

Personal banking services market study

Research report

February 2024



Introducing Verian

Verian is the new name for Kantar Public (formerly Colmar Brunton).

Following our divestment from our former parent company, we are now an independent research and evaluation agency, providing evidence and advisory services to government and the public realm, across Aotearoa New Zealand and around the world.

Get in touch if you would like to know more.

**Michael Winder &
Kathryn Robinson**



Powering decisions
that shape the world.

Contents

1. Background pg4
2. Key findings pg9
3. Setting the scene pg11
4. Switching behaviour pg18
5. Switching consideration pg24
6. Non switching pg31
7. Considerations when first choosing a provider pg34
8. Mortgage broker use pg39
9. Future switching intentions pg42
10. Experience journey maps pg48
11. Sample profile pg57

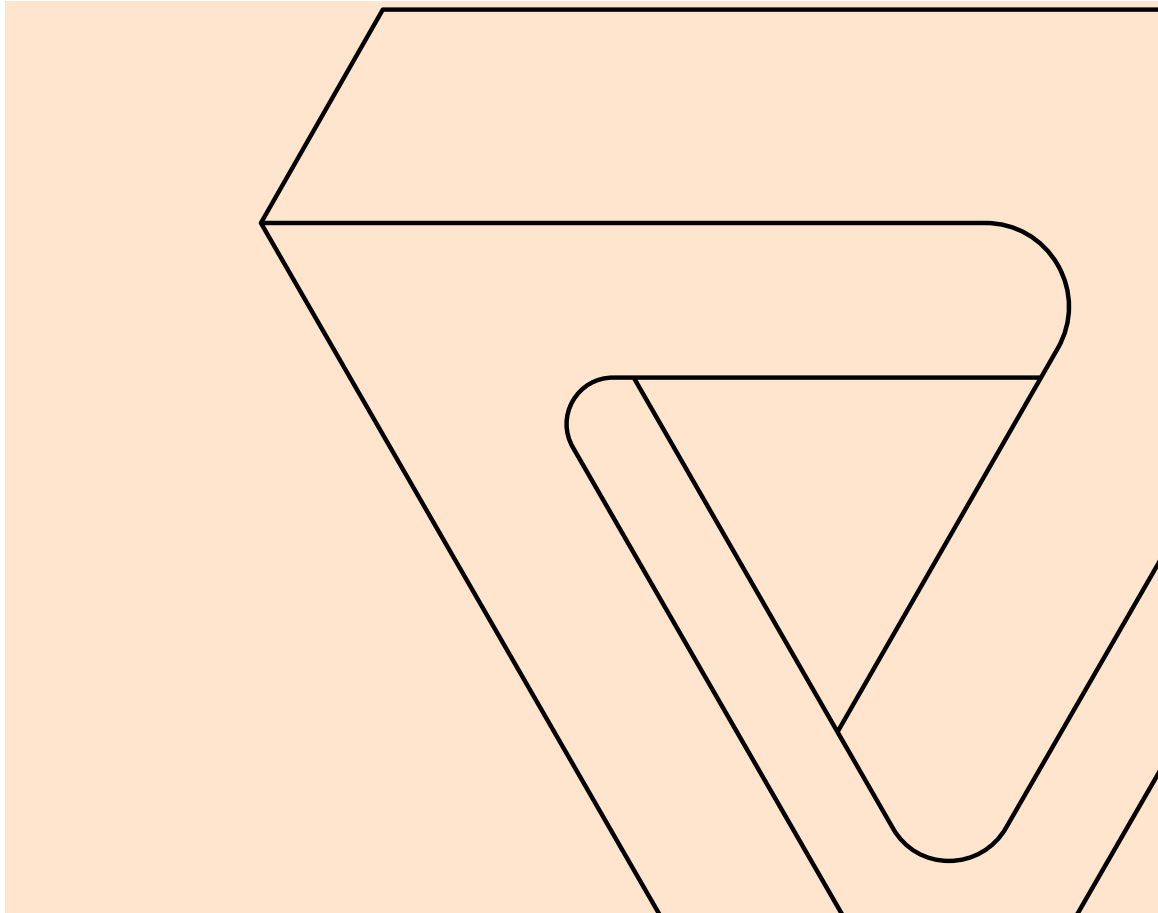
01

Background



Objectives

The Commerce Commission is carrying out a competition study into any factors that may affect competition for the supply or acquisition of personal banking services.



As part of this wider study, Verian (formerly known as Kantar Public and Colmar Brunton) was commissioned to undertake consumer research regarding personal banking services to better understand consumers' current situation, behaviour and interaction with personal banking services and providers.

The survey provides key information on key factors relating to consumer decision making, including:

- Choice of banking services and providers
- Rates of switching behaviour (from one provider to another)
- Motivations for switching behaviour
- Barriers to switching behaviour

The results of this study form an input into the Commission's assessment of whether competition in the market is working effectively, and whether it could be improved to promote long-term benefits for consumers of personal banking services.

Approach

Quantitative

A nationwide survey was conducted with 2,140 New Zealanders aged 18 or over who use key banking services, including transaction or savings accounts, term deposits and home loans.

A mixed-method approach was used to ensure a mix of participants, including:

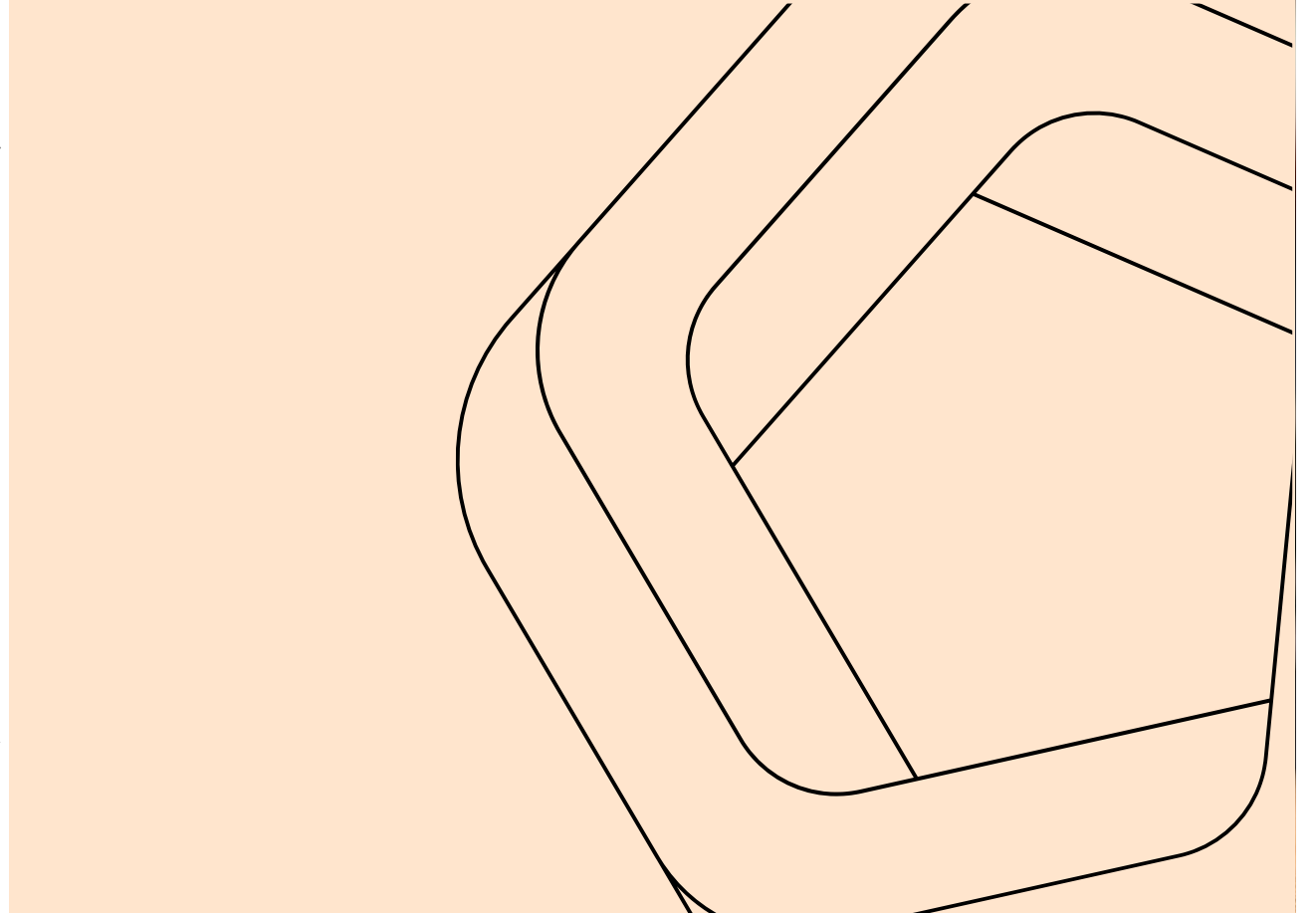
- **1,039** online via Kantar's online panel
- **1,001** by phone using random-digit-dialling
- **100** face-to-face, intercepted on the roadside in higher deprivation areas.

The survey was conducted in October 2023. On average, the survey was 10 minutes online and 15 minutes by phone.

Data were weighted by age within gender, ethnicity, region and education to match Census population characteristics of New Zealanders.

The maximum margin of error on the total sample is +/- 2.9% at the 95% confidence level.

Prior to the survey, cognitive interviews were conducted with 10 New Zealanders to understand how people think and talk about their financial products and providers. This informed the language and structure of the questionnaire.



Approach

Qualitative

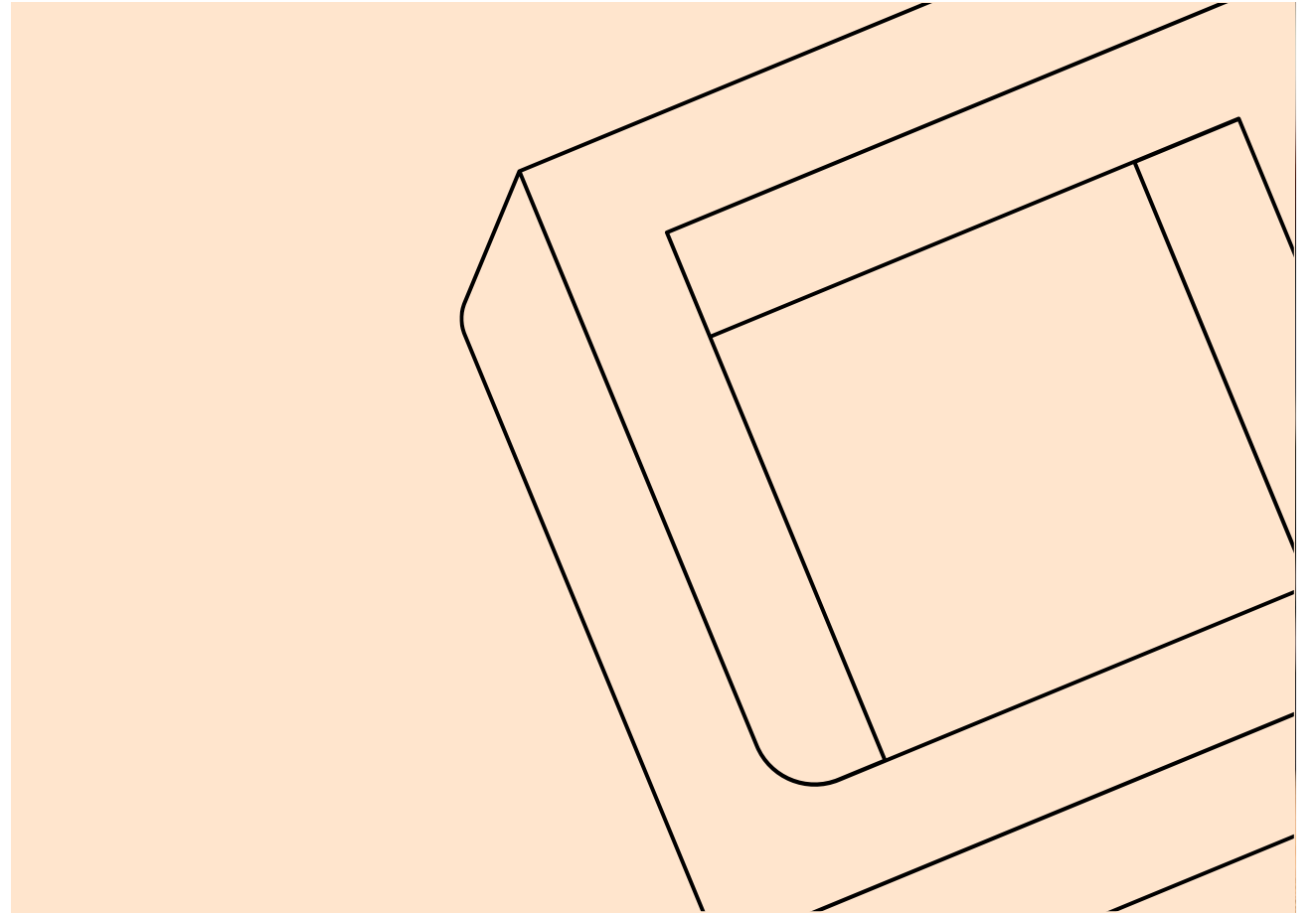
As a supplement to the quantitative survey findings, 16 qualitative interviews were conducted to create maps of consumers' switching experience across a range of different scenarios.

Online Interviews were held with main or joint decision makers.

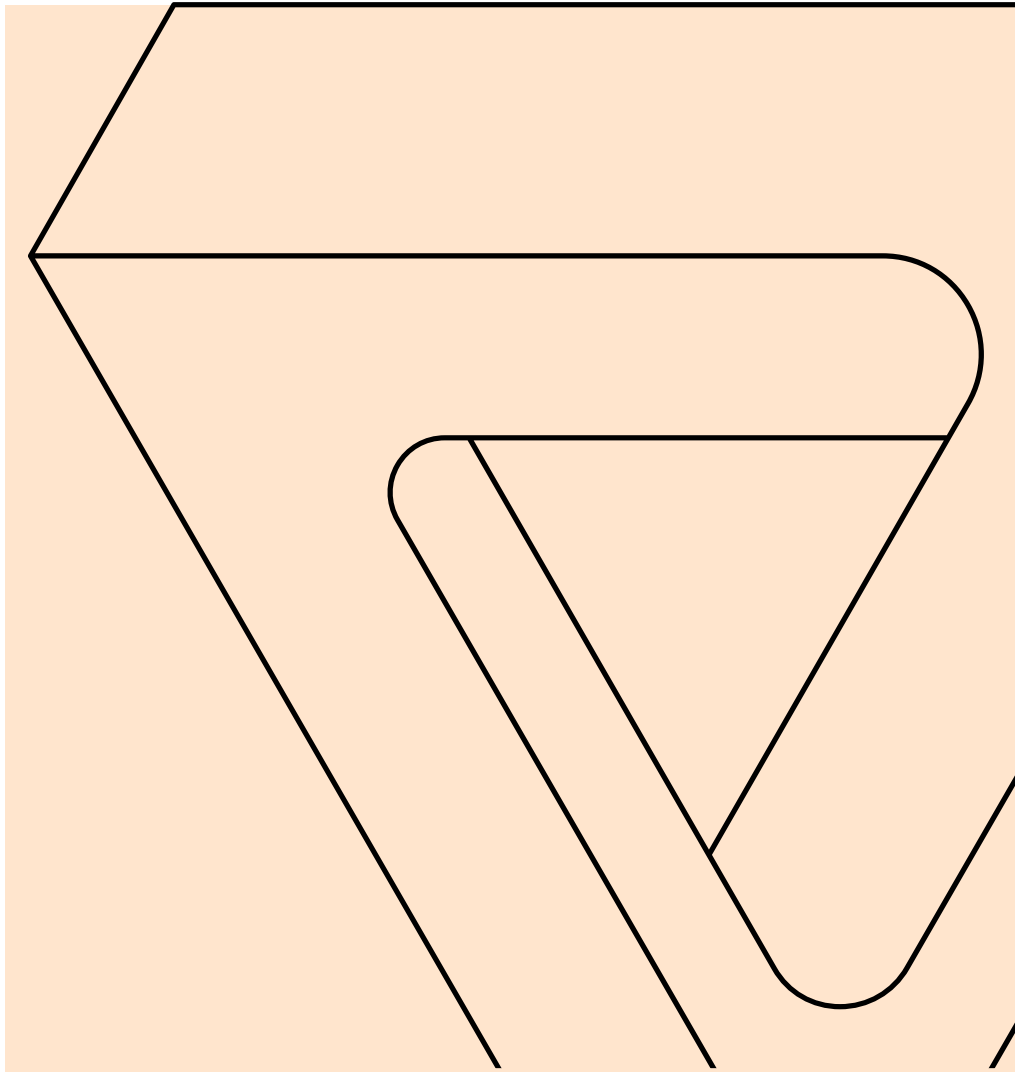
Inclusion criteria included:

- All had switched provider or got part way through switching providers for at least one of these products in the last year: Every-day transaction account / Savings account / Term deposit / Home loan.
- Across the sample, participants had a range of reasons why they switched their transaction account and/or home loan.
- Inclusion of respondents who do not have their transaction account with the 5 largest banks.
- Inclusion of respondents who do not have a home loan.
- Range of household income and ages across the sample.

Interviews took place during November 2023, and lasted up to one hour each.



Terminology and definitions



The survey mostly focused on four key products:

Transaction accounts	Every-day transaction accounts
Savings accounts	On-call accounts which earn interest but aren't for every-day transactions
Term deposits	Interest-bearing deposits with a specific maturity date or term
Home loans	lending products secured by residential mortgages

Throughout the report, providers are grouped into three categories:

	5 largest banks	ANZ, ASB, Westpac, BNZ and Kiwibank
Other providers	Smaller banks	e.g. TSB, SBS, Heartland, Co-operative, Rabobank etc.
	Non-banks	e.g. building societies, credit unions etc.

The survey used randomisation to ensure a good mix of products/providers were covered. Participants were asked to talk about one randomly selected product/ provider when asked questions about their recent switching/non-switching behaviour.

Throughout, 'switching' is defined as those who have moved from one provider to another, including hard switching (e.g. moving an account/product from one provider to another while closing the old account/product) and soft switching (e.g. opening a new account/product with a new provider without closing the old account/product with an old provider).

