

Retail Banking

July 2022 – December 2022

In the second half of 2022, unique number of customer increased by about 118,000, sitting at approximately 9.54 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.

TRANSACTIONS

- There are over 9.0 million active transactional accounts, an increase from 8.7 million in the last period. Of these, around 92% have paid no monthly fees, up from 89% in the last reporting period.
- There were over 1.9 billion customer transactions processed over the six month period, an increase of 7% compared to the previous period.

CREDIT CARDS

- Around 2.23 million customers have credit cards, continuing the downward trend over the last five reporting periods. However, the average monthly spend has slightly increased, with an average monthly spend of \$2,121, up from \$1,892.
- 67.4% of cards are paid off in full without incurring any interest, an increase of 0.8% compared to the previous period.

SAVINGS PRODUCTS

- The value of savings accounts has decreased 1.4% to \$112 billion with an average balance of \$25,000. This has been offset with an increase in the value of term deposits by 6.4% to \$143 billion with an average balance of \$105,300 (a slight decrease of 3% from the last reporting period).
- Average interest rates on savings accounts increased from 0.77% to 2.42% over the period, term deposits also increased over the period from 2.35% to 3.19%.

BANKS ARE SUPPORTING HOMEOWNERS



The number of new home loans has increased by 2.1% compared to the previous period.

HOME LOANS

- There are nearly 1.26 million home loans across 1.09 million customers. The average value of all home loans is \$316,019, an increase of 3.6% from the last reporting period.
- There were 45,628 new home loans during the period, a slight increase of 2.1% from 44,681 in the last period.
- The average value of all new home loans is \$338,598, 18.9% decrease from the last period.
- The overall value of all new home loans opened decreased by 8.7% to \$17 billion.
- Of the 45,628 new home loans opened in the reporting period, 26.1% were issued to first time home buyers.
- The average value of a home loan for first home buyers is \$491,556, a decrease of 2.9% from the last reporting period.

HOME LOAN SUPPORT

- 1.2% of customers are behind on their loan repayments (up from 1.05% in last reporting period, whilst around 44.7% are ahead (down from 45.5% last reporting period).
- Of all banking customers, 4,910 applied for hardship status, with this being granted to 4,286 over the six month period.

HOME LOAN EXPOSURE

- The number of home loans on variable rates only, has fallen by 9.8% from the last period and now represents only 17.2% of all home loans.
- Customers continue to prefer fixed interest rates, a small increase from 61% to 62.7% of all home loans.
- 12,120 home loans switched from principal and interest to interest only repayments.

BANKS ARE CARING FOR CUSTOMER NEEDS



The number of calls received by banks has increased by 5% but the number of complaints has reduced by 1.2% compared to the last period.

COMPLAINTS

- Banks received 1.2% less complaints than the previous period.
- Banks received one complaint for roughly every 40,000 transactions (an improvement on 37,000 from the last reporting period).
- 2.6% of customer complaints required resolution through the Banking Ombudsman, a decrease of 0.1% against the last period. This was brought on by reductions in total complaints and the number of complaints referred from the Banking Ombudsman to the Bank.
- Banks have been resolving complaints at a consistent pace of around five days, marginally slower than 4.8 days from the last period.

CUSTOMER SUPPORT

- Banks received approximately 972,000 calls from customers each month, a decrease of 4.9% from the previous reported period.
- Call duration has remained at around 11 minutes.
- 80% of total calls received were answered by contact centres, an increase of 4.7%, from the previous reporting period.

INDUSTRY CHANGES



The number of cash transactions in branches increased by 5.3% compared to the previous period while the number of online banking customers remained the same.

CUSTOMER TRANSACTION BEHAVIOUR

- 73 million customer transactions were made in branch during the period, a 3.7 million increase compared to the previous six months. This represents 3.8% of the total 1.9 billion customer transactions.
- Cash transactions accounted for 3.5% of all branch transactions, slightly up from 3.4% in the prior period.

CONTINUED SHIFT TO DIGITAL

- There are now over 7 million customers registered on online banking (including mobile banking apps). This equates to 73% of all unique customers.
- 73% of those banking customers registered with internet banking and/or mobile app have been active online within the past 6 months.