



FINANCIAL SERVICES

# Building Societies and Credit Unions: 2009

Financial Institutions  
Performance Survey

BANKING

FINANCIAL SERVICES

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Financial Institutions Performance Survey

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## Introduction

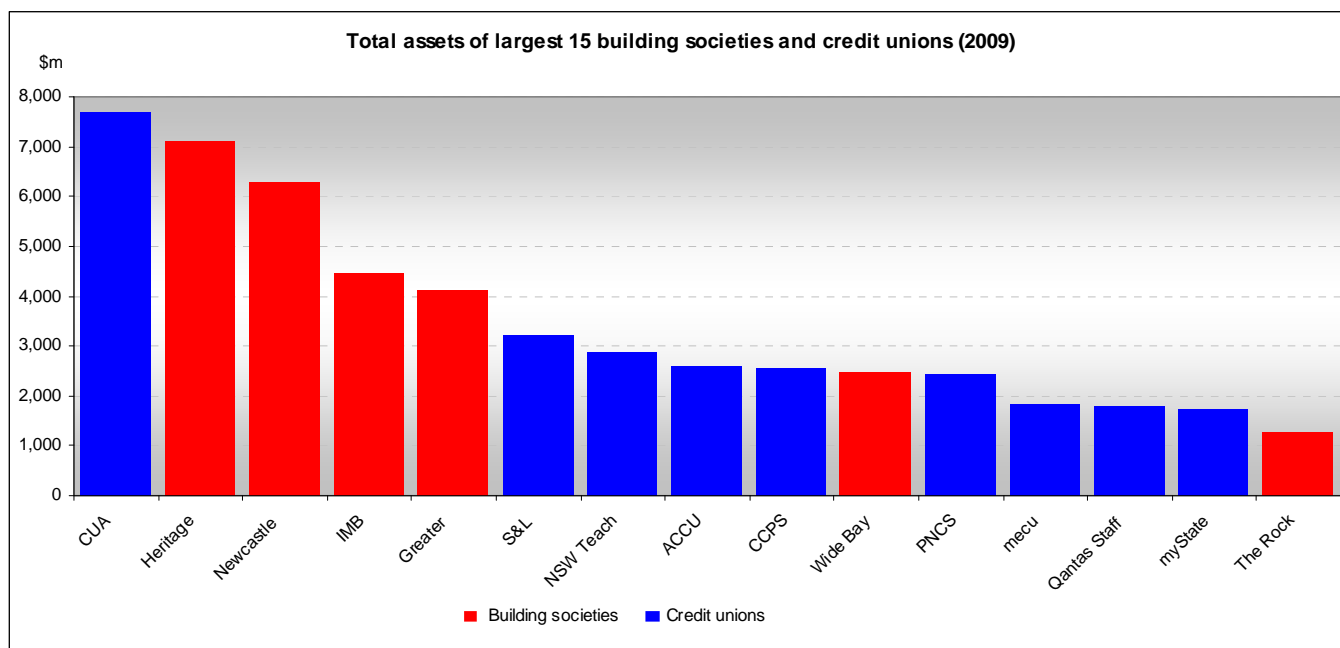
Australia's credit unions and building societies<sup>1</sup> weathered the financial storm to remain profitable and grow their balance sheets in the twelve months to 30 June 2009. Notably, and in contrast to the experience of their larger bank competitors, they have succeeded in keeping bad debt costs relatively low in 2009. The results reflect the strength of their underlying businesses and their limited direct exposure to troubled corporates and global markets.

Underlying profits<sup>2</sup> increased by 10.1 percent for building societies and decreased by 17.0 percent for credit unions. The decrease in credit union profits primarily reflects a decline in net interest income due to interest rate volatility and intensifying competition for deposits.

The most striking aspect of the result is in the indicators of credit quality, with bad debt expense at 0.03 percent and 0.10 percent of average receivables for building societies and credit unions respectively. This compares favourably to the major banks at 0.45 percent of average receivables.

Capital, a focus point for the finance sector since the start of the financial crisis, remained at robust levels. The average capital adequacy ratio for building societies remained steady at 14.1 percent and credit unions average capital adequacy ratio stood at a high 17.1 percent, down slightly from 17.2 percent in 2008.

Credit Union Australia Limited (CUA) remains the largest building society or credit union but merger activity is seeing a number of other mutuals closing the gap between themselves and CUA. Sixteen credit union mergers took place during 2009, which resulted in a 12 percent reduction in the number of credit unions. Further, a significant merger between the second and fourth largest credit unions (South Australia's Savings and Loans and Australian Central, respectively) is proposed, which would leapfrog them to the fourth largest mutual, behind only CUA, Heritage and Newcastle Permanent.



<sup>1</sup> Unless otherwise stated, "building societies" refers to the 10 building societies surveyed and "credit unions" refers to the 62 credit unions surveyed. Further information on the scope of the survey is provided in Appendix 1.

<sup>2</sup> Underlying profit excludes merger gains, significant unrealised mark markets to movements in derivatives and other significant one off items.

## Consolidation

Merger activities amongst credit unions and building societies accelerated since 30 June 2008, with the number of building societies reducing by one to eleven and the number of credit unions decreasing by 16 to 117 at June 2009<sup>3</sup>.

In addition to consolidation within the mutual sector, transactions involving other sectors included myState Financial's acquisition of Tasmanian Perpetual Trustees Limited (a listed financial products and trustee services provider).

