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%.

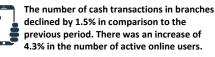
COMPLAINTS

- 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



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.