



Reserve Bank  
of New Zealand  
**Te Pūtea Matua**

# **Crisis Management under the Deposit Takers Act 2023**

Summary of Submissions on the Issues Paper

17 July 2025

## Introduction

The Reserve Bank of New Zealand – Te Pūtea Matua (**the Reserve Bank**) is undertaking a multi-year programme of work to operationalise the crisis management regime in the Deposit Takers Act 2023 (DTA).

In August 2024, we released an Issues Paper on Crisis Management under the Deposit Takers Act 2023 (**Issues Paper**).<sup>1</sup> The consultation closed on 22 November 2024.

The Issues Paper covered:

- our proposed high-level approach to crisis management during deposit takers' normal operation, recovery, and resolution.
- the resolution tools available to give effect to different resolution strategies.
- the potential role of a bail-in tool for resolution and different ways to deliver bail-in.
- potential new requirements for crisis preparedness.

We received seven submissions from deposit takers, industry associations and a member of the public. We would like to thank everyone who took the time to make submissions. This document provides a summary of the feedback received. We have also published submissions alongside this summary.

We do not provide a direct response to all of the submissions in this document. In most cases, we intend to publish our formal response to the points raised by submitters as we develop the relevant policies.<sup>2</sup>

## Submission feedback

### Timing and process

A number of respondents sought clarification on the timing and process for development of a Crisis Preparedness Standard and how this will interact with the process for other related DTA standards. We provide some clarification below, as well as an update on timing for the wider crisis management work programme including bail-in, the Statement of Approach to Resolution, and the development of resolution plans for individual deposit takers.

### Crisis Preparedness Standard

Many respondents requested that the process for developing the Crisis Preparedness Standard be aligned with the process for developing other related standards. We see benefit in greater co-ordination in the timing of work on these standards. With this in mind, we propose to:

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<sup>1</sup> The Issues paper is available on our website: <https://consultations.rbnz.govt.nz/dta-and-dcs/crisis-management-under-the-deposit-takers-act/>

<sup>2</sup> Note that the Depositor Compensation Scheme (DCS) started on 1 July 2025. It covers depositors up to \$100,000 when the money is held in DCS-protected accounts, in the event of a deposit taker failure. Further information is available on our website: <https://www.rbnz.govt.nz/dcs>

- in Q2/Q3 2026, publish exposure drafts of the Outsourcing, Open Bank Resolution (OBR) Pre-positioning, and Operational Resilience Standards, alongside the policy consultation on the Crisis Preparedness Standard.<sup>3</sup>
- in Q2 2027, issue the non-core standards (including Outsourcing and OBR Pre-positioning Standards), and publish an exposure draft of the Crisis Preparedness Standard.
- in Q4 2028, issue the Crisis Preparedness Standard (noting that this may also revoke the new Outsourcing and OBR Standards and re-enact the content of these Standards as part of the Crisis Preparedness Standard).

We have therefore updated the indicative work programme for developing the Crisis Preparedness Standard to support deposit takers in planning for the consultations (See Table 1).

Some respondents suggested we bring development of the Crisis Preparedness Standard forward so that the exposure draft is available at the same time as the exposure drafts for the Outsourcing and OBR Pre-positioning standards. We do not consider this is feasible given that the Crisis Preparedness Standard is a new standard and we require adequate time to develop robust policies and ensure clear guidelines. This will minimise costly revisions in the future, address potential risks and allow for full engagement with relevant stakeholders. Instead, as discussed above we propose to align the policy consultation on the Crisis Preparedness Standard with the exposure drafts for the related standards (e.g. Outsourcing, Operational Resilience and OBR Pre-positioning).