Some of the reasons and benefits cited by those organisations involved in recent and proposed mergers are summarised below:

“The merged organisation will have a stronger balance sheet, better protection from future market uncertainty and a sound platform for future growth” (*Mr Robert Ryan, IMB Chief Executive, IMB website*)

“A stronger mutual presence would give members more choice, more value and a broader range of products and services, as competition in the financial services sector continued to intensify” (*Mr Michael Cole, IMB Chairman, IMB website*)

“Improved distribution via greater branch access and a broader product range” (*Satisfac Direct Credit Union Limited and Powerstate Credit Union Ltd merger, Powerstate website*)

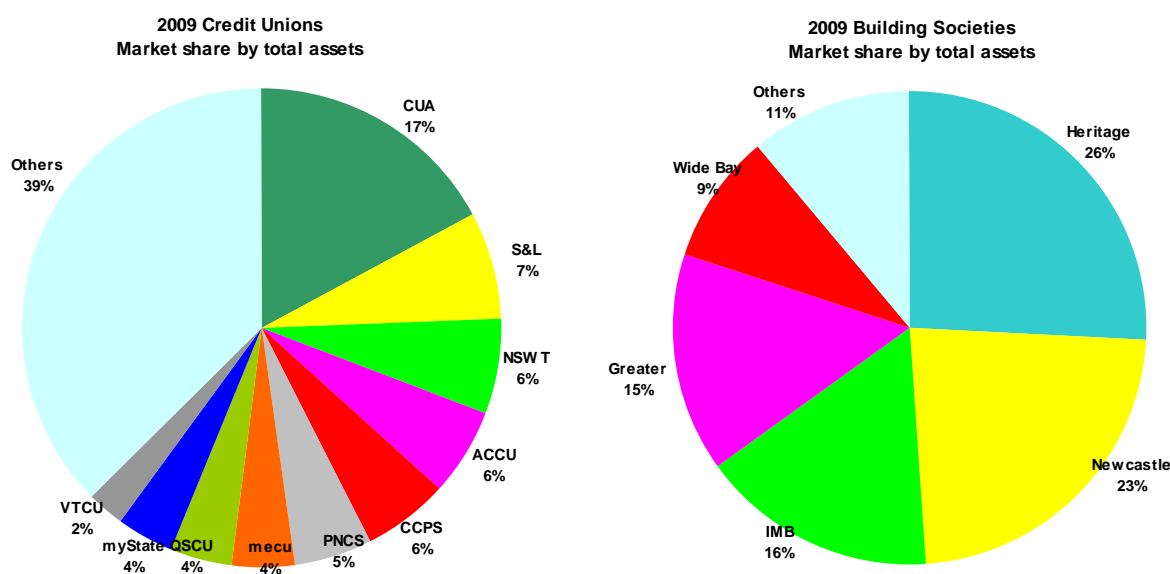
“Cost savings due to economies of scale, can be passed back to members by way of continued low fees and competitive interest rates” (*Satisfac Direct Credit Union Limited and Powerstate Credit Union Ltd merger, Powerstate website*)

“A larger and even stronger membership and financial base for moving into the future – but not being so big that we would lose the ‘personal touch’, or the flexibility to respond quickly to members’ needs” (*Satisfac Direct Credit Union Limited and Powerstate Credit Union Ltd merger, Powerstate website*)

“Greater resources to pursue opportunities for further growth across the state; and greater scale and expertise to match a sophisticated and competitive financial services market” (*Mr Geoff Russell, Chairman, RegionalOne Credit Union, RegionalOne website*)

“In recommending the merger, the Board of TCCU [The TAFE and Community Credit Union] paid particular attention to cultural ‘fit’ - the fact that the two credit unions have very similar values and ethics and are both firmly dedicated to supplying a competitive and co-operative ‘banking’ alternative.” (*NSW Teachers Credit Union website*)

Market share<sup>4</sup> of the major mutuals is shown the diagrams below and on the next page. The increase in merger activity is likely to see the dominance of the larger mutuals continue to grow.



<sup>3</sup> Source: APRA.

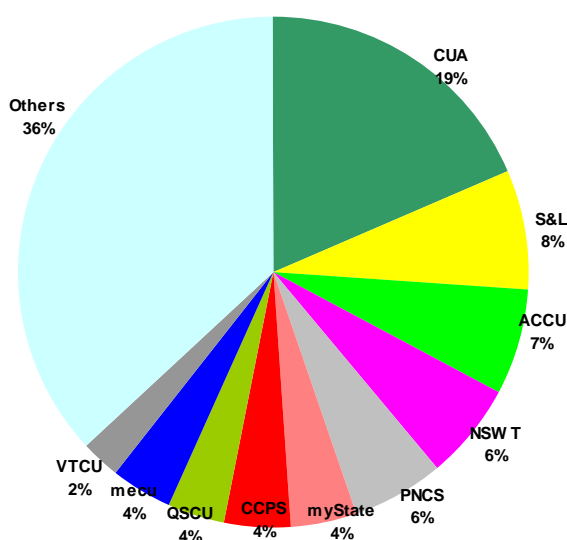
<sup>4</sup> Market share is based on those entities included in our survey – not the sector as a whole. Accordingly “Others” comprise 52 credit unions and 5 building societies in 2009 and 55 credit unions and 5 building societies in 2008.

## Building societies and credit unions: 2009

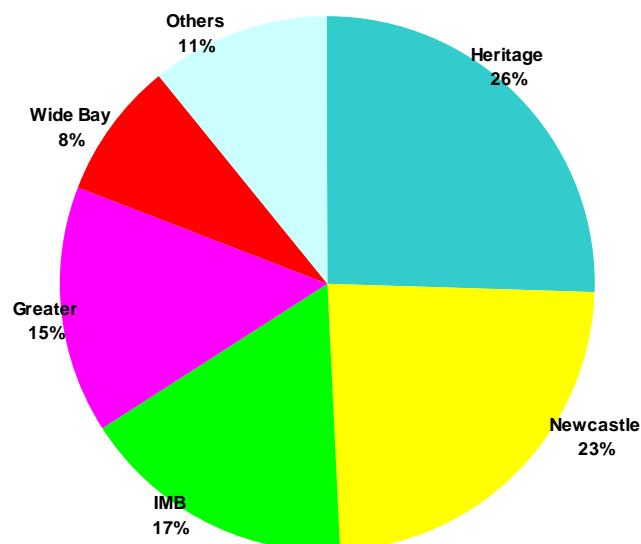
Some of the recent and proposed merger activity is summarised in the table below<sup>5</sup>.