Statistical testing between subgroups (e.g. demographic/behavioural groups) has been conducted at the 95% confidence level. Where applicable, subgroup results that are statistically significantly higher than the average are shown in boxes throughout the report e.g:

Māori **78%**
Aged 18-39 **59%**

02

Key findings

Key findings

1. New Zealanders often have diverse sets of products, but not providers.
2. Usage of small and non-bank providers is rare. Only 4% exclusively bank with smaller or non-banks. Smaller providers are most commonly used for one-off or short-term products like personal loans or term deposits and are treated as supplementary to the five largest banks rather than a primary option.
3. 15% of New Zealanders have switched in the last 3 years. Another 2% are effective switchers, having stayed with their existing provider but negotiated a better deal.
4. Just over half of New Zealanders have never switched their main bank, the majority of whom also do not plan to switch going forward.
5. Home loans are the most common product to be switched (12% with a home loan switched it in the last 3 years). Home loans are also often the main product people want to switch and can drive switching of other products.
7. A third with home loans have thought about switching but haven't followed through. Most often, they abandon this at the early stages of considering switching rather than fully weighing up their options before giving up. Often this is because the process is too difficult, requires too much effort, or it is too hard to find a better deal.
7. Term deposits are switched with about the same frequency as home loans, but often in isolation of other products. Finding a better rate is key.
8. Switching is most often motivated by the potential to get a better deal, although some switching is motivated by changes in circumstances or dissatisfaction with providers. There remain few major pushes to encourage seeking behaviour.
9. Those who did or didn't follow through with switching share similar motivations. However, those motivated by changes to their circumstances are more likely to actually follow through, whereas those motivated by finding a better deal are less likely to follow through. The inability to find a better deal and the effort required are commonly-cited as barriers to switching providers.
10. Switching is hindered by a general sense of apathy – many simply are happy where they are, just haven't considered switching, or circumstances haven't prompted the need to do so. Switching can be perceived as a hassle, but those who have switched found the process easier than those that just considered it.

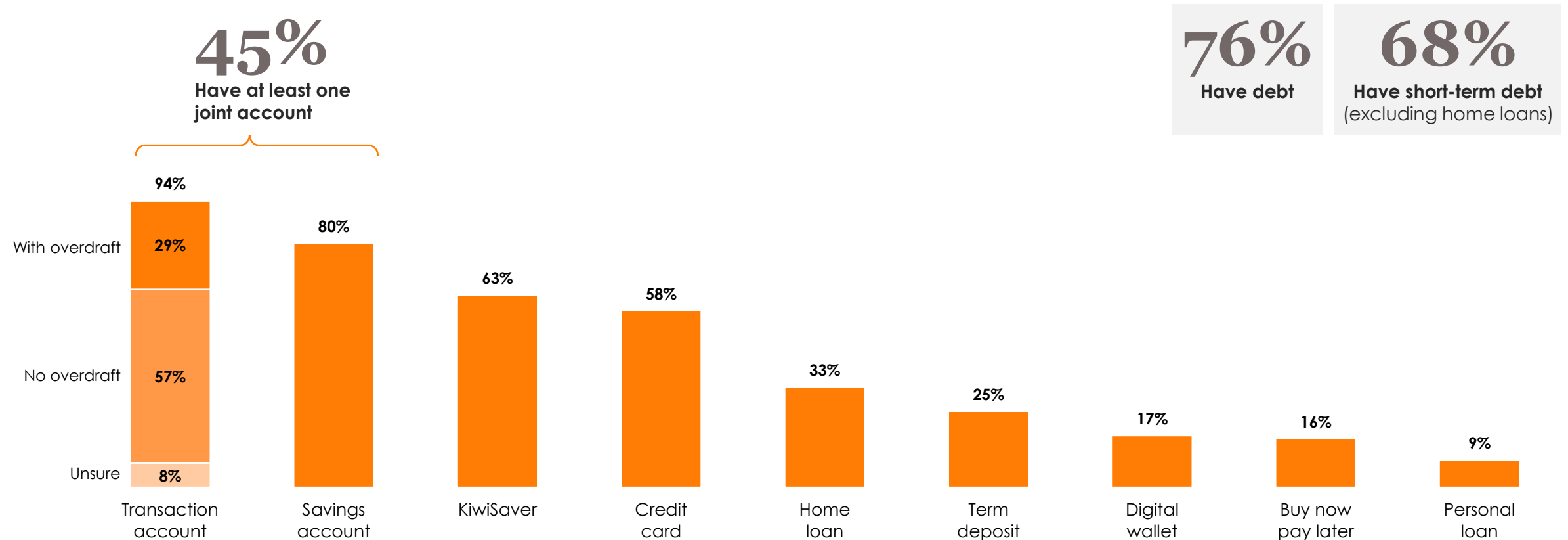
03

Setting the scene

Almost all New Zealanders have a transaction or savings account.

Of the four key products, transaction accounts are unsurprisingly the most common, followed by savings accounts. A third also have home loans and a quarter have term deposits.

Banking products/services used



Source: Q1 Which of the following banking products or services do you personally have or use? Q2a Do any of your every-day transaction account(s) have an overdraft facility?
 Q2b Are any of your every-day transaction account(s) or savings accounts joint accounts?

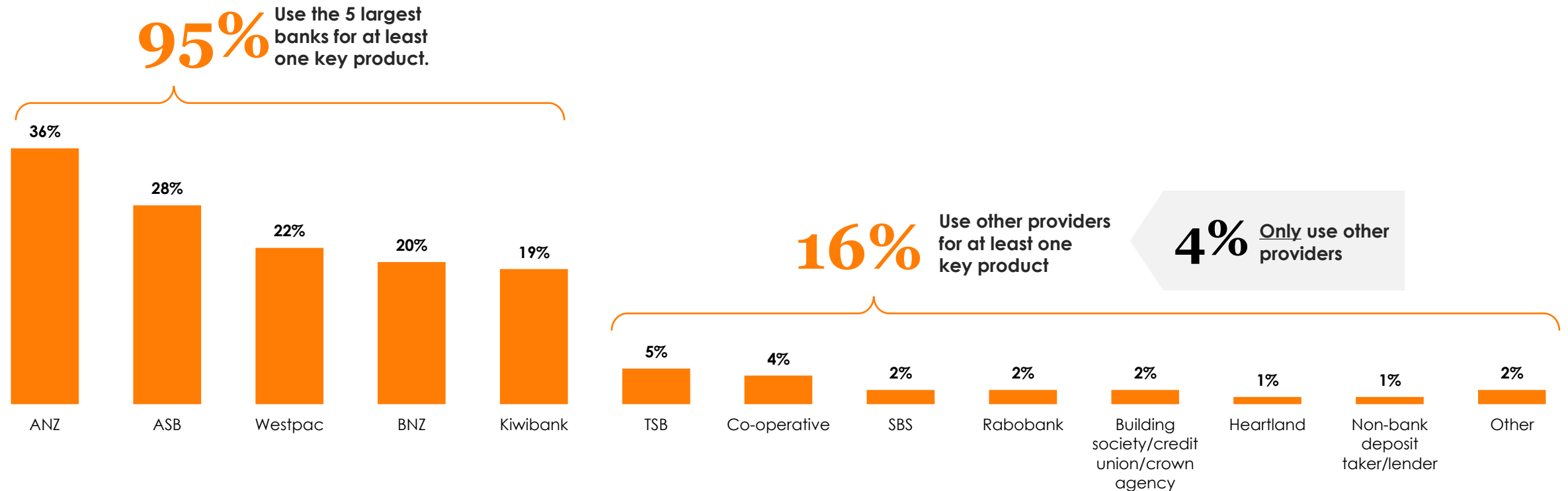
Base: All New Zealanders (n=2,140)

Note: Multiple responses allowed, so totals may not add to 100%. Not showing 1% with 'other' products, which includes investments, managed funds, insurance etc.

Almost all use one of the five largest banks for at least one product.

16% use other small/non-banks, however, this is often supplementary to the five largest providers, with just 4% only using other providers.

All providers used for the four key products*



Source: Q3 Which providers do you have the following products with?

Base: All New Zealanders (n=2,140)

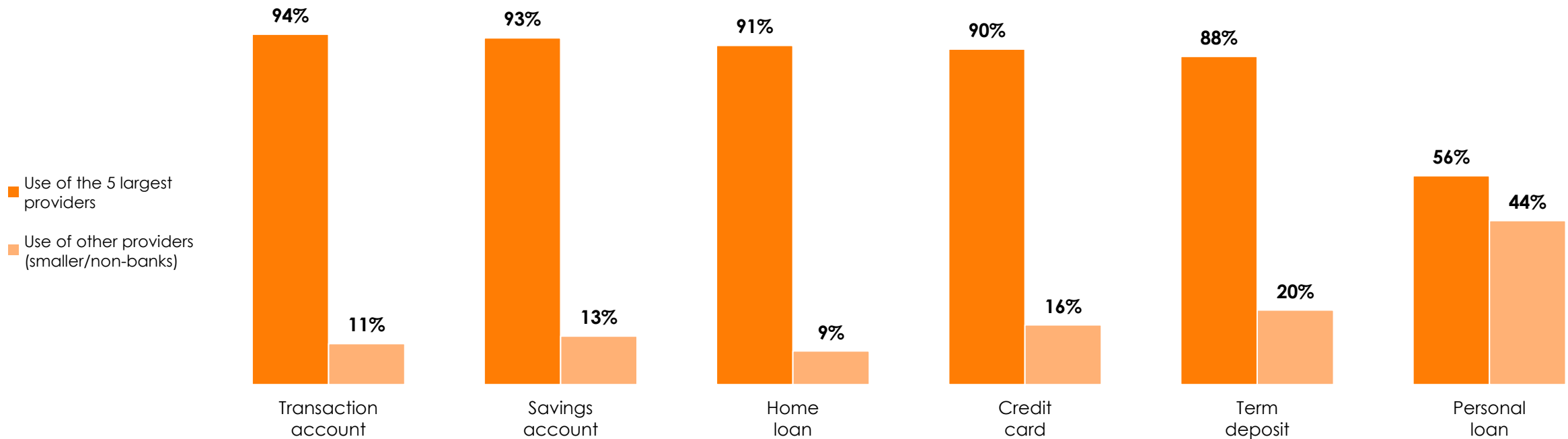
Note: Multiple responses allowed, so totals may not add to 100%. Only showing responses with more than 1% who use a provider for at least one product.

*Transaction accounts, savings accounts, term deposits or home loans

Small/non-bank use is more common for debt and term deposits.

This suggests that New Zealanders seek out alternatives to the five largest banks predominantly for fixed-term products, particularly personal loans. Use of banks outside the largest five is still secondary, having not yet fully translated to core products like transaction and savings accounts, or home loans.

Banking products* and provider types used



Source: Q3 Which providers do you have the following products with?

Base: New Zealanders who have each product (Transaction account n=2027, Savings account n=1748, Home loan n=688, Credit card n=689, Term deposit n=599, Personal loan n=117)

Note: Multiple responses allowed, so totals may not add to 100%.

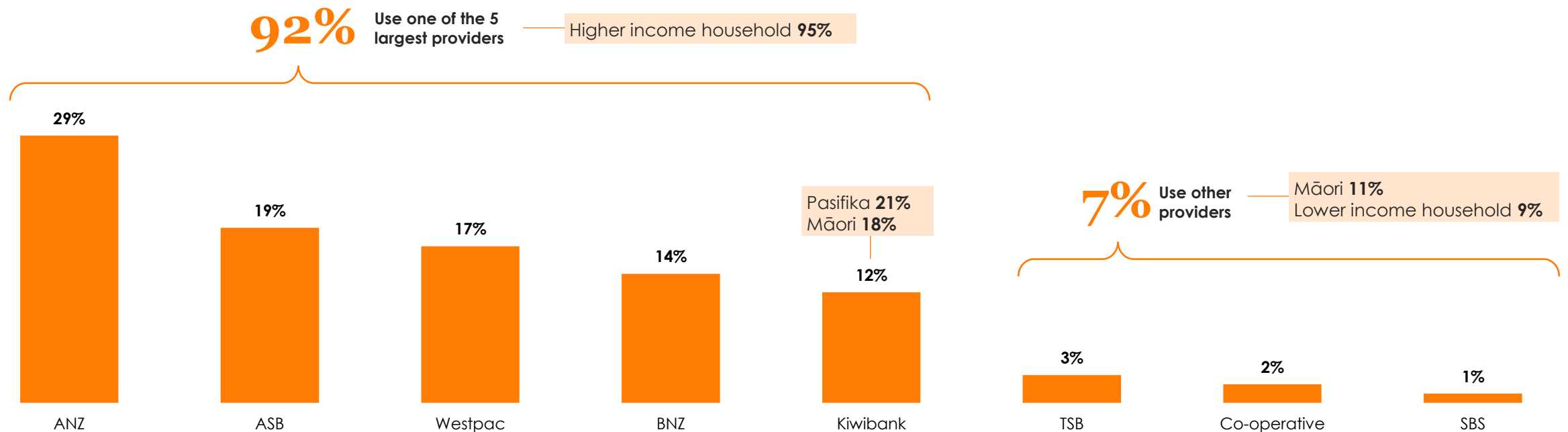
*This question was only asked of the six products above.

The majority consider the 5 largest providers to be their main bank.

This varies by income, with higher income households more likely to use larger providers and lower income households more likely to use other providers. Māori and Pasifika are also more likely to use other providers or medium-large banks like Kiwibank.

Main provider used*

Statistically significantly higher for...



Source: Q4a Which is your main bank? This is the provider you get your income/benefit paid into, or use for most of your day-to-day transactions

Base: All New Zealanders (n=2,140)

Note: Totals may not add to 100% due to rounding

*Note, some use multiple banks. The main bank was self-determined by participants who were asked to choose one bank that they feel is their main bank.

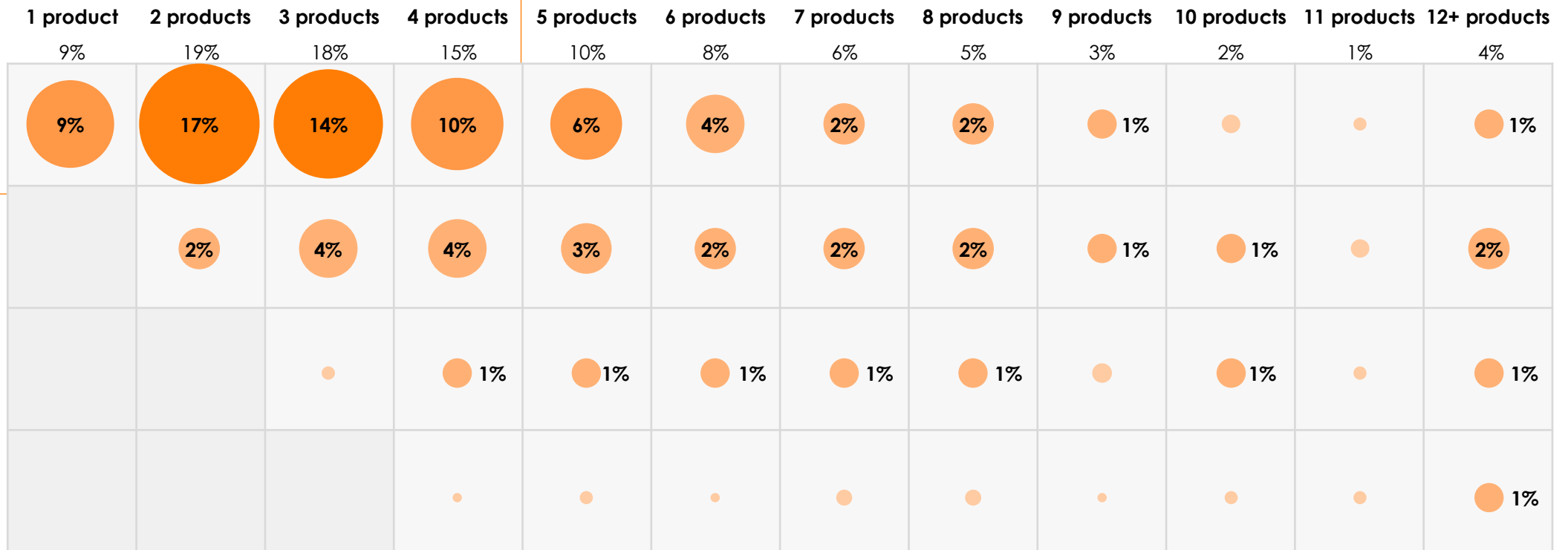
Two thirds only have a relationship with one provider.

90% overall have more than one key product*, with 4.5 products per person on average. This shows a diversity of products, but less diversity of providers, as most products are concentrated with one or two providers.

Number of providers and products used (for the four key products)

4.5 Key products on average
(transaction/savings accounts, home loans or term deposits)

1.6
Providers on average



Source: Q1 Which of the following banking products or services do you personally have or use? Q3 Which providers do you have the following products with?

Q7a How many (x product with x provider) do you have?

Base: All New Zealanders (n=2,140). *Showing just the number of products/providers used across the four key products.

Note: Multiple responses allowed, so totals may not add to 100%. Showing the total number of products a person has, not the total number of product types (e.g. a person could have 3 transaction accounts, 2 savings accounts etc.)

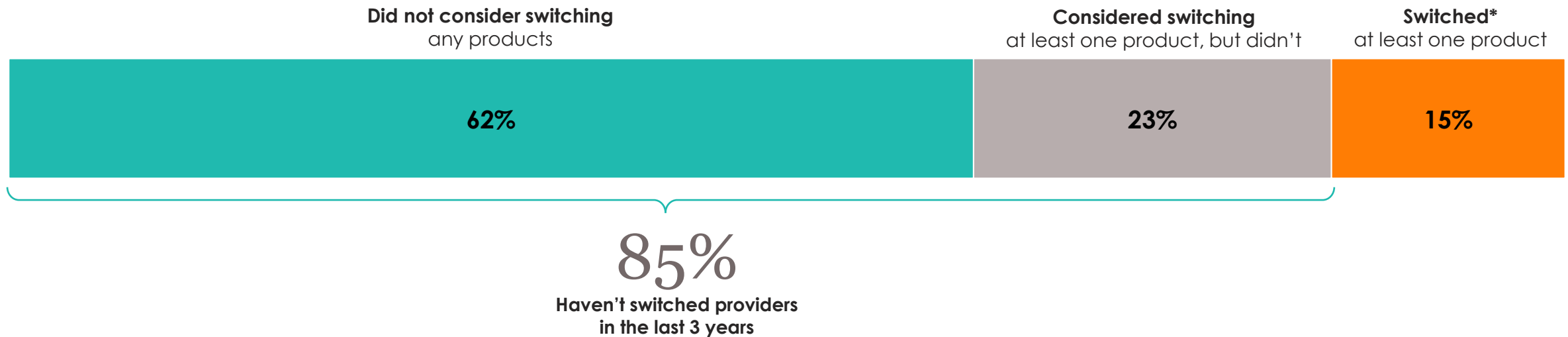
04

Switching behaviour in the last 3 years

Switching behaviour is uncommon.

15% have changed providers for at least one product (transaction or savings account, term deposit or home loan) in the last three years. This means the majority (85%) didn't switch these products in the last three years, including three in five New Zealanders who didn't consider switching at all.

In the last three years, New Zealanders...



Source Q10a In the last three years, which of the following best describes your newest/most recent (products/providers)... Q10b In the last three years, have you changed providers for any of your (products/providers)... Q10e In the last three years, have you considered changing providers (again) for any of the following (products/providers)?

Base: All New Zealanders (n=2,140)

Note: Totals may not add to 100% due to rounding.

