



MEDIA RELEASE

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Banks Finally Meet Credit Union & Building Society Standards on Hardship Assistance

Abacus, the industry body for Australian credit unions and mutual building societies, has responded to today's news that Australia's four big banks have agreed to review approaches to financial hardship cases amongst their customers.

"Credit unions and mutual building societies have a strong track record in this area," said Louise Petschler, CEO of Abacus - Australian Mutuals.

"As mutuals, we always put our members' interests first. It's good to see big banks being encouraged to take a similar approach by the Government."

Credit unions and building societies work with members with financial difficulties with a range of support measures like those noted in the Government's announcement today. Just as importantly, credit unions and building societies make sure that they lend responsibly in the first place. The most recent Reserve Bank Financial Stability Review highlighted this fact, with credit unions and building societies demonstrating the best credit quality standards in the market.

"We want our members to grow their financial independence - we don't put them into loans that over-stretch them," said Ms Petschler.

"And when tough times arrive, credit unions and mutual building societies will work with members to help them get back on their feet wherever we can."

Credit unions and mutual building societies are implementing steps over and above their legal commitments through a new Mutual Banking Code of Practice. From 1 July 2009, credit unions and mutual building societies will make a positive commitment to their members that are facing financial hardship, commitments developed in consultation with consumer groups, regulators and other industry stakeholders.

Credit union and building society members that find themselves in financial difficulties are encouraged to contact their financial institution as soon as possible.

"The key message from today's news is that consumers can work with their lender on options if they find themselves in difficult financial circumstances.

"If they are a member of a credit union or building society, they would already know this," said Ms Petschler. "But I'm sure it will be good change for customers of other institutions."

Abacus will be discussing the overall approach to hardship by lenders with the government over the next few days.

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