Merging entity one	Merging entity two	Status
Maritime Workers of Australia Credit Union <sup>6</sup>	Power Credit Union	Completed July 2008
mecu Limited	Uni Credit Union	Completed August 2008
New England Credit Union	Orana Credit Union	Completed September 2008
Security Credit Union Ltd <sup>7</sup>	Comtax Credit Union Ltd	Completed October 2008
Savings & Loans Credit Union (S.A.) Limited	Austral Credit Union Ltd	Completed November 2008
Community CPS Australia	United Credit Union	Completed November 2008
Community CPS Australia	Westax Credit Society	Completed November 2008
Industries Mutual Credit Union Ltd	Capital Credit Union Ltd	Completed November 2008
NSW Teachers Credit Union Ltd	The TAFE and Community Credit Union Ltd	Completed November 2008
Gateway Credit Union Limited	Broadway Credit Union Limited	Completed November 2008
Select Credit Union Ltd	CSR and Rinker Employees' Credit Union Ltd	Completed January 2009
The Police Dept Employees' CU	H.M.C. Staff Credit Union Ltd	Completed February 2009
Community CPS Australia	Polish Community Credit Union Ltd	Completed May 2009
Horizon Credit Union Ltd	Eurobodalla Credit Union Ltd	Completed May 2009
Sydney Credit Union	Sutherland Shire Council Employees' CU Ltd	Completed June 2009
mecu Limited	RegionalOne Credit Union Ltd	Completed July 2009
mecu Limited	Maroondah Credit Union	Completed August 2009
Credit Union Australia Ltd	La Trobe Country Credit Co-operative Limited	Completed September 2009
Satisfac Direct Credit Union Limited <sup>8</sup>	Powerstate Credit Union Ltd	Completed October 2009
Big Sky Credit Union Limited	GMH (Employees) QWL Credit Co Op	Completed November 2009
IMB Limited	Community Alliance Credit Union	Subject to approval
Savings & Loans Credit Union (S.A.) Limited	Australian Central Credit Union	Subject to approval
Community CPS Australia	Companion Credit Union	Subject to approval
New England Credit Union	Hunter Mutual	Subject to approval

**2008 Credit Unions**  
Market share by total assets



**2008 Building Societies**  
Market share by total assets



<sup>5</sup> There have also been a number of other mergers between smaller credit unions, not listed above.

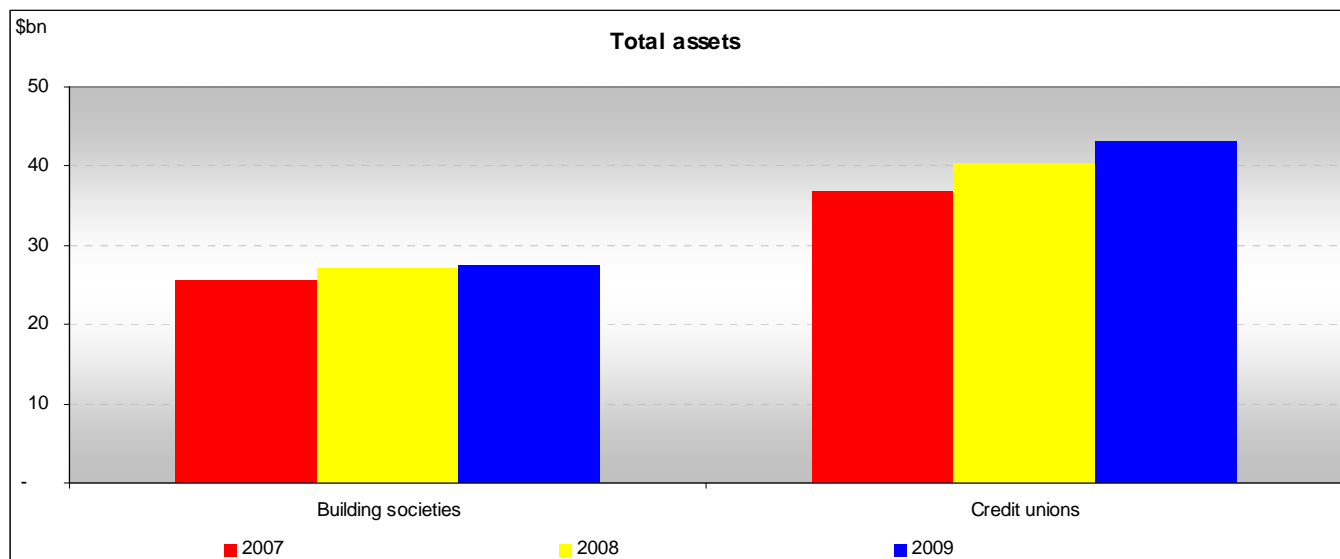
<sup>6</sup> Continuing as Maritime, Mining & Power Credit Union Ltd.

<sup>7</sup> Continuing as Allied Members Credit Union Ltd.

<sup>8</sup> Continuing as Credit Union SA Ltd.

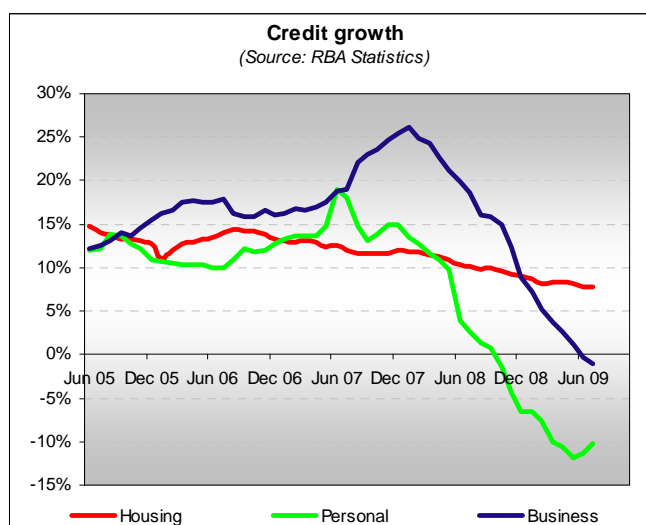
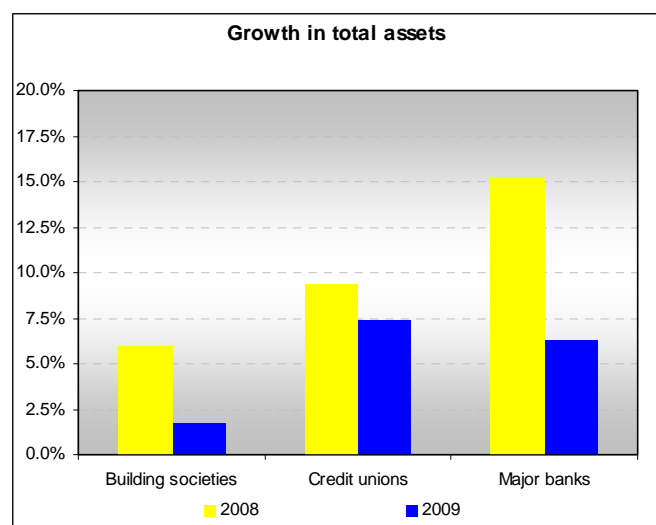
## Assets

