

PRIVATE SAVINGS BANKS AMENDMENT BILL

EXPLANATORY NOTE

Clause 1 relates to the Short Title and date of commencement. The date of commencement is 1 November 1972.

Clause 2 inserts a definition of the term "institution". The definition is required for the purposes of *clause 3 (1)* of the Bill.

Clause 3 amends section 13 of the principal Act, which relates to interest on deposits.

Subclause (1) provides for the maximum amount in private savings bank accounts on which interest may be paid to be—

(a) \$40,000 in respect of any 1 class of account, where the depositor is an institution:

(b) \$12,000 in respect of any 1 account, where the depositor is not an institution—

or such smaller amount as may from time to time be prescribed by the Governor-General by Order in Council.

Subclause (2) provides for a savings bank company, with the approval of the Minister of Finance, to compute interest with daily rests.

Subclause (3) removes the restriction on the amount of interest a depositor may receive when he has more than one account of a particular class.

Subclause (4) is a consequential amendment.

Clause 4: At present, a private savings bank company must invest in New Zealand Government securities such proportion of the money deposited in its savings bank (other than in investment accounts) as may be prescribed by Order in Council. Money deposited in investment accounts may not be invested otherwise than in New Zealand Government securities.

The proposed amendments provide for the Government stock requirement to be prescribed by Order in Council in respect of money deposited in all types of savings accounts.

3. Interest on deposits—(1) Section 13 of the principal Act is hereby amended by repealing subsection (2), and substituting the following subsection:

“(2) No interest shall be paid on any amount standing to the credit of any depositor in excess of— 5

“(a) \$40,000 in respect of any 1 class of account, where the depositor is an institution:

“(b) \$12,000 in respect of any 1 account, where the depositor is not an institution—

or such smaller amount as may from time to time be prescribed by the Governor-General by Order in Council.” 10

(2) The said section 13 is hereby further amended by adding to subsection (4) the following proviso:

“Provided that, with the approval of the Minister, a savings bank company may in its discretion compute interest with daily rests in respect of money in any class of account or in respect of money belonging to any class of depositor or group of depositors.” 15

(3) The said section 13 is hereby further amended by repealing the proviso to subsection (8). 20

(4) Section 2 of the Private Savings Banks Amendment Act 1970 is hereby consequentially repealed.

4. Investments by savings bank company—(1) Section 17 of the principal Act is hereby amended by repealing subsection (3), and substituting the following subsection: 25

“(3) A savings bank company shall invest in New Zealand Government securities not less than such proportion as may be prescribed by the Governor-General by Order in Council of all or any specified part of the money deposited in its private savings bank at such time or times as may be so prescribed. Any such order may prescribe different proportions in respect of different periods of time and of deposits in different classes of accounts, and may prescribe the kind or kinds of New Zealand Government securities in which all or any specified part of the money deposited shall be invested.” 30 35

(2) The said section 17 is hereby further amended by repealing subsection (4).