05

ORGANISATIONAL

Building sign-off confidence

Monthly survey submissions carry a mature sign-off process: a Finance controller, CFO delegate or Chief Risk Officer reviews the numbers, reconciles material movements and provides documented sign-off before submission. LLD introduces a parallel monthly submission with **no equivalent sign-off process** at most banks - initially made by a data or project team with limited direct review by Finance or Risk. The gap is part timing, part tooling: the reconciliation outputs, validation results and commentary Finance needs to review do not yet exist in a form they can act on.

Sign-off confidence requires three things

01

Visibility

Finance and Risk see the reconciliation output itself, rather than a confirmation that the file went out.

02

Workflow

A structured process for review, commentary and documented approval before each submission.

03






Time

Enough lead time before the deadline for a meaningful review rather than a last-minute ratification.

As LLD matures and RBNZ begins using the data for policy and prudential purposes, the sign-off standard will need to match what is already expected for survey submissions.

What good looks like

A bank ready for the September submission will have addressed all five challenges. The dry-run period running through August is the right window: neither an ownership structure nor a robust reconciliation layer can be stood up in the days before the first submission.

-  **Cross-table joins built and validated**
The LOAN, LOAN2CUSTOMER, CUSTOMER, FACILITY, APPLICATION and SECURITY tables can be joined accurately to reconstruct survey-equivalent aggregates, with RBNZ's reconciliation logic interpreted correctly for each check.
-  **Known structural differences documented and quantified**
Each known difference between LLD and the relevant survey is understood, sized and stable, with a plain-English explanation ready for RBNZ if queried.
-  **Gate 2 and Gate 3 checks run in advance**
Data has been tested against all 1,300+ checks, prior period data dependencies are handled, and phase-in variable notifications (due 31 July) are based on evidence.
-  **Ownership of the reconciliation layer is assigned**
A named owner within Finance or Risk is accountable for the reconciliation output and empowered to respond to RBNZ queries.
-  **Finance and Risk are embedded in the sign-off workflow**
A structured review process is in place, with documented approval before each monthly submission.

ABOUT US

REG360

RegCentric provides purpose-built regulatory reporting technology for New Zealand and Australian financial institutions. The **Reg360** platform supports both RBNZ Surveys and the Loan Level Data collections - with built-in Gate 2 content validation, Gate 3 survey reconciliation (including the cross-table joins and prior period data handling described in this paper), and sign-off workflows that give Finance and Risk the visibility and governance structure they need.

Reg360 is available as an end-to-end solution or as a last-mile layer for banks with existing data infrastructure.

25+

NZ & AU bank clients supported

100%

Implementation success rate

2

Markets: New Zealand & Australia

Learn more about Reg360

We welcome a conversation ahead of September.

[Reg360.co.nz](https://reg360.co.nz)

info@regcentric.com