Both sectors continue to grow, albeit at a lower rate than in prior years. Building societies increased their total assets by 1.8 percent in 2009, compared to an increase of 5.9 percent<sup>9</sup> during 2008. Credit unions increased their total assets by 7.3 percent<sup>10</sup> in 2009, also below the 9.4 percent growth they achieved in 2008.



According to the Reserve Bank of Australia, growth in housing lending for the 2009 financial year (12 months to June 2009) was 7.8 percent, compared to 10.4 percent growth at June 2008<sup>11</sup>. As the graphs of credit growth below indicate, the housing loan market has fared much better than the personal and business lending sectors.

The growth achieved by the mutuals reflects their asset mix, which is heavily weighted towards housing loans, meaning that they have been shielded from the slow down in both business and personal lending. The asset growth achieved by the credit unions in 2009 also compares favourably to the 6.3 percent<sup>12</sup> growth in total assets achieved by the major banks in 2009. (The major banks achieved 9 percent<sup>12</sup> growth in lending assets). Led by CBA and Westpac, the majors achieved a significant increase in their market share of lending to Australian households, but this was achieved by acquisition and at the expense of the non ADI sector, rather than the mutuals.



<sup>9</sup> Growth rate has been adjusted to exclude Home Building Society which was acquired by Bank of Queensland during the 2008 financial year.

<sup>10</sup> Growth rate and total assets have been adjusted to exclude the impact of merger activities.

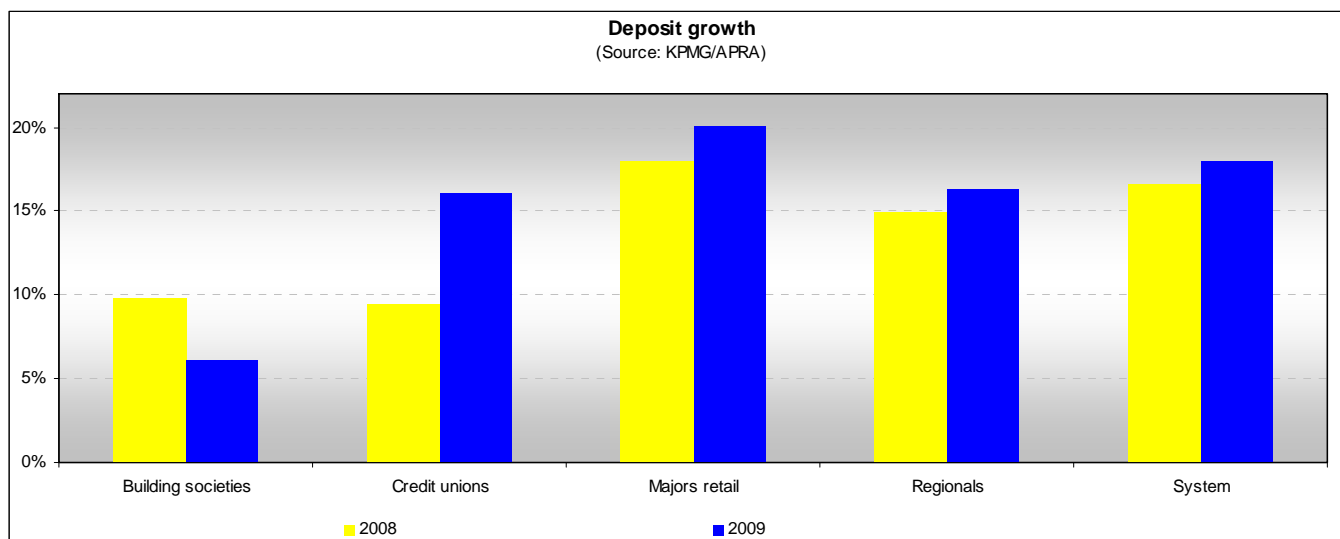
<sup>11</sup> Source: RBA Lending and Credit Aggregates – Current and Historical – D2.

<sup>12</sup> Source: KPMG Major Banks Survey – Year End 2009.

## Deposits

Volatile equity markets, combined with the Federal Government Guarantee of deposits introduced in October 2008, spurred systems growth in deposits of 18.0 percent<sup>13</sup> in the 12 months to 30 June 2009. Credit unions performed well with deposit growth of 16.1 percent<sup>14</sup> (2008: 9.5 percent). However, the credit unions' strong deposit growth came at the cost of a significant decline in net interest margin (see analysis of net interest income on page 11). Building societies achieved more modest deposit growth of 6.1 percent (2008: 9.8 percent), but were able to maintain their interest margins at a level similar to the previous year.

