



THE INTEREST ON DEPOSITS REGULATIONS 1984

DAVID BEATTIE, Governor-General

ORDER IN COUNCIL

At the Government Buildings at Wellington this 11th day of June 1984

Present:

THE HON. J. K. MCLAY PRESIDING IN COUNCIL

PURSUANT to sections 34AA (1) and 50 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 regulations.

ANALYSIS

1. Title and commencement
2. Interpretation

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| <ol style="list-style-type: none"> 3. Application of regulations 4. Maximum rates of interest on deposits Schedule |
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REGULATIONS

1. Title and commencement—(1) These regulations may be cited as the Interest on Deposits Regulations 1984.

(2) These regulations shall come into force on the 12th day of June 1984.

2. Interpretation—In these regulations, unless the context otherwise requires,—

“Deposit”—

(a) Means—

(i) Money deposited with, or lent or advanced to, a financial institution, whether with or without security:

- (ii) Interest credited by a financial institution in respect of money deposited with, or lent or advanced to, a financial institution, whether with or without security;
 - (iii) Money paid to a financial institution 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 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, whether with or without security, by another financial institution; or
 - (iii) Money deposited with a financial institution 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 Banks (Interest) Regulations 1984* or the Private Savings Banks (Interest) Regulations 1984†:

“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, includes all money or money’s worth paid or otherwise provided to or for the benefit of the depositor in excess of the amount of the deposit:

“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.

3. Application of regulations—(1) These regulations apply, in the case of a deposit received by a financial institution on or after the 12th day of June 1984, to interest on and from the date of receipt.

(2) These regulations apply, in the case of a deposit held by a financial institution immediately before the 12th day of June 1984,—

(a) If repayable at call, to interest on and from the 12th day of June 1984:

(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 12th day of June 1984:

(c) If otherwise repayable on or after the 12th day of June 1984, 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 regulation 2 of these regulations, the application of these regulations 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) These regulations do 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.

4. Maximum rates of interest on deposits—(1) The maximum rate of interest that a financial institution may pay or contract to pay on any deposit of a class specified in the Schedule to these regulations shall be the appropriate rate specified in that Schedule in relation to that class of deposit.

(2) For the purposes of the Schedule to these regulations, 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 these regulations, 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.

SCHEDULE

Reg. 4

MAXIMUM RATES OF INTEREST PAYABLE BY FINANCIAL INSTITUTIONS

Class of Deposit	Trading Banks, Trustee Banks, and Private Savings Banks	Building Societies, Finance Companies, and Other Financial Institutions
	Maximum rate of interest percent per annum	Maximum rate of interest percent per annum
1. Deposits of less than \$100,000:		
Repayable at call	8.0	9.0
For a term of less than 90 days ..	8.0	9.0
For a term of not less than 90 days but less than 1 year	9.0	10.0
For a term of not less than 1 year	9.5	10.5
2. Deposits of \$100,000 or more ..	11.0	11.5

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 regulations, but is intended to indicate their general effect.

These regulations, which come into force on 12 June 1984, prescribe maximum rates of interest that financial institutions (as defined in section 2 of the Reserve Bank of New Zealand Act 1964) may pay or contract to pay on deposits accepted by them.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 12 June 1984.

These regulations are administered in the Reserve Bank of New Zealand.