



Michael Webb  
Barrister

21 October 2025

## MEMORANDUM

TO: Reserve Bank of New Zealand

FOR: [capitalreview@rbnz.govt.nz](mailto:capitalreview@rbnz.govt.nz)

### 2025 REVIEW OF KEY CAPITAL SETTINGS - POLICY PROPOSALS FOR FEEDBACK

#### Introduction

1. Thank you for the opportunity to make this submission. I restrict my comments to the issue of international regulatory alignment, particularly with Australia, and the timing for decision-making to allow this issue to be further addressed if necessary.

#### International alignment, particularly with Australia?

2. Although the consultation paper provides comparative and descriptive information on other jurisdictions, there is limited substantive discussion as to whether, and if so the extent to which, New Zealand's key capital settings should align with any of those jurisdictions. The review would benefit from an assessment of the advantages and disadvantages of alignment with the capital requirements of other jurisdictions.
3. In particular, decisions on key capital settings should address the implications of all the current D-SIBs being members of banking groups the parents of which are incorporated in Australia and subject to Australia's regulatory and insolvency regime, including the provisions giving a statutory priority to applicable Australian depositor account-holders (the 'depositor preference').<sup>1</sup>
4. The paper makes some general references to difficulties in addressing what would happen in the event of a crisis involving an Australian bank and a trans-Tasman crisis, either in relation to its New Zealand or Australian business. However, it is not clear from the paper the extent to which

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<sup>1</sup> In particular, section 13A of the Banking Act 1959 (Cth), Australia


those difficulties, including the depositor preference is a factor in formulating the current proposals and the extent to which that is or should be a factor in effectively imposing some higher requirement on members of Australian banking groups operating in New Zealand.

5. It is also unclear whether, if the difficulties referred to could be better addressed, that would affect the capital proposals.
6. It would be helpful for the review to address whether the starting point should be regulatory alignment with Australia, and a cost-benefit analysis then be applied to any adjustments considered appropriate on account of either New Zealand circumstances or issues going to the interface of the Australian and New Zealand regulatory and insolvency regimes in the event of a crisis in either Australia or New Zealand affecting the D-SIBs.

### **Timing**

7. I note the intention is to have decisions made on these proposals by December 2025. If the issues involved require further time to address them, in my view that time should be given, and any necessary interim arrangements be put in place to allow for that.

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