



Abacus
Australian Mutuals

Association of Building Societies and Credit Unions

MEDIA RELEASE

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Credit Unions, Building Societies Welcome Moves on Predatory Lending

Credit unions and mutual building societies have welcomed the Federal Government's move to take control of credit regulation, including cracking down on predatory lending.

"This is a long overdue reform, and one which will provide greater certainty for consumers on standards in lending," said Louise Petschler, CEO of Abacus – Australian Mutuals, the industry body for credit unions and mutual building societies.

"As responsible and prudent lenders, credit unions and building societies have long called for better regulation of mortgage brokers and a closer focus on predatory lending."

"We welcome the licensing of non deposit taking lenders and new rules that will set higher standards for these lenders," said Ms Petschler.

Abacus welcomed COAG's decision to enact the Uniform Consumer Credit Code in federal legislation, and called for the Government to work closely with the deposit-taking industry to avoid complex regulatory changes.

"This will ensure proper targeting of fringe and predatory lending practices, without placing additional regulatory burdens on responsible, well regulated mutual ADI lenders.

Ms Petschler welcomed COAG's decision to make ASIC the lead regulator of credit providers, but stressed the need for the strong and responsible lending practices of prudentially regulated banking institutions to be recognised in the new framework.

Credit unions and building societies are strong and stable banking institutions and a safe haven from international market upheaval.

"Credit unions and mutual building societies have no exposure to the toxic loans that have crippled lenders in the USA," said Ms Petschler.

"We have the lowest arrears in the lending market in Australia, and as responsible lenders have a proud record of putting members' interests first. It's imperative that this strong record is recognised in the new rules and that new licensing be targeted at those lenders who do not meet these high standards."

Ms Petschler said Abacus looked forward to working with the State, Territory and Federal Governments to ensure that proposed reforms improve consumer protection and create a level playing field for all credit providers.

Credit unions and mutual building societies are Authorised Deposit-taking Institutions (ADIs) licenced and regulated by the Australian Prudential Regulation Authority (APRA) to the same high standards as banks. Mutual ADIs are also licenced by the Australian Securities and Investments Commission (ASIC) and meet a raft of other regulatory standards.

For more information, contact:

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Abacus is the industry association for Australian credit unions and mutual building societies. There are 137 credit unions and mutual building societies around Australia with more than four and a half million members. For more information see www.abacus.org.au.