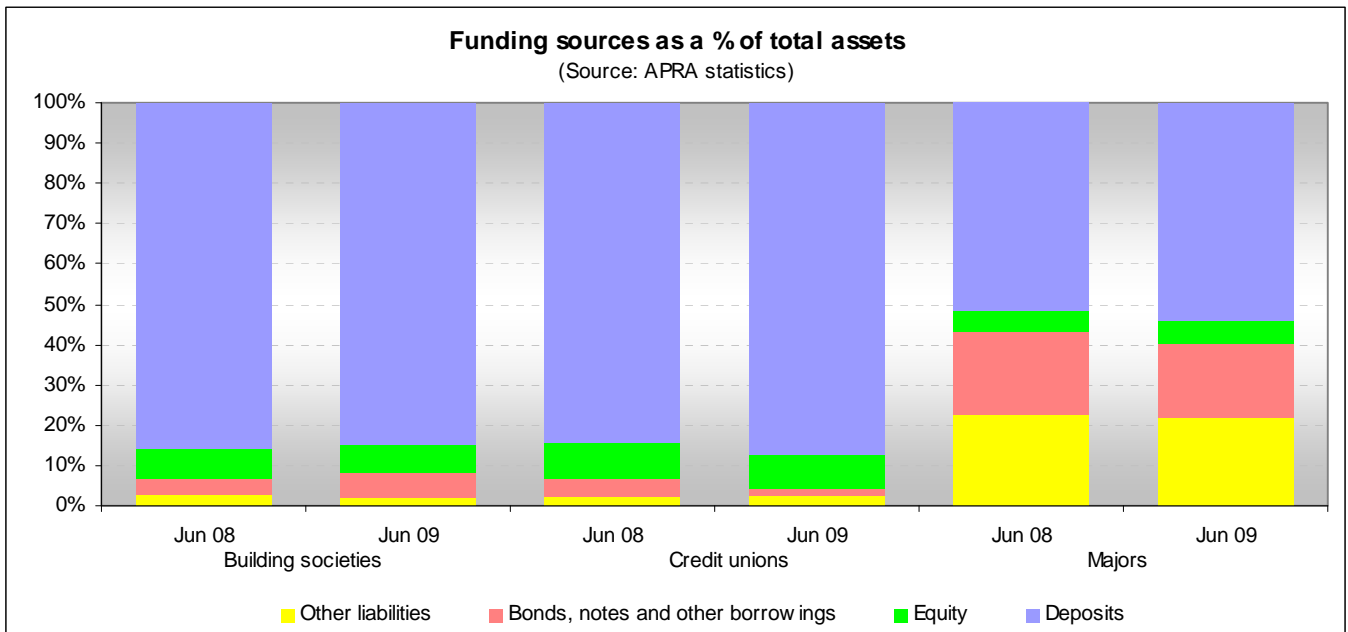
The divergence in the figures between the credit unions and building societies would appear to highlight the impact of the intense price competition in the deposit market during 2009. The price competition was fuelled by the difficulty in accessing alternative funding sources (and the much greater cost of doing so) relative to prior years. Not surprisingly, significant growth in deposits appears to come at the cost of a diminished margin. However the relatively lower deposit growth of 6.1 percent achieved by building societies during 2009 may have restricted their asset growth, which was 1.8 percent during the same period. In contrast, the credit unions' strong deposit growth allowed them to achieve asset growth of 7.3 percent.



Deposits form the primary (and often only) funding source for building societies and credit unions, which generally have much less access to wholesale debt markets relative to banks. This is depicted in the graph below. This is not surprising given that in the market for retail deposits (of under \$1 million) even the smallest credit union or building society has exactly the same government guarantee at the same price (zero) as the major banks. In wholesale markets small institutions will pay a higher price as a result of their lower credit rating (if indeed they have a credit rating). This is in addition to the higher fee they are required to pay the government for use of the government guarantee in wholesale markets.

<sup>13</sup> Source: APRA Statistics.

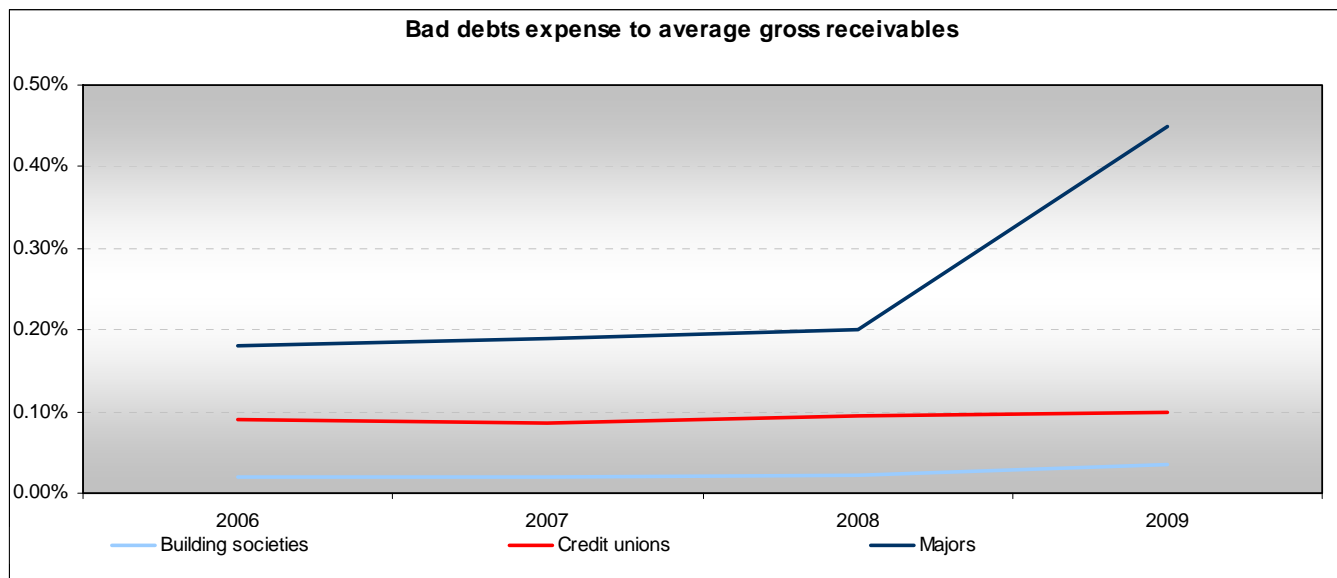
<sup>14</sup> Growth rate has been adjusted to exclude the impact of mergers.