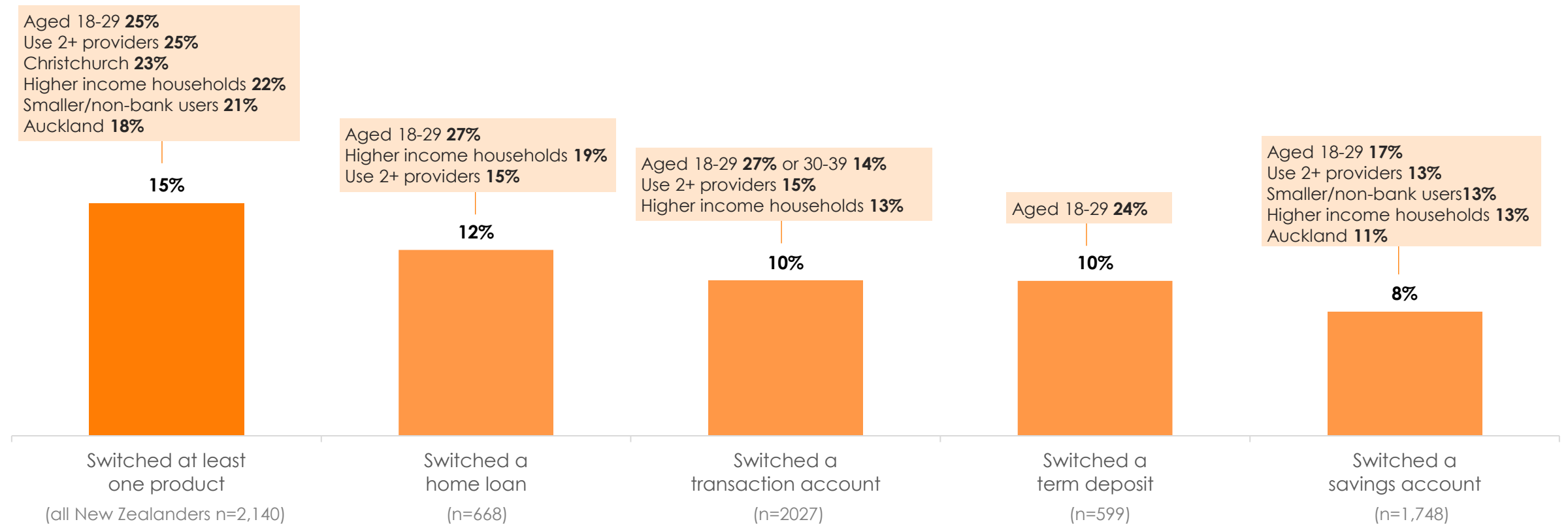
*Note, this excludes 'effective switchers' who explored switching but didn't follow through because their existing provider offered a better deal than previously or matcher matched another providers' deal. This group are included in the 'considered switching' category and make up <1% of all New Zealanders

Home loans are the most commonly-switched product.

Switchers tend to be younger or have higher incomes, meaning lower-income households may be less likely to receive the benefits that can come from shopping around. Users of small/non-banks or those who multi-bank are also more likely to have switched recently.

Product type switched in the last 3 years

Statistically significantly higher for...



Source Q10a In the last three years, which of the following best describes your newest/most recent (products/providers)... Q10b In the last three years, have you changed providers for any of your (products/providers)?

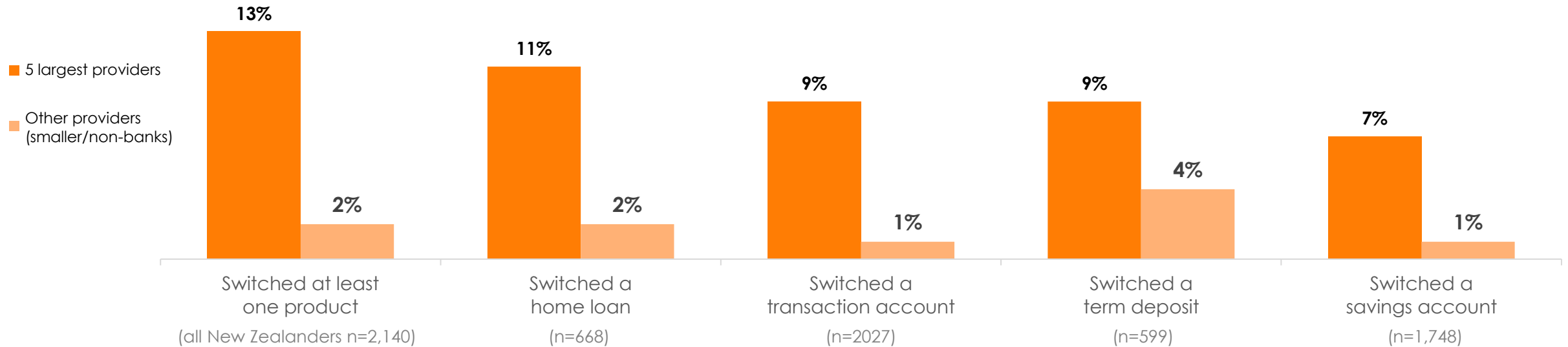
Base: Those who have each product – Bases shown on the chart above

Note: Showing the percentage who have each product that have switched (e.g. the share of those who have a transaction account and have switched it). Multiple responses are allowed (i.e. switching multiple products), meaning totals may not add to 100%

It is uncommon to switch to a small/non-bank.

Those who use small/non-banks for at least one product (i.e. regardless of switching) also tend to be more likely to switch one of the key products. This suggests that while they may not necessarily switch to a small/non-bank, use of small/non-banks outside of their switching behaviour can be a gateway to exploring switching.

Provider type switched to...



Source Q10a In the last three years, which of the following best describes your newest/most recent (products/providers)... Q10b In the last three years, have you changed providers for any of your (products/providers)?

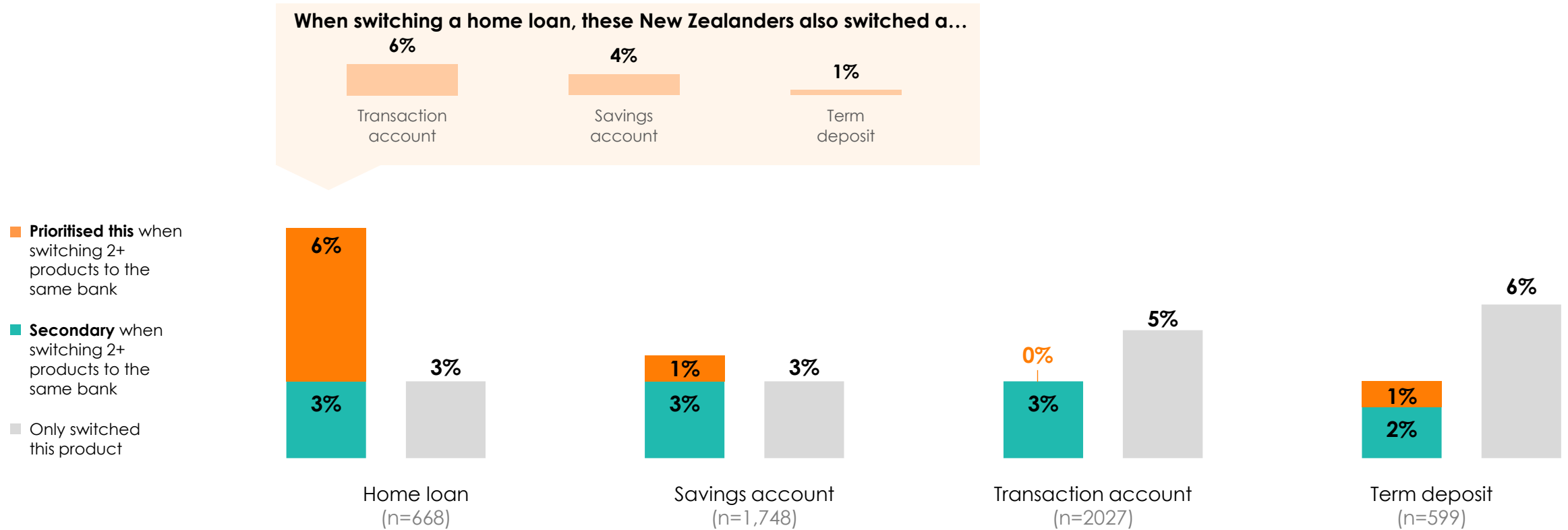
Base: Those who have each product – Bases shown on the chart above

Note: Showing the percentage who have each product that have switched (e.g. the share of those who have a transaction account and have switched it). Multiple responses are allowed (i.e. switching multiple products), meaning totals may not add to 100%

Home loans are often the priority when switching.

Home loan switchers tend to bring other products with them, whereas other products like term deposits tend to be switched more independently.

Priority when switching



Source Q10a In the last three years, which of the following best describes your newest/most recent (products/providers)... Q10b In the last three years, have you changed providers for any of your (products/providers)? Q10f You said that you have changed providers recently. Was there a main product or service you wanted to change?

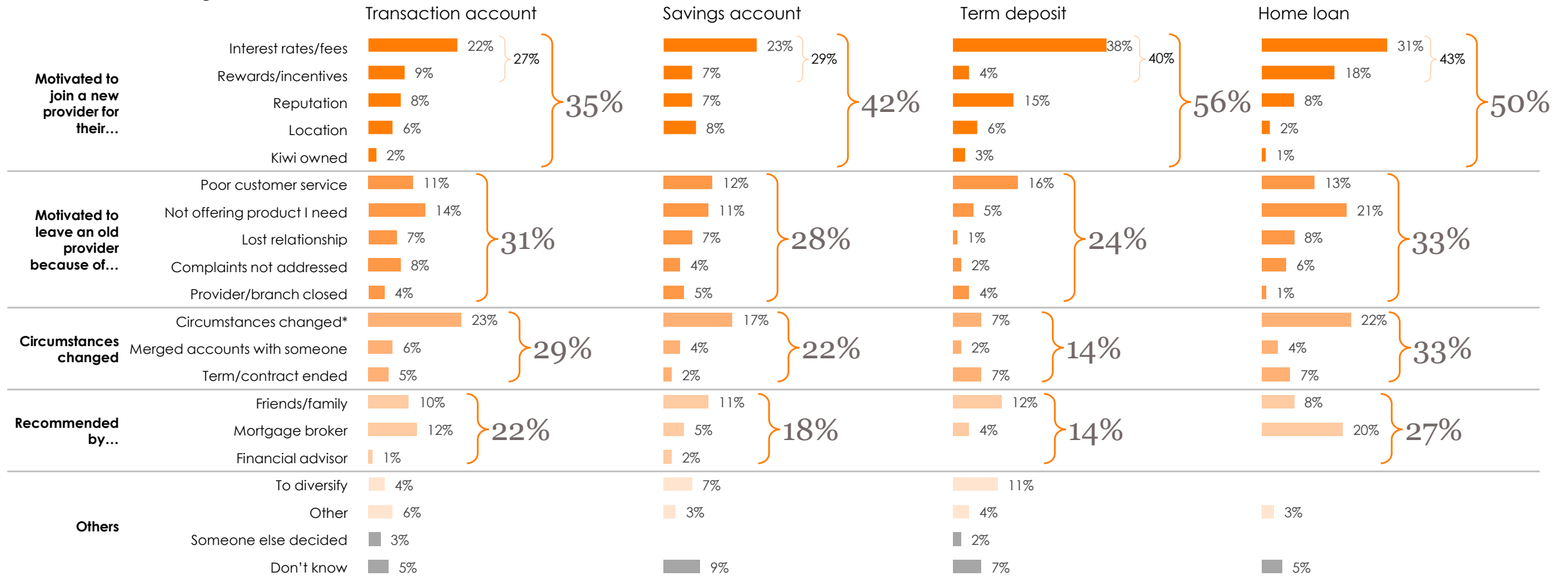
Base: Those who have each product – Bases shown on the chart above

Note: Multiple responses are allowed (i.e. switching multiple products to multiple providers), meaning totals may not add to 100%. Not showing those who have switched multiple products to different providers.

Joining a new provider is a stronger motive than leaving an old one.

Interest rates are the primary motive for those who switched a home loan or term deposit, and other rewards are key for home loan switchers. Home loan switchers also leave providers who cannot offer what they want/need and mortgage brokers play a key role. Changes to circumstances are another key push to switch across the product types.

Motives for switching



Source: Q14a Why did you change your (product) from your previous provider to (new provider)?

Base: Switchers – Those who have each product and have switched them in the last 3 years – Transaction account (n=175), Savings account (n=131), Term deposit (n=55), Home loan (n=81)

Note: Multiple responses allowed, so totals may not add to 100%. *e.g. moved to a new area/bought a new house

05

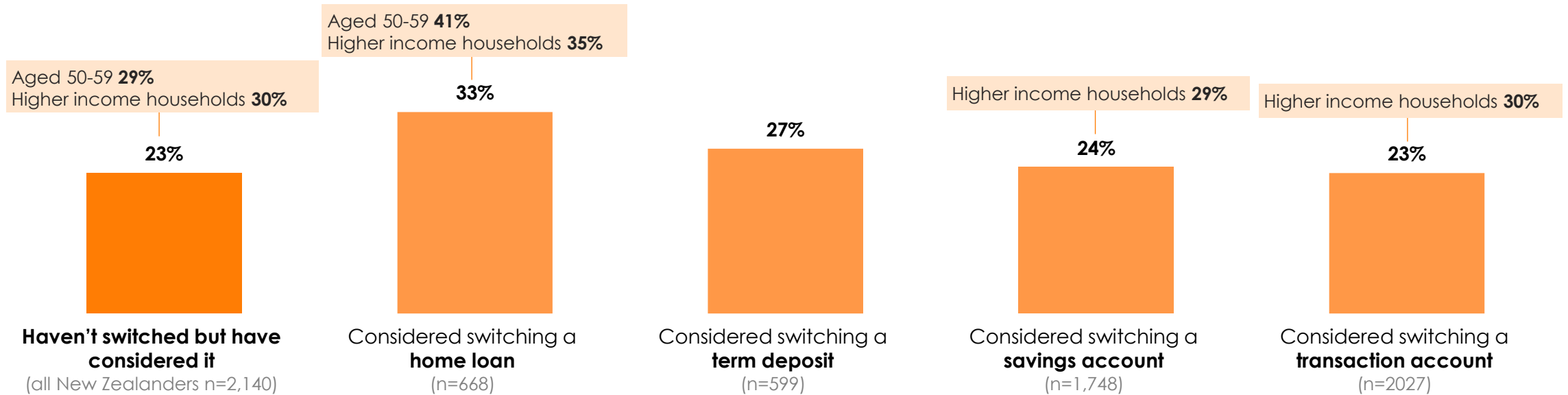
Considering switching in the last 3 years

A third with home loans thought about switching but didn't.

A quarter of New Zealanders thought about switching at least one product in the last three years. Those who only considered switching tend to have higher incomes and those who looked at switching term deposits are more likely to be in their 50s.

Product type considered switching (but didn't actually switch) in the last 3 years

Statistically significantly higher for...



Source Q10e In the last three years, have you considered changing providers for any of the following?

Base: Those who have each product – Bases shown on the chart above

Note: Showing the percentage who have each product that have considered switching (e.g. the share of those who have a transaction account and have considered switching it).

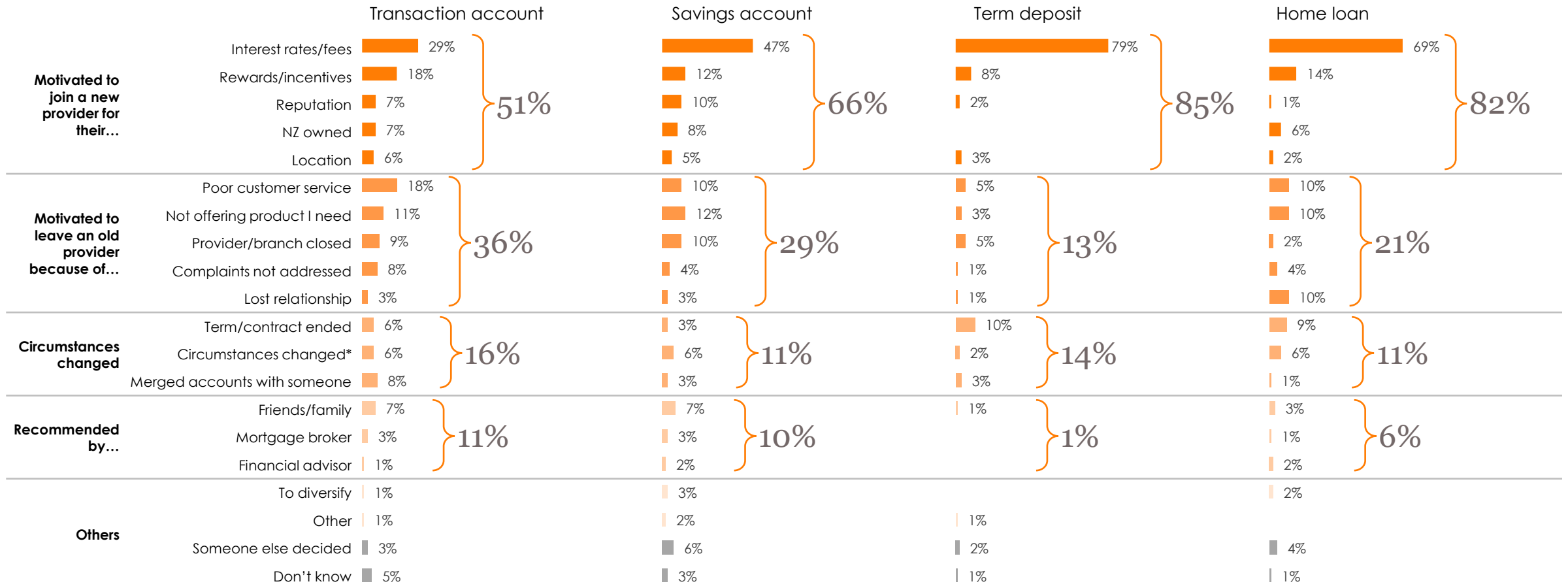
Excludes those who have switched in the last three years and considered switching again

Multiple responses are allowed (i.e. switching multiple products), meaning totals may not add to 100%

Interest rates and fees are the key driver for considering switching.

Those who considered switching home loans or term deposits (but didn't) tend to be more single-minded, focusing primarily on the financial benefits. Those who looked at switching accounts are also motivated by rates and fees, although to a lesser extent. They are also more likely to have considered switching if they have had a problem with an existing provider.

Motives for considering switching providers (but not following through)



Source: Q15a Why did you consider/are you considering changing your (product/provider) to another provider?

