

# MONITORING, MANAGEMENT & RESOLUTION

Managing Exposure under the Retail  
Deposit Guarantee Scheme

# MONITORING

- RBNZ conduct monitoring on behalf of the Crown.
- Information received via Trustees.
- Provides key data on firms.
- RBNZ assess relative riskiness (taking account of capital, concentration risk, key ratio analysis, qualitative measures).
- Regular and specific Reports to Treasury.

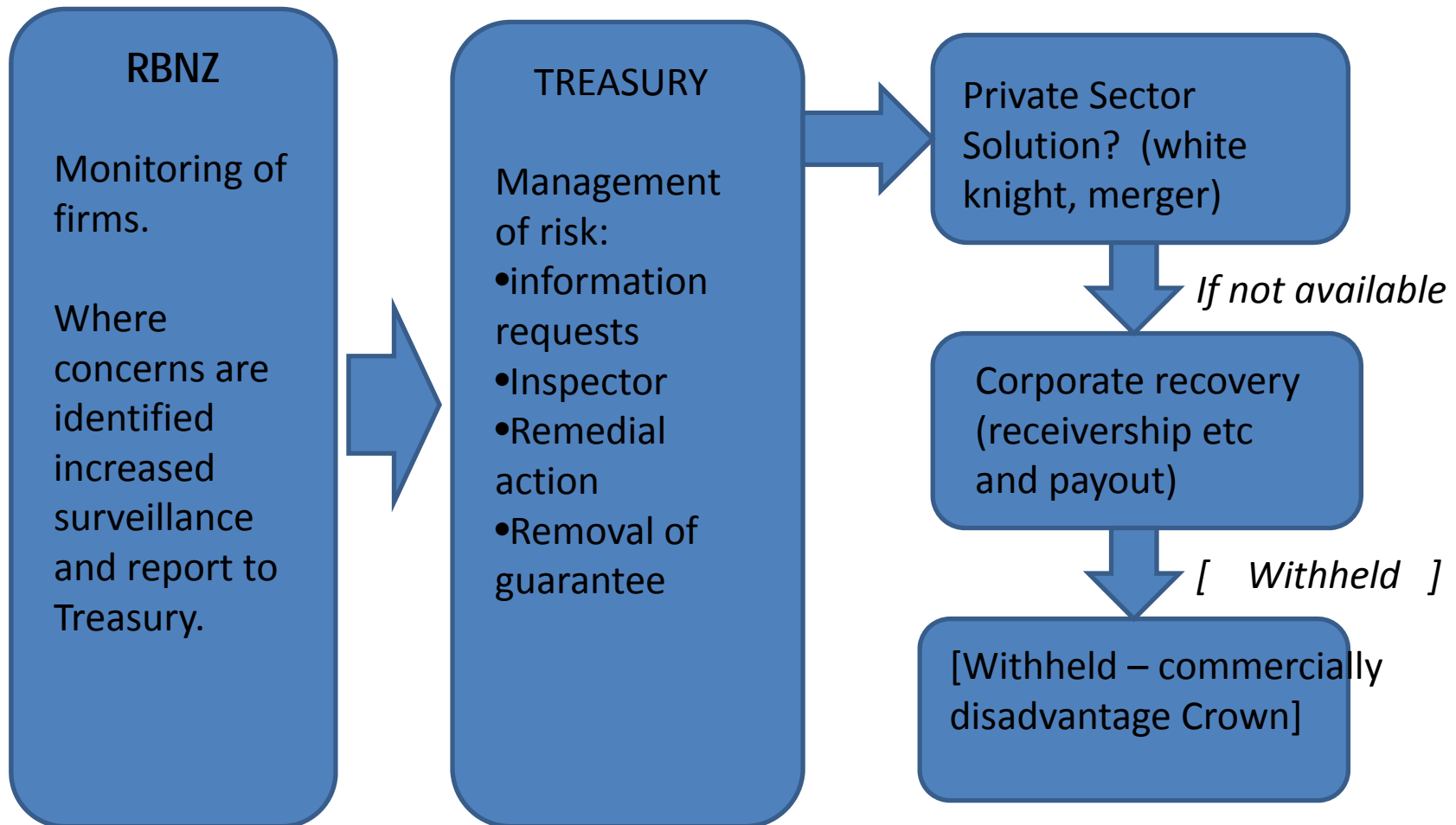
# MANAGEMENT

- Treasury responsibility: additional information requests; 'please explain' requests; inspections.
- Powers: the ability to require the entity to undertake particular actions; removal of the guarantee to limit potential future increases in the nominal exposure; option to offer alternative deed; ensuring appropriate contingency plans are in place.
- *But*, does not currently increase the options available to mitigate risks.
- Looking ahead, improved management of the risks could be used to: aid development of potential resolution decisions, including escalation processes; inform the deployment of resolution options.

# RESOLUTION

- Default approach: Payout (Mascot), but clear limitations
- Range of other options which could be considered:
  - Facilitating Private sector solutions (potentially including assisted mergers/deposit transfer).
  - Alternative payout models (under corporate recovery processes).
  - [Withheld – commercially disadvantage Crown
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# PROCESSES



# DISCUSSION POINTS

1. What degree of comfort do you have in the approach to monitoring and management?
2. Are there other options you would like us to consider further?
3. Are you getting enough information in the right form?