



Submission to: Reserve Bank of New Zealand

From: Grey Power Southland

Re: Opposition to the Proposed Reduction in Bank Capital Requirements

Introduction

Grey Power Southland represents the interests of older people in the Southland region, many of whom are retirees or on fixed incomes. Our members are deeply concerned about the Reserve Bank's proposal to reduce bank capital requirements. We oppose this measure because it threatens financial stability, undermines confidence in the banking system, and places ordinary New Zealanders - especially seniors - at greater risk.

Why We Oppose the Proposal

1. Financial Stability is Critical for Seniors

Older New Zealanders rely heavily on secure banking systems to protect their retirement savings, term deposits, and investments. Reducing bank capital requirements weakens the safety net that ensures banks can withstand economic shocks. For seniors who cannot easily rebuild lost savings, stability is far more important than marginally increased lending capacity.

2. Risks Are Socialised, Benefits Are Not

Banks are already highly profitable. Lowering capital requirements will not guarantee better lending rates or support for households—it will primarily benefit bank shareholders. Yet if problems arise, the risks are borne by depositors, taxpayers, and communities. Seniors should not have to shoulder the fallout from risky banking practices.

3. Seniors Are Vulnerable to Economic Shocks

Retirees and those on fixed incomes are disproportionately harmed by financial crises. When banks fail or economies falter, the burden falls hardest on people least able to recover—older citizens who have limited capacity to return to work or rebuild wealth. Maintaining strong capital requirements is one of the most effective ways to prevent this harm.

4. Better Alternatives Exist

If the aim is to support households and small businesses under pressure, there are more direct and effective options than weakening safeguards. Debt restructuring, targeted relief for struggling mortgage-holders, and community-based financial support will provide genuine assistance without compromising systemic stability.

Conclusion

Grey Power Southland urges the Reserve Bank to put the interests of ordinary New Zealanders - particularly seniors - before the demands of the banking sector. Strong capital requirements are essential to protecting the financial security of those who have worked hard and saved over a lifetime.

For these reasons, we strongly oppose the proposed reduction in bank capital requirements.

Nāku noa, nā

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