Base: Considered switching but didn't follow through- All New Zealanders who have considered switching providers in the last 3 years: Everyday transaction account (n=198), Savings account (n=131), Term deposit (n=72), Home loan (n=105)

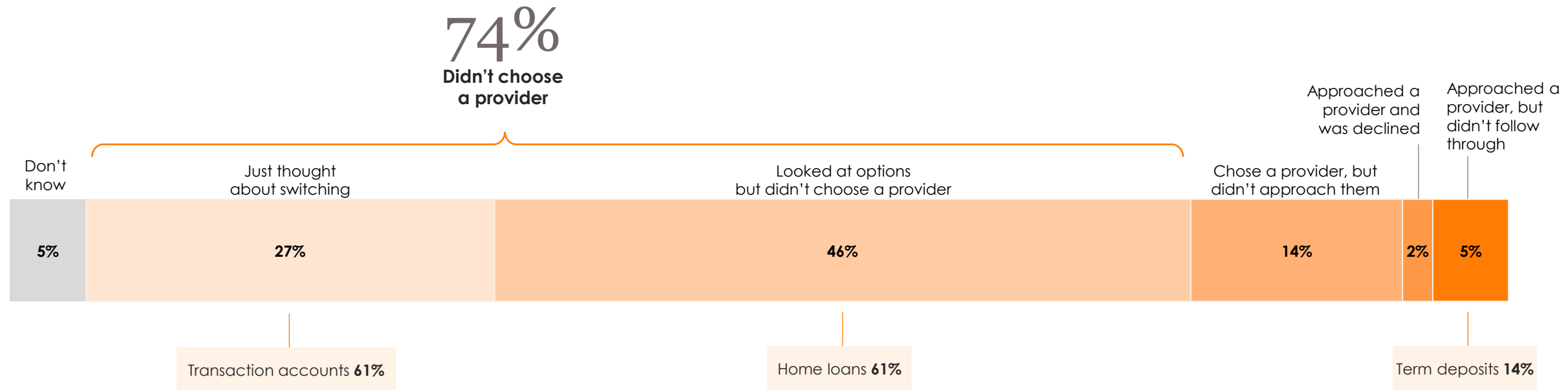
Note: Multiple responses allowed, so totals may not add to 100%. *e.g. moved to a new area/bought a new house

Three quarters who considered changing didn't choose a provider.

Those who considered changing home loans tend to not get as far along the journey towards switching, with three in five looking at their options but not selecting a provider. Those looking at switching term deposits are more likely to approach a provider but fall short of switching, often because they couldn't find a better deal or their provider matched another provider.

Journey towards switching

Statistically significantly higher for those looking to switch a...

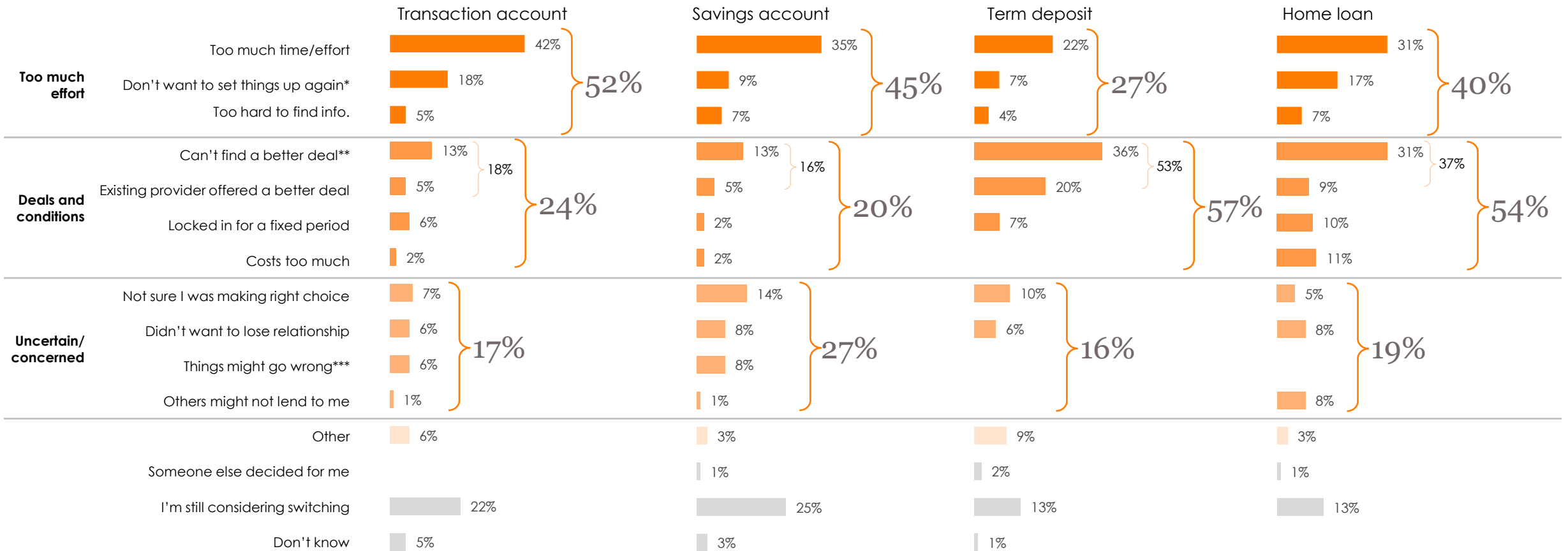


Source: Q16 When you considered changing your (provider/product) to another provider, how far did you get before deciding not to change?
Base: Considered switching – All New Zealanders who have considered switching providers in the last 3 years but haven't followed through (n=506)

Key switching barriers are around effort and ability to find deals.

There is a perceived effort required among those who considered switching but didn't follow through, especially for accounts or home loans. There is also a sense that the benefits may be insufficient, with a feeling they won't be able to find a better deal or that they are satisfied where they are. There is also a level of uncertainty, especially for those looking at switching savings accounts.

Reasons for not following through with switching

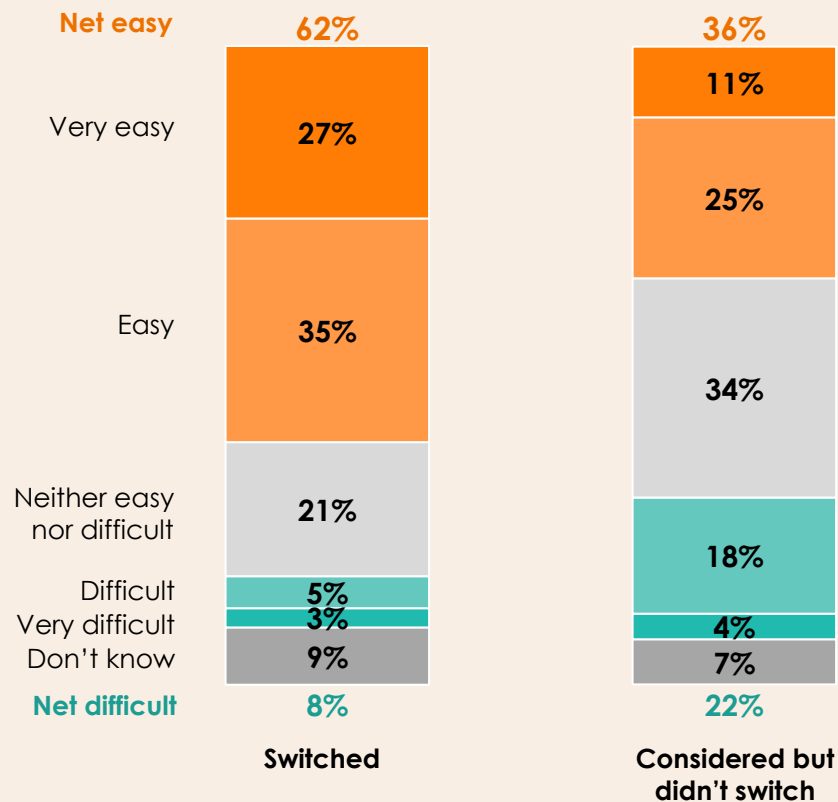


Source: Q17a Why did you decide not to change your current (product/provider) to another provider
Base: Considered switching – All New Zealanders who have considered switching providers in the last 3 years but haven't followed through: Everyday transaction account (n=198), Savings account (n=131), Term deposit (n=72), Home loan (n=105)
Notes: *(e.g. auto-payments) **Including some who are satisfied with their co***e.g. concerns about missing payments/something going wrong

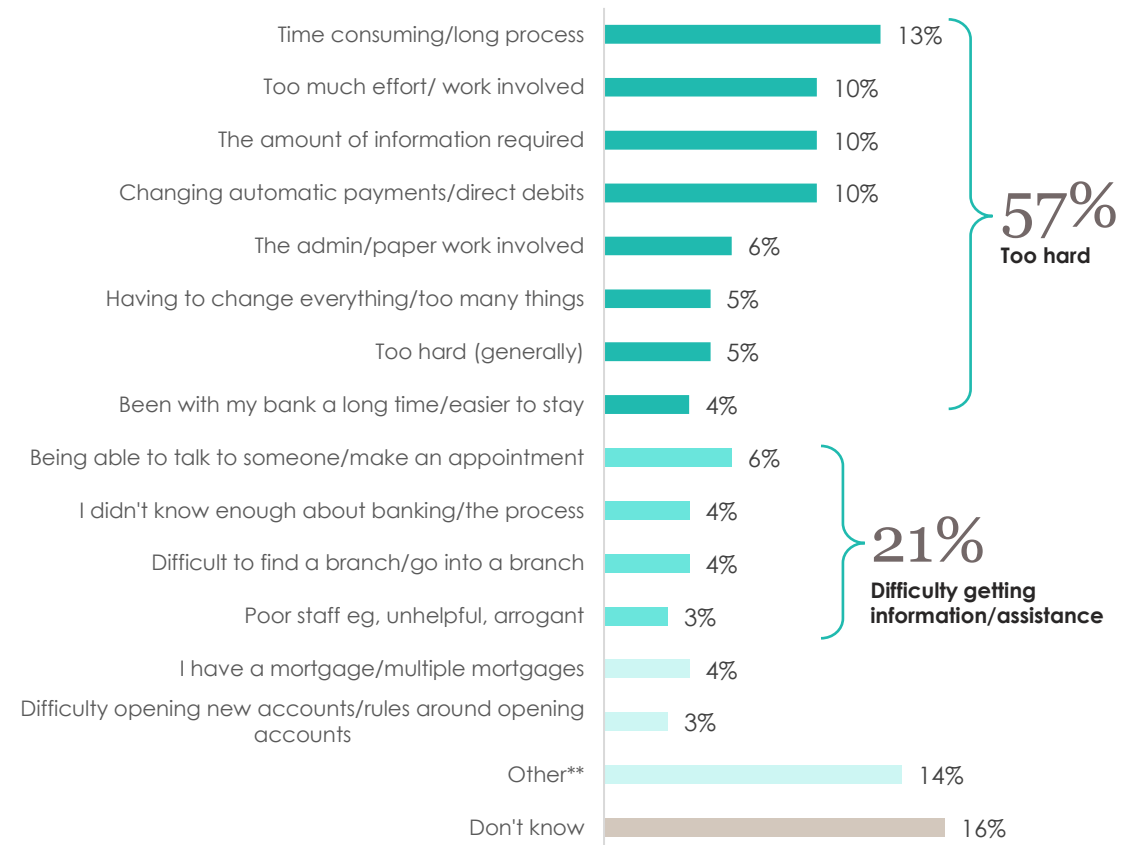
Switchers found the process easier than those who just considered it.

This suggests the process may be easier than expected. Interestingly, a third who considered switching found it easy, but still did not follow through, with barriers for them being around uncertainty or the availability of better offers. Of those who found it difficult, three in five felt the process took too much time, effort or admin, and one in five had difficulty accessing information or help.

Ease of switching/considering switching providers



It was difficult because...*



Source: Q20 Overall, how easy or difficult did you find considering changing/changing your (product/provider) to another provider? Q21 What was difficult when changing/considering changing providers?

Base: All New Zealanders who have switched or considered switching at least one product/provider in the last three years - Switched (n=299), Considered (n=506)

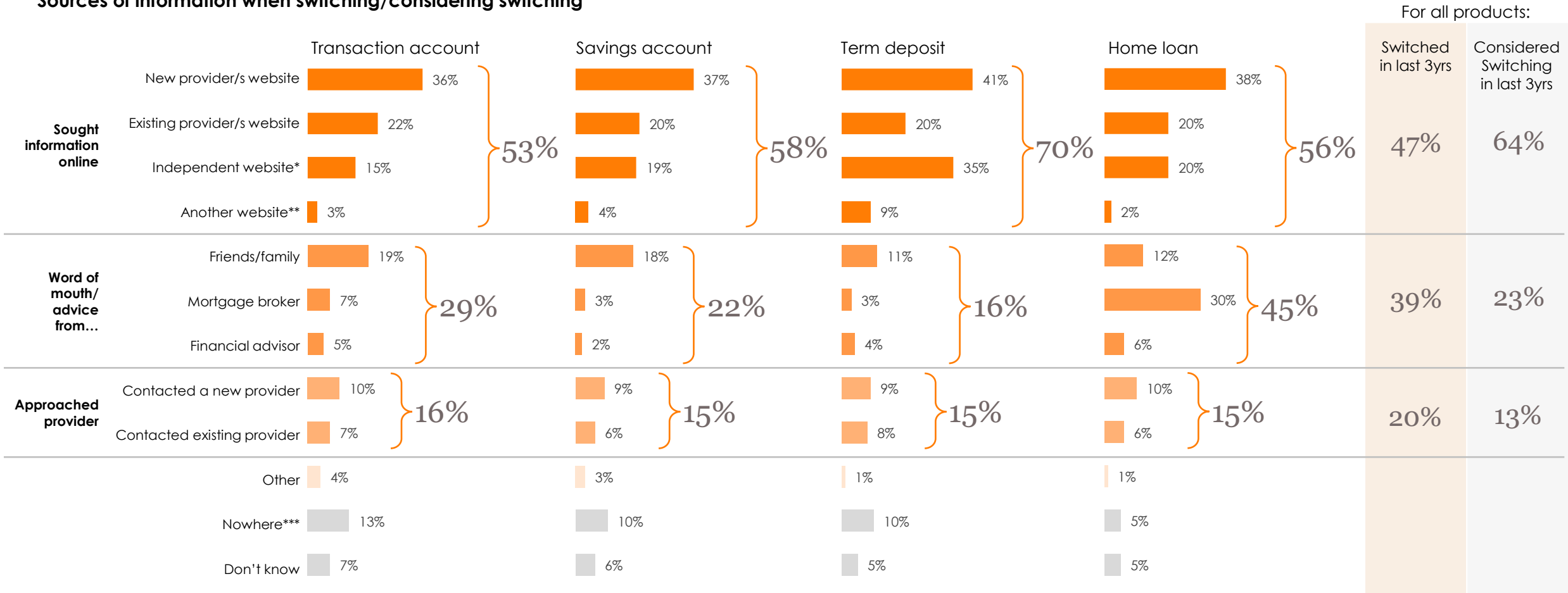
*Those who said it was difficult/very difficult (n=140). Note, this is a combined total for those who have switched and considered switching in the last 3 years (and found it difficult).

**Multiple responses allowed, so totals may not add to 100%. Only showing responses with more than 2%. **Others include the person's age, having to involve lawyers, specific product requirements etc.

New Zealanders mostly seek switching information online.

While some seek independent advice or comparisons, it is also common to use providers' channels, meaning people may limit their search to providers they are aware of. This could contribute to low rates of small/other bank use. Word of mouth is also common and is more influential for those who followed through with switching.

Sources of information when switching/considering switching



Source: Q18 When you considered changing/changed your (product/provider) to another provider, where did you go for information?

Base: All New Zealanders who have switched or considered switching at least one product/provider in the last three years: Everyday transaction account (n=318), Savings account (n=211), Term deposit (n=113), Home loan (n=163), Switched (n=299), Considered (n=506).

Note: Multiple responses allowed, so totals may not add to 100% *e.g. price comparison/independent advice/Google etc. **Other websites mentioned include MoneyHub.

***e.g. thought about changing but didn't seek out information. Not showing results with less than 2%

06

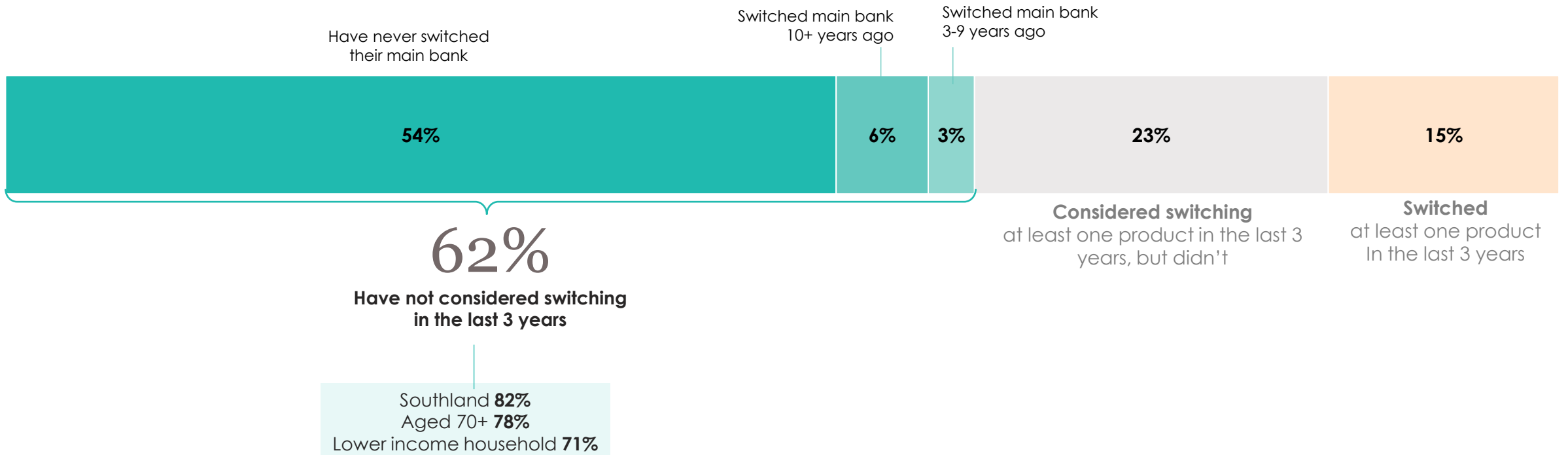
Non-switching behaviour in the last 3 years

Around half of New Zealanders have never changed their main bank.

One in ten switched their main bank more than three years ago, including 6% who did this over 10 years ago. This is more common for older New Zealanders who tend to have been with their provider for longer.

New Zealanders have...

Statistically significantly higher for those...