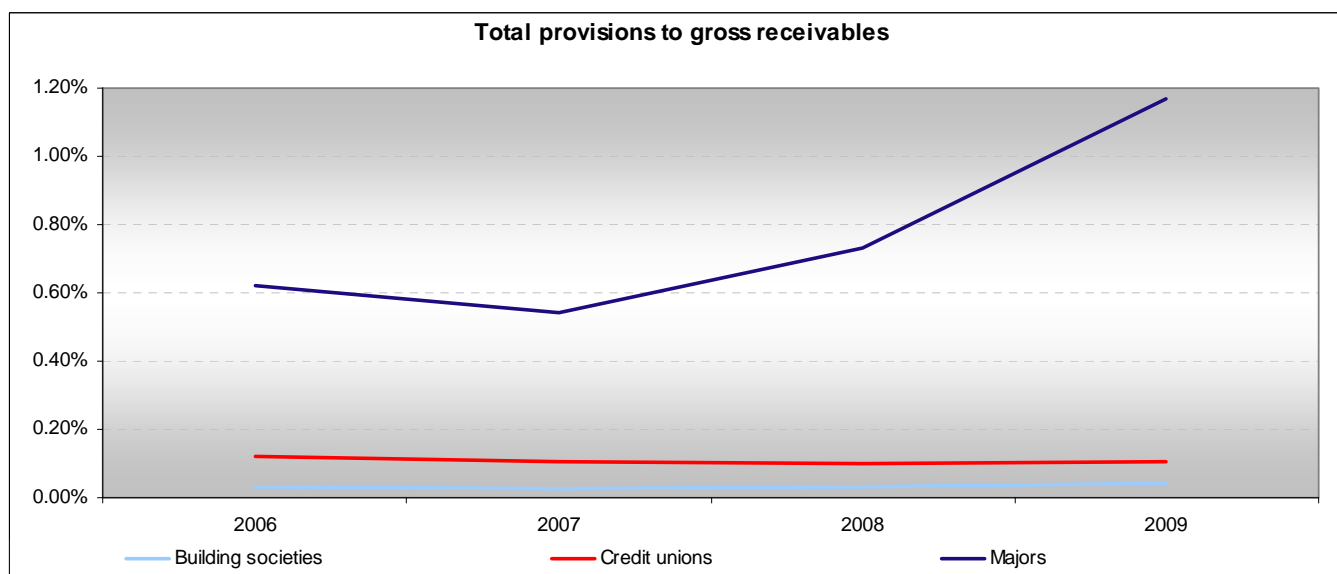
Whilst the higher cost of the Federal Government guarantee to smaller Authorised Deposit-taking Institutions relative to larger banks has been much publicised, there were no noticeable disclosures in the credit union or building societies' accounts in regards to the financial impact of the guarantee in 2009. Given the building societies' and credit unions' very low reliance on wholesale borrowings and high value deposits (ie deposits greater than \$1 million which may be subject to the guarantee fee), it is likely that the actual cost was minimal.

## Asset quality

Bad debt expense for building societies increased 55.8 percent in 2009 (to \$7.8 million) and bad debts expense for credit unions increased by 16.3 percent (to \$35.0 million). Whilst considerable, these increases compare favourably to the 94.1 percent increase (to \$13.2 billion) experienced by the major banks<sup>15</sup> and 600 percent (to \$0.9 billion) by the regional banks<sup>16</sup>. Further, bad debts expense remains very low relative to average gross receivables, with this ratio increasing from 0.02 percent to 0.03 percent for building societies and stable at 0.10 percent for credit unions. Again, these bad debt ratios compare favourably to the 0.45 percent<sup>15</sup> ratio for the major banks. The low bad debts expense experienced by the building societies and credit unions relative to the major banks reflects the fact that they have limited or no exposure to the corporate and business lending segments and also the ongoing resilience of the Australian mortgage market.



Similarly, the ratio of loan provisions to gross receivables for building societies increased from an extremely low 0.03 percent in 2008 to 0.04 percent in 2009 and remained stable for the credit unions at 0.10 percent. Again, the building societies and credit unions experience is very different to the major banks whose provisions to gross receivables ratio increased to 1.17 percent in 2009.



<sup>15</sup> Source: KPMG Major Banks Survey – Year End 2009.

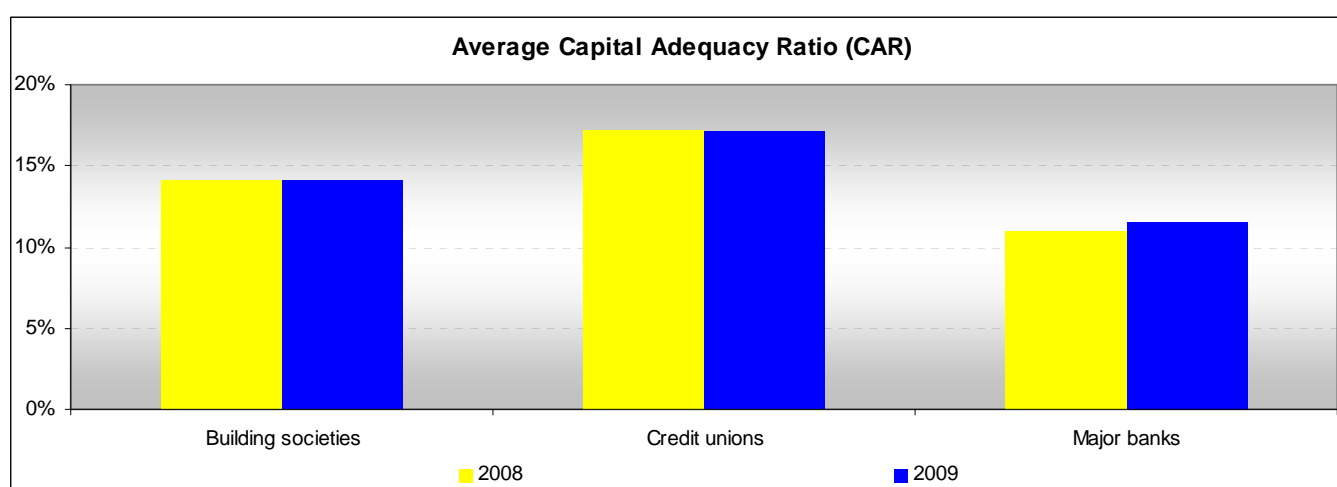
<sup>16</sup> Source: KPMG Regional Banks Survey – Year End 2009.

