


# Retail Banking

July 2023 – December 2023

In the second half of 2023, the number of unique customers increased to 9.77 million, up by 2.4% compared to the first half of 2023. 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

 Total value of savings accounts and term deposits increased by 4.6% and 11.1% respectively since the last reporting period.

### TRANSACTIONS

- There were over 9.8 million active transactional accounts, an increase from 9.3 million in the last period. Of these, around 97.4% paid no monthly fees, up from 95% compared to the previous period.
- There were over 2.16 billion customer transactions processed over the six month period, an increase of 12% compared to the previous period.


### CREDIT CARDS

- The number of customers decreased slightly to 2.2 million from 2.21 million. The number of credit cards also decreased by 0.6% compared to the previous period.
- The average monthly spend per credit card account slightly increased, with an average monthly spend of \$2,072, up from \$2,004 compared to the last reporting period.
- 66.6% of cards were paid off in full without incurring any interest cost, an increase of 1% compared to the previous period.

### SAVINGS PRODUCTS

- The value of savings accounts increased 4.6% to \$113 billion with an average balance of \$17,000 (a decrease in the average balance of 30.9% from the last reporting period).
- The value of term deposits increased by 11.1% to \$171 billion with an average balance of \$105,904 (a decrease in the average balance of 1.9% from the last reporting period).
- Over the period, the average interest rates on savings accounts was 3.6%, similar to the last period, while term deposits interest rates increased to 5.8% from 4.9%.

## BANKS ARE SUPPORTING HOMEOWNERS

 The number of new home loans increased by 29.8% compared to the previous period.

### HOME LOANS

- There were 1.31 million home loans across 1.1 million customers at the end of the period. The average value of all home loans was \$322,614, a marginal decrease of 0.3% from the last reporting period.
- There were 52,504 new home loans during the period, an increase of 29.8% from 40,438 in the last period.
- The average value of all new home loans was \$372,083, a 2.8% decrease from the last period.
- The overall value of all new home loans opened increased by 26.2% to \$19.5 billion.
- Of the 52,504 new home loans opened in the reporting period, 26.3% were issued to first time home buyers.
- The average value of a home loan for first home buyers was \$476,919, a decrease of 12.7% from the last reporting period.


### HOME LOAN SUPPORT

- 1.4% of customers were behind on their loan repayments (similar to the last reporting period), whilst around 41.4% were ahead (down from 43.7% in the last reporting period).
- Of all banking customers, 9,177 applied for hardship status, an increase of 1.1% compared to the last reporting period. However, during the six-month period, 5,581 customers were granted the hardship status, a decrease of 1.3% from the previous reporting period.

### HOME LOAN EXPOSURE

- The number of home loans on variable rates only, decreased by 1.1% from the last period, which represented 16.7% of all home loans.
- Customers continued to prefer fixed interest rates, which represented 61.8% of all home loans. The 21.5% of the remaining home loans were on a mix of fixed and variable rates.
- 16,167 home loans switched from principal and interest to interest only repayments, an increase of 45.8% from the last reporting period.

## BANKS ARE CARING FOR CUSTOMER NEEDS

 Compared to the last period, banks received 3.2% fewer calls, and the number of complaints also decreased by 8.7%.


### COMPLAINTS

- Banks received 8.7% fewer complaints than the previous period.
- Banks received one complaint for approximately every 43,400 transactions (a decrease from last reporting period of one to 35,400 transactions).
- 2.8% of all customer complaints received during this period required resolution through the Banking Ombudsman, a slight increase of 0.3% against the last period.
- Banks were resolving complaints at around 5.3 days, slower than 4.4 days from the last period.

### CUSTOMER SUPPORT

- Banks received approximately 971,000 calls from customers each month, a decrease of 3.2% from the previous reported period.
- Call duration was around 10 minutes, similar to the last reporting period.
- Of all the calls received by contact centres, 81.9% were answered, an upward trend of 4.3% from the previous reporting period.

## INDUSTRY CHANGES

 The number of cash transactions in branches declined by 1.5% in comparison to the previous period. There was an increase of 4.3% in the number of active online users.

### CUSTOMER TRANSACTION BEHAVIOUR

- 73.9 million customer transactions were made in branch during the period, a 2.5 million increase compared to the previous six months. This represented 3.4% of the total 2.16 billion customer transactions, a slight decrease of 1.3% from the last reporting period.
- Cash transactions accounted for 3.2% of all branch transactions, slightly down from 3.4% in the prior period.
- Cash transactions in branches declined by 1.5% to 2.39 million from 2.42 million in the previous reporting period.

### CONTINUED SHIFT TO DIGITAL

- There were about 7 million customers registered on online banking (including mobile banking apps). This equated to 71.7% of all unique customers, slightly up from 71% in the prior period.
- 77.1% of those banking customers registered with internet banking and/or mobile app were active online within the past 6 months.
- About 5.4 million internet banking or mobile app users were active, an increase of 4.3% compared to the prior period.
- The percentage of transactions using ATMs represented 1.9% of all transactions, similar to the last reporting period.