

From: Tim Burns s9(2)(a) privacy
Sent: Tuesday, 15 August 2017 10:59 a.m.
To: macroprudential
Subject: Submission on Consultation paper- Serviceability Restrictions as a Potential Macroprudential Tool in New Zealand

Head, Macro Financial Department Reserve Bank of New Zealand
PO Box 2498
Wellington 6140

Dear Sir/Madam,

I am making a very brief submission of the consultation paper regarding the proposed to introduce DTIs.

I do not support the introduction of DTIs

I do not claim any particular economic knowledge, and instead rely on comments and arguments from a number of experts in the field who do not support the policy.

However in particular-

- I believe banks in NZ are more than capable of managing their risk, and have done so successfully
- I don't believe that higher DTI ratios are inherently risky. Imposing a lower limit appears to be a very broad and blunt instrument that penalises those that can manage a high DTI. Their ability to manage this should be allowed to be determined between borrower and responsible lender.
- DTI regulations must inherently favour those who already have cash as opposed to those who have to borrow. This favouring of the wealthy is not a healthy direction for regulation.

On a personal note- I have on numerous occasions been restricted by the serviceability (and capital) rules imposed by lending institutions preventing me from borrowing, then at other times I have been able to work with my lender and with their serviceability rules to enable me to purchase my home. This close relationship between lender and borrower is appropriate as it enables both parties to understand each other and to work together. It appears to have worked very successfully in NZ and allowed a good level of access for people to finance and homes. I fear the blunt impositions of DTIs will be very detrimental to this existing system, resulting in reduced access and possibly. I am also a great believer in the impact of unintended negative consequences, and feel that this DTI proposal may well be the introduction to a future economic case study on why the introduction of these into NZ was such a bad idea.

Thank you for considering my submission.

Tim Burns

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Tim Burns

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