

Opinion

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Banking Banana Skins

This week the [Banking Banana Skins](#) report was released. Produced by the London-based Centre for the Study of Financial Innovation in association with PricewaterhouseCoopers, it included the results of a global banking industry survey. The survey has run for 13 years and for the first time included a New Zealand supplement. 710 bankers, regulators and observers in 58 countries were polled in November and December 2011. New Zealand was well represented with 22 respondents.

It was interesting to see that the five key issues in the New Zealand industry lined up with the five big global issues, although our priorities differed:

- credit risk
- liquidity
- macro-economic risk
- political interference
- capital availability.

It's not surprising that New Zealand is attuned to worldwide issues given the nature of our trading economy and our connectedness with the global economy. While we are very aware of what's going on around us, and how it may affect us, the survey also found that New Zealand banks are better prepared to handle these risks than the global average. This sentiment was echoed in Reserve Bank of New Zealand Governor Alan Bollard's [speech](#) to the Canterbury Employers Chamber of Commerce last week where he noted that our banks are currently well-funded but were likely to face increased funding costs this year.

It was great to see what's working well in the New Zealand banking industry. Of least concern were our payment systems, which are world-class in terms of reliability. People expect them to work and they do. Also low on the list was fraud, which lines up with Transparency International's [December 2011 ranking](#) of New Zealand as the least corrupt country in the world.

The New Zealand banking industry remains vigilant and alert to the challenges ahead.