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Credit unions and building societies emerge from GFC with 30% growth in new home loans

Today nearly one in ten homeowners are using a credit union or building society for their home loan according to new ABS figures released by Abacus.

The demise of unregulated lenders in the wake of the global financial crisis has driven a 30% increase in the take up of new home loans provided by credit unions and building societies over the last 12 months.

Abacus, the peak body for credit unions and building societies, will today launch a national TV advertising campaign highlighting research which shows homeowners with a mortgage from a credit union or building society are \$35,000 better off over the life of the loan.

While the some lenders got hit by the global financial crisis, credit unions and building societies were able to maintain a stable platform because of their secure member base of 4.5 million Australians.

Now as the housing market booms again, new statistics show that credit union and building society market share of the number of new owner occupied home loan commitments has risen to 8.6% in March 2010 from 6.4% a year ago.

Abacus CEO Louise Petschler said the resilience of credit unions and building societies is one of the good news stories of the global financial crisis.

“While a lot of attention during the GFC was on government efforts around the world to stabilise large banks, credit unions and building societies remained strong because they had a secure member base and their structure is such that they lend from their retail deposits rather than accessing toxic overseas wholesale markets.”

Now credit unions are launching a \$2.5 million advertising campaign that takes the major banks head on and highlights the advantages of credit unions and building societies, like their lower interest rates.

The advertisements are based around independent research from InfoChoice showing that on average homeowners who take a mortgage out with a credit union or building society are \$35,000 better off over the life of the loan.

Abacus CEO Louise Petschler said the fee analysis shows that credit unions and building societies should be a serious option for all home buyers.

“Home buyers unhappy with the major banks have a competitive alternative in credit unions and building societies. They’ve been helping Australians own their own homes for over 100 years and are growing from strength to strength,” said Louise Petschler.

The new TV advertising campaign is airing nationally from 16 May 2010 supported by a website for people to locate their nearest credit union or building society, www.comesbacktoyou.com.au.

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