**Table 1: An indicative work programme**

Indicative timeline	Policy development processes
Q2/Q3 2026	<ul style="list-style-type: none"> <li>• Policy consultation on the Crisis Preparedness Standard</li> <li>• Exposure draft consultation on related Standards</li> </ul>
Q2 2027	<ul style="list-style-type: none"> <li>• Issue the core and non-core Standards</li> <li>• Exposure draft consultation on the Crisis Preparedness Standard</li> <li>• Seek industry feedback on the commencement date of the Crisis Preparedness Standard</li> </ul>
Q4 2028	<ul style="list-style-type: none"> <li>• Core and non-core Standards come into effect</li> <li>• Issue the Crisis Preparedness Standard</li> </ul>
TBD (c.2029)	<ul style="list-style-type: none"> <li>• Crisis Preparedness Standard comes into effect</li> </ul>

<sup>3</sup> Our response to submissions on the policy consultation on the DTA non-core standards is available on our website: [Deposit Takers Non-Core Standards - Reserve Bank of New Zealand - Citizen Space](#)

We note that responses to submissions on the proposed OBR Pre-positioning Standard have not yet been published, as ongoing work on bail-in (in the context of the Review of Key Capital Settings) and other short to medium term work on crisis management issues may influence the scope and content of this standard. We expect to have greater clarity by early next year about what (if any) implications this work may have on the scope and content of the OBR Pre-positioning Standard. However, we currently expect that there will be an exposure draft of some form of OBR Pre-positioning Standard issued around mid-2026.

## Wider crisis management work programme

Alongside development of the Crisis Preparedness Standard, we are undertaking a range of interdependent work, including:

- a review of key capital settings which includes consideration of the interrelationship between capital and the crisis management framework. This review may have implications on whether there is a need for a statutory bail-in power. We are expecting to complete this review by the end of 2025.
- a Statement of Approach to Resolution - the Reserve Bank must take all reasonable steps to ensure that the first Statement of Approach to Resolution is issued before the first anniversary of the commencement of subpart 2 of Part 7 of the DTA (anticipated to be mid-2029). We intend to give an early indication of our preferred resolution approach for each group of deposit takers alongside the policy consultation on the Crisis Preparedness Standard.
- resolution plans for individual deposit takers.

We will update industry if we need to revisit the timetable in Table 1.

## Response to Issues Paper consultation questions

All other key messages from the submissions are set out below, organised under the five consultation questions in the Issues Paper.

### Approach to crisis management

The Issues Paper sought views on our proposed approach to implementing the crisis management framework under the DTA, including any factors that we should or should not take into account.

Most respondents were broadly supportive of a more comprehensive crisis management regime that closely aligns with the Financial Stability Board's Key Attributes of Effective Resolution Regimes<sup>4</sup> (FSB Key Attributes) and international best practice. Many noted the importance of consistency with global frameworks for maintaining investor confidence in New Zealand's financial sector.

Some respondents highlighted the need to carefully consider proportionality when imposing new crisis management requirements, particularly on smaller deposit takers. A number of respondents also stressed the importance of a principles-based approach to developing standards.

In terms of process, nearly all respondents suggested that the Reserve Bank should consider other crisis management related standards, including OBR Pre-positioning and Outsourcing, at the same time as a potential Crisis Preparedness Standard. It is clear from the submissions that clarification is sought on timing for the different components of the crisis management regime and how the related standards will interact. We have provided some clarification in the section above.

Some respondents also suggested we bring forward the development of the Statement of Approach to Resolution and resolution plans for each deposit taker under the DTA. This could help with early identification of practical challenges before any requirements are finalised in a Crisis

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<sup>4</sup> Financial Stability Board, *Key Attributes of Effective Resolution Regimes for Financial Institutions (Revised version)*, 25 April 2024

Preparedness Standard. As noted above, we intend to give an early indication of our preferred resolution approach for each group of deposit takers alongside the policy consultation on the Crisis Preparedness Standard.

## **Resolution tools for dealing with distressed deposit takers**

The Issues Paper asked for comments on our proposed approach to dealing with distressed deposit takers under the DTA and whether there are alternative approaches we should be considering.

There was broad support from the four largest deposit takers for group-led resolution as the preferred crisis management tool and for ongoing engagement with the Australian Prudential Regulation Authority (APRA). However, respondents also noted the need for stand-alone resolution tools for circumstances where group resolution is not possible or appropriate.

Some respondents requested that the Reserve Bank establish a hierarchy of resolution options and/or an indication of the preferred resolution tool for each deposit taker, noting that this would be similar to the UK and Australian models.

