

From: Judy 9(2)(k)
Sent: Monday, 12 March 2018 3:17 p.m.
To: RBNZ Act Review [TSY]
Subject: SUBMISSION FOR PHASE TWO OF THE MONETARY POLICY REVIEW

Good afternoon,

I am forwarding a copy of an email I forwarded to The Honourable Grant Robertson, Minister of Finance on 11 January 2018. I would now like this now considered as part of Phase Two of the monetary Policy Review.

"As one of the rare breed of savers these days, there has been something very troubling to me and that is Open Bank Resolution (OBR). I am sure you are all well aware of OBR, but I believe there are many savers who may be unaware of OBR and its implications to them should a bank fail in New Zealand. We are now in an era where borrowing is encouraged and savers are punished by appallingly low interest rates and the OBR.

New Zealand is now the only OECD country which does not have a Deposit Guarantee scheme in place. Even in Australia the "big four" Australian banks which operate here (ASB, BNZ, ANZ and Westpac) all have their depositors' funds guaranteed up to \$250,000. Their New Zealand depositors however do not have any such protection for their funds. I believe in New Zealand, depositors can lose a portion of their funds, the percentage and deposit level to be determined according to funding required. Cyprus had an OBR system in place when there was a bank failure in 2013 and the "Troika" of creditors agreed the final deposit levy on Cypriot accounts for shareholders, bondholders and depositors in the two largest banks (see attachment relating to this).

I believe the NZ Government needs to fall in line with other OECD countries and change this draconian policy. I am sure a majority of savers would not mind a small annual fee to cover the cost of a bank deposit insurance if that would protect their savings. Even the OECD in 2013 urged the NZ Government to offer a bank deposit insurance, but

this fell on deaf ears. I understand in May 2013 the Green Party was joined by the Labour Party in calling for the reintroduction of a deposit guarantee scheme/deposit insurance. I believe it is now timely for that to happen."

I have included some links below, which you may find useful.

Thank you for your time.

Your faithfully,

Judy Salter

USEFUL LINKS

<https://www.guaranteescheme.gov.au/ga/deposits.html>

<https://www.theguardian.com/world/2013/mar/25/cyprus-bailout-deal-eu-closes-bank>

[http://www.nzherald.co.nz/business/news/article.cfm?
id=3&objectid=10872361](http://www.nzherald.co.nz/business/news/article.cfm?c
id=3&objectid=10872361)