

MEDIA RELEASE

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Credit Unions, Building Societies Welcome Deposit Guarantee Legislation

Credit unions and mutual building societies welcome the introduction today of legislation to implement the Government's 100 per cent guarantee of all deposits in credit unions, building societies and banks.

"The Rudd Government's strong and decisive action to ensure confidence in all Australian credit unions, banks and building societies is now set out in detail in this comprehensive legislative package," said Louise Petschler, CEO of *Abacus – Australian Mutuals*.

Introducing the legislation today, Treasurer Wayne Swan again confirmed that Australian "Authorised Deposit-taking Institutions" (ADIs) regulated under the Banking Act – credit unions, building societies and banks – remain sound, well-capitalised, and well regulated with high asset quality.

"Deposits in credit unions and mutual building societies were always safe and secure but the Government's action removes any worry from people's minds. That's good news for the stability of the financial system and the wider economy," Petschler said.

"Credit unions and mutual building societies are trusted with more of Australia's household deposits than any bank other than the Commonwealth Bank.

"Credit unions and mutual building societies will continue to provide important competition and choice in all consumer banking markets.

"In fact, our competitive role is becoming even more important with the demise of non-ADI lenders and the takeovers of regional banks," Petschler said.

The Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008 introduces a three-year, 100 per cent guarantee of deposits in ADIs – covering all Australian credit unions, banks and building societies. The Bill also:

- introduces measures to implement a Financial Claims Scheme to be administered by the Australian Prudential Regulation Authority (APRA); and
- extends and strengthens APRA's powers to deal with distressed or failing financial institutions.

For more information:

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