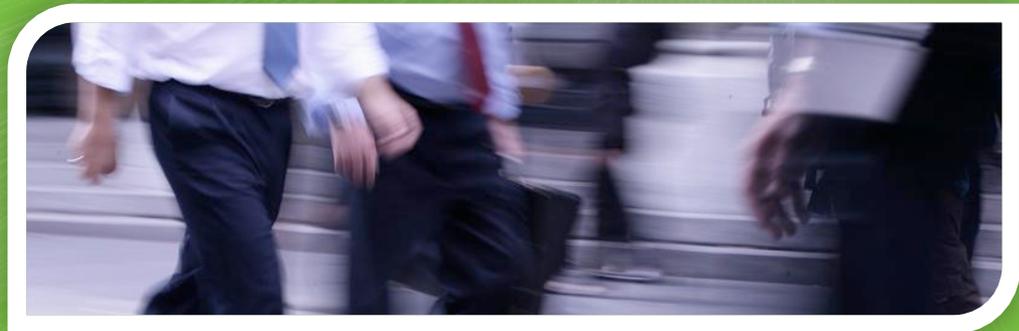


SUPPORT FOR AN INQUIRY INTO BANKING

Australians sentiment to Major Banks in Australia



Prepared by D & M

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Fuel for Brilliant DECISIONS



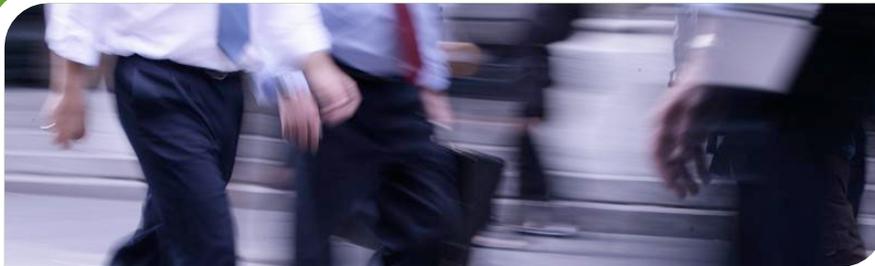
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Executive Summary – Main Findings



Executive Summary – Main Findings

NEW SURVEY SHOWS TWO THIRDS OF AUSTRALIANS SUPPORT AN INQUIRY INTO THE BANKING SYSTEM

That's just one of the results from a recent national survey of 1,000 Australian adults conducted online in late December 2012 by independent company, D&M Research, Sydney.

The other nine findings from the D&M top ten were:

1. 50% believe that the dominant share of **home loans** by the big four banks (which is estimated in excess of 75%) was a bad thing for the country
2. 54% felt that banks did not treat their customers fairly on **home loan rates**
3. Almost 80% believe that the big banks make **excessive profits**
4. 65% agree that there is not enough **competition** in the Australian banking system
5. 71% agree that due to current industry regulations, the big four banks have an **unfair advantage** in the Australian mortgage market



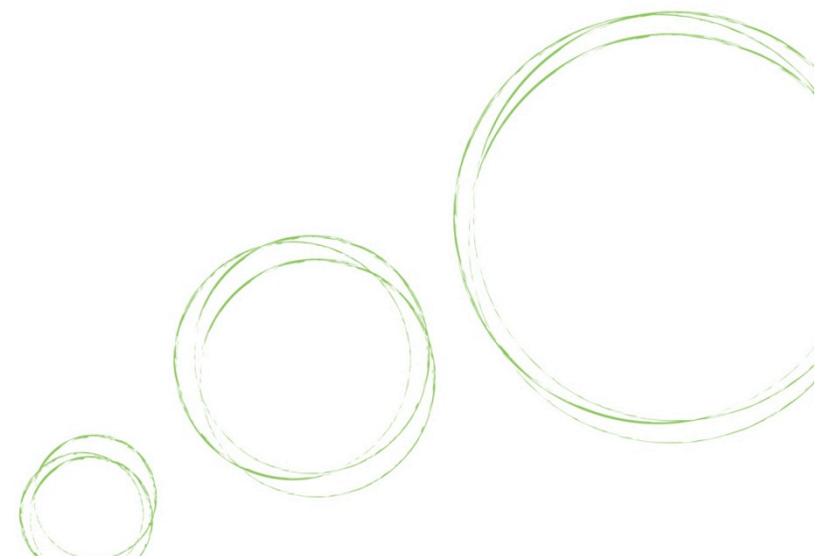
Executive Summary – Main Findings

6. 66% believe that it was unfair that credit unions, building societies & mutual banks have to pay more to the government to **guarantee their deposits**

7. Up to 50% of Australians are unaware of the **big banks' ownership** of smaller 'competitors'. This figure dramatically increased to over 80% being unaware that the big four owned certain home loan lenders

8. 52% believe that the big banks' ownership of smaller and regional banks is **not good for Australia**. They cited that this gave "too much power and control over the market...and was too much of a monopoly"

9. 75% agree that credit unions, building societies and mutual banks are an **important part** of the Australian market



Main Findings in Detail

Main Findings in Detail – Support of an Inquiry

TWO OUT OF EVERY THREE AUSTRALIANS SUPPORT AN INQUIRY INTO THE BANKING SYSTEM

1,000 Australian adults were recently polled to seek their viewpoints on a range of banking issues.

The main finding reveals that a majority of 67% support an inquiry into banking in Australia, including 4 in 10 Australians who 'strongly agreed'.

