

The Treasury

Statement of Funding Approach Consultation Submissions Information Release

December 2023

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[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

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From: [23]
Sent: Sunday, 24 September 2023 4:50 pm
To: Sofa Consultation [TSY]
Subject: Deposit Takers Fund

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To whom it may Concern,

My experience in sending this email is as a past Director of two Finance companies, having University training in Economics and having worked as an Economist.

May I suggest that in view of the current economic situation this country is in, notably high inflation, high interest rates, a lack of appetite for borrowing, and constrained bank criteria in terms of their lending that now would be as good a time as any to front load funding of the fund.

Frankly, no time is a good time and normally the more chance to plan for this funding the better, BUT with there being little appetite to borrow, and little appetite from financial institutions to lend into this market (ie tight restrictions on lending), there is little else that can be done with customer deposited funds.

In the interests of getting the pain over more quickly, both in terms of the economy (building more constraint in to monetary supply) then getting deposit takers to apply funds into this now is a way to utilize funds deposited with them, when they have little use for those funds. They may as well get on with it now, constrain money supply even further, have tighter lending criteria as a result, and this may stave off the RBNZ having to increase the OCR again in November. Get these funds locked up and out of the system now, and get the pain over and done with. Nobody (no financial institution) wants to do this funding, so lets get it out of the way, and done and dusted while the economy is in a situation that it needs cash to be withdrawn from circulation. Obviously Deposit Takers have pre-planned commitments they need to meet, and this is unlikely to be a pre-planned transaction, but as best they are able to, then I suggest doing everything possible to get funds into the Deposit Takers Guarantee scheme now will have other benefits to the economy, aside from simply meeting the Deposit Takers commitments.

Yours sincerely

Brett Tawse
[23]