



Capital Review: External Experts Reports Questions and Answers

October 2019

How were the external experts chosen?

The three external experts are all highly regarded experts in the field of economic and financial research and analysis. The Reserve Bank required that the external experts be internationally recognised in the topic of bank capital and regulation and that they had no conflicts of interest from existing contractual arrangements with New Zealand banks or with the Reserve Bank of New Zealand.

The experts were selected due to their international standing, geographic diversity, and range of academic, regulatory and banking experience.

What were they asked to do?

The Terms of Reference for the external experts are available here:

<https://www.rbnz.govt.nz/-/media/ReserveBank/Files/regulation-and-supervision/banks/capital-review/Terms-of-Reference-Capital-Review-External-Experts.pdf>

What were their main areas of focus?

A short summary document, which identifies the main themes, has been published alongside the external expert reports.

Did the external experts operate independently of each other?

Each reviewer was asked to provide an independent view and produce their own report.

They experts were given scope to address the work in whatever way they considered would be most useful for them. The Reserve Bank provided background material in response to the experts' requests, and answered a range of questions from the experts throughout the process. The experts were invited to seek meetings with any external party that they considered would help their analysis.

The Reserve Bank did not provide any drafting suggestions to the experts as they completed their reports. Any feedback provided by the Reserve Bank throughout the process focused on addressing questions from the experts and seeking additional information in areas where the Reserve Bank wanted to further understand the perspectives raised by the experts.

Were they given access to submissions on all stages of the Capital Review?

Yes. The external experts were provided with unredacted versions of all submissions on all four consultation papers.

The experts were asked to assess the Reserve Bank's responses to submissions on consultation papers 1-3 only, as the Reserve Bank has not yet responded to submissions on paper 4. The Reserve Bank will respond to submissions on paper 4 as part of the publication of final decisions for the Capital Review. This is scheduled for the first week in December.

Did the external experts talk to anyone outside of the Reserve Bank?

The Reserve Bank set up meetings between the external experts and all stakeholders that the experts sought meetings with. Each expert met with the New Zealand Bankers' Association (NZBA) and the NZBA-nominated bank, Westpac NZ.