



- [Sitemap](#)
- [Contact us](#)
- [Links](#)
- 

# Deposit guarantee scheme introduced

**Date** 12 October 2008

***Disclaimer:***

*The Deed of Guarantee is in draft and the terms subject to change up to the point of signing.*

*The information posted as Question and Answers are provided for general guidance only and cannot be relied on as definitive. In particular please note that the final terms of the Deed will prevail to govern any guarantee arrangement.*

*The information posted as Questions and Answers are subject to ongoing clarification, addition and amendment.*

*The Reserve Bank's [general disclaimer](#) also applies to information on this page.*

Finance Minister Michael Cullen has announced that, using his powers under the Public Finance Act, the government is to introduce an opt-in retail deposit guarantee scheme.

"The scheme will cover all retail deposits of participating New Zealand-registered banks and retail deposits by locals in non-bank deposit-taking entities. This would include building societies, credit unions and deposit-taking finance companies," he said.

The deposit guarantee scheme does not include related party liabilities.

The new scheme is an opt-in scheme and would take the form of a bilateral contractual agreement between the Crown and the individual institutions which take up the guarantee.

The scheme will be free for institutions with total retail deposits under \$5 billion. A fee of ten basis points per annum will be charged on total deposits above \$5 billion. This means that a bank with \$20 billion in retail deposits would pay \$15 million in fees per annum.

The government is offering this deposit guarantee to address the current situation of international financial market turbulence and it will be for a two-year term in the first instance. This will give time to see how well international financial markets stabilise in the months ahead.

"The deposit guarantee is designed to give assurance to New Zealand depositors. The New Zealand banking system remains sound. We want to ensure that ordinary New Zealanders feel that their deposits are safe in the current uncertain international financial market conditions," Dr Cullen said.

The Reserve Bank will be releasing further details later today.

Contact: [chris.ritchie@parliament.govt.nz](mailto:chris.ritchie@parliament.govt.nz)

For more information see:

- [Operational details of New Zealand Deposit Guarantee Scheme](#)
- [Questions and answers on New Zealand Deposit Guarantee Scheme](#)
- Institutions potentially eligible can access the specimen [draft Deed of Crown Guarantee here](#) (PDF 63KB) and the [initial application document here](#) (PDF 17KB). Note that additional information may be required by the Crown in relation to any application.



- [©Copyright Reserve Bank of New Zealand](#) ≡
- [Privacy](#) ≡
- [Disclaimer](#) ≡
- [Contact Us](#) ≡
  
- [Home](#)
- [About us](#)
- [Statistics](#)
- [Monetary policy](#)
- [Notes & coins](#)
- [NZ banks](#)
- [Financial stability](#)
- [Publications & research](#)
- [News releases](#)
- [Speeches](#)
- [Payments & settlements](#)
- [Financial market operations](#)
- [Crisis management](#)
- [For schools](#)
- [Careers](#)
- [Frequently asked questions](#)