

‘CO-OP’ BANKS WELCOME FRASER’S REMARKS ON LEVY – CALL ON CONSUMERS TO CONSIDER THEIR OPTIONS

Tuesday 30 May 2017

The Business Council of Co-operatives and Mutuals today welcomed Treasury Secretary John Fraser’s assessment that banks would not be forced to raise mortgage rates in order to pass on the ‘trivial’ impact of the federal Government’s levy.

“His statements contradict the banks’ position, that they would be forced to pass on the levy to consumers in the form of higher fees, charges and mortgage rates,” said BCCM chief executive Melina Morrison.

“Our position is and always will be on the side of the customer. It’s good news if they don’t raise rates – but if they do, we urge people to shop around for a better deal.”

“The impacts of government-enabled subsidisation are not trivial for our sector, though.”

“The implicit guarantee is a hobble on small banks, customer owned banks and credit unions who are cast as least reliable players.”

She said people should visit the BCCM website www.switchitup.com.au where they will find more information about their options, as well as assistance in making the switch.

“Naturally we would urge people to look at the credit unions and mutual banks, which consistently top consumer satisfaction scores and have their members’ best interests at heart. But the broader point is, that consumers need not be held hostage by the big banks.”

And in the latest salvo against the big banks and in defense of their customers, Ms Morrison also revealed she had written to federal politicians, calling on them to pass the bank levy into law as soon as possible.

“The five biggest Australian banks have benefited from the implied government guarantee on depositors savings to the tune of around \$4 billion, which, as the Customer Owned Banking Association points out, allows the big banks to gain an unfair market advantage and further entrench their dominant market position,” Ms Morrison wrote.

“The concomitant effect of this government-enabled subsidy is the increased concentration of ownership of banking services leading to decreased consumer choice.”

Ms Morrison also rejected calls by the banks to apply the levy to foreign-owned banks.

“This is simply the banks successfully deploying their considerable resources to deliberately muddy the waters.

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“This is a bogus argument and it’s disappointing to see it picked up. Foreign banks are not the ones benefitting from the Australian government guarantee – a guarantee that falls on the shoulders of Australian taxpayers,” she said.

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The Business Council of Co-operatives and Mutuals (BCCM) is the national peak body representing Australian member-owned businesses. Formed in 2013, the BCCM is led by the chief executives of Australia’s co-operative and mutual businesses in all sectors including agriculture, financial services, health insurance, retail, housing, motoring services and human services. The BCCM works to promote the role of member-owned enterprises in the national economy. With over 2000 co-operative and mutual organisations operating nationally representing a total of 29 million memberships, the BCCM highlights the contribution co-operatives and mutuals make to economic and social development in Australia. www.bccm.coop