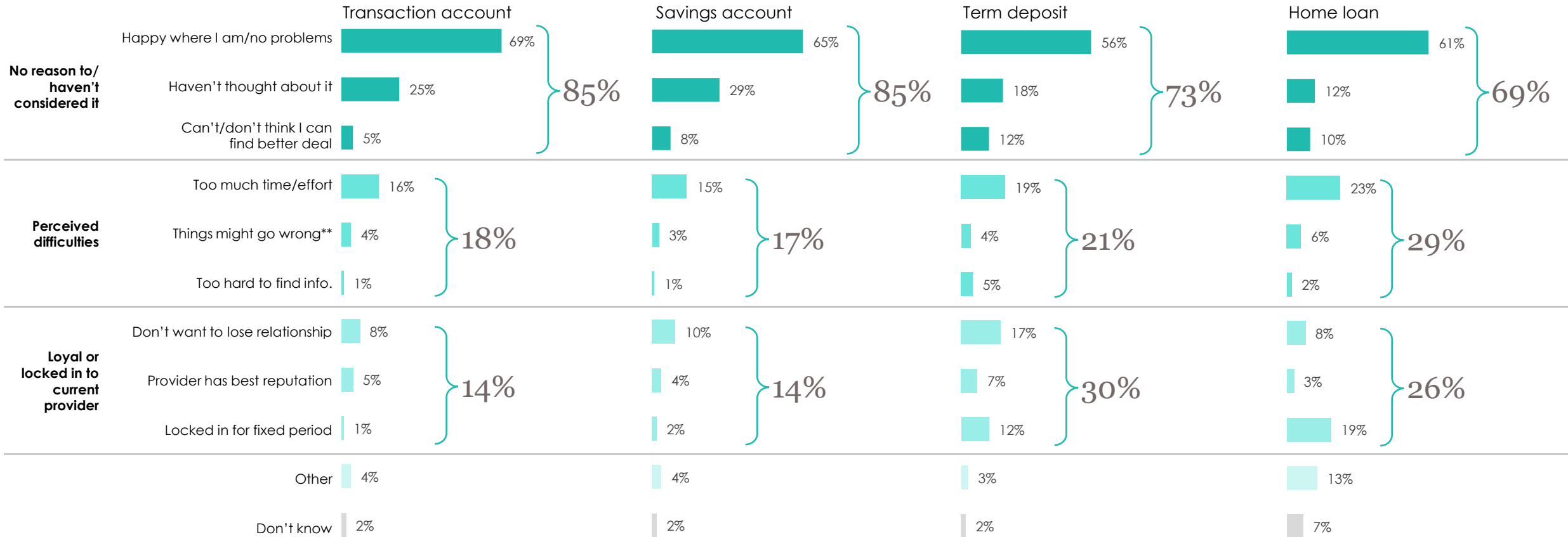


Source Q10a In the last three years, which of the following best describes your newest/most recent (products/providers)... Q10b In the last three years, have you changed providers for any of your (products/providers)... Q10c Has (main bank) always been your main bank? Q10e In the last three years, have you considered changing providers (again) for any of the following (products/providers)?
Base: All New Zealanders (n=2,140)
Note: Totals may not add to 100% due to rounding.

Those who haven't considered switching don't tend to see a reason to.

The majority are happy with their current provider or the status quo, having not been prompted to think about switching. When thinking about switching term deposits or home loans, some are also deterred by perceived difficulties, primarily the time and effort involved.

Reasons for not considering switching providers



Source: Q22a Why have you not considered changing your (product/provider) to another provider?

Base: Have not considered switching - All New Zealanders who have not considered switching any products/providers in the last 3 years: Everyday transaction account (n=639), Savings account (n=483), Term deposit (n=95), Home loan (n=105)

Note: Only showing responses with 2% or more. Other reasons include preferring NZ owned banks, someone else deciding, concerns about cost or concerns that other providers may not lend to them **e.g. concerns about missing payments/something going wrong

07

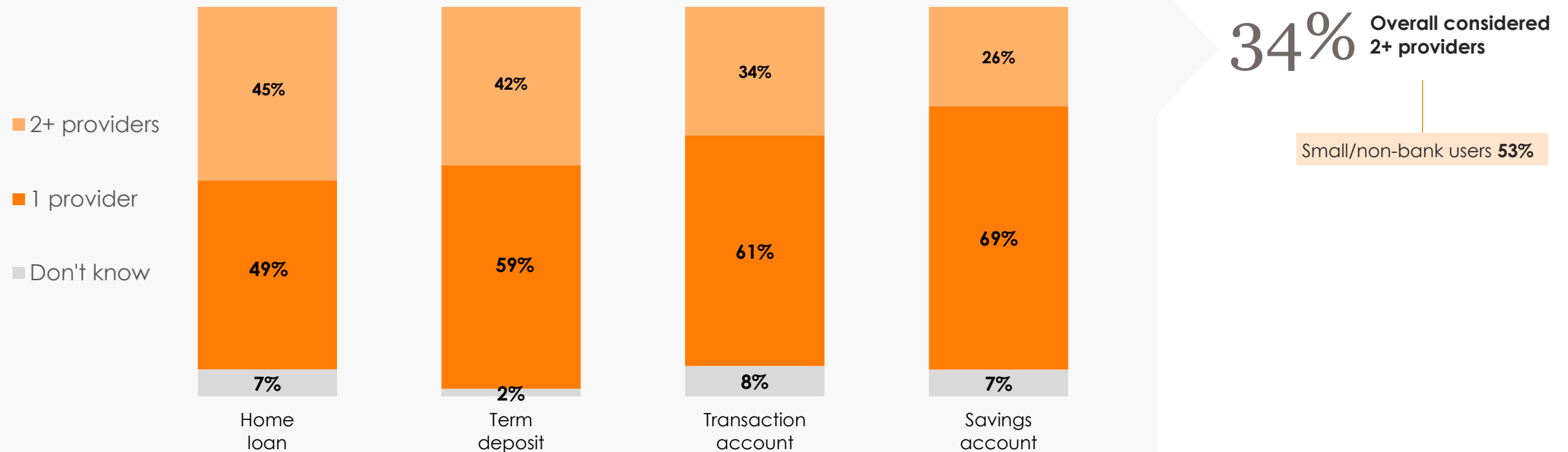
Considerations when first choosing providers

Two thirds only considered one provider when first choosing providers.

People weigh up more providers when first choosing home loans, however, half still only looked at one provider for this. Those who have switched or considered switching recently, as well as those who use smaller banks are more likely to have looked at two or more providers, suggesting they are more active in decisions around their products.

Number of providers considered when choosing a provider

Statistically significantly higher for...



Source: Q8a - How many providers did you consider when you first chose your (newest/most recent) bank/product? / How many providers did your mortgage broker mention to you as providers to consider approaching on your behalf?

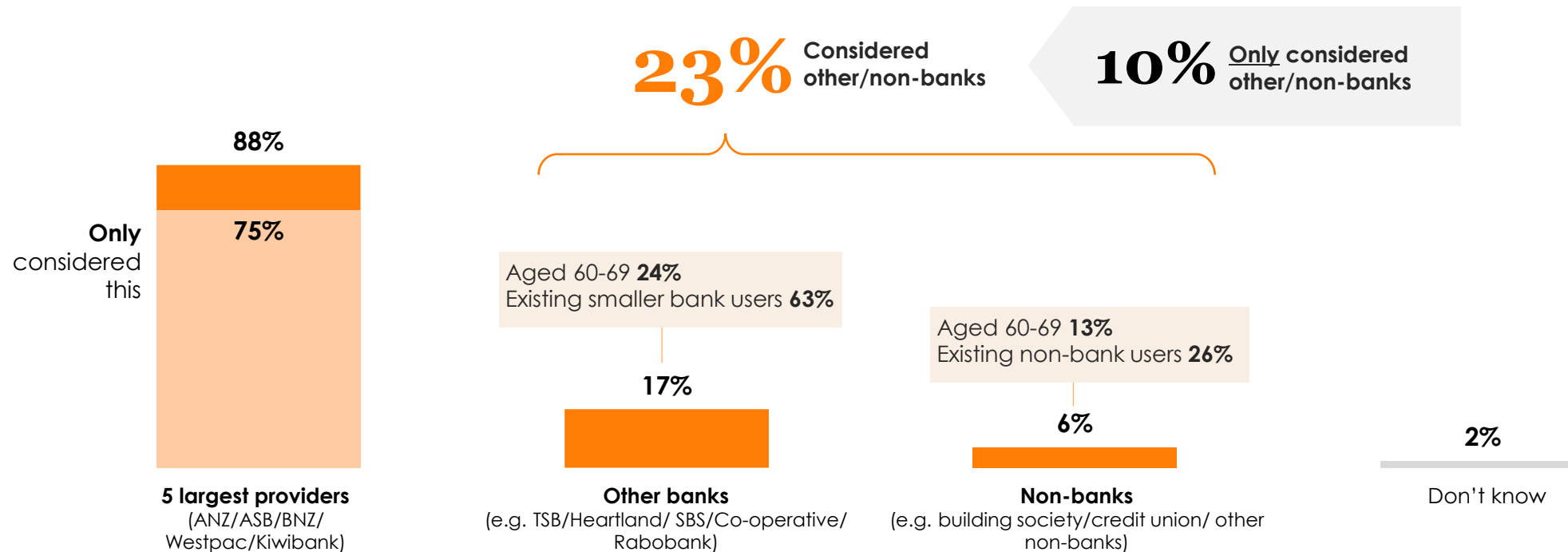
Base: Those who have had each product type for 3 years or less: Everyday transaction (n=371), Savings account (n=380), Term Deposit (n=325), Home loan (n=278).

The majority only considered the 5 largest providers.

Just one in ten did not consider one of the five largest providers. Consideration of other/non banks is more common among those who already use these types of providers.

Type of providers considered *

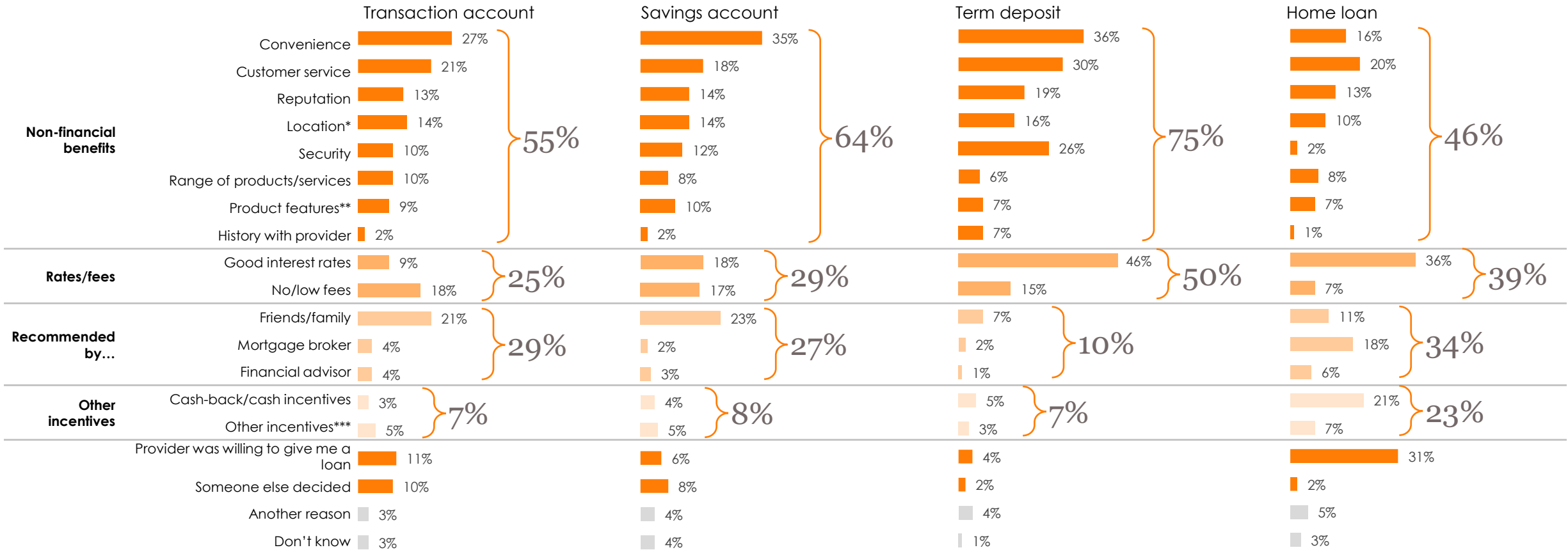
Statistically significantly higher for...



Source: Q9 What type of providers did you or your mortgage broker consider? combined with Q4a Who is your main bank? For those who only considered the bank they chose.
 Base: Those who have had each product type for 3 years or less (n=97)
 Note: *Multiple responses allowed, so totals may not add to 100%.

Non-financial benefits are a key driver when first choosing a provider.

When first choosing a provider for a home loan or term deposit, rates and fees are a common motive. However, non-financial incentives are common across all product types, particularly convenience and customer experience.



Source: Q11a Thinking about when you first chose your (randomly selected product/provider), why did you choose this provider?

Base: Asked online only. Those who were asked about each product type: Everyday transaction (n=531), Savings account (n=374), Term Deposit (n=117), Home loan (n=164)

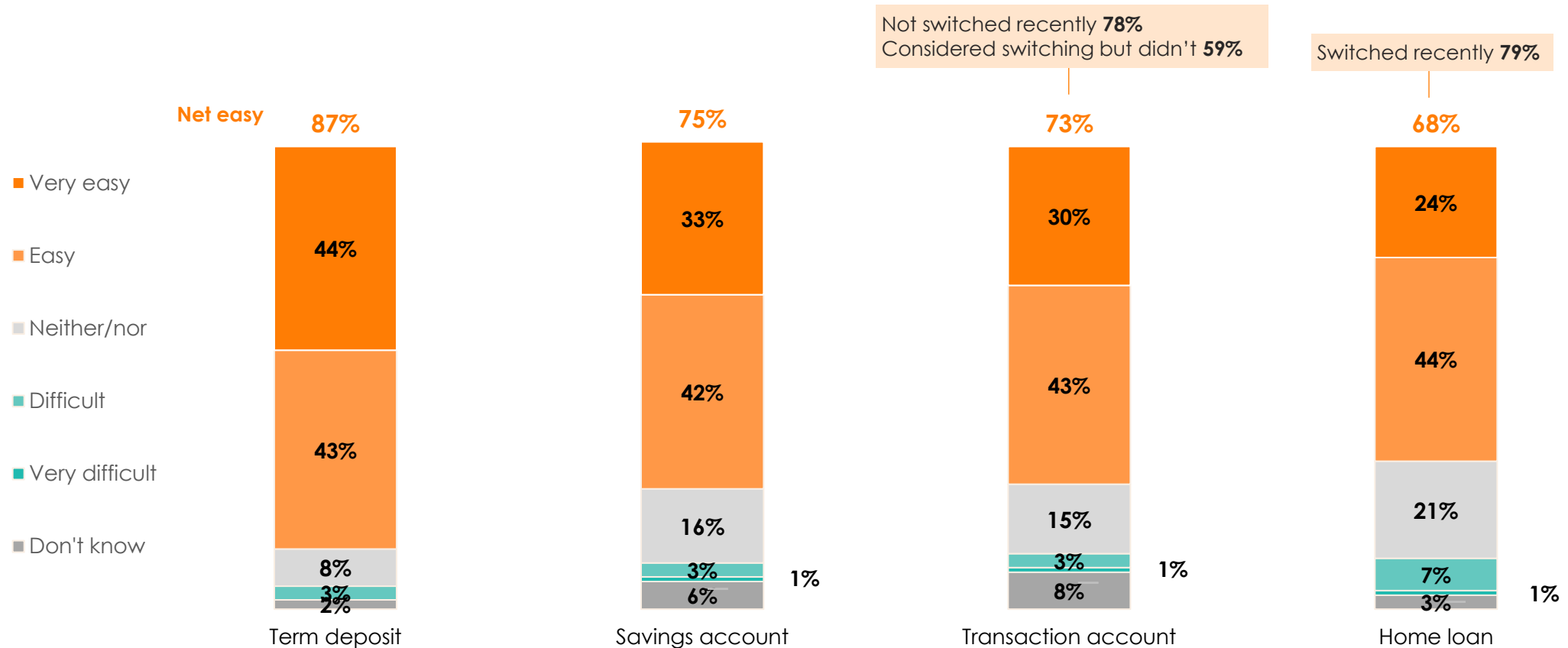
Note: Multiple responses allowed, so totals may not add to 100%. Only showing responses with 2% or more. Other reasons include personally/a family member working there previously, the bank taking over their original bank, preferring a NZ owned bank etc. *e.g. of local branch **e.g. online banking or mobile apps, Apple/ Google Pay etc ***e.g. points/rewards

Term deposit providers are the easiest to choose first time around.

Those who have recently gone through a home loan switch are more likely to say it was easy, meaning the process may be easier than expected. On the other hand those who looked into switching a transaction account recently (but didn't follow through) have not found this process as easy, suggesting the opposite may be true for transaction accounts.

Ease of choosing a product/provider

Statistically significantly higher for those who have...



Source: Q12 When you first chose your (randomly selected product/provider), how easy or difficult was it to find all the information you needed to make an informed decision (e.g. information about different deals, rates, fees, providers, products etc.)?

Base: All New Zealanders, excluding those who said 'someone else made the decision' at Q11. Those who were asked about each product type: Everyday transaction (n=931), Savings account (n=675), Term Deposit (n=208), Home loan (n=267)

08

Mortgage broker use

Home loan switchers are more likely than not to have used a broker.

Two thirds who switched a home loan recently used a mortgage broker, whereas two thirds of those who didn't follow through with switching didn't use a broker. Mortgage broker use is also common overall, with two in five of those with a home loan having used a mortgage broker at some point.

Mortgage broker use

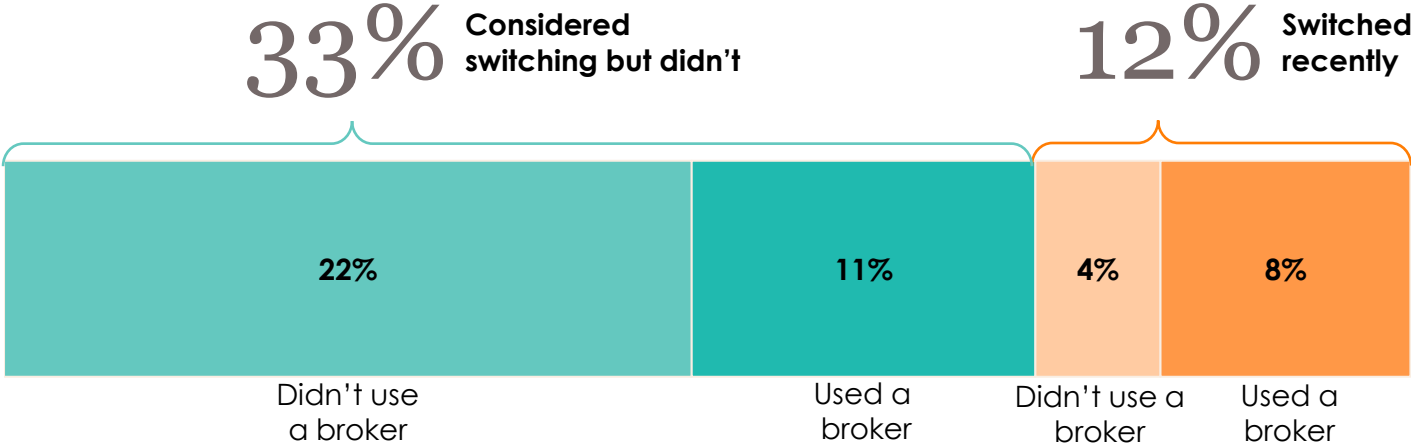
40%

of those with a home loan have used a mortgage broker when setting up or switching their loan.

