

9 November 2022

Committee Secretariat  
Finance and Expenditure Committee  
Parliament Buildings  
Wellington

## **SUBMISSION on Deposit Takers Bill**

### **1. Introduction**

Thank you for the opportunity to make a submission on the Deposit Takers Bill (the Bill). This submission is from Consumer NZ (Consumer), an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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### **2. Our comments on the Bill**

We strongly support the introduction of the Bill.

As stated in previous submissions, we support the introduction of a deposit guarantee scheme in Aotearoa. This will bring us in line with other OECD countries.

We also support the cap of \$100,000 per depositor, per institution as this will protect 93 percent of depositors and ensure consumer confidence in the financial system is maintained in the threat of a bank run.

Ideally, we would like to see a fully independent, stand-alone body oversee the scheme. However, we recognise this may not be possible given

Aotearoa's relatively small size, so we recommend the Finance and Expenditure Committee consider the establishment of a separate board to govern and oversee the deposit guarantee scheme instead. We consider this would encourage greater consumer confidence in the scheme.

We also encourage the Reserve Bank to work with deposit takers to educate consumers about which products will be covered by the deposit guarantee scheme. Many consumers are not well-placed to assess and mitigate the risks of bank failures. Consumer education is key to establishing confidence in the deposit guarantee scheme. Consumers need to understand how and to what extent they will be protected by the deposit guarantee scheme, otherwise the protections offered by the scheme and other benefits to consumers will be lost. We would be happy to discuss how Consumer could help in educating consumers.

We have no specific comments on the wording of the Bill.

Thank you for the opportunity to provide comment.

*ENDS*