



[REDACTED]

17 April 2024

Market Study into Personal Banking Services
Commerce Commission
marketstudies@comcom.govt.nz

RURAL WOMEN NEW ZEALAND (INC) SUBMISSION
Market Study into Personal Banking Services – Draft Report

Introduction

Rural Women New Zealand (RWNZ) welcomes the opportunity to provide a submission to the Commerce Commission on the Market study into personal banking services – Draft Report.

Comments

We note that in commissioning the personal banking service market study, the Minister considered there were existing indications of possible competition problems in the market such as low levels of service. We also note that one of the matters to be considered could include ‘Any barriers to consumers comparing bank offers or switching banks’.

Our submission reiterates the comments we made in response to the preliminary issues paper. The key concerns for RWNZ and our members regarding competition for the supply or acquisition of personal banking services remain:

1. The closure of bank branches, and
 2. Lack of reliable connectivity and coverage for digital services
- both of which impact service levels for, and create barriers to, rural consumers and rural communities.

RWNZ also note that improving competition will not necessarily solve the access issues facing rural consumers.

Closure of bank branches

We are pleased to see the report recognise that *Reduction in the physical branch network can lead to greater financial exclusion due to time and travel costs to get to the nearest bank branch, lack of reliable internet and mobile coverage in some rural areas, and the requirement for sound digital literacy*¹.

RWNZ believes that customer search and switching behaviours in rural communities is significantly impacted (and subsequently discouraged) by the closure of bank branches as this potentially prevents rural communities from accessing the personal banking services they need. Access to face-to-face services is an important criterion in comparing service options and potentially for consumers in selecting a transaction account that best meets their needs.

Connectivity and coverage for digital services

Internet and mobile coverage, reliability and capacity is not consistent across Aotearoa New Zealand. This inconsistency puts people in rural areas at a disadvantage, particularly where it limits (and potentially discourages) their participation. Moves to digitise personal banking services (such as moves to increase use of internet banking and mobile apps) will need to take account of connectivity issues for rural consumers to ensure they are not excluded by such changes.

RWNZ acknowledges that the banking hub pilot has the potential to mitigate some of the barriers faced by rural consumers. It is assumed the hubs would provide a place of reliable connectivity and therefore be a valuable alternative for those who do not have this available in their home. We support this and other approaches that maintain banking services in rural communities and await evidence of the pilot showing the regional banking hubs do indeed deliver the branch services they are supposed to replicate. We trust any evaluation of the pilots will provide the opportunity for user and community feedback to fully understand whether the pilots have achieved their potential.

Vulnerable consumers

Attachment D of the report considers whether competition is delivering good outcomes for all consumers and refers to vulnerable consumers as individuals in New Zealand who experience financial exclusion more than others. The report considers consumers living rurally as a segment of consumers unduly affected by lack of competition.

¹ Para D29

RWNZ supports the contention that rural consumers are not well-served by competition alone but would argue that living rurally is a category of consumers in and of itself, within which there are vulnerable members of society².

Closing

RWNZ supports the report finding that *while it is encouraging to see initiatives underway, there is more work to be done by industry to overcome barriers of meaningful participation across all available service channels, whether that be digital or physical*³.

Maintaining adequate access to personal banking services in rural communities is fundamental to promoting outcomes that benefit Aotearoa New Zealand consumers over the long term.

RWNZ again reiterates the importance of:

- a) ensuring access to bank branches, and
- b) addressing the impact of the digital divide created by unreliable internet connectivity and coverage

for addressing competition problems in the market such as low levels of service and removing barriers for consumers comparing bank offers or switching banks.

Thank you for the opportunity to provide input. We look forward to further engagement as the market study into personal banking services report consultation is undertaken.

About Rural Women New Zealand

Rural Women New Zealand (RWNZ) is a not-for-profit, member-based organisation that reaches into all rural communities to provide a credible and respected voice on rural environment, health, education, technology, business and social issues.

RWNZ strives to ensure that all rural residents, workers and families have equitable access to services, inequalities are addressed by Government, and the wellbeing of rural communities is considered from the beginning of all policy and legislative development.

² Para D2 *Although not an exhaustive list, vulnerable consumers in New Zealand, can be consumers living rurally, elderly, disabled, recent migrants, those with no fixed abode, experiencing a relationship breakdown, going through insolvency, have an undesirable credit rating, experiencing digital exclusion, have financial literacy barriers, people coming out of prison and people who rely on government support as main line of income.*

³ Para D33

RWNZ is affiliated to the Associated Country Women of the World and as such upholds all United Nations, International Labor Organisation (ILO), Food and Agriculture Organisation (FAO) and World Health Organisation (WHO) conventions and outcome statements as they relate to women and rural women in particular.

Nāku iti noa, nā



Gabrielle O'Brien
Chief Executive