

KPMG: Mutuals continue to outperform and offer better value than traditional banks despite regulatory constraints

18 November 2016: A KPMG report has reinforced the fact that the customer owned banking model is thriving and is expected to continue growing next year despite regulatory constraints, revealing the strength of the co-operative and mutual sector.

The KPMG Australia's annual *Mutual Industry Review* found strong asset growth of 7.8%, compared to 5% for the overall banking industry.

KPMG said this strong performance by the customer owned banking sector was built on effective:

- business strategies including growth in lending portfolios
- credit risk management practices and
- leveraging digital reach and third-party distribution channels.

The report said the benefits from increased technology spend on new mobile platforms and servicing capabilities was critical to the sector's performance, reducing the need for costly back office support, origination and servicing processes which give an advantage to the smaller, nimble organisations. ...

BCCM CEO Melina Morrison said the report is consistent with overall performance of co-operative and mutual enterprises (CMEs) in 2016, with the recently released *National Mutual Economy Report* showing growth of 4% per annum and 18% since 2011 across the sector.

"KPMG's report confirms the sector's strong value proposition for consumers and our economy - despite ongoing regulatory constraints which have created a very unlevel playing field," Ms Morrison said.

"We welcome KPMG's support for implementation of regulatory and legislative reform to promote competition in the banking sector, such as the recommendations of the Senate Inquiry into Mutuals."

BCCM CEO Melina Morrison said the sector overwhelmingly supported these reforms for a more diverse and inclusive economy.

"The sector and the economy would benefit if regulations and legislation were reformed to give better access to capital for credit unions, mutual banks and building societies, which would increase competition within the banking sector and give consumers more choice and value.

MEDIA RELEASE

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“Consumers need to understand there are alternatives to the traditional banking sector which put people and community before profit.

“This is why in October, we launched a playful social media campaign “#switchnotbitch” to educate and prod consumers to shop around for alternative trustworthy banking choices.

“What we often don’t hear is the idea that Australians can and should take matters into their own hands and switch to an ethical provider that reinvests profits into its members and community,” Ms Morrison said.

Ms Morrison said regulatory and legislative reforms, such as those proposed last week by the Australian Labor Party, were needed to promote competition in the banking sector, as well as help to better define mutual enterprises and director’s duties in the Corporations Act.

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About the BCCM

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, motoring services and human services. The BCCM works to promote the role of member-owned enterprises in the national economy. With an estimated 2000 co-operative and mutual businesses operating nationally representing a total of 14.8 million memberships, the BCCM highlights the contribution co-operatives and mutuals make to the economy and social development in Australia.

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