



THE INTEREST ON DEPOSITS ORDER (NO. 2) 1982

DAVID BEATTIE, Governor-General

By his Deputy,
RONALD DAVISON

ORDER IN COUNCIL

At the Government House at Wellington this 12th day of July 1982

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL BY HIS DEPUTY IN COUNCIL
PURSUANT to section 34A of the Reserve Bank of New Zealand Act 1964,
His Excellency the Governor-General, acting by and with the advice and
consent of the Executive Council, hereby makes the following order.

ANALYSIS

1. Title
2. Commencement and expiry
3. Interpretation

- | |
|--|
| 4. Application of order |
| 5. Maximum rates of interest on deposits |
| 6. Revocation |
| Schedule |

ORDER

1. Title—This order may be cited as the Interest on Deposits Order (No. 2) 1982.

2. Commencement and expiry—(1) This order shall come into force on the 13th day of July 1982.

(2) This order shall continue in force until the close of the 22nd day of June 1983, and shall then expire.

3. Interpretation—In this order, unless the context otherwise requires,—

“Deposit”—

(a) Means—

- (i) Money deposited with or lent or advanced to a financial institution (other than a trading bank), whether with or without security;
- (ii) Interest credited by a financial institution (other than a trading bank) in respect of money deposited with or lent or advanced to a financial institution (other than a trading bank), whether with or without security;
- (iii) Money paid to a financial institution (other than a trading bank) for the purchase of any asset from the financial institution, where the financial institution has any right or is under any obligation to repurchase the asset at any future time;
- (iv) Money paid to a financial institution (other than a trading bank) as subscription for any share or interest in the financial institution, or in any instrument or security issued by the financial institution, under terms whereby the money is repayable or the shares or other interest are redeemable at the option of either the financial institution or the depositor; but

(b) Does not include—

- (i) Money paid to a building society by a member of that society in respect of a bonus balloting share issued pursuant to section 31A of the Building Societies Act 1965; or
- (ii) Money deposited with or lent or advanced to a financial institution (other than a trading bank), whether with or without security, by a trading bank; or
- (iii) Money deposited with a financial institution (other than a trading bank) and secured to the depositor by a first mortgage given by the financial institution over real property; or
- (iv) Any class of deposit in respect of which a rate of interest is prescribed by the Trustee Savings Banks Interest Order 1977* or the Private Savings Banks Interest Order 1977†:

“Financial institution” has the meaning given to it by section 2 of the Reserve Bank of New Zealand Act 1964:

“Interest”, in relation to any deposit with a financial institution (other than a trading bank), includes all money which is paid or otherwise provided to the depositor by the financial institution in relation to a deposit and which is in excess of the amount of the deposit:

*S.R. 1977/186

Amendment No. 1: S.R. 1977/273

Amendment No. 2: S.R. 1980/108

†S.R. 1977/188

Amendment No. 1: S.R. 1977/272

“Notice or demand”, in relation to a deposit, means a notice or demand to be given by the depositor or by the financial institution or by either of them:

“Rate of interest” means—

(a) Where interest is paid or credited—

(i) At the expiration of the period of deposit; or

(ii) By instalments in arrears (none of which, other than the first, is paid or credited earlier than at the expiration of each 3 months during the period of deposit)—

the rate which expresses the amount of interest as a percentage per annum of the amount of the deposit:

(b) In all other cases, the rate which expresses the amount of interest as a percentage per annum of the amount of the deposit reduced by the amount of any interest paid or credited earlier than at the expiration of each 3 months.

“Repayable at call”, in relation to a deposit, means repayable immediately on notice or demand or repayable less than 7 days after notice or demand.

4. Application of order—(1) This order applies, in the case of a deposit received by a financial institution (other than a trading bank) on or after the 13th day of July 1982, to interest on and from the date of receipt.

(2) This order applies, in the case of a deposit held by a financial institution (other than a trading bank) immediately before the 13th day of July 1982,—

(a) If repayable immediately on notice or demand, to interest on and from the 13th day of July 1982:

(b) If otherwise repayable on notice or demand, to interest on and from the earliest date on which the deposit could have been made repayable by notice or demand given on the 13th day of July 1982:

(c) If otherwise repayable on or after the 13th day of July 1982, then, as the case may be, to interest on and from the date fixed for repayment or the date of any renewal or the date on which any variation of the terms upon which the deposit is held takes effect.

(3) Except as provided in subparagraph (ii) or subparagraph (iii) of paragraph (b) of the definition of the term “deposit” in clause 3 of this order, the application of this order to any deposit is not excluded by reason of the fact that the financial institution that receives the deposit gives, in respect of the deposit, any charge, mortgage, pledge, or other security or issues, in respect of the deposit, any promissory note or debenture.

