

The Treasury

Reserve Bank Act Review Phase 2 Submission Information Release

March 2019

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<https://treasury.govt.nz/publications/information-release/reserve-bank-act-review-phase-2-proactive-release>

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Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

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From: Pat
To: [RBNZ Act Review \[TSY\]](#)
Subject: Reserve Bank review
Date: Tuesday, 22 January 2019 3:59:31 PM

Should there be depositor protection in New Zealand?

I will answer this question with some questions.

- 1) Why is New Zealand the only OCED country without deposit insurance ?
- 2) What is so different about the structure of the NZ economy that we can ignore the other procedures in every other OCED country and not have deposit insurance ?
- 3) What knowledge does Treasury and the Reserve Bank have that the rest of the OCED do not , so NZ can ignore the policy of deposit insurance ?
- 4) Why did Treasury and the Reserve Bank ignore a warning from the OCED in 2013 of New Zealand's lack of deposit insurance ?

https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10888407

- 5) Why when you have an increasing ageing population (most of whom are not working) do you callously disregard their needs for bank security when they have no current way of recovering their financial situation from a bank crash ?
- 6) Do you honestly expect that it is fair and reasonable that over 65's (most of whom have paid taxes all their lives) or anyone saving for a goal such as a house etc , to take a " haircut " from a bank collapse ?
- 7) Do you really expect the general population to have the financial knowledge to explore the financial situation of individual banks and make an informed decision as to which of the banks has the most or least risk i.e. the RBNZ Bank Financial Strength Dashboard

"Reserve Bank believes increases "moral hazard", incentivising the market (including depositors) to keep an eye on the banks to keep them honest,

[-https://www.stuff.co.nz/business/76699289/null](https://www.stuff.co.nz/business/76699289/null)

As an aside to question 7 , when the publication of these bank tables comparing their financial situation was made on [interest.co.nz](#) , the first response was " OK I have read the tables, now which bank is the safest ?

- 8) Why instead of publishing Bank tables , does the RBNZ not give each bank a score or rating or is this too hard ?
- 9) Does the RBNZ know the actual financial risk each Registered NZ Bank presents and if not , how is the average NZ investor meant to ?

" The IMF points out the RBNZ doesn't conduct inspections, and on-site interaction with banks is merely prudential meetings providing an opportunity to discuss results of supervisory analyses and other issues. "

<https://www.interest.co.nz/business/87591/imf-criticises-rbnzs-idiosyncratic-light-handed-prudential-regulation-nzs-banks-notes>

- 10) Why have you prepared the submission form " Safeguarding the Future of Our Financial System " in PDF format which requires specialist software to edit and save which the vast majority of the NZ population do not have easy access to ?

Regards

Contact details Mr P W Vincent

I do not wish my submission to be anonymised or have any objection to its publication.