## Capital

Like the major Australian banks, both building societies and credit unions have had a strong focus on their capital adequacy ratios during 2009. On average, the building societies have maintained their capital adequacy ratio at a robust 14.1 percent, whilst the credit unions ratio is 17.1 percent, down slightly from 17.2 percent in 2008. The contributing factors include:

- continued profitability (noting that mutuals do not pay dividends directly to shareholders);
- limited examples of capital management transactions (discussed below); partially offset by
- an increase in risk weighted assets due to growth in customer lending.

Whilst all the mutuals have strong capital ratios, a number have very high ratios (for example Newcastle Permanent 19.3 percent and a number of the credit unions with ratios in excess of 20 percent). This is considerably higher than the majors, who have ratios ranging from 10.8 percent to 13.7 percent<sup>17</sup>.



Securitisation has historically been the most frequently used funding and capital management tool for the mutual sector, but this market remained largely closed during 2009. One exception to this was purchases by the Australian Office of Financial Management (AOFM), which included the purchase of \$0.7 billion of residential mortgage backed securities from two building societies and one credit union during calendar 2009<sup>18</sup>. The AOFM notes that the objective of these purchases is to support competition in mortgage lending from a diverse range of lenders.

Heritage Building Society's issue of \$50m of subordinated debt in October 2009, the first ASX listed debt transaction by a mutual Authorised Deposit-taking Institution, was a significant development for the mutual sector. The strong investor demand for the notes (Heritage reported that the issue was three times over subscribed) may provide impetus to other mutuals considering ways of diversifying their funding and capital base without compromising their mutual status. For Heritage, the notes are a stable source of additional funds which also qualify for inclusion in Lower Tier 2 Capital.

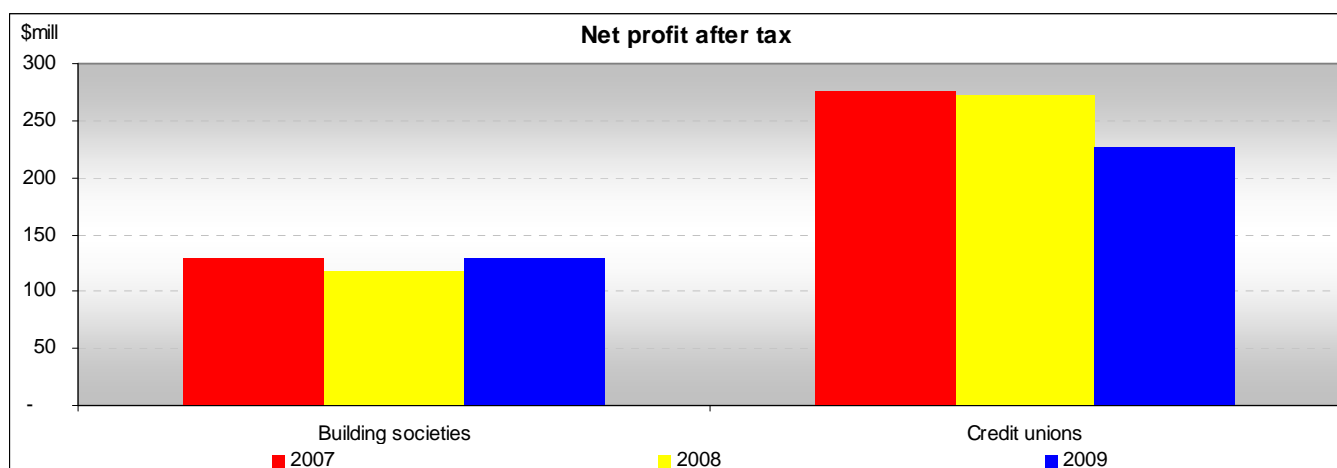
<sup>17</sup> Source: KPMG Major Banks Survey – Year End 2009

<sup>18</sup> Source: [www.aofm.gov.au](http://www.aofm.gov.au).

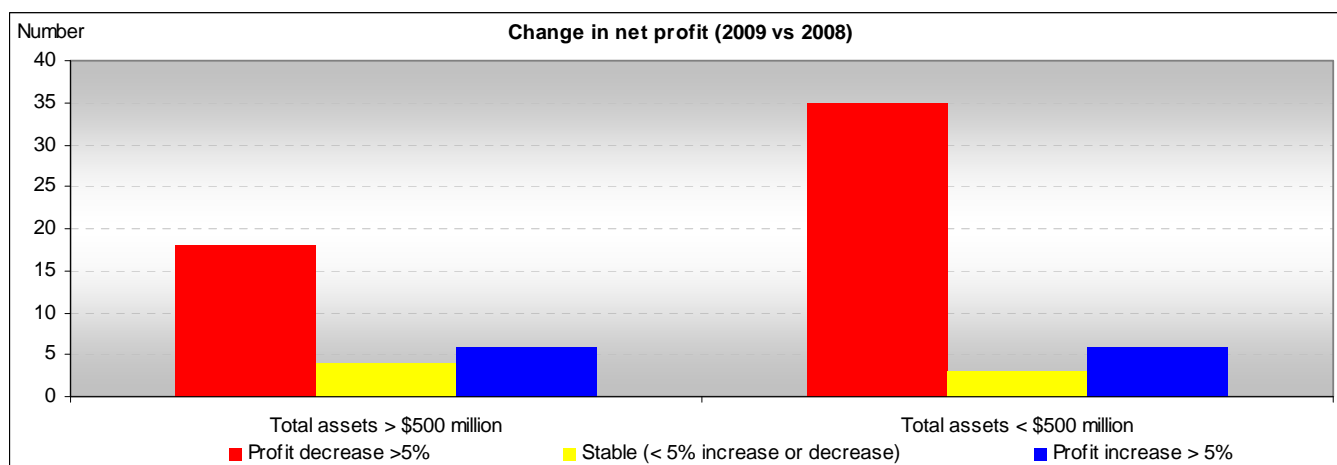
## Profits

For building societies, underlying profitability<sup>19</sup> increased by 10.1 percent, due primarily to improved interest margins which were somewhat offset by a 55.8 percent increase in bad debts expense (which, as discussed above, remains relatively low at just 0.03 percent of average receivables). Credit unions experienced a 17 percent decrease in underlying profit due primarily to a significant decline in interest margins, which is discussed further on page 11.

