

MARKET STUDY INTO PERSONAL BANKING SERVICES

PRELIMINARY ISSUES PAPER

ANZ BANK NEW ZEALAND LIMITED
CROSS-SUBMISSION

5 October 2023

Public Version



- 1 ANZ Bank New Zealand Limited's (**ANZ**) views on the Preliminary Issues Paper are set out in detail in our [submission](#). We have reviewed the submissions on the Preliminary Issues Paper and, while we have different perspectives on, or disagree with, points made in various submissions, we have not tried to address all of these points in this cross-submission. Instead, we briefly comment on two issues in respect of which we consider additional information may assist the Commission.
- 2 If there are specific issues or submissions the Commission would like additional comments or evidence on, please let us know.

The evidence shows ANZ competes closely with a number of banks

- 3 We disagree with the suggestion we compete only with our three largest bank competitors, and not with other banks (including Kiwibank),¹ and other providers. ANZ considers its closest competitors for personal banking services to be ASB, BNZ, Kiwibank and Westpac, and we are also materially constrained by other banks (as well as other providers). Our view is supported by the evidence as to how we consider our pricing and competitive positioning.
- 4 In our reviews of changes to products, services and interest rates, ANZ takes account of competitors' market activities (along with many other considerations).

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Capital requirements regarding credit risk calculations have been subject to significant analysis

- 5 The joint submission of the Cooperative Bank, TSB, SBS and Kiwibank (**Joint Submission**) states that the capital regime disadvantages those banks because the four largest banks are able to utilise accredited internal ratings based (**IRB**) models to calculate risk weights for their asset classes.
- 6 As noted in our submission, the relationship between competition, stability and economic growth is not straightforward. While it is of course open to the Commission to question aspects of the regulatory framework, we encourage the Commission to take account of the work that has taken place to date.
- 7 In particular, as the Commission will be aware, the IRB and standardised approaches formed part of the RBNZ's five year review of capital rules, which was completed in 2019. ANZ encourages the Commission to engage with the RBNZ on these points to inform its own work in the Study.
- 8 The Commission should also be aware that the Australian Prudential Regulation Authority (**APRA**) has recently considered the differences in capital requirements between standardised and IRB modelling and has taken the view that any capital benefit for IRB banks does not unfairly disadvantage standardised banks.² The Commission may wish to engage with international work on this issue to inform its own work in the Study.

¹ See Kiwibank submission, page 8.

² Australian Prudential Regulation Authority, [Is the capital benefit of being an advanced modelling bank justified?](#), 23 May 2023.