

NEWS RELEASE

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Regional Banks welcome Financial System Inquiry Report and call for action on implementation

Four of Australia's leading Regional Banks have today welcomed the Final Report of the Financial System Inquiry, which acknowledges the need to level the playing field in banking. The regional banks have called for key recommendations to be expedited for the benefit of Australian consumers.

The four regional banks - Suncorp Bank, ME Bank, BOQ and Bendigo and Adelaide Bank - made a number of recommendations to the Inquiry aimed at delivering improved long-term competitive outcomes for consumers.

Regional Banks particularly welcome the recommendation to reduce the gap in risk-weighting of mortgages, strong capital for systemically important banks, and the recommendation for mortgage brokers to disclose ownership structures.

Developments since the Wallis Inquiry and Global Financial Crisis have re-shaped much of the competitive and regulatory environment resulting in market distortions which provide significant advantage to Australia's largest banks.

The Regional Banks called for competitive neutrality to level the playing field for the benefit of consumers and this is reflected in the Report recommendations.

The Regionals are encouraged by the recommendations and will take some time to fully analyse the detail of the Report and its implications.

Regional Bank CEO responses to the report

Suncorp Bank CEO John Nesbitt said: "It is encouraging to see that Mr Murray and the Inquiry committee have acknowledged the need for action on competitive neutrality. The changes proposed on risk-weighted capital applied to major banks would narrow the gap. The Report recommends a 25% to 30% average mortgage risk weight be applied for those banks with advanced accreditation."

ME Bank CEO Jamie McPhee said: "Regional Banks provide a strong competitive pressure in the market and a compelling alternative. Levelling the playing field - by removing funding and capital anomalies - will further improve competitive tension to the benefit of consumers."

BOQ Acting CEO Jon Sutton said: "It is pleasing the Inquiry has acknowledged the competitive gap enjoyed by the majors needs to be closed and would like to see action taken quickly to address this issue, before the dominance of the Big Four is further entrenched. If that happens, Australian consumers will ultimately be the losers."

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Bendigo and Adelaide Bank CEO Mike Hirst said: “The regional banking sector is a critical part of Australia’s banking system. The sector offers high levels of customer satisfaction and service particularly in regional and rural Australia.”

Domestic and global regulation is currently constraining competition, meaning changes are needed to ensure non-major banks can continue to deliver competitive tension across all segments and geographies including small business and agribusiness.

The regional banks look forward to working with the Treasurer and Government to further explore the recommendations and implement solutions that provide genuine long-term benefits to the Australian economy and consumers.

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Submissions and supporting documents

Joint regional submission: www.pegasus-economics.com.au

Bendigo and Adelaide Bank documents: www.bendigoadelaide.com.au

BOQ documents: www.boq.com.au

ME Bank documents: [ME Bank letter to the FSI](#)

Suncorp documents: www.suncorpgroup.com.au