

Retail Banking

January 2024 – June 2024

In the first half of 2024, the number of unique customers increased to 9.86 million, up by 0.9% compared to the second 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



During the last reporting period, the total value of savings accounts decreased by 6.1%, while the value of term deposits increased by 6.6%.

TRANSACTIONS

- There were over 10 million active transactional accounts, an increase from 9.8 million in the last period. Of these, around 97.2% paid no monthly fees, which represents, proportionally, a slight decrease compared to the last reporting period.
- There were over 2 billion customer transactions processed over the six-month period, a decrease of 6.7% compared to the 2.16 billion customer transactions in the previous period.

CREDIT CARDS

- The number of unique customers with a credit card increased slightly to 2.23 million from 2.2 million. The number of credit cards also increased by 0.9% compared to the previous period.
- The average monthly spend per credit card account was \$2,076, a marginal increase from \$2,072 compared to the last reporting period.
- 67.2% of cards were paid off in full without incurring any interest cost, an increase of 0.6% compared to the previous period.

SAVINGS PRODUCTS

- The value of savings accounts decreased 6.1% to \$106 billion with an average balance of \$15,800 (a decrease in the average balance of 5.5% from the last reporting period).
- The value of term deposits increased by 6.6% to \$183 billion with an average balance of \$107,800 (an increase in the average balance of 1.8% from the last reporting period).
- Over the period, the average interest rate on savings accounts was 3.8%, a slight increase of 0.2% from the last period, while term deposits interest rate increased to 6.1% from 5.8%.

BANKS ARE SUPPORTING HOMEOWNERS



The number of new home loans decreased by 10.4% compared to the previous period.

HOME LOANS

- There were 1.38 million home loans across 1.14 million customers at the end of the period. The average value, per customer, of a home loan was \$318,151, a decrease of 1.4% from the last reporting period.
- There were 47,061 new home loans during the period, a decrease of 10.4% from 52,504 in the last period.
- The average value of all new home loans was \$394,192, a 5.9% increase from the last period.
- The overall value of all new home loans opened decreased by 5% to \$18.6 billion.
- Of the 47,061 new home loans opened in the reporting period, 27.5% were issued to first time home buyers.
- The average value of a home loan for first home buyers was \$472,361, a decrease of 1% 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 39.7% were ahead (down from 41.4% in the last reporting period).
- Of all banking customers, 9,267 applied for hardship status, an increase of 1% compared to the last reporting period. Among those who applied during the six-month period, 5,968 customers were granted the hardship status, reflecting an increase of 6.9% from the previous reporting period.

HOME LOAN EXPOSURE

- The proportion of the number of home loans on variable rates only, increased by 3.4% from the last period, which represented 20.1% of all home loans.
- Customers continued to prefer fixed interest rates, which represented 59.7% of all home loans. The 20.1% of the remaining home loans were on a mix of fixed and variable rates.
- 13,095 home loans switched from principal and interest to interest only repayments, a decrease of 19% from the last reporting period.

BANKS ARE CARING FOR CUSTOMER NEEDS



Compared to the last period, banks received 2.2% fewer calls, and the number of complaints also decreased by 4.3%.

COMPLAINTS

- Banks received 4.3% fewer complaints than the previous period.
- Banks received one complaint for approximately every 42,300 transactions (an increase from last reporting period of one to 43,400 transactions).
- 3.5% of all customer complaints received during this period required resolution through the Banking Ombudsman, an increase of 0.8% against the last period.
- Banks were resolving complaints at around 6.5 days, slower than 5.3 days in the last period.

CUSTOMER SUPPORT

- Banks received approximately 948,300 calls from customers each month, a decrease of 2.2% from the previous reported period.
- Average call duration was slightly over 10 minutes, similar to the last reporting period.
- Of all the calls received by contact centres, 83% were answered, an upward trend of 1.1% from the previous reporting period.

INDUSTRY CHANGES



The number of cash transactions in branches declined slightly by 3.8% in comparison to the previous period. There was an increase of 2.6% in the number of active online users.

CUSTOMER TRANSACTION BEHAVIOUR

- 73.8 million customer transactions were made in branch during the period, a 0.1% decrease compared to the previous six months. This represented 3.7% of the total 2.01 billion customer transactions, a slight decrease of 0.2% from the last reporting period.
- Cash transactions accounted for 3.1% of all branch transactions, slightly down from 3.2% in the prior period.
- Cash transactions in branches declined by 3.8% to 2.3 million from 2.39 million in the previous reporting period.

CONTINUED SHIFT TO DIGITAL

- There were about 7.1 million customers registered on online banking (including mobile banking apps). This equated to 72.2% of all unique customers, slightly up from 71.7% in the prior period.
- 77.9% of those banking customers registered with internet banking and/or mobile app were active online within the past 6 months.
- About 5.54 million internet banking or mobile app users were active, an increase of 2.6% compared to the prior period.
- The percentage of transactions using ATMs represented 1.9% of all transactions, similar to the last reporting period.