



MEDIA RELEASE

Embargo 0100am Monday 3 November 2008

"Member-owned" Banking Puts Out the Welcome Mat

Customers unhappy with the big banks are being urged to take advantage of new Government rules to help them move banking institutions and experience a real competitive alternative: member-owned banking.

Credit unions and mutual building societies match the major banks on safety and security, but are streets ahead on customer satisfaction¹, claims *Abacus*, the industry association for the "mutual" banking sector in Australia.

"We strongly and consistently outperform the big banks in independent customer satisfaction because our customers are our owners and we are working for them," said Louise Petschler, CEO of *Abacus – Australian Mutuals*.

"Credit unions and building societies offer excellent personal service, fairer fees and highly competitive interest rates," said Ms Petschler.

"But we also have something the banks can't match, and that's the fact that as our customer, you are also our owner, so your interests will always come first."

Over four and a half million Australians already bank with a credit union or mutual building society. On 1 November, new rules to make it easier to switch banking accounts commenced, with banks, building societies and credit unions required to help consumers move with assistance with direct debit transfers, liaison with billers and support material.

"We are well positioned to grow because we have proven ourselves to be a true "safe haven" in these difficult markets," said Ms Petschler. "Not only are we highly regulated, responsible and competitive, we're genuinely friendly and care about our members needs."

Credit unions, building societies and banks are Authorised Deposit-taking Institutions. Credit unions, building societies and banks all meet exactly the same way strict, legally-enforceable standards set by the Australian Prudential Regulation Authority (APRA) under the Commonwealth *Banking Act 1959*. All ADIs – credit unions, banks and building societies – are also covered by the Federal Government's retail deposit guarantee.

"Collectively, credit unions and mutual building societies have a bigger share of the Australian household deposits market than any bank other than the CBA," said Ms Petschler.

"With no exposure to sub-prime lending, the highest ratio of deposit funding in the market and a mutual rather than listed structure, credit unions and mutual building societies continue to deliver for members. With new 'account switching rules' in place, we believe even more Australians will look to our safe and competitive sector for a real alternative."

"We are the most responsible lenders in the market² and we have a long track-record of prudently managing our members' money," said Ms Petschler.

To learn more about credit unions and mutual building societies, visit www.abacus.org.au.

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¹ According September 2008 to 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.

² The Reserve Bank's September 2008 *Financial Stability Review* said 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 already high and stable capital ratios for major banks.