



Australian Citizens Party

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

Phone: 1800 636 432 **Email:** info@citizensparty.org.au **Web:** citizensparty.org.au

MEDIA RELEASE

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NZ regulator endorses public Kiwibank as champion against Australia's Big Four

New Zealand's competition regulator has called on the government to back the public Kiwibank to force competition onto Australia's profit-gouging Big Four banks.

It's a strong endorsement of the nation's public bank, 22 years after it was established as a public post office bank by the Helen Clark Labour government.

And it's a powerful message to Australia's Parliament—which is struggling to deal with the economic and social chaos caused by the arrogant Big Four mass-withdrawing branch banking services in hundreds of communities across the country—that politicians should muscle up to the major banks and look seriously at the public bank solution for Australia.

Big Four oligopoly

In the draft report of its study of competition in personal banking services, NZ's Commerce Commission noted that NZ's top tier Big Four banks, which are owned by Australia's Big Four, are an oligopoly with limited competition, which rake in higher profits than most banks in the world and, lacking any real competition imperative, under-invest and fail to innovate to improve their businesses.

The government-owned Kiwibank, however, which is the largest and most popular bank outside of the established Big Four, does not gouge massive profits but, despite its rapid growth, has been limited in its ability to take on the Big Four by the government's unwillingness to expand its capital.

The draft NZCC report observed: "Kiwibank, which we know is being watched by the four major banks as their next closest rival, appears to have the greatest potential to constrain the major banks in the near term and disrupt a market that is otherwise stable due to lack of competition.

"However, Kiwibank does not yet have the necessary access to capital backing, or the systems, required to continuously challenge the major banks aggressively. Access to equity is a constraint on how fast Kiwibank can continue to grow."

NZCC recommended: "To change this, Kiwibank's owner [the NZ government] should consider increasing its access to capital and support a strategic refocus of Kiwibank's efforts to compete more strongly with the major banks (which could involve significant systems development). Accordingly, our draft recommendation is that Kiwibank's owner explores what changes are necessary to maximise its potential as a disruptive competitor. We see this as the best near term prospect for more robust competition."

Vindication of public banking

The NZ government started Kiwibank in 2002, in response to a political campaign by former Labour Party minister and then-Alliance leader Jim Anderton, who had quit the Labour Party in the 1980s over the privatisation of the Bank of New Zealand (BNZ).

Similar to the impact on Australia from the privatisation of the Commonwealth Bank, the sale of BNZ led to a concentration of banking power in a private oligopoly owned by Australia's oligopoly, at the expense of the NZ economy and consumers; also similar to Australia, the banks closed 1,300 branches in the decade and a half before 2002.

Needing Anderton's support to form a coalition government in 2002, Helen Clark's Labour Party agreed to start Kiwibank as a post office bank owned by NZ Post, with \$80 million in capital from the government; however, reflecting the politics of the major parties' benign submission to the private banking oligarchy, Helen Clark did it grudgingly, vowing she would not open an account in the government bank.

The people of New Zealand didn't see it that way though, and they flocked to the bank in their hundreds of thousands, driving growth that enabled Kiwibank to repay the government's capital injection within two years.

Terrified of the competition, the Big Four private banks immediately froze branch closures—for the

next seven years no bank branches closed in NZ!

Unfortunately, Kiwibank was always at the mercy of politicians in the major parties who, like their Australian counterparts, were brainwashed in the neoliberal ideology that governments shouldn't compete with the private banks; once Jim Anderton's Alliance was out of government they would have loved to privatise it, except it was too popular, so they restrained its growth instead by failing to expand its capital.

Eventually, the NZ government bought back Kiwibank from NZ Post in 2022.

That's why it's so significant now that NZCC is effectively calling out the backward ideology that has restrained Kiwibank, and has endorsed the public Kiwibank as the people's champion to take on and break up the Australian-owned banking oligopoly that dominates and milks the NZ economy.

As every community in Australia abandoned by the arrogant, profit-bloated Big Four banks can attest, Australia's banking system is in desperate need of a competitor that can bust the power of the Big Four and force them to compete on actually serving their customers.

Australian Citizens Party (ACP) Research Director Robert Barwick, who testified to the 1 December 2023 hearing of the Senate inquiry into bank closures in regional Australia on Kiwibank's success as a model for an Australian public post office bank, said only a government-owned bank, a People's Bank, could take on the Big Four giants.

"After 22 years, NZ regulators can see the value and potential in their public bank to take on Australia's Big Four", Barwick said. "It's time that Australian politicians stopped bowing to the banks and created our own public champion to take them on too.

"A post office People's Bank that provides face-to-face banking services and cash through more than 4,000 post offices and postal outlets is exactly the real competition the Big Four banks need", he declared.

[Click here to sign the Citizens Party's petition for a post office people's bank.](#)