

Retail and Small Business Banking

January to July 2021

In the first half of 2021 New Zealand banks had over 9 million retail customers and over 700,000 small business customers being served by an estimated 25,000 staff. The following industry insights relate primarily to the Retail and Small Business segments, with KiwiSaver, managed funds and insurance products excluded from the analysis.

BANKS ARE HELPING CUSTOMERS SAVE AND TRANSACT



There is a continued decline in the number of transactional accounts incurring fees. Whilst the combined value of savings and term deposits is down, we see an increase in the value of savings accounts.

TRANSACTIONS

- Customers have around 8.1 million active transactional accounts, of which around 91% have paid no monthly fees
- In total, over 1.8 billion customer transactions were processed in the last six months.

CREDIT CARDS AND OVERDRAFTS

- Around 2.4 million customers have credit cards, with an average monthly spend of \$2,000 per card.
- 66% of cards are paid off in full without incurring any interest, roughly the same as the previous period.
- Around 12% of transaction accounts have an arranged overdraft.

SAVINGS PRODUCTS

- The combined value of savings and term deposits is almost \$250 billion, down 3% on the prior six months.
- Average interest rates on savings accounts and term deposits were 35% lower than the previous period, at 0.2% and 1.3% respectively.
- The total value of term deposits has fallen 10% to \$128 billion, with an average balance of \$117,000.
- The total value of savings accounts has risen 7% to \$120 billion, with an average account balance of \$18,000 (an increase of \$1,000).

BANKS ARE SUPPORTING HOMEOWNERS



The average value of a new home loan has increased 6% on the previous period, with the majority of customers opting to fix with rates at record lows.

HOME LOANS

- 1.1 million customers have a home loan, with an average loan value of \$285,000, an increase of 5% on the previous six month period.
- Around 70,000 new home loans were opened during the period, with an average value of \$408,000, an increase of 6% on the previous period.
- 22,000 new home loans were opened by new home owners, representing almost a third of all new loans.

HOME LOAN SUPPORT

- Around 2% of customers are behind on their loan repayments, whilst 51% are ahead.
- Less than 1% of home loan customers switched from principle and interest to interest only.
- The number of customers that were granted 'hardship' status over the six month period has dropped by 68% from 18,500 to less than 6,000.

HOME LOAN EXPOSURE

- The number of home loans on variable rates only has fallen by 7% and now represents only 20% of all home loans.
- More customers are choosing to fix interest rates, with the number of home loans on fixed rates now representing 56% of all home loans.

BANKS ARE CARING FOR CUSTOMER NEEDS



The frequency of complaints has continued to decline over this period enabling banks to resolve complaints faster. The average call duration has increased by three minutes from the previous period as banks continue to support customers.

COMPLAINTS

- Banks received 6% fewer complaints than the previous period, on average receiving 8,100 per month.
- Banks received one complaint for roughly every 37,000 transactions.
- Less than 2% of customer complaints required resolution through the Banking Ombudsman which is consistent with the previous period.
- Banks have been resolving complaints faster, with the average time to resolve a complaint reduced from seven days to five days.

CUSTOMER SUPPORT

- Banks received over a million calls from customers each month, with an average call duration around of 8.5 minutes up 3 minutes from the previous six months.

INDUSTRY CHANGES



We continue to see a decrease in the use of cheques and cash in branch, as the shift to digital banking continues.

CUSTOMER TRANSACTION BEHAVIOUR

- There were over 1.8 billion customer transactions processed over the six month period.
- 69 million customer transactions were made in branch during the period, down from 77 million in the previous six months.
- Cash transactions account for less than 4.8% of branch transactions, down from 5.5% in the prior period.
- There has been a 24% reduction in branch transactions that involve cheques, as these continue to be phased out by most banks.

CONTINUED SHIFT TO DIGITAL

- There are over 6.7 million customers registered for online banking, and 61% have logged in within the previous 3 months.
- Mobile banking registrations increased by 3%, with 64% of customers now registered for mobile banking, 62% of which had logged in within the previous 3 months.