

## MEDIA RELEASE

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### Switch to Customer-owned Banking

Consumers will be winners from new account switching arrangements applying across the retail banking sector from tomorrow.

“Credit unions and mutual building societies welcome the new arrangements,” said Abacus CEO Louise Petschler.

“We have been calling for reform of this area for many years because it is good for competition and choice, and therefore, good for consumers,” Petschler said. “The new arrangements impose certain obligations on Authorised Deposit-taking Institutions – that is, banks, building societies and credit unions – to make it easier for customers to switch.

“Credit unions and mutual building societies strongly outperform the major banks on customer satisfaction so we are very supportive of action to promote customer mobility.

“We have outstanding customer service, lower and fairer fees, and highly competitive interest rates. Now it will be even easier to make the switch to a credit union or building society.

“The Government’s move to guarantee deposits in credit unions, building societies and banks has decisively restored confidence in all Authorised Deposit-taking Institutions and has therefore guaranteed competition and choice.

“This account switching package will further drive competition and choice.”

Collectively, credit unions and mutual building societies have the second largest share of the Australian household deposits market after the Commonwealth Bank.

According to September 2008 Roy Morgan Research, 87.0% of credit union and 85.5% of building society members reported high satisfaction in September 2008 compared to 70.1% of major bank customers.

The Reserve Bank’s latest Financial Stability Review noted that non-performing loan ratios for credit unions and building societies are below the level of the banking sector and capital ratios for credit unions and building societies are well above the banking sector ratio.

Credit unions, mutual building societies and banks are regulated in exactly the same way and to the same strict, legally-enforceable standards by the Australian Prudential Regulation Authority (APRA) under Commonwealth *Banking Act 1959*.

“More than 4.5 million Australians already choose us because we are member-owned, strong, safe and secure. Now there’s no better time for Australians to make the switch to the mutual banking difference”, Petschler said.

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