



Office of Hon Bill English

Deputy Prime Minister
Minister of Finance
Minister Responsible for HNZC

17 JUN 2015

Maxim Brown
fyi-request-2746-bfc322b8@requests.fyi.org.nz

Dear Maxim Brown

Thank you for your Official Information Act request, received on 21 May 2015. You requested the following:

"I want to know if you have made the decision to use open bank resolution if the banks in NZ fail. I know this is coming maybe in September a big recession and if you have passed this law then I want to know what you are doing to inform your own citizens of this. I please give me a straight answer. My family have money in the bank and I want to know in time so they can secure their own funds. What happened in Cyprus is soon set to happen over here. I am not a trouble maker I just want to protect my family. If others chose to ignore these things then that's their loss. I only care about my family. So please give us the info we need."

Fortunately banking failures in New Zealand are rare. The New Zealand banking system is well capitalised and our banks are well supervised and regulated. But in the unlikely event of a bank failure, the Reserve Bank has the Open Bank Resolution (OBR) tool available. The importance of this tool is to minimise the impact that a bank failure might have on the Government and the financial system. OBR represents a last resort option to be considered where private solutions, such as shareholder support or sale to a third party have failed. OBR would allow a failed bank to re-open the next day under statutory management, allowing customers to access most of their money.

I would stress that the OBR should be considered in context. Our banks weathered the Global Financial Crisis relatively well and since then regulatory changes have increased banks' resilience to financial shocks and further reduced the likelihood of bank failure.

Information Publicly Available

Information is covered by your request and is publicly available on the Treasury and Reserve Bank websites:

Item	Date	Document Description	Website Address
1.		General information regarding Open Bank Resolution (OBR) policy – Q & A	http://www.rbnz.govt.nz/regulation_and_supervision/banks/policy/4368385.html

2.	July 2012	Upside, Downside: a guide to risk for savers and investors	www.rbnz.govt.nz/research_and_publications/fact_sheets_and_guides/Upsidedownside.pdf
3.	19 April 2013	Officials' advice to the Minister of Finance and the Cabinet on the Open Bank Resolution and Deposit Insurance	http://www.rbnz.govt.nz/regulation_and_supervision/banks/oia-obr/
4.	May 2015	Information regarding stability of the New Zealand banks Reserve Bank – Financial Stability Report	http://www.rbnz.govt.nz/financial_stability/financial_stability_report/

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act – the information requested is or will soon be publicly available.

In addition, some relevant information has been removed from documents listed in the above table and should continue to be withheld under the Official Information Act, on the grounds described in the documents.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Hon Bill English
Minister of Finance