Statistically significantly higher for...

Aged 18-39 **52%**

Higher income households **45%**



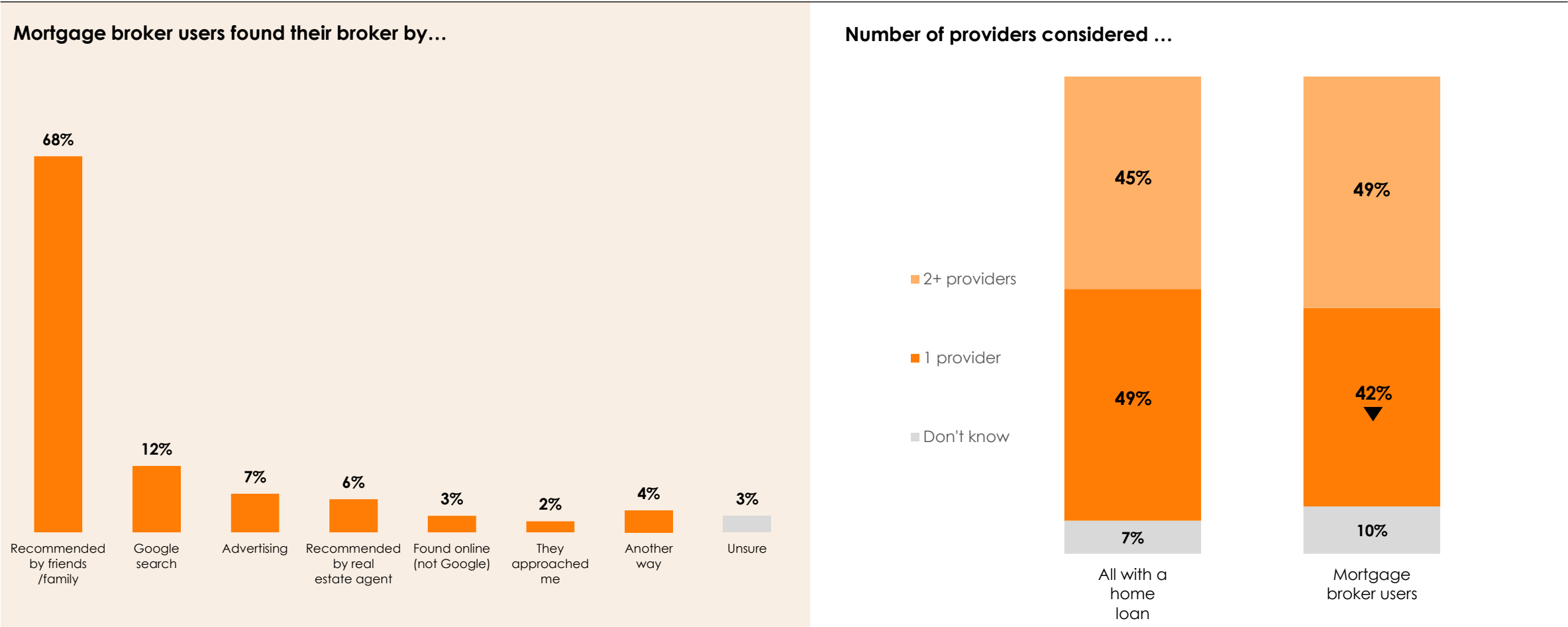
Source: Q6a Did you use a mortgage broker for your current home loan(s)? Q10a/b Switching behaviour

Base: Those who have a home loan (n=688)

Note: *Multiple responses allowed, so totals may not add to 100%. 'Another way' includes knowing them personally etc. Only showing responses with 1% or more

Mortgage brokers are mostly found through friends/family.

Mortgage brokers consider more providers than home loan holders who look at their options on their own.



Source: Q6b - How did you choose the mortgage broker you used? Q8a - How many providers did you consider when you first chose your (newest/most recent) bank/product? / How many providers did your mortgage broker mention to you as providers to consider approaching on your behalf?

Base: Those who used a mortgage broker (n=273),

Note: *Multiple responses allowed, so totals may not add to 100%. 'Another way' includes knowing them personally etc. Only showing responses with 1% or more

Future switching intentions

One in ten think they might switch their main bank in the next year.

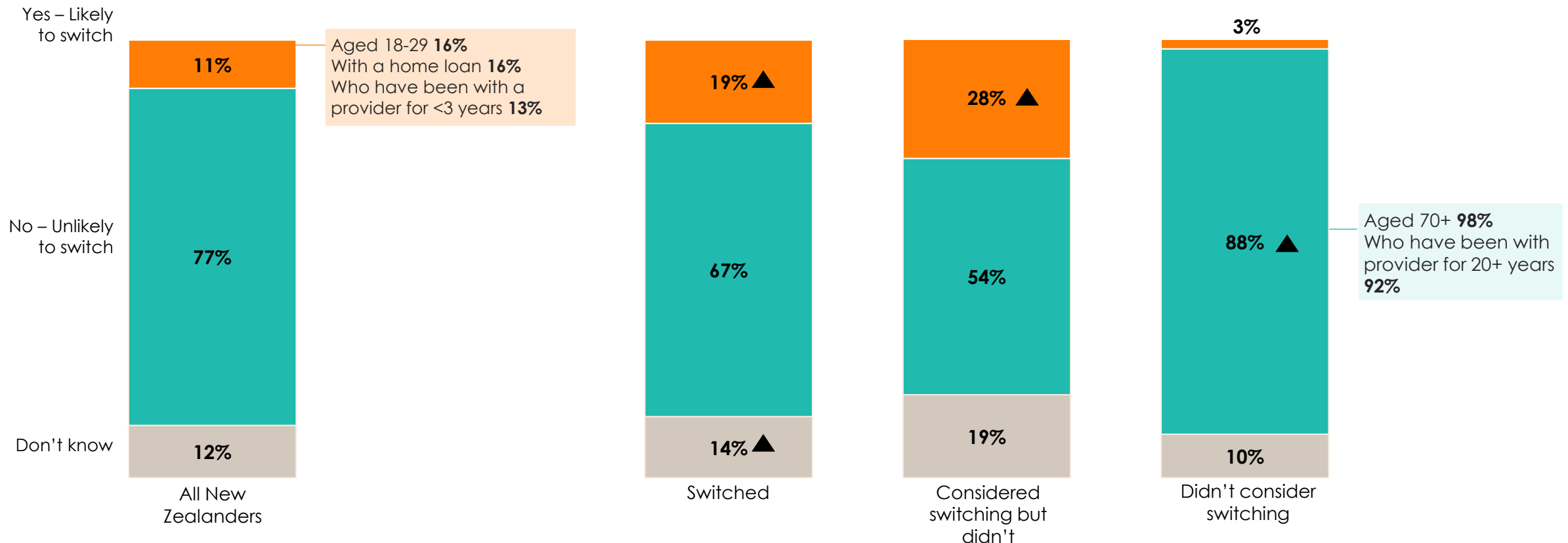
Two in ten who switched recently think they may switch again and three in ten who considered switching recently (but didn't) think they may switch in the near future, in part because they are yet to finish their switching journey. The majority who have not switched recently are also unlikely to switch going forward, with older New Zealanders especially entrenched with their current provider(s).

Likelihood of switching main bank in the next 12 months

...by switching behaviour in the last three years:

Statistically significantly higher for those...

Statistically significantly higher for those...



Source: Q23b In the next 12 months, are you likely to consider switching your main bank to another provider?

Base: All New Zealanders (n=2,140)

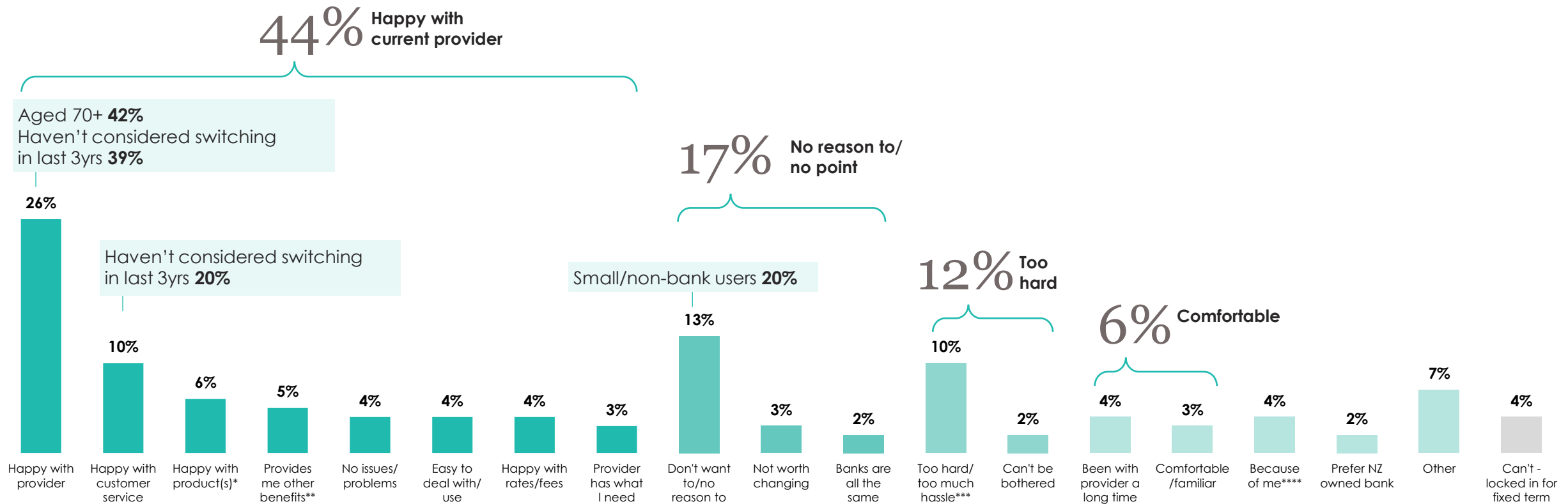
▲ = Statistically significantly higher than the total

The most common reason to not switch in the future is being content.

Those unlikely to switch are generally happy and haven't experienced the push necessary to encourage them to switch. One in ten also feel there may be difficulties, assuming it will be too hard, or take too much effort or time.

Reasons for being unlikely to switch ...

Statistically significantly higher for ...



Source: Q23c Why are you unlikely to change providers in the next 12 months?

Base: Those who say it is unlikely they will switch in the next 12 months (n=1,671)

Note: Multiple responses allowed, so totals may not add to 100%. Only showing responses with more than 2%. *(e.g. ATM/app/website/online banking/mortgages) **(e.g. direct debits, salary)

e.g. too much effort/takes too much time *e.g. I'm too old/I'm too loyal etc

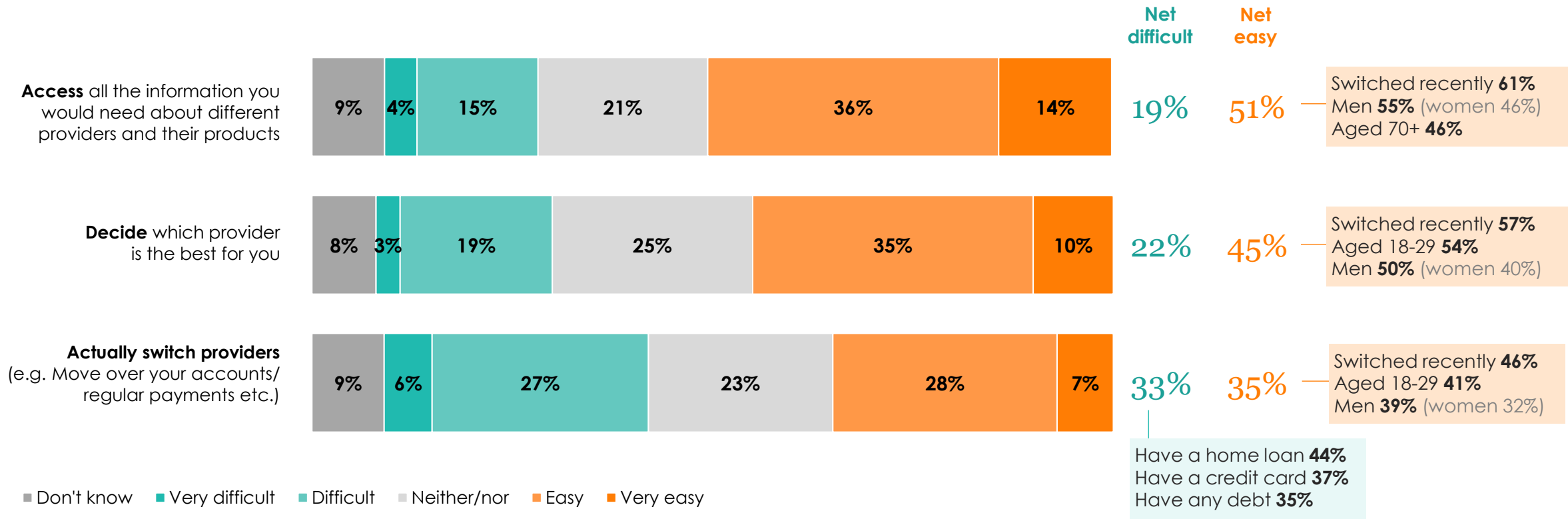
Around half think they could find information and choose a provider.

Confidence is higher for those who have been through the switching process recently, again showing the process may be easier than expected. However, there is a perceived difficulty when it comes to actually making the switch, with a third saying the process would be difficult, which is especially an issue for those who have debt.

How easy or difficult would it be to...

Statistically significantly higher for ...

Statistically significantly higher for ...



Source: Q23a If you wanted to change providers in the next 12 months, how easy or difficult do you think it would be to...

Base: All New Zealanders (n=2,140)

Note: Totals may not add to 100% due to rounding

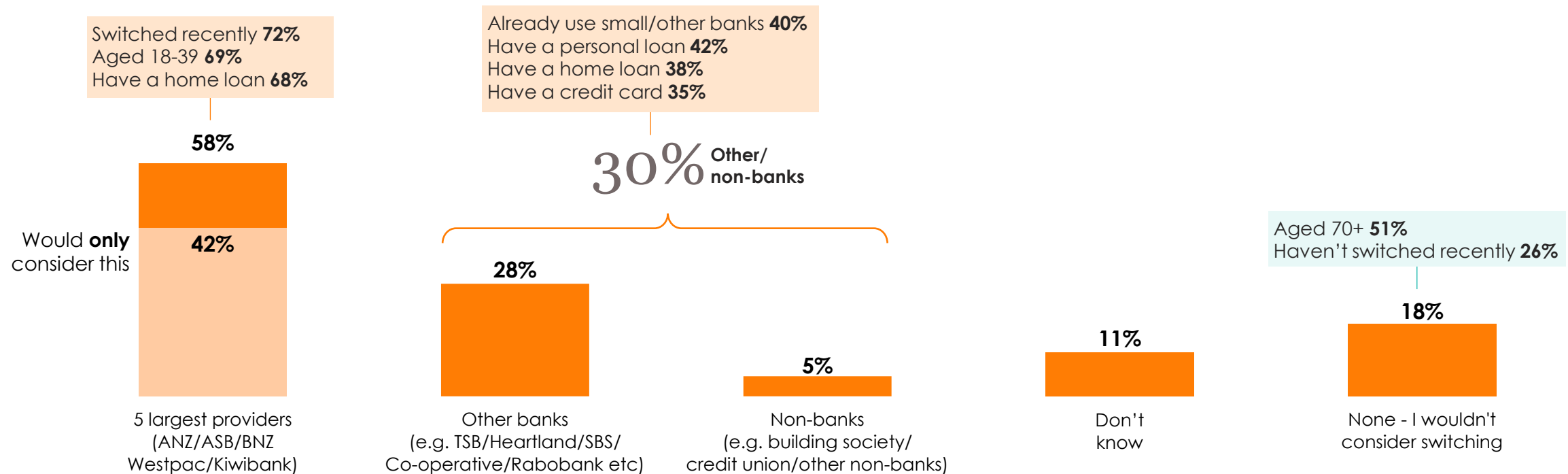
Two in five would only consider the 5 largest banks if switching in future.

Three in ten would consider other/smaller providers, which is most common for those who have debt, as well as those who already have at least one product with this type of bank. There is also further evidence of the entrenched non-switchers, with one in five saying they wouldn't consider switching, which is higher for those who also haven't switched recently.

Types of providers considered if switching main bank in the future

Statistically significantly higher for ...

Statistically significantly higher for ...



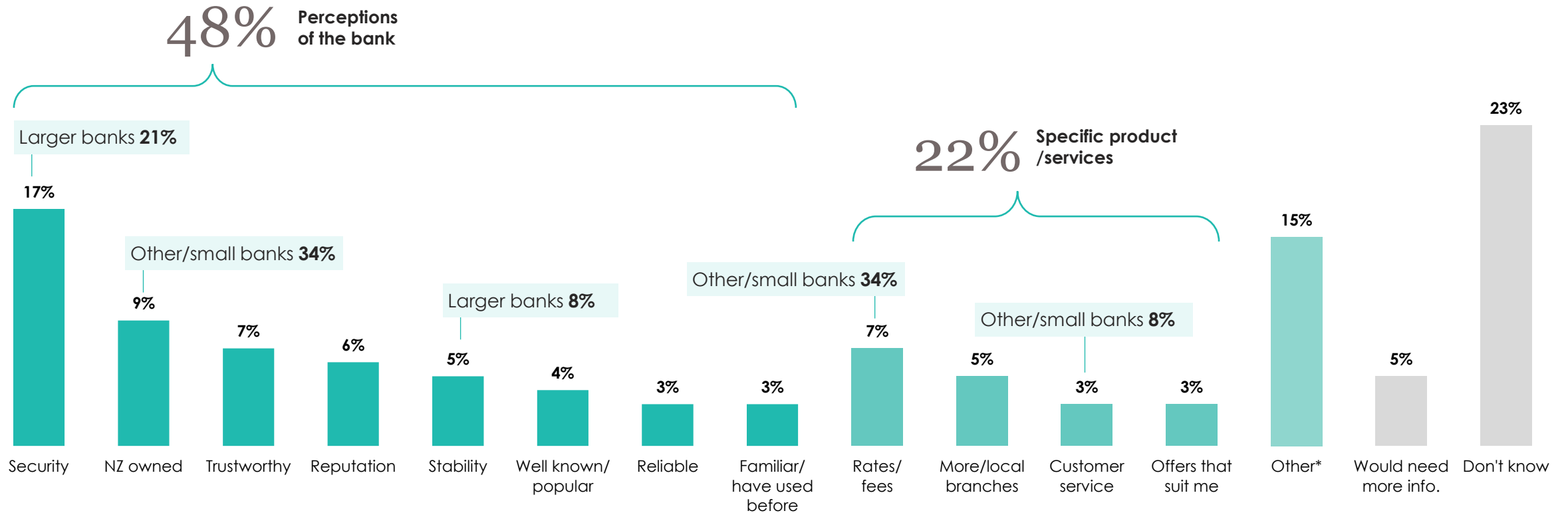
Source: Q23d If you wanted to change your main bank in the future, which of the following would you consider?
Base: All New Zealanders – Asked online only, regardless of whether they currently plan to switch in the future (n=1,139)
Note: Multiple responses allowed, so totals may not add to 100%

Security, trust and image of banks are a priority when picking a provider.

