



Media Release  
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## **KPMG REPORT: CREDIT UNIONS AND BUILDING SOCIETIES "DELIVER SOLID FINANCIAL RESULTS" AND "STRENGTHENED BALANCE SHEETS"**

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One of Australia's largest accounting firms, KPMG, has today confirmed the financial strength and performance of the credit union and building society sector.

In an independent analysis, KPMG has found that credit unions and mutual building societies have "continued to deliver solid financial results...and strengthened balance sheets in the 2009 financial year to date."<sup>1</sup>

"The KPMG report confirms that credit unions and building societies have exceptionally strong balance sheets. Deposits, assets, capital and liquidity have all grown in 2009 and our impaired asset levels have remained at historically low levels," said Mark Degotardi, Head of Public Affairs at Abacus<sup>2</sup>.

The KPMG report shows that credit unions and building societies remain a preferred place for Australians to place their deposit funds with deposit growth for the year of around 9-10%. The report also shows solid loan growth for the year to date.

Whilst the fundamentals are strong for the mutual ADI sector, the report has also found that the differential pricing of the government guarantee "has clearly placed the building societies, credit unions and regionals at a competitive disadvantage to the majors."

"We have argued for some time that the higher pricing of the guarantee for smaller institutions is giving the majors a competitive leg-up that they neither need or deserve," said Mr Degotardi.

"The guarantee has successfully brought stability to Australia's banking system. It's now time for the Government to consider some amendments to the scheme pricing to create a more even competitive playing field for smaller institutions.

"Credit unions and building societies are protecting Australian consumers by creating competition in the marketplace – competition that means a better deal for all Australian consumers," said Mr Degotardi.

The KPMG report noted moderate reductions in profit for mutual ADIs of less than 30% for credit unions and less than 10% for building societies. Regional banks, by comparison, have experienced falls in profit of 68%, according to KPMG.

"Our primary function is to serve our members. In difficult economic circumstances, credit unions and building societies look to ease the burden on those members by keeping our deposit rates high, and our loan rates and fees as low as possible.

"Unlike the big banks, profits are not the sole benchmark on which we measure our performance," said Mr Degotardi.

**ENDS**

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<sup>1</sup> KPMG, "Regional banks, credit unions and building societies 2009 – UPDATE", 2 July 2009

<sup>2</sup> Abacus – Australian Mutuals is the industry body for the mutual banking sector, representing 155 credit unions, mutual building societies and friendly societies.