Very few Australians (8%) felt there was no need for an inquiry, while the remaining 25% were ambivalent.



Main Findings in Detail – Competition in Banking

AUSTRALIANS WANT MORE COMPETITION IN THE AUSTRALIAN MORTGAGE MARKET

On average Australians thought that the Big 4 Banks controlled 70% of all home loans, which is still shy of the actual amount they control in reality.

Australians were asked how they felt about this on a scale of 0 to 10 where 0=A very bad thing and 10=A very good thing. Overall, 1 in 2 (50%) thought it was a 'bad thing' to have that amount of control.

When asked why, the responses were most likely to cite: 'not enough competition / too much of a monopoly' (45%); and 'too much power and control over market and price fixing' (36%).

Main Findings in Detail – Competition in Banking

AUSTRALIANS WANT MORE COMPETITION IN THE AUSTRALIAN MORTGAGE MARKET (continued)

On the level of control there was majority agreement (67%) that there is not enough competition in Australia (including almost 4 in 10 who 'strongly agreed'); And a strong recognition therefore of the importance of the Mutual sector in the market. Three in 4 Australians agreed that Mutuals are an important part of the Australian Mortgage Market (including 4 in 10 who 'strongly agreed').

In recognition of the dominance of the Big 4 Banks, Australians were also overwhelmingly aware that they made too much profit (79%).

Australians also felt that banks did not treat their customers fairly on home loan rates with 54% echoing this sentiment.

Main Findings in Detail – Bank Ownership

AUSTRALIANS JUST AREN'T AWARE OF THE TRUE OWNERSHIP OF SMALLER BANKS AND LENDERS

The study showed that Australians in general have little idea of the major bank ownership of smaller and regional banks and lenders, with a majority not aware of the Big 4 Bank's ownership of the 7 out of 8 banks and lenders tested in the survey. In fact, almost 50% did not have a clear understanding of smaller bank ownership.

Respondents were given the names of 8 banks and home lenders (Aussie Home Loans, Bank of Melbourne, Bank of Queensland*, Bank SA, Bankwest, Rams, St George and Ubank) and asked to nominate who they thought owned them from a preselected list (one of the Big 4 Banks, independent shareholders, customers, other, unsure).

St George had the highest level of Big 4 Bank ownership knowledge at 53% with almost 1 in 2 (47%) either unsure or incorrect about its ownership. From here on knowledge levels fell quite sharply with: just 37% aware of Bank of Melbourne's Big 4 (Westpac) ownership; 36% for Bankwest; 28% for Bank SA; 21% for Ubank and Bank of Queensland*; 14% for Rams and only 12% for Aussie.

*Note: A group of 8 institutions were presented as being owned by one of the big 4 banks, when in fact Bank of Queensland is not. Post-analysis of those respondents who were aware or unaware of the ownership of Bank of Queensland demonstrated no meaningful impact on the findings.



Main Findings in Detail – Bank Ownership

AUSTRALIANS JUST AREN'T AWARE OF THE TRUE OWNERSHIP OF SMALLER BANKS AND LENDERS (continued)

Respondents were then told that all these banks and lenders were actually owned by one of the Big 4 Banks* and together they controlled almost 80% of residents' assets, lending and home loans. Respondents were then asked whether they thought this was a 'good' or 'bad thing' for the country, again on a scale of 0 to 10, where 0=a very bad thing and 10= a very good thing.

Overall, over 1 in 2 (52%) of Australians believed that this concentration of ownership was a 'bad thing' for the country. When asked why, those thinking it was a bad thing were again most likely to cite: 'too much power and control over market and price fixing' and, 'not enough competition/too much of a monopoly'.

*Note: A group of 8 institutions were presented as being owned by one of the big 4 banks, when in fact Bank of Queensland is not. Post-analysis of those respondents who were aware or unaware of the ownership of Bank of Queensland demonstrated no meaningful impact on the findings.



Main Findings in Detail – Unfair Advantage

AUSTRALIANS THINK THAT THE MAJOR BANKS HAVE AN UNFAIR ADVANTAGE

Despite negative sentiment to the Big four Banks, particularly around profit and rates, Australians generally do acknowledge that the banks dominance makes them 'too big to fail' with almost 1 in 2 (49%) agreeing to this proposition and less than 1 in 4 (23%) disagreeing.

They also overwhelmingly agree (73%) that it's a 'good thing' that the Government guarantees bank deposits (including nearly 1 in 2 (45%) who strongly agree). However, again a large majority (70%) agreeing that the Big 4 have an unfair advantage in the Australian mortgage market.

On the subject of unfairness, Australians generally believe (66%) that smaller banks and lenders should not have to pay more to guarantee their deposits.

More about the Survey & D&M Research

MORE ABOUT THE SURVEY

The survey was conducted online between the 14th and the 19th of December 2012. Respondents were recruited via the Research Now online permission based panel of over 100,000 members. Quotas on age, gender and area were used to ensure that the data was more representative and the final data set was weighted to ABS 2011 Census Data. The survey was deployed using device agnostic software to ensure that respondents could complete the survey easily on both tablets and smartphones in addition to PCs.

MORE ABOUT D&M RESEARCH

D&M Research is a full service market research agency based in Sydney and established in 1994. D&M is a member of the peak industry bodies AMSRS (Australian Market & Social Research Society) and AMSRO (Australian Market & Social Research Organisations) and is such bound by their professional code of conduct and privacy principles. In addition D&M research is accredited with the Australian Standard for Market & Social Research ISO 20252.





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