Those who would consider going with the five largest banks in future often focus on the image of the bank, especially around security and stability, whereas those who would consider smaller/other banks focus partly on the image (i.e. being NZ owned), but are also more likely to consider the rates or services on offer.

Reasons for considering different bank types

Statistically significantly higher for those who would consider...



Source: Q23e Why would you consider (insert types of banks considered) and not (insert types of banks not considered)?
Base: Those who wouldn't consider all types of banks (n=786). Asked online only
Note: Multiple responses allowed, so totals may not add to 100%. Only showing responses with more than 2%.
 *Others include accessibility, apps/online banking, personal touch etc.

Experience journey maps

Introduction to journey maps

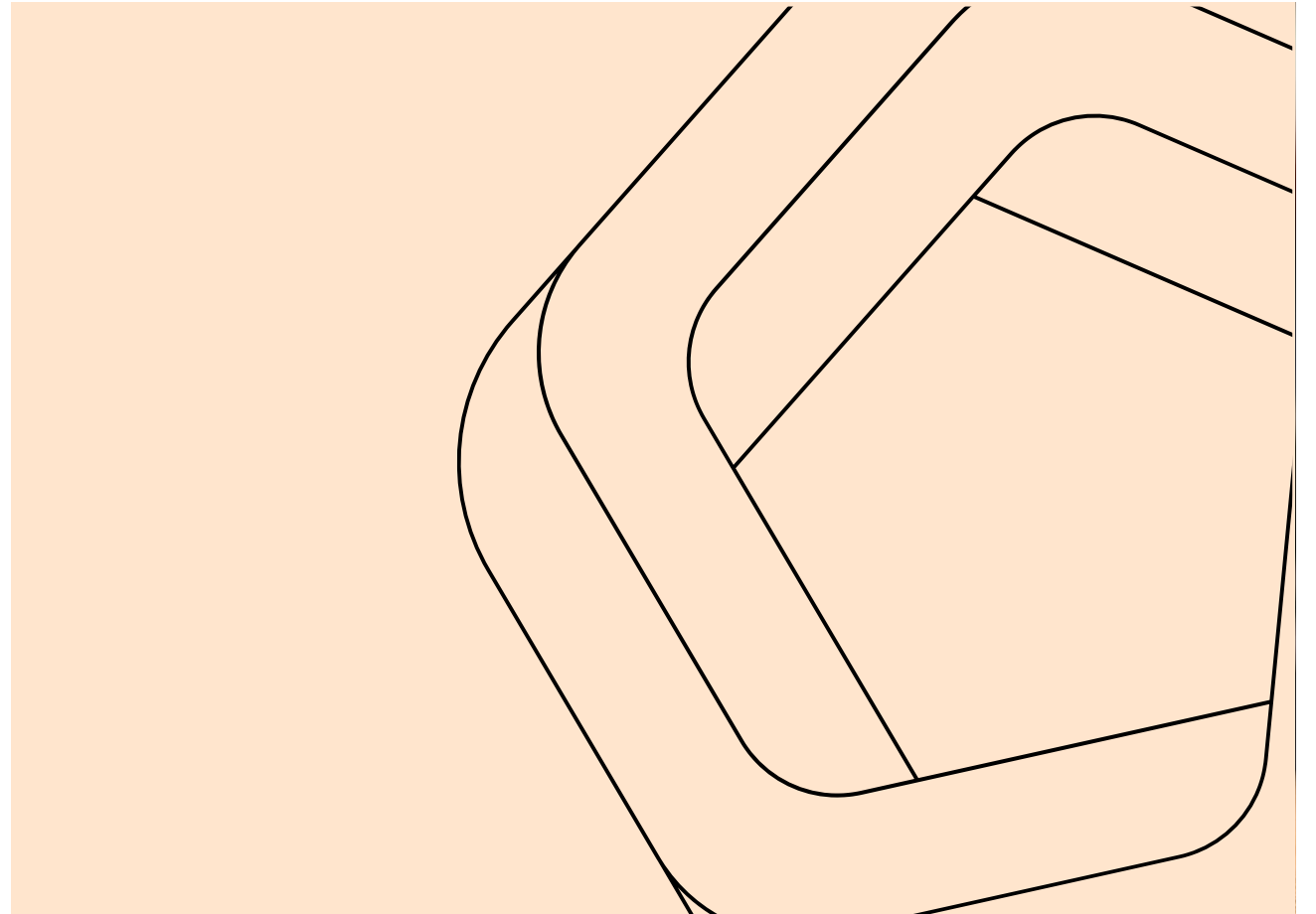
As a supplement to the quantitative survey findings, these journey maps have been produced to illustrate the experience of switching financial products from a customer's perspective.

They were drawn from in-depth interviews with sixteen main or joint household finance decision makers, and illustrate common experiences when going through the process of switching financial products.

They depict six different scenarios, including three home loan scenarios and three deposit account scenarios:

- switching a home loan for a better deal
- looking to switch a home loan, but staying put
- looking for support for a new home loan
- switching a term deposit
- switching to maximise rewards from banking activity
- switching for control over savings and spending

It is worth noting that these experiences are illustrative by nature, and will not exhaustively account for the whole range of switching scenarios and experiences that exist.



Overall observations from journey maps

Across the interviews, a few key themes emerged:

1. **Customers often consider banks to be largely the same**, with little to differentiate them, particularly the large banks.
2. **Pain points tend to cluster around the process of switching itself.** Account opening, particularly if something goes wrong, can be a hassle, as well as verification requirements.
3. **Rates are often found to be very similar.** When looking, customers say they find little differentiation in rates, and maybe not enough to justify the effort of switching in itself.
4. **Some products are easier to compare than others** (eg term deposits), from which the customer can make their choice. The switching process is seen to be straightforward.
5. Switching providers for **home loans is more tricky as eligibility can be a factor.** In some cases, it is seen as the provider that holds the cards. Brokers can often play a role to 'help navigate the system'.
6. People **routinely keep open legacy accounts.** The efforts of establishing a banking relationship (especially verification requirements) discourage people from closing down accounts, in case they might want to go back to that provider in the future.
7. Lead **products act as a bridge to other products.** Once relationship is established with a provider (e.g. a credit card), other types of accounts may well be added.
8. For home loans, opening a **transaction account is an expected requirement.**
9. **Familiarity plays a role.** Some people prefer to stick to what they know, particularly if they have no strong financial incentives to change.
10. Customer **service is an important factor.** When switching, face to face experience (in branch) can be influential.

Experience map: switching home loan for a better deal

This map illustrates the experience of customers switching for a better deal. Often prompted by a renewal notice, they may shop around (by themselves, or with the help of a broker) to find a competitive alternative, concentrating mostly on the major banks. Cash backs, as much as rates, can seal the deal.

Scenario:

Switching home loan providers to access better deal.

Goals:

Access to better interest rates on home loan.

Expectation:

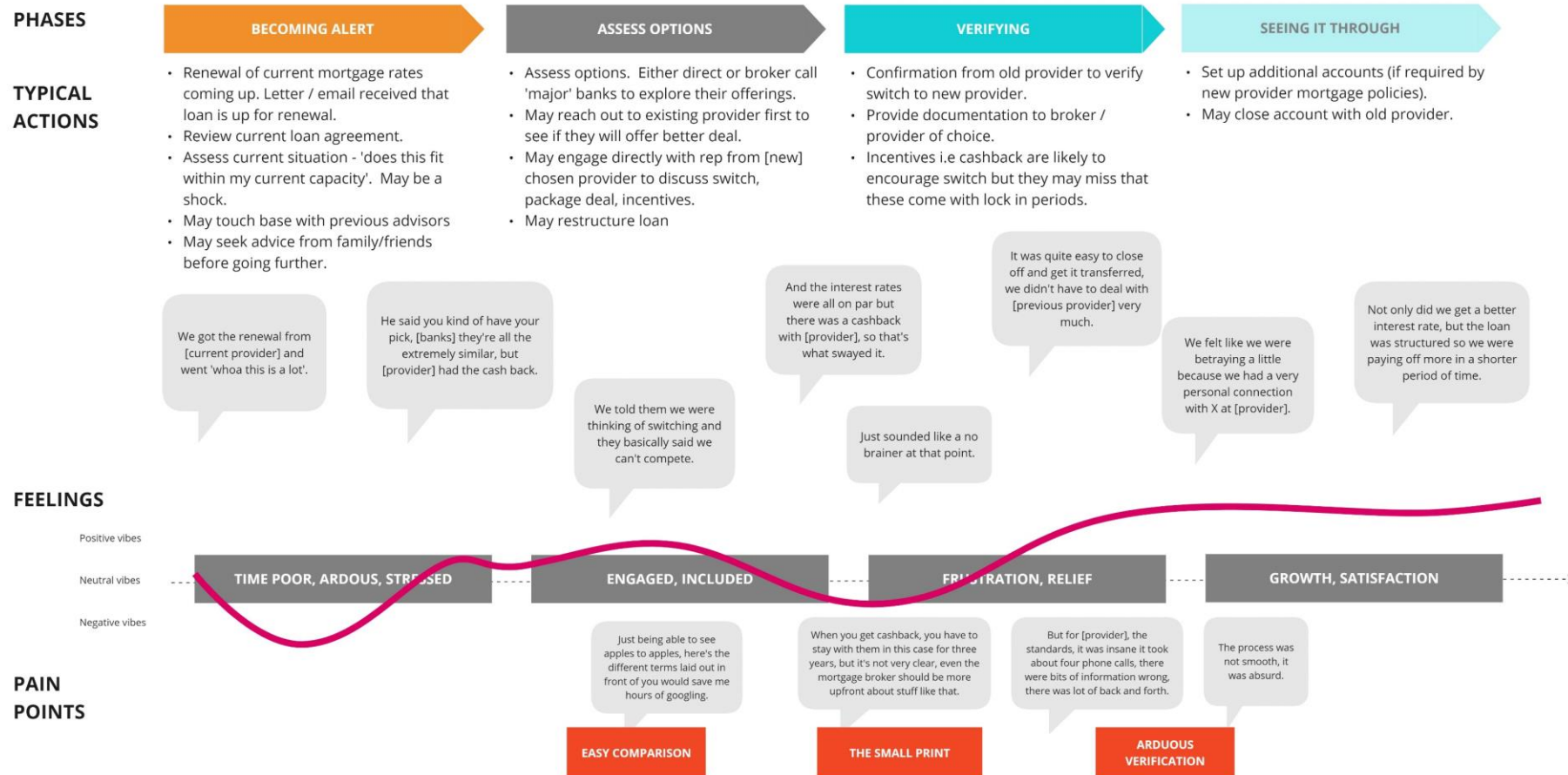
Some reservations about length of process. Assumption that a broker would alleviate any difficulties.

Reality:

Quite straightforward, though verification/application processes can be arduous.

Context from survey data

Of all account types, people are most likely to switch home loans - 12% in the last 3 years [pg 20]. 2/3 switch another product as well [pg 21]. Better interest rates are a key motivator [pg 22].



Experience map: looking to switch home loan – but staying put

This map illustrates the experience of customers who shop around for a better home loan deal – but find a lack of worthwhile alternatives to their current provider. This can underline the perception that home loan providers are all the same.

Scenario:

Looked to switch home loan providers to access a better deal, but never actually switched.

Goals:

Access to better interest rates on home loan.

Expectation:

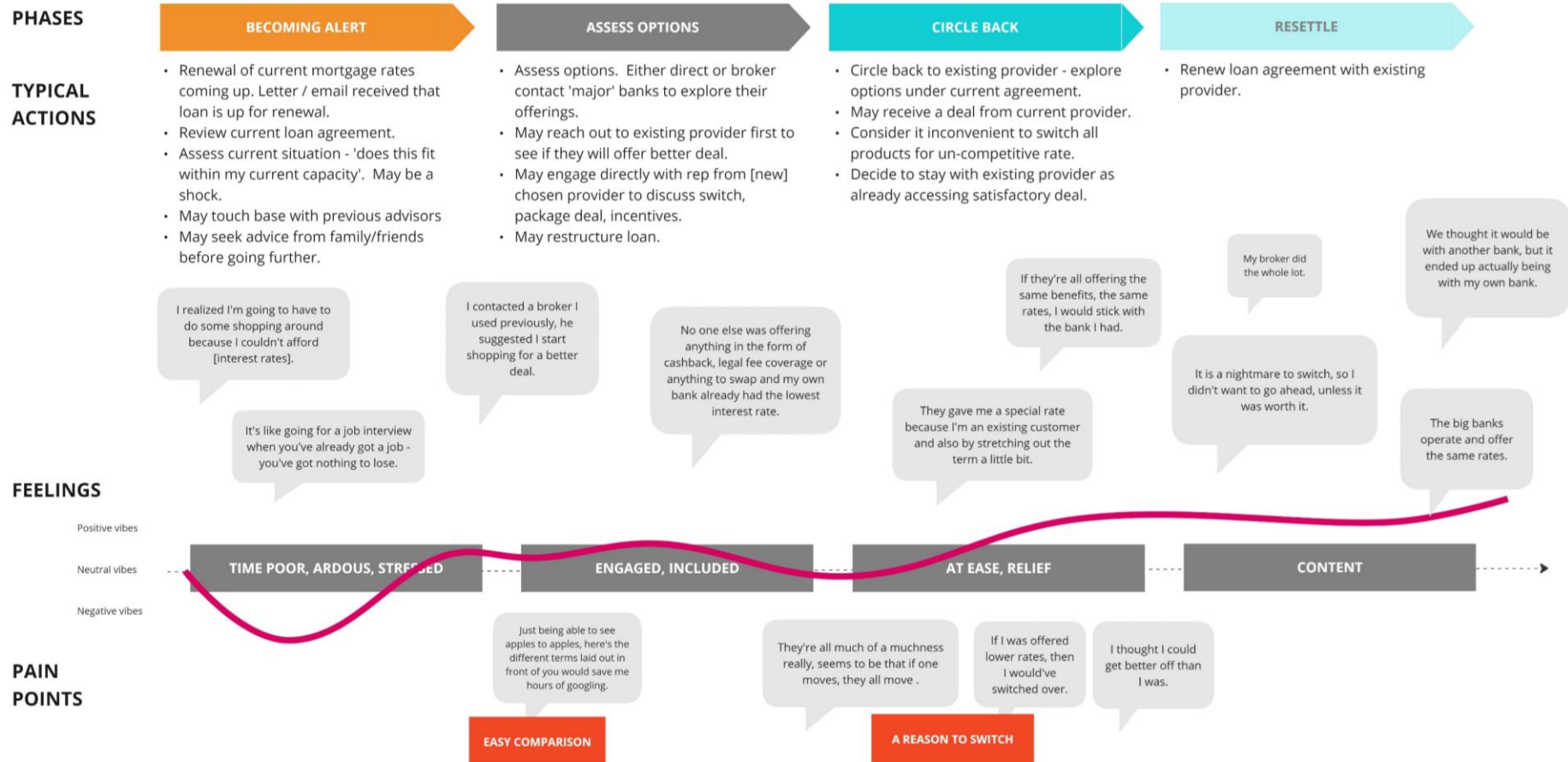
Shopping around should get a better deal.

Reality:

Could not find a deal that made it worth their while (and hassle) to switch, particularly when existing provider is prepared to come to the table.

Context from survey data

More people (33%) consider switching than actually switch (12%) [pg 19]. Better rates are the key driver [pg 25], but many people are not finding a better deal (31%) to make it worth the effort [pg 27]



Experience map: looking for support for a new home

These are customers looking to purchase a new property (or increase the existing loan on their current property) and encountering difficulties along the way. Often confident at the outset, they experience difficulties in being accepted for finance, and scramble to find support. Emerging somewhat bruised from the process, they seek greater knowledge and support the next time around.

Scenario:

Having to switch main banking to access finance for a new property purchase (may be first home, extension to current loan or land purchase).

Goals:

Realising property aspirations - often the long held desire for a suitable home. Looking for a supportive home loan provider.

Expectation:

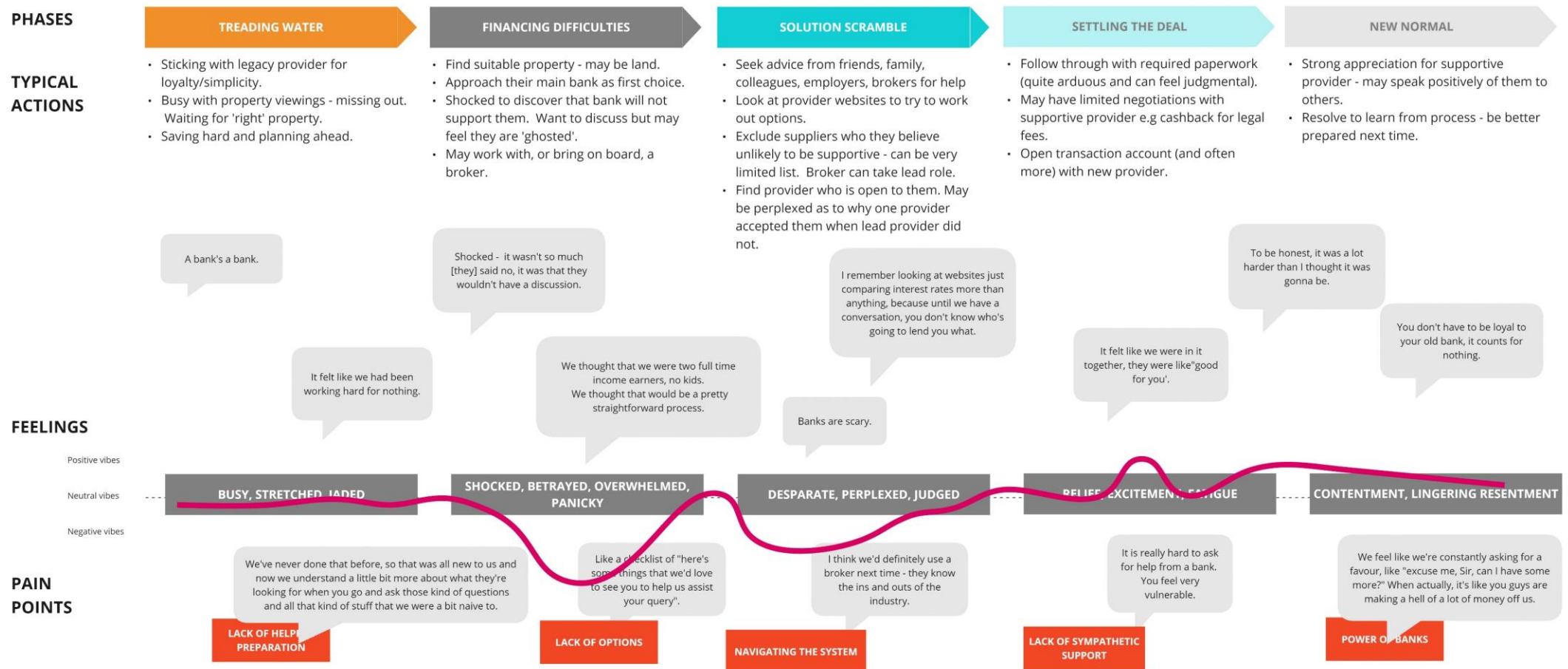
That providers would come to the table to find a way to help make it happen.

