

Hon Nicola Willis

Minister of Finance
Minister for the Public Service
Minister for Social Investment
Associate Minister of Climate Change



Stuart Smith
Chair of Finance & Expenditure Committee
By email: Stuart.Smith@parliament.govt.nz

Mark Cameron
Chair of Primary Production Committee
By email: Mark.Cameron@parliament.govt.nz

Dear Stuart and Mark,

As per the coalition agreement between National and New Zealand First, we have committed to hold a select committee inquiry into banking competition with broad and deep criteria to focus on competitiveness, customer services, and profitability.

Banks play an important role in our communities and in the economy. We have a responsibility to ensure policy promotes competition and that the banking sector is operating in the best interests of New Zealanders.

The Commerce Commission's market study on personal banking services will assist with this, but the importance of this sector means it is appropriate for a Select Committee inquiry to also be undertaken. A Select Committee inquiry also creates an opportunity to consider the state of competition for business and rural banking and lending.

In my view, the Finance and Expenditure Committee is best placed to undertake an inquiry into banking competition. In consultation with the coalition parties, I am writing to ask the committee to initiate such an inquiry.

I understand the Primary Production Committee is also considering a briefing into rural banking. It is an important issue, and one which I think the Primary Production Committee should play a significant role in considering.

In light of that, I ask that your two committees jointly develop the terms of reference for the inquiry into banking competition, to ensure it has an appropriate focus on rural banking and lending.

In developing the terms of reference for the inquiry, I ask that the committees review the findings from the Commerce Commission's draft report on banking services and consider examining:

- the state of competition in the banking sector, including business and rural lending
- barriers preventing further competition in the sector, and
- any possible impact of the regulatory environment on competition and efficient access to lending.

That could include seeking evidence during the inquiry from financial market regulators including the Reserve Bank, Commerce Commission, and Financial Markets Authority.

I would also expect that the inquiry would, as a matter of course, expect to hear submissions from those banks operating in New Zealand with chairpersons and chief executives being made available for questioning.

I also ask that both committees consider holding joint meetings to hear evidence from submitters relevant to rural banking and that the Primary Production Committee prepare a report on rural banking, to feed into the overall inquiry report on banking competition.

Our government is focused on rebuilding the economy – with higher productivity, incomes, and living standards. Robust competition across the economy, including in the banking sector, is critical to achieving that vision.

A handwritten signature in blue ink, appearing to read 'Nicola Willis', with a stylized flourish at the end.

Hon. Nicola Willis
Minister of Finance