

Retail Banking

January to June 2022

In the first half of 2022 New Zealand banks increased unique customer numbers by around 18,000, now sitting at approximately 9.5 million unique customers. The following industry insights relate primarily to Retail banking with KiwiSaver, managed funds, business lending and insurance products excluded from the analysis.

BANKS ARE HELPING CUSTOMERS SAVE AND TRANSACT

Savings accounts have decreased in total value since the last reporting period while term deposits have increased.

BANKS ARE SUPPORTING HOMEOWNERS

The number of new home loans has further decreased compared to the previous period..

BANKS ARE CARING FOR CUSTOMER NEEDS

The number of calls and complaints received by banks has reduced compared to the last period, with reductions of 9.6% and 7.8% respectively.

INDUSTRY CHANGES

The number of cash transactions in branches continues to decrease as the shift to digital banking continues.

TRANSACTIONS

- Customers have approximately 8.7 million active transactional accounts, an increase from 8.3 million in the last period. Of these, around 89% have paid no monthly fees, down from 91% in the last reporting period.
- There were nearly 1.8 billion customer transactions processed over the six month period, a decrease of 1.5% compared to the previous period.

CREDIT CARDS

- Around 2.27 million customers have credit cards, continuing the downward trend over the last 4 reporting periods. Also the average monthly spend continues to decrease with an average monthly spend of \$1892 down from \$2017.
- 66.6% of cards are paid off in full without incurring any interest, a small decrease of 1.9% compared to the previous period.

SAVINGS PRODUCTS

- The value of savings accounts has decreased 7.6% to \$113 billion with an average balance of \$16,800. This has been somewhat offset with an increase in the value of term deposits by 3.3% to \$134 billion with an average balance of \$109,000.
- Average interest rates on savings accounts increased from 0.27% to 0.72% over the period, term deposits also increased over the period from 1.34% to 2.35%.

HOME LOANS

- There are 1.25 million home loans across 1.09 million customers. The average value of all home loans is \$304,655.
- There were 44,681 new home loans opened during the period, a decrease of 20% from 56,000 in the last period.
- The average value of all new home loans opened is \$417,463 a 3% increase on the last period.
- The overall value of all new home loans opened decreased by 18% to \$18.7 billion.
- Of the 44,681 new home loans opened in the reporting period, 22% were issued to first time home buyers.
- The average value of a home loan for first home buyers is \$505,741.

HOME LOAN SUPPORT

- 1.05% of customers are behind on their loan repayments (down from 2% last reporting period, whilst around 45.8% are ahead (up from 44% last reporting period).
- Of all banking customers, 6511 applied for hardship status, with this being granted to 4396 over the six month period.*

HOME LOAN EXPOSURE

- The number of home loans on variable rates only, has fallen by a further 3.6% and now represents only 19.1% of all home loans.
- Customers continue to prefer fixed interest rates, remaining at 61% of all home loans.
- The balance of home loans have a mix of variable and fixed rates.

COMPLAINTS

- Banks received 7.8% fewer complaints than the previous period.
- Banks received one complaint for roughly every 37,000 transactions (an improvement on 35,000 last period).
- 2.7% of customer complaints required resolution through the Banking Ombudsman, an increase of 0.4% against the last period. This was brought on by a reduction in total complaints and an increase in the number of complaints referred from the Banking Ombudsman to the Bank.
- Banks have been resolving complaints at a consistent pace of under five days since June 2021, faster than seven days reported in December 2020.

CUSTOMER SUPPORT

- Banks received over 1 million calls from customers each month, a decrease of 9.6% on the previous reported period.
- Call duration has increased from around 10 to 11 minutes.
- The proportion of total calls received that were answered by contact centres has increased by 2.5%, returning to levels recorded in the January to June 2021 reporting period.

CUSTOMER TRANSACTION BEHAVIOUR

- 69.3 million customer transactions were made in branch during the period, a 900,000 decrease compared to the previous six months. This represents 3.9% of all customer transactions, which totals 1.8 billion.
- Cash transactions account for less than 3.4% of all branch transactions, down from 3.7% in the prior period.

CONTINUED SHIFT TO DIGITAL

- There are approximately 6.96 million customers registered for online banking (including mobile banking apps). This equates to 74% of all unique customers.
- 74% of online banking customers have been active online within the past 3 months.

*Hardship data was previously only collected on home owners, now results are for all customers Data from Dec 2021 shows number of home owner customers applying for hardship was 7,573 with 4,313 granted hardship status.