

PRELIMINARY ISSUES PAPER: MARKET STUDY INTO PERSONAL BANKING SERVICES

Tiro whānui Overview

On 20 June 2023, the Government asked us to carry out a 14-month long study into whether competition for personal banking services in New Zealand is working well and, if not, what can be done to improve it.

Akoranga māketē Market studies

A market study is an in-depth and independent study into the factors affecting competition for particular goods or services, to find out how well competition is working and whether it could be improved.

We have published [guidelines](#) that describe our processes and approach to market studies, including how we deal with information.

Ngā kaupapa Topics

The topics we intend to explore include:

- Nature of competition: how do providers of personal banking services, banks and non-banks, compete with each other? For which personal banking services is competition more or less intense?
- Impact on people: is competition working well for all population groups? Do any aspects of competition for personal banking services have particular impacts for Māori?
- Entry and expansion: do competitors seeking to enter or expand face barriers or challenges? If so, what are they?
- Searching and switching: how easy or hard is it for consumers to compare alternative providers, banks and non-banks, and to switch to them?
- Innovation: are providers of personal banking services, banks and non-banks, sufficiently innovative? Are we seeing in New Zealand the innovation and disruption seen in other countries? Are there barriers to more innovation?
- Profitability: do New Zealand banks have persistently high profitability? If so, what is driving this, and can intensity of competition be ruled out as a cause?

We are seeking your feedback on what you think the issues are and whether we are asking the right questions.



Kōrero mai Have your say

We want to hear from you about how competition is or isn't working in the personal banking sector. This includes feedback on:

- Are we focussing our attention on the right personal banking services?
- Are we asking the right questions and planning the most useful analyses?

Not all providers of personal banking services are 'banks'. We want to hear from all actual and potential providers of personal banking services, consumers and consumer representatives and other interested parties to help us shape our approach to this study.

You can contact us at any time, and there will be specific opportunities to contribute throughout the process.

Contact: marketstudies@comcom.govt.nz If you would like to stay in touch with the study you can register to receive updates by subscribing to our mailing list [here](#).

Pēke pūtea whaiaro Personal banking

This study will consider any factors that may affect competition for the supply or acquisition of personal banking services. For the purposes of this study, these are banking services ordinarily acquired for personal, domestic or household use.

These services include transaction, savings, and term deposit accounts, overdraft facilities, personal loans, home loans and credit card lending. Corporate and institutional banking, commercial banking, business and agricultural banking services are not within the scope of this study.

This is the first opportunity to consider and evaluate in-depth whether competition in personal banking in New Zealand is promoting outcomes that benefit New Zealand consumers over the long term, so take the opportunity to have your say.

Ngā wāhi arotahi Focus areas



Within the broad scope of personal banking services, we propose to focus on deposit accounts (transaction, savings, and term deposits, including overdraft facilities) and home loans. These services are relevant to a large proportion of New Zealanders (deposit accounts), or are of particular significance to New Zealanders who acquire them (home loans).

We think that focussing on these services will provide the best opportunity for the study to benefit New Zealand consumers – but we are seeking your feedback on which personal banking services we should focus our attention on.

He pārongo atu anō Further information

Visit our [website](#) for further information and the full preliminary issues paper.