

Retail and Small Business Banking

July to December 2021

In the second half of 2021 New Zealand banks increased to having 9.5 million unique customers and reduced to 458,000* small business customers. 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 TRANACT



The combined value of savings and term deposits has increased since the previous reporting period, with the average interest rate on savings products increasing by 37% period on period.

TRANSACTIONS

- Customers have approximately 8.3 million active transactional accounts, an increase of 1.46% since the last period. Of these, around 91% have paid no monthly fees.
- There were over 1.82 billion customer transactions processed over the six month period, an increase of 18 million compared to the previous period.

CREDIT CARDS

- 2.3 million customers have credit cards, with an average monthly spend of \$2,000 per card. These metrics have reduced by 1.8% and 2.7% respectively since the last period.
- 68.5% of cards are paid off in full without incurring any interest, a small increase of 2.5% compared to the previous period.

SAVINGS PRODUCTS

- The combined value of savings and term deposits is over \$250 billion, a 1.2% increase on the prior six months.
- Average interest rates on savings accounts increased from 0.20% to 0.27% over the period, term deposits also increased over the period albeit by a smaller amount from 1.30% to 1.34%.
- The total value of term deposits has increased 1.2% to nearly \$130 billion, with an average balance of \$120,000, an increase of \$3,000 since last period.
- The total value of savings accounts has risen 1.2% to \$123 billion, with an average account balance of \$18,000 (consistent with last period).

BANKS ARE SUPPORTING HOMEOWNERS



The number of new home loans has decreased compared to the previous period. Customers are increasingly choosing to fix their interest rates.

HOME LOANS

- 1.2 million customers have a home loan, with an average loan value of \$296,000, an increase of 4% on the previous six month period.
- Around 56,000 new home loans were opened during the period, a decrease of 20% compared to last period, with the average new home loan \$407,000, a decrease of 0.3% on the previous six month period.
- Almost 13,600 new home loans were opened by first home buyers, approximately a quarter of all home loans, down from one third last period.

HOME LOAN SUPPORT

- Around 2% of customers are behind on their loan repayments, whilst around 44% are ahead.
- Around 1.3% of home loan customers switched from principal and interest to interest only, an increase of 33% from the previous six months.
- Of the 1.2 million customers with home loans, 4300 were granted 'hardship' status over the six month period, a decrease of 28% on the last period. The number of customers who applied increased 26% on the previous six month period to nearly 7600.

HOME LOAN EXPOSURE

- The number of home loans on variable rates only has fallen by a further 3.9% and now represents only 19.7% of all home loans.
- More customers are choosing to have only fixed interest rates now representing 61% of all home loans, an increase of 5% compared to the prior 6 months.

BANKS ARE CARING FOR CUSTOMER NEEDS



The number of complaints has increased by 7.5% compared to the previous 6 months.

COMPLAINTS

- Banks received 7.5% more complaints than the previous period.
- Banks received one complaint for roughly every 35,000 transactions.
- 2.2% of customer complaints required resolution through the Banking Ombudsman, a small increase of 0.3% from the previous period.
- Banks have been resolving complaints faster than reported in December 2020 (seven days), with the average time to resolve a complaint throughout 2021 being five days.

CUSTOMER SUPPORT

- Banks received over 1.1 million calls from customers each month, an increase of 7% on the last period reported.
- Call duration has increased from around of 8.5 minutes to 10 minutes.
- The proportion of total calls received that were answered by contact centres has dropped by 3%, with the average wait time of calls answered increasing by 27%.

INDUSTRY CHANGES



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

CUSTOMER TRANSACTION BEHAVIOUR

- 70 million customer transactions were made in branch during the period, a 1 million increase compared to the previous six months. This represents 3.8% of all customer transactions, which totals 1.82 billion.
- Cash transactions account for less than 3.7% of branch transactions, down from 4.8% in the prior period.

CONTINUED SHIFT TO DIGITAL

- There are approximately 6.95 million customers registered for online banking, and 56% have been active within the previous 3 months.
- Mobile banking app registrations increased by 2%, with nearly 66% of customers now registered for mobile banking apps.

*Note some banks are in the process of reclassifying SME customers.