

MEDIA RELEASE

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ABACUS BACKS CALLS FOR CRACKDOWN ON PREDATORY LENDERS

Abacus – Australian Mutuals supports action against predatory lenders and brokers who exploit people in financial difficulty.

Today's roundtable hearing of the Parliamentary Inquiry into home lending practices heard evidence from consumer advocates and others that regulation of brokers and non-ADI lenders is urgently needed.

Abacus is the industry body for Australia's 150 credit unions and mutual building societies. Credit unions and building societies, along with banks, are Authorised Deposit-taking Institutions (ADIs) subject to prudential regulation by APRA under the *Banking Act 1959*. All ADIs must operate to the same high standards set by these regulations.

Mutual ADIs operate on the principles of member and community service, financial prudence and social responsibility. This approach is reflected in customer satisfaction ratings measured by Roy Morgan. Credit unions and building societies comprehensively outperform big banks in Roy Morgan's latest survey (June 2007), scoring 88 per cent for customer satisfaction compared to the four major banks' 70 per cent.

There was widespread support at today's roundtable hearing in Parliament House for national regulation of mortgage brokers and unregulated lenders and the need for borrowers to have access to External Dispute Resolution.

"Uniform regulation of brokers has been on the national policy agenda literally for years but it never seems to arrive," said Abacus Senior Adviser, Luke Lawler.

Abacus told the hearing that credit unions and mutual building societies are prudent and responsible lenders who take a sympathetic and positive approach to members experiencing difficulty.

"Responses to aggressive or predatory lending practices should target particular market practices and should not add regulatory costs to responsible lenders," said Mr Lawler.

Ends

Abacus - Australian Mutuals is the industry body for credit unions and mutual building societies. We work with our 150 member institutions to promote the role of mutuals - building societies and credit unions that are owned by, and operated for, the benefit of their members. Our industry offers a different kind of banking: one that puts members first. More than four and a half million Australians are members of credit unions and building societies.

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