Reality:

Much more difficult and emotional process than anticipated.

Context from survey data

Change of circumstances (22%) is the second biggest reason to switch home loans [pg 22].



Experience map: switching a term deposit

This map illustrates the experience of switching a term deposit to access a better interest rate. Often quite financially experienced, these customers typically experience a simple process with a low degree of difficulty. They have few, if any, pain points and seem quite adept at weighing up term deposit alternatives.

Scenario:

Switching term deposit provider to access better interest rates.

Goals:

To gain greater return on their investment.

Expectation:

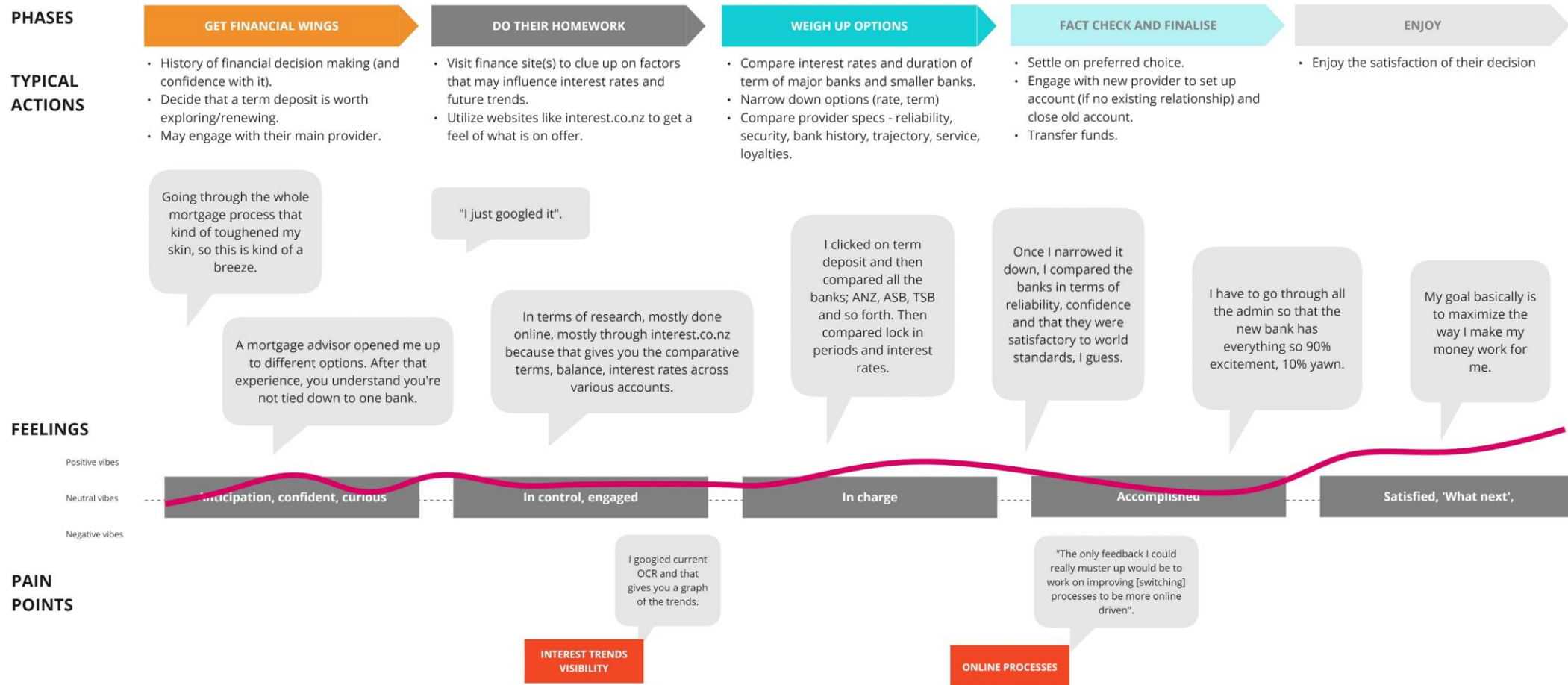
A relatively simple process with low degree of difficulty.

Reality:

Meets expectations.

Context from survey data

Only 10% of people have switched a term deposit in the last 3 years [page 20]. The main reason for doing so is better rates [pg 22].



Experience map: switching to maximise rewards from banking activity

This map illustrates customers who, after a period of disillusionment with the current supplier, discover an enticing alternative. This can take the form of benefits or incentives ('feel good factors') that make the product stand out (savings account, credit card) and offer a compelling reason (more than rates/fees) to make the switch. Other products may then follow.

Scenario:

Looking to switch savings/transaction accounts/credit cards in order to access benefits/incentives.

Goals:

Maximise rewards from banking activities - particularly via products with 'extra' benefits or incentives.

Expectation:

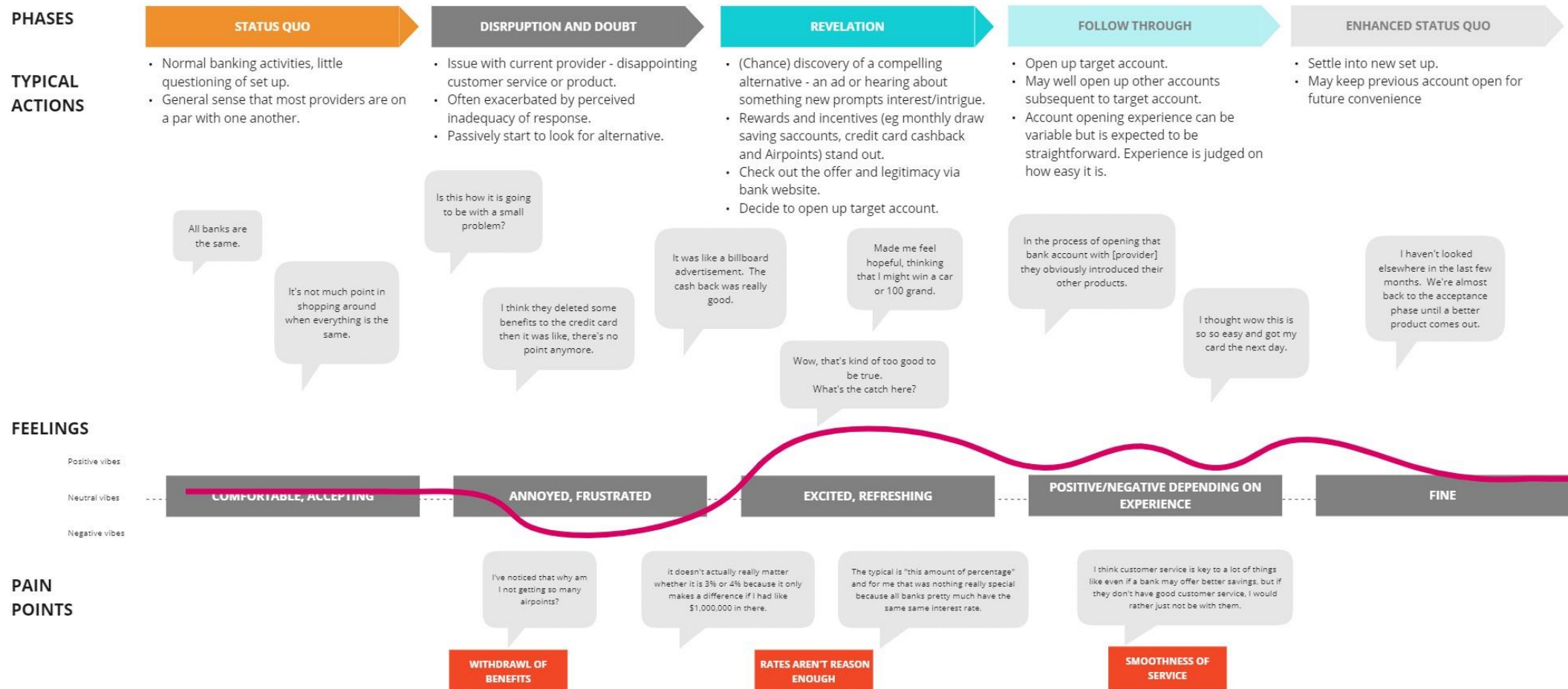
Quick and easy, customer centric service.

Reality:

There are some compelling alternatives, but they might easily be missed if you're not looking out for them.

Context from survey data

Switching savings/transaction accounts is not common [8-10%] [pg 20]. Rewards/incentives can play a role, along with poor customer service [pg22].



Experience map: switching for control over savings and spending

This map illustrates the experience of customers opening savings accounts with other providers in order to help them with their money management. Their key needs are control and familiarity, and hence they may rely heavily on providers and products known to them or those around them. They may not proactively look for alternatives.

Scenario:

Opening up savings account to diversify and control spending.

Goals:

Money management (rather than maximization), with desire to manage money flows, making receiving money easier and overspending harder.

Expectation:

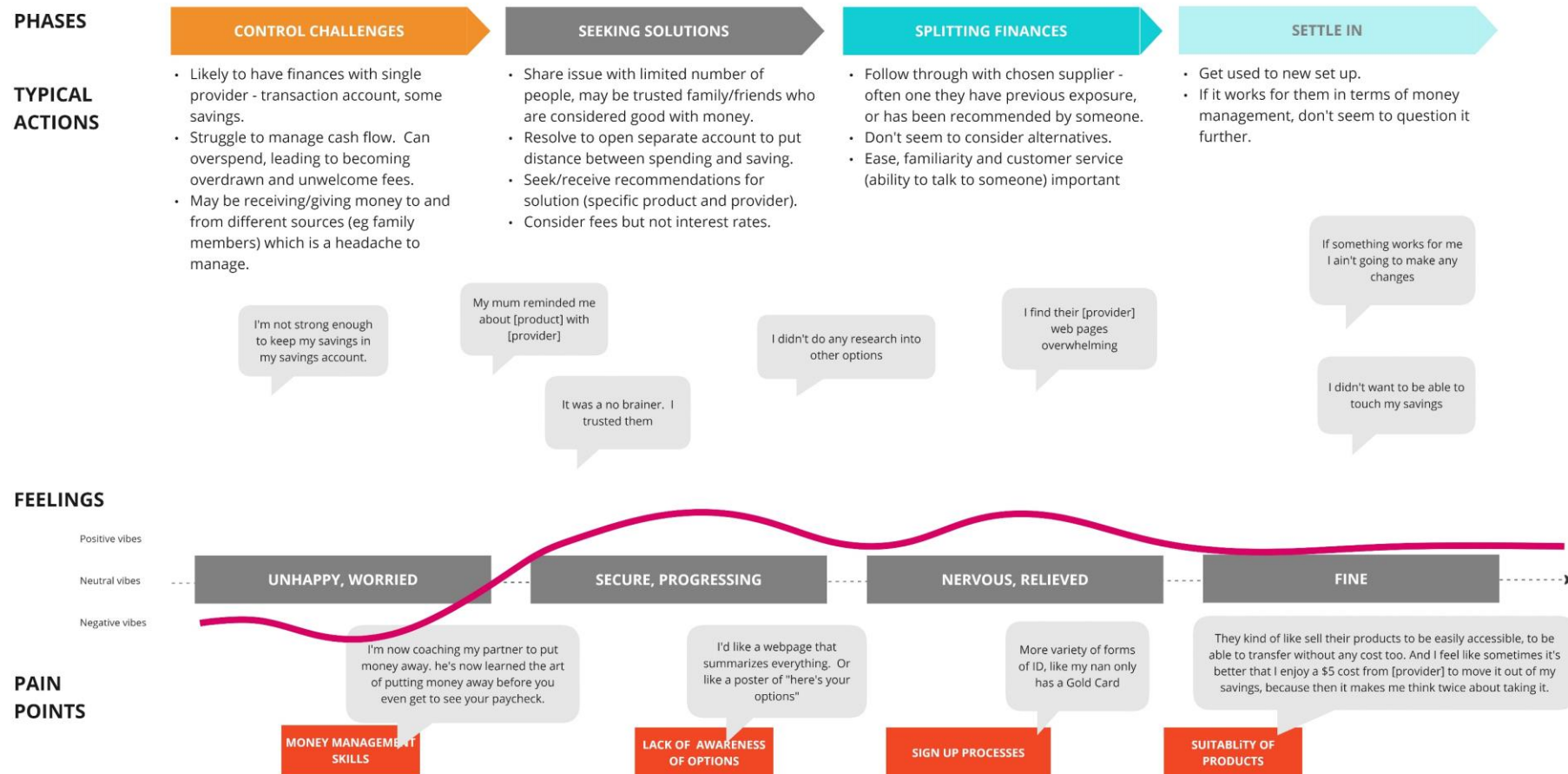
Straightforward process, with an emphasis on ease and familiarity

Reality:

Mostly straightforward, but may rely heavily upon familiarity and so may not maximise their options,

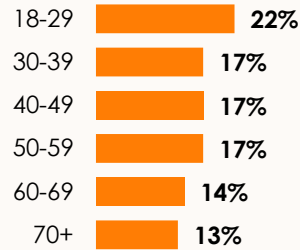
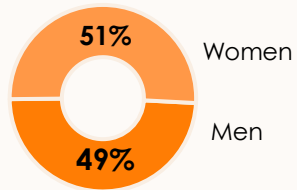
Context from survey data

Only 8% of people have switched a savings account in the last 3 years [pg 20]. Motivations include poor customer service and not having the right product [pg 22]. When people diversify accounts, they often stick with providers they know. [pg 16]

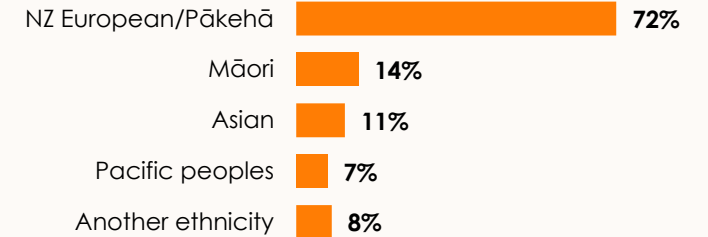
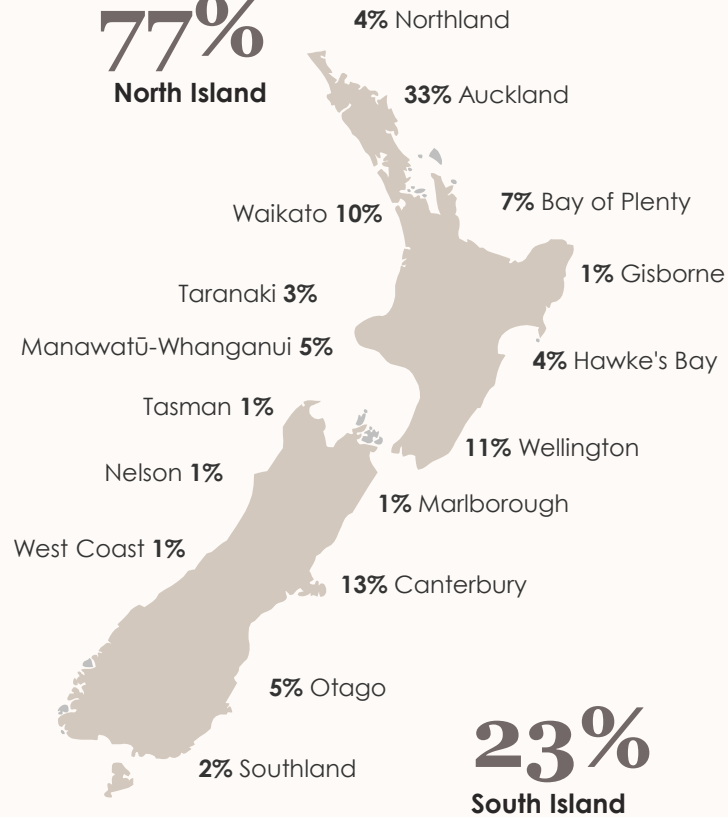


Sample profile

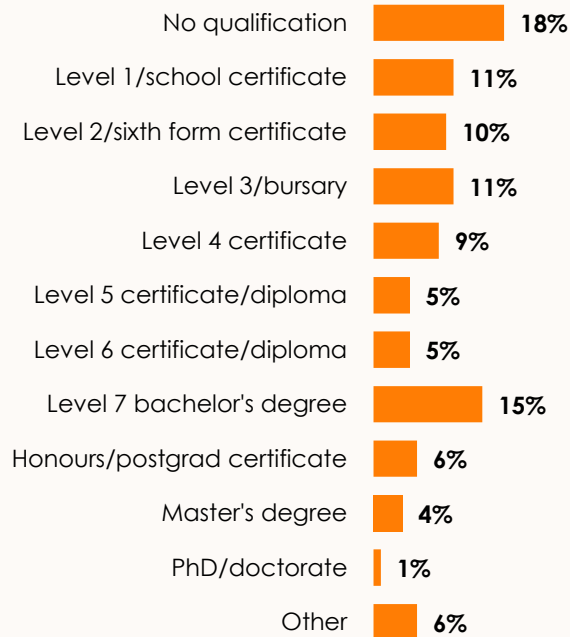
Who took part?



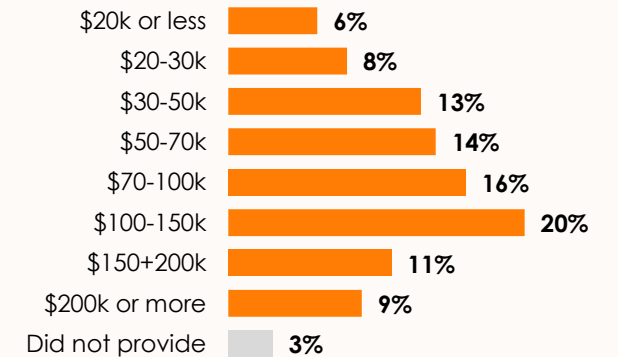
77%
North Island



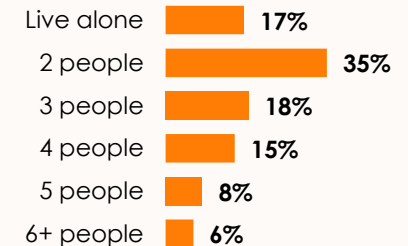
Education



Household income



Household size



Source: S1 Where do you live? S2 What is your age? S3 Are you...? (Male/Female/Another gender) S4 Which of these ethnic groups best describe(s) you? S5 What is your highest qualification?

Q24 Which of the following best describes your household income? Q25 Including yourself, how many people usually live in your household?

Base: All New Zealanders (n=2,140)