

## **MEDIA RELEASE**

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### **APRA highlights customer focus as key for mutuals**

A strong understanding of the needs of their customers will be needed if credit unions and building societies are to defend their market position.

Chairman of the Australian Prudential Regulation Authority (APRA), Dr John Laker, said mutual credit unions and building societies must "resist temptation" to lower credit standards when seeking to meet the needs of their customers.

In the keynote opening address to the 2006 Abacus Convention of Australian Credit Unions and Building Societies in Perth today, Dr Laker said the challenges for mutual ADIs are to maintain their unique focus on customers in the face of an increasingly competitive financial sector.

"The key to preserving mutuals' relevance in Australia's highly competitive financial system is to leverage off their brand and market differentiation, whilst managing the pressures to compete on price and services," Dr Laker said.

"A coherence of interests between owners and customers, because they are one and the same, is the main distinguishing feature of mutuals."

Dr Laker also highlighted the importance of members of credit unions and mutual building societies being more active.

"Since mutuals are owned by their customers, their Boards and management certainly have the right incentive to act in the interests of their members," Dr Laker said.

"For that incentive to work, however, members need to take a close and active interest in the affairs of the mutual, and be well informed."

Abacus – Australian Mutuals is the newly formed peak body for mutual building societies and credit unions. Abacus has 135 member organisations representing the majority of Australia's credit unions and mutual building societies.

Collectively, mutuals are the biggest players in Australian banking after the big five banks, providing banking services to over 4.5 million Australians.

#### **FURTHER INFORMATION:**

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