

[REDACTED]

Sent: Wednesday, March 27, 2024 9:42 AM
To: marketstudies <marketstudies@comcom.govt.nz>
Subject: Personal banking feedback

[REDACTED]

1. The RBNZ has a mandate to ensure financial stability and get inflation down. For the last few months it has been quietly encouraging banks to sustain their lending margins at obscenely high levels, in order to keep retail banking interest rates up, to allow the RBNZ to keep the OCR 'on hold' instead of increasing it. Of course, this helps the banks financial stability because they are so profitable, which also looks good on the RBNZ's stability front. This is pretty much a rigged system with the focus on stability and risk aversion rather than competitiveness. The RBNZ actually likes the fact the banks are very profitable and very conservative in their lending. In some ways, Comcom's work is diametrically opposed to RBNZ's mandate.
2. This focus on stability and aversion to risk also feeds through in banks policies which are to make credit available for housing but discourage commercial loans via lack of willingness to lend and much higher interest rates [REDACTED]. This is literally holding the country's competitiveness back, and is essentially biased towards giving credit to employees rather than employers. This limits the growth of small businesses and dampens business confidence.
3. The increasing pace of regulation including the CCCFA and AML/CFT regulations is causing many headaches [REDACTED]), but using that as an excuse to not upgrade core systems sounds suspiciously like a red herring. Increased requirements would normally drive changes/upgrades to core systems, not be an excuse to spend no money on them.
4. Bring on open banking. It will drive change. Govt should be mandating this to happen in the next 12 months. The banks can definitely afford to pay for the upgrade

Thanks,

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