



Abacus
Australian Mutuals

Association of Building Societies and Credit Unions

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Wake up call on competition in banking

Research out today revealing that three in four Australians believe the big four banks have too much market power should trigger action to promote a more competitive banking market.

The Australia Institute research paper *Money and power* says one in five people, or three million Australians, believe that a bank with bigger profits is safer and that younger people are much more likely to believe that a bank with big profits is safer.

"These consumer perceptions must be fixed because they are handicapping the capacity of the mutual banking sector – credit unions and building societies – to take on the big banks," said Louise Petschler, CEO of *Abacus – Australian Mutuals*.

"Credit unions and building societies already hold 9 per cent of the new home loan market and 11.5 per cent of household deposits so our sector is well-positioned as the competitive alternative to the big banks – however, we don't have big banks' \$1 billion annual advertising and marketing budget.

"In a home loan market where there is continuing speculation that the big banks are planning to increase home loan rates soon after the election, credit unions and building societies offer consistently better home loan rates than the big banks," said Ms Petschler.

Abacus believes the next Federal Government should take the steps to promote a more competitive banking market including changing the regulatory framework to build better understanding of the regulatory system amongst consumers and retaining the Financial Claims Scheme that guarantees deposits up to \$1 million beyond October 2011.

"These measures will attack the entrenched misconceptions by consumers that benefit big banks and handicap smaller banking institutions," Petschler said. "Informed consumers are empowered consumers."

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