A number of respondents noted uncertainty about how the Reserve Bank would use the triggers in section 280 of the DTA to recommend a deposit taker be placed in resolution. Some suggested we prepare guidance on how we would exercise our discretion given the grounds for making a recommendation go beyond those set out in the FSB Key Attributes. Some respondents also sought clarity on whether a deposit taker being placed in resolution would automatically trigger bank separation under the Outsourcing Standard and how that would work in practice.

## **Potential role for a bail-in tool**

The Issues Paper sought views on the role of a bail-in resolution tool and our assessment of the costs and benefits of a potential statutory bail-in power. We also sought views as to whether such a power is needed given structural and contractual bail-in options are already available under the DTA.

The majority of respondents stated that there is not a strong case for introducing statutory bail-in, noting it would add complexity to the DTA and the current features of capital instruments. Some noted that banks in New Zealand are already subject to high capital requirements by global standards and the structural and contractual bail-in options are sufficient in this context.

Many respondents noted the interaction between considerations of statutory bail-in and the Reserve Bank's 2017-2019 Capital Review and suggested that some of those decisions would need to be revisited. For example, if statutory bail-in is introduced but is not applied to regulatory capital instruments (as decided in the Capital Review) this would cause inconsistency in terms of the capital stack hierarchy. This could have negative implications for investor confidence.

If statutory bail-in is introduced, a number of respondents stated that this should not involve introduction of a new bail-in-able capital instrument outside of Additional Tier 1 (AT1) and Tier 2 instruments. However, as noted above this would require reconsideration of some aspects of the Capital Review.

Some respondents noted the importance of proportionality and raised concerns about any bail-in framework being applied to smaller deposit takers given the complexity and potential legal challenges from investors.

One respondent sought clarification on whether we would only use bail-in during resolution or whether it might be applied in advance (as in Australia).

Some respondents asked whether OBR functionality would still be required if a bail-in framework were in place.

## **Crisis preparedness requirements**

The Issues Paper sought views on potential new requirements for crisis preparedness (including recovery and exit planning and resolvability) and how any requirements should be designed.

Most respondents noted that they would like to see a single, comprehensive Crisis Preparedness Standard that includes other related standards such as OBR Pre-positioning and Outsourcing. It was argued that this would reduce duplication and the potential for inconsistency between standards.

As noted earlier, respondents support a principles-based approach to developing standards. However, some considered that aspects of the Issues Paper went beyond principles, including the proposed essential elements of a recovery plan.

In line with the request from some respondents that the Reserve Bank should identify the most likely resolution tool(s) for deposit takers, some respondents also stated that they should not be required to pre-position for tools that are unlikely to be used in a crisis. This would, in their view, add unnecessary compliance costs.

Many respondents highlighted the importance of consistency and clarification in terms of similar concepts used in crisis preparedness and other related standards. In particular, respondents are seeking a better understanding of the practical differences between 'systemically important activities' which are relevant to crisis management and 'critical operations' which are relevant to operational resilience.

Some respondents suggested that the Reserve Bank develop a standard set of crisis management scenarios for testing recovery plans to provide a consistent view of crisis preparedness across the industry. One respondent also suggested that deposit takers carry out a single annual test for all crisis related standards (i.e. including OBR and Outsourcing) to avoid 'testing fatigue'.

## **Other issues we should consider**

The Issues Paper also asked for comments on any other issues we should consider when operationalising the crisis management framework under the DTA.

A number of respondents noted that there will be a significant amount of work required to comply with new requirements, particularly pre-positioning for resolvability. Respondents therefore requested that the Reserve Bank carefully consider appropriate timeframes for transitioning to a new Crisis Preparedness Standard.

Some respondents sought clarification on which aspects of the crisis management framework will apply to branches of overseas banks. It was noted that in Australia, the UK and the EU branches are not required to submit their own recovery and exit plans. One respondent stated that it is unlikely that branch level recovery and exit plans would be meaningful as they do not have stand-alone New Zealand capital requirements, and their liquidity is often managed centrally at a parent level.

Two respondents questioned whether the 2010 Memorandum of Cooperation on Trans-Tasman Bank Distress Management between APRA and the Reserve Bank will be updated given the changes to both jurisdiction's crisis management regimes and updates to the FSB Key Attributes.