

MEDIA RELEASE

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Report underlines need for co-operative approach

- **Senate Inquiry report endorses customer-owned model**
- **COBA welcomes recommendations on capital & Regulation Impact Statements**

Today's Senate Inquiry report into co-operatives, mutuals and member owned firms is a strong endorsement of a business model that puts customers first.

The Senate Economics References Committee report delivers a blueprint for policymakers to embrace a business model where customer interests are not in conflict with shareholder interests.

COBA particularly welcomes the report's recommendations on regulatory capital for customer-owned banking institutions and for the customer-owned model to be explicitly considered in Regulatory Impact Statements on new policies.

"This report acknowledges that the customer-owned model has not had a fair go in regulatory frameworks that are set up to deal with listed companies," COBA CEO Mark Degotardi said.

"The report recognises that more needs to be done to accommodate the alternative model that we bring to the market - businesses that are owned by their customers, by their employees and by enterprises and community groups.

"The report provides a valuable snapshot of our diverse sector, identifies barriers to growth, innovation and competition, and focuses on the key issue of access to capital.

"We want to be able to compete with listed businesses on a level playing field.

"The Senate Committee has heard the message from our sector that 'cultural change is required in the financial trading and regulatory sectors to take full advantage of the co-operative model'.

"The Committee is recommending a list of measures to raise the profile of our sector and to increase awareness by policymakers and other stakeholders about the need to accommodate our model.

"A healthy, vigorous retail banking market needs strong customer-owned banking institutions. Diversity of business models is good for stability and competition."

The customer-owned banking sector has 4 million customers and \$97 billion in total assets.

COBA acknowledges the important role of the Business Council of Co-operatives and Mutuals in raising awareness about the co-operative model, including the need for this Senate inquiry.

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**Customer Owned Banking Association is the industry body for credit unions,
building societies, mutual banks and friendly societies. See
www.customerownedbanking.asn.au**