

Retail Banking

January 2025 – June 2025

In the first half of 2025, the number of unique customers increased to 10.1 million, up by 1.28% compared to the second half of 2024. 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 increased by 0.6%, while the value of term deposits decreased by 2.2%.

TRANSACTIONS

- There were over 10.3 million active transactional accounts, an increase of 1.6% from 10.2 million in the last period. Of these, around 99.9% paid no monthly fees, which represents, proportionally, an increase compared to the last reporting period.
- There were over 2 billion customer transactions processed over the six-month period, a decrease of 3.6% compared to the 2.1 billion customer transactions in the previous period.

CREDIT CARDS

- The number of unique customers with a credit card decreased by 0.9% to 2.16 million from 2.17 million in the previous period. The number of credit cards also decreased by 1.3% compared to the previous period.
- The average monthly spend per credit card account was \$2,073, a decrease of 2.7% from \$2,131 compared to the last reporting period.
- 67.1% of cards were paid off in full without incurring any interest cost, an increase of 0.5% compared to the previous period.

SAVINGS PRODUCTS

- The value of savings accounts increased 0.6% to \$111 billion with an average balance of \$15,488 (an increase in the average balance of 5.0% from the last reporting period).
- The value of term deposits decreased by 2.2% to \$188 billion with an average balance of \$107,759 (a decrease in the average balance by 1.6% from the last reporting period).
- Over the period, the average interest rate on savings accounts was 1.6%, a decrease of 1.0% from the last period, while term deposits interest rate decreased to 4.1% from 5.6%.

BANKS ARE SUPPORTING HOMEOWNERS

 The number of new home loans increased by 5.8% compared to the previous period.

HOME LOANS

- There were 1.4 million home loans across 1.2 million customers at the end of the period. The average value, per customer, of a home loan was \$329,656, an increase of 2% from the last reporting period.
- There were 60,249 new home loans during the period, an increase of 6% from 56,938 in the last period.
- The average value of all new home loans was \$404,603, a 0.4% decrease from the last period.
- The overall value of all new home loans opened increased by 5.3% to \$24.4 billion.
- Of the 60,249 new home loans opened in the reporting period, 25% were issued to first time home buyers.
- The average value of a home loan for first home buyers was \$507,690, an increase of 3% from the last period.

HOME LOAN SUPPORT

- 1.5% of loans were behind on their loan repayments, a 0.1% decrease compared to the last reporting period, whilst around 40.3% were ahead (up from 39.4% in the last reporting period).
- Of all banking customers, 6,515 applied for hardship status, a decrease of 26% compared to the last reporting period.
- During the six-month period, 6,717 customers were granted the hardship status, reflecting a decrease of 9.1% from the previous reporting period.

HOME LOAN EXPOSURE

- The proportion of the number of home loans on variable rates only, increased by 6.5% from the last period, which represented 22.1% of all home loans.
- Customers continued to prefer fixed interest rates, which represented 57.3% of all home loans. The 20.6% of the remaining home loans were on a mix of fixed and variable rates.
- 12,555 home loans switched from principal and interest to interest only repayments, a decrease of 28.0% from the last reporting period.

BANKS ARE CARING FOR CUSTOMER NEEDS

 Compared to the last period, banks received 5.3% fewer calls and the number of complaints decreased by 6.3%.

COMPLAINTS

- Banks received 6.3% less complaints than the previous period.
- Banks received one complaint for approximately every 43,515 transactions (2.8% less complaints per transaction compared to the last reporting period).
- 2.7% of all customer complaints received during this period required resolution through the Banking Ombudsman, a decrease of 0.5% against the last period.
- Banks were resolving complaints at around 5.7 days, quicker than 5.9 days in the last period.

CUSTOMER SUPPORT

- Banks received approximately 884,000 calls from customers each month, a decrease of 5.3% from the previous reported period.
- Average call duration was 9.8 minutes, an increase of 4.3% from the previous reported period.
- Of all the calls received by contact centres, 81.7% were answered, a decrease of 0.7% from the previous reporting period.

INDUSTRY CHANGES

 The number of cash transactions in branches declined by 12.2% in comparison to the previous period. There was an increase of 3.7% in the number of active online users.

CUSTOMER TRANSACTION BEHAVIOUR

- 74.4 million customer transactions were made in branch during the period, a 1.7% decrease compared to the previous six months. This represented 3.7% of the total 2 billion customer transactions, a slight decrease of 0.1% from the last reporting period.
- Cash transactions accounted for 2.6% of all branch transactions, down from 2.9% in the prior period.
- Cash transactions in branches declined by 12.2% to 1.9 million from 2.1 million in the previous reporting period.

CONTINUED SHIFT TO DIGITAL

- There were about 7.2 million customers registered on online banking (including mobile banking apps). This equated to 71.6% of all unique customers, slightly down from 72.4% in the prior period.
- 81.9% of those banking customers registered with internet banking and/or mobile app were active online within the past 6 months.
- About 5.9 million internet banking or mobile app users were active, an increase of 3.7% compared to the prior period.
- The percentage of transactions using ATMs represented 1.8% of all transactions, similar to the previous reporting period.