


Retail Banking

January 2023 – June 2023

In the first half of 2023, the number of unique customers decreased slightly by about 1,200, but still remained at approximately 9.54 million. 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 decreased by 3.4% in total value since the last reporting period while term deposits increased by 8.1%.

TRANSACTIONS

- There were over 9.3 million active transactional accounts, an increase from 9.0 million in the last period. Of these, around 95% paid no monthly fees, up from 92% in the last reporting period.
- There were over 1.9 billion customer transactions processed over the six month period, a marginal increase of 0.1% compared to the previous period.


CREDIT CARDS

- While the number of customers decreased to 2.21 million (a decrease from 2.23 million), the number of credit cards increased by 1.4%.
- The average monthly spend per credit card account slightly decreased, with an average monthly spend of \$2,004, down from \$2,121.
- 65.6% of cards were paid off in full without incurring any interest cost, a decrease of 1.9% compared to the previous period.

SAVINGS PRODUCTS

- The value of savings accounts decreased 3.4% to \$108 billion with an average balance of \$24,200. This was offset with an increase in the value of term deposits by 8.1% to \$154 billion with an average balance of \$107,900 (a slight increase of 2.5% from the last reporting period).
- Average interest rates on savings accounts increased from 2.42% to 3.59% over the period, term deposits also increased over the period from 3.19% to 4.90%.

BANKS ARE SUPPORTING HOMEOWNERS

 The number of new home loans decreased by 11.4% compared to the previous period.

HOME LOANS

- There were nearly 1.25 million home loans across 1.08 million customers at the end of the period. The average value of all home loans was \$323,463, an increase of 2.4% from the last reporting period.
- There were 40,438 new home loans during the period, a decrease of 11.4% from 45,628 in the last period.
- The average value of all new home loans was \$382,913, 2.6% increase from the last period.
- The overall value of all new home loans opened decreased by 9.1% to \$15.5 billion.
- Of the 40,438 new home loans opened in the reporting period, 26% were issued to first time home buyers.
- The average value of a home loan for first home buyers was \$546,176, an increase of 11.1% from the last reporting period.


HOME LOAN SUPPORT

- 1.4% of customers were behind on their loan repayments (an increase of 0.17% from the last reporting period), while around 43.7% were ahead (down from 44.7% in the last reporting period).
- Of all banking customers, 9,080 applied for hardship status, an increase of 84.9% compared to the last reporting period. The hardship status was granted to 5,655 customers over the six month period, an increase of 31.9% from the last reporting period.

HOME LOAN EXPOSURE

- The number of home loans on variable rates only, increased by 2.3% from the last period, which represented 17% of all home loans.
- Customers continued to prefer fixed interest rates, which represented 61.5% of all home loans. The 21.5% of the remaining home loans were on a mix of fixed and variable rates.
- 11,090 home loans switched from principal and interest to interest only repayments, a decrease of 8.5% from the last reporting period.

BANKS ARE CARING FOR CUSTOMER NEEDS

 Compared to the last period, banks received 3.1% more calls, and the number of complaints also increased by 14.6%.


COMPLAINTS

- Banks received 14.6% more complaints than the previous period.
- Banks received one complaint for approximately every 35,400 transactions (an increase from last reporting period of one to 40,000 transactions).
- 2.4% of all customer complaints received during this period required resolution through the Banking Ombudsman, a slight decrease of 0.2% against the last period.
- Banks were resolving complaints at a around 4.4 days, marginally faster than five days from the last period.

CUSTOMER SUPPORT

- Banks received approximately 1 million calls from customers each month, an increase of 3.1% from the previous reported period.
- Call duration was around 10 minutes, a minute less than the last reporting period.
- Of all the calls received by contact centres, 77.6% were answered, a downward trend by 2.4% from the previous reporting period

INDUSTRY CHANGES

 The number of cash transactions in branches fell by 2.3% in comparison to the previous period. Conversely, there was a slight 0.6% increase in the number of active online users.

CUSTOMER TRANSACTION BEHAVIOUR

- 71 million customer transactions were made in branch during the period, a 1.7 million decrease compared to the previous six months. This represented 3.7% of the total 1.9 billion customer transactions, a marginal decrease of 0.1% from the last reporting period.
- Cash transactions accounted for 3.4% of all branch transactions, slightly down from 3.5% in the prior period.

CONTINUED SHIFT TO DIGITAL

- There were about 6.8 million customers registered on online banking (including mobile banking apps). This equated to 71% of all unique customers, slightly down from 73% in the prior period.
- 76.5% of those banking customers registered with internet banking and/or mobile app were active online within the past 6 months.
- The percentage of transactions using ATMs represented 1.9% of all transactions.