



Australian 'big four' bank CEO

5 December 2011

Dear Chief Executive Officer,

I am writing to you to seek your help in creating a more competitive, consumer-friendly banking sector.

It is one year since CHOICE launched our Better Banking Campaign to ensure the voice of consumers was heard loud and clear in the debate around banking reform. At the time, we noted research showing that despite widespread dissatisfaction, almost 80% of bank customers had not considered switching to other financial institutions because of the effort involved and the fear that it would make little difference.ⁱ

In the weeks and months that followed we listened to banking consumers around Australia, and shaped their priorities, concerns and insights into 14 recommendations which we brought together in CHOICE's *Better Banking Report*, launched on 2 March this year.ⁱⁱ

Today I am writing to each of Australia's four major banks to ask that you respond positively to the challenge of creating a better banking sector for Australian consumers. As I said at the time we launched our Better Banking recommendations, consumers have shown they are ready for change, government has started to play its part, and some banks seem ready to change too.

In the months since, we have welcomed significant wins for Australian consumers, for example the ban on mortgage exit fees, improved credit disclosure requirements and a one-step switching process that we hope will go some way towards our goal of full bank account portability. However, despite some progress, it is clear we remain a long way from enjoying a genuinely competitive and consumer-friendly banking sector.

CHOICE has completed our most recent banking satisfaction survey, and the results are both striking and depressing. This year we included a Net Promoter Score and found that our members who completed the survey were very unwilling to promote their bank to their family and friends. Results for the four major banks ranged from -34 to -51. Tellingly, the Net Promoter Score for Credit Unions was +29 with brand 'promoters' far outnumbering 'detractors'. As an indicator of customer satisfaction, this tells a powerful story of unmet expectation.

It gives CHOICE no great satisfaction to relay these results. As I said in launching our Better Banking recommendations, there is a growing recognition that what is good for consumers is also good for better banks. The ultimate aim of our Better Banking Campaign is to ensure we don't have to run another one; to bring an end to the era of 'bank bashing' and transform the one-sided, anti-consumer culture of banking that angers so many Australians.

Unlocking the power of consumers

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Today I invite your bank to share this objective, and take immediate and practical steps to improve banking for Australian consumers, based on the 14 recommendations put forward in CHOICE's Better Banking report. In particular, I want to highlight the following five opportunities:

- Providing affordable access to payment systems, including removing ATM fees for on-screen balance inquiries and improving disclosure on ATMs;
- Providing standardised Key Fact Sheets across all of your home loan products, not just those mandated by legislation;
- Improving consumer confidence in the banking sector by linking executive remuneration to good customer service, not sales targets - and more to the point, ensuring this link is enforced in practice;
- As you make investments in your IT systems, include functionality to support portable account numbers - or at the very least, remove technology-based obstacles; and
- Supporting the establishment of a super-complaints mechanism, a systemic issues register and a specialist consumer representative organisation on financial services, thereby demonstrating your commitment to genuine consumer empowerment.

Taken together, and accompanied by a redoubled reform agenda from Government, I believe that these actions could do much to shift the landscape of Australian banking towards one that puts genuine competition and a customer focus at its centre.

CHOICE would be very happy to discuss these priorities with your bank in greater detail, and we stand ready to sign-post consumers towards those institutions that are willing to take up the challenge and create a better banking sector. We look forward to sharing your response and your efforts with our members and Australian consumers more broadly.

Yours sincerely,



Nick Stace
CEO
CHOICE

ⁱ See www.choice.com.au/media-and-news/media-releases/2010%20media%20release/choice%20launches%20better%20banking%20campaign.aspx

ⁱⁱ See www.choice.com.au/bankingreport

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