

Opinion

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What will 2012 bring?

It's great to start the new year refreshed after the summer break. The New Zealand Bankers' Association is now in its 121st year. It's already shaping up to be a busy one for us. We will continue working with our members to provide an industry voice and promote policy outcomes which contribute to a safe and successful banking system that benefits New Zealanders and the New Zealand economy.

Looking back, 2011 certainly had its ups and downs. Our thoughts were often with the people of Canterbury, who stayed strong in the face of ongoing earthquakes. Local banks felt especially connected to the affected communities, which they are part of. Our banks responded with donations to earthquake charities and by offering a range of assistance to customers and staff. We also welcomed the Rugby World Cup success. While the world came to New Zealand, developments in the global economy caused ongoing distraction. Of particular interest was the United States government debt stand-off, followed by the deepening Euro crisis, which remains unresolved.

Against this global backdrop, the outlook can seem challenging. It's safe to say we live in interesting times. New Zealand is often seen as a trading nation at the end of the world, but our distance from other countries has been replaced by global connection – economically and socially. Most of us have friends or family overseas, and our wealth is largely based on our commodities exports. What's happening in the world will impact us here. It helps to know that our major trading partners, Australia and China, are still strong, but they too will be affected by global developments. There is much speculation about how this will affect us. Most commentators agree that the post-recession recovery in New Zealand will continue to be slow.

The good news is the New Zealand banking industry is in good heart. Over the past few years our banks have increased their capital and liquidity buffers. They will continue to be cautious around how offshore markets may affect them. This year the industry will work further with the Reserve Bank of New Zealand to ensure we stay well-placed to meet local needs in the face of global pressures. Banking is about supporting growth and managing risk, and strong banks are vital to a healthy economy.