(4) This order does not apply to any deposit where the person making the deposit is not resident in New Zealand for the purposes of the Income Tax Act 1976 and the contract is expressed in a currency other than New Zealand currency.

5. Maximum rates of interest on deposits—(1) The maximum rate of interest that may be paid by a financial institution (other than a trading bank) on any deposit of a class specified in the Schedule to this order shall be the appropriate rate specified in that Schedule in relation to that class of deposit.

(2) For the purposes of the Schedule to this order a deposit repayable at the end of a stated period of time after notice or demand (whether a specified period or a minimum period) shall be deemed to be a deposit for the period so stated:

Provided that—

(a) If on notice or demand the deposit is repaid before the end of the stated period, it shall be deemed to have been a deposit for the period beginning with the day after the date of the notice or demand and ending with the date of repayment:

(b) If the deposit is repaid without notice or demand, it shall be deemed to have been a deposit repayable at call.

(3) For the purposes of the Schedule to this order, if a deposit repayable at a fixed date is repaid before that date it shall be deemed to have been a deposit for the period during which the deposit was actually held.

6. Revocation—The Interest on Deposits Order 1982* is hereby revoked.

*S.R. 1982/145

Cl. 5

SCHEDULE

MAXIMUM RATES OF INTEREST PAYABLE BY FINANCIAL INSTITUTIONS (OTHER THAN TRADING BANKS)

Period of Deposit	Savings Banks	Building Societies	Finance Companies and Other Financial Institutions
	Maximum rate of interest percent per annum	Maximum rate of interest percent per annum	Maximum rate of interest percent per annum
1. Rates for deposits not exceeding \$20,000:			
Repayable at call	8.5	9.0	11.0
Not less than 7 days but less than 30 days	9.5	10.0	11.0
Not less than 30 days but less than 60 days	10.0	10.5	11.5
Not less than 60 days but less than 90 days	11.0	11.5	12.5
Not less than 90 days but less than 180 days	11.5	12.0	13.0
Not less than 180 days but less than 1 year	12.5	13.0	14.0
Not less than 1 year but less than 2 years	13.5	14.0	15.0
Not less than 2 years but less than 3 years	14.0	14.5	15.5
Not less than 3 years	14.5	15.0	16.0

SCHEDULE—*continued*MAXIMUM RATES OF INTEREST PAYABLE BY FINANCIAL INSTITUTIONS
(OTHER THAN TRADING BANKS)—*continued*

Period of Deposit	Savings Banks	Building Societies	Finance Companies and Other Financial Institutions
	Maximum rate of interest percent per annum	Maximum rate of interest percent per annum	Maximum rate of interest percent per annum
2. Rates for deposits exceeding \$20,000 but not exceeding \$100,000:			
Repayable at call	9.5	10.0	12.0
Not less than 7 days but less than 30 days	10.5	11.0	12.0
Not less than 30 days but less than 60 days	11.0	11.5	12.5
Not less than 60 days but less than 90 days	12.0	12.5	13.5
Not less than 90 days but less than 180 days	12.5	13.0	14.0
Not less than 180 days but less than 1 year	13.5	14.0	15.0
Not less than 1 year but less than 2 years	14.5	15.0	16.0
Not less than 2 years but less than 3 years	15.0	15.5	16.5
Not less than 3 years	15.5	16.0	17.0
3. Rates for deposits exceeding \$100,000:			
Repayable at call	10.5	11.0	13.0
Not less than 7 days but less than 30 days	11.5	12.0	13.5
Not less than 30 days but less than 60 days	12.5	13.0	14.0
Not less than 60 days but less than 90 days	14.0	14.5	15.0
Not less than 90 days in the case of a savings bank	16.5 percent per annum		
Not less than 90 days in the case of a building society	17.0 percent per annum		
Not less than 90 days in the case of a finance company or other person... ..	17.5 percent per annum		

NOTE: The rates specified in this Schedule are maximum rates but, within any such maximum rate, the interest payable in respect of any deposit may be paid in any manner agreed by the depositor with the financial institution.

P. G. MILLEN,
Clerk of the Executive Council.

EXPLANATORY NOTE

This note is not part of the order, but is intended to indicate its general effect.

This order, which comes into force on the 13th day of July 1982 and which expires with the close of the 22nd day of June 1983, prescribes maximum rates of interest that may be paid by financial institutions (as defined in section 2 of the Reserve Bank of New Zealand Act 1964) on deposits accepted by them.

Section 34A (5) of the Reserve Bank of New Zealand Act 1964 provides that a financial institution commits an offence if without lawful justification or excuse it fails to comply with this order.

This order does not apply to trading banks. In the case of trading banks, the Reserve Bank of New Zealand may give directions under section 34 of the Reserve Bank of New Zealand Act 1964.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 13 July 1982.

This order is administered in the Reserve Bank of New Zealand.