

## NEWS RELEASE

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### Regional Banks – initial response to FSI Interim Report

Four of Australia's leading regional banks have today made a joint statement responding to the release of the Financial System Inquiry (FSI) Interim Report.

The Regional Banks congratulate the FSI Panel on identifying key issues in Australia's banking system and putting forward options for potentially addressing those issues. Of most concern to the Regional Banks are the regulatory factors that need to change to create a fairer playing field, particularly the capital treatment of housing loans and the too-big-to-fail funding cost advantage of the major banks.

Bendigo and Adelaide Bank CEO Mike Hirst said: "The FSI Panel has delivered a considered document that on first glance appears to strike the right balance between identifying the positive aspects of our financial system with the areas that need attention. It warns against complacency, and I think that is critical going forward. There is now an opportunity to really focus in on the problems and get some positive outcomes for customers and the Australian economy generally."

ME Bank CEO Jamie McPhee said: "ME Bank is looking to the FSI inquiry to put forward some concrete proposals to level the playing field. The Report has stopped short of making recommendations, but has raised appropriate policy options. Our view is that the Interim Report is a positive step toward levelling the playing field, which is consistent with ME Bank's growth objectives."

Suncorp Bank CEO John Nesbitt said: "Our focus has, all along, been on ensuring an efficient and competitively neutral set of regulations. The FSI Panel has stated clearly that the capital regime as it applies to housing loans is not competitively neutral. This provides the sort of impetus needed to help motivate regulatory change."

BOQ CEO Stuart Grimshaw: "The FSI Panel has put the too-big-to-fail issue on the table for further discussion. While a critical issue to resolve, it is difficult to find a solution that both reduces the funding cost gap and yet minimises unintended consequences. The Panel has also raised the important issue of increasing ownership of mortgage brokers by large banks. Ensuring consumers are offered complete transparency is a key issue and we look forward to engaging further on that matter. "

ENDS

Bendigo and Adelaide Bank: [www.bendigoadelaide.com.au](http://www.bendigoadelaide.com.au)

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