We view this as a positive result for both sectors given the many challenges faced by the financial services sector during 2009, in particular the extreme competition in the market for retail deposits and the significant increase in bad debts expense experienced by the major and regional Australian banks. It indicates that the larger mutuals have not strayed too far into the business lending sector where the banks have experienced most of their recent credit losses. A continued focus on mortgage lending, funded by member deposits has, so far, allowed the mutuals to weather the storm of the global financial crisis.



The graph below highlights that only a small number of building societies and credit unions achieved stable<sup>20</sup> or higher profits in 2009 relative to 2008. That is, the majority of the building societies and credit unions surveyed recorded a decrease in profit of greater than 5 percent in 2009 relative to 2008. Whilst building society and credit union profits were lower than in previous years, the success of the sector is reflected in the fact that 96 percent of the building societies and credit unions surveyed recorded a profit in 2009. The overall trend is similar to the experience of the major banks, whose statutory net profits totalled \$14.9 billion in 2009 compared to \$17.7 billion in 2008<sup>21</sup>.



<sup>19</sup> Underlying profits excludes merger gains, significant unrealised losses on derivatives and other significant one-off items. These items are also excluded from the analysis of net interest income, non interest income and costs on the following pages.

<sup>20</sup> Stable: Less than 5 percent increase or decrease.

<sup>21</sup> Source: KPMG Major Australian Banks Survey - Year End 2009.

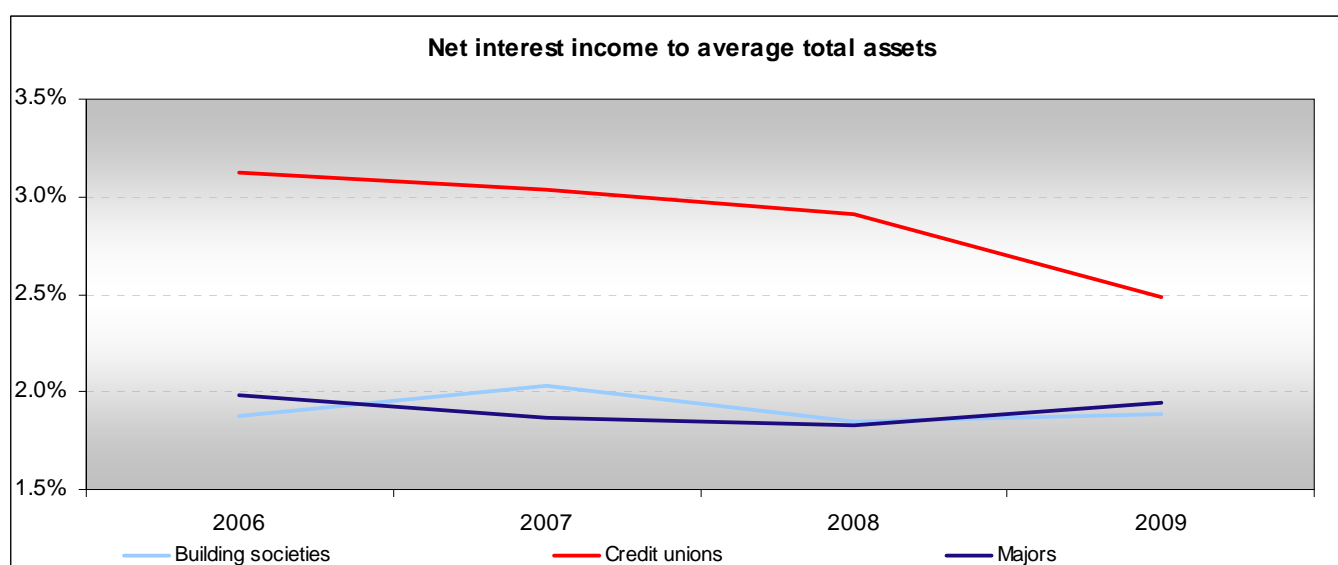
## Net interest income

Credit unions recorded a 3.3 percent decrease in net interest income despite a 6.1 percent increase in average gross receivables. This resulted in their ratio of net interest income to average gross receivables falling from 2.91 percent in 2008 to 2.49 percent in 2009. The significant decline in this ratio for credit unions reflects:

- higher funding costs, driven by intense competition for deposits from banks with a renewed focus on sources of funding such as term deposits. This form of funding has become relatively attractive to the banks given the dramatic increase in cost of accessing wholesale markets. Many mutuals have absorbed part of this cost, at a cost to their net interest margin, rather than pass it on to borrowers in the form of higher interest rates on loan products;
- the increased cost of financing additional cash and liquid asset holdings, noting that average deposits increased by \$5.8 billion but average receivables increased by only \$3.6 billion, suggesting that additional liquid assets of around \$2.2 billion were held by the building societies and credit unions in the survey in 2009. These liquid assets would typically be highly rated securities that pay lower rates of interest;
- interest rate volatility, in particular the rapid decrease in official interest rates late in calendar 2008. In the short-term this adversely impacted the interest margins of many credit unions who were net payers of fixed interest. That is, credit unions continued to pay higher fixed rates on term deposit funding whilst passing on interest rate cuts to their customers on variable rate mortgages; and
- lower returns on funds sourced from capital and other non interest sensitive funding, as a result of the dramatic decrease in interest rates during the year.

In contrast, building societies increased their net interest income by 6.7 percent in 2009, due to a 4.7 percent growth in average receivables combined with a small increase in interest margins. The ratio of net interest income to average total assets for building societies increased from 1.84 percent to 1.88 percent in 2009. Our analysis suggests that the building societies performed better in regards to net interest margin than the credit unions due primarily to differences in asset and liability mix (particularly the proportion of fixed rate asset and liabilities). These differences highlight that interest rate volatility impacts each organisation in different ways. While the rapid decline in market rates experienced in 2009 was unprecedented, some credit unions may reconsider whether their market risk tolerance needs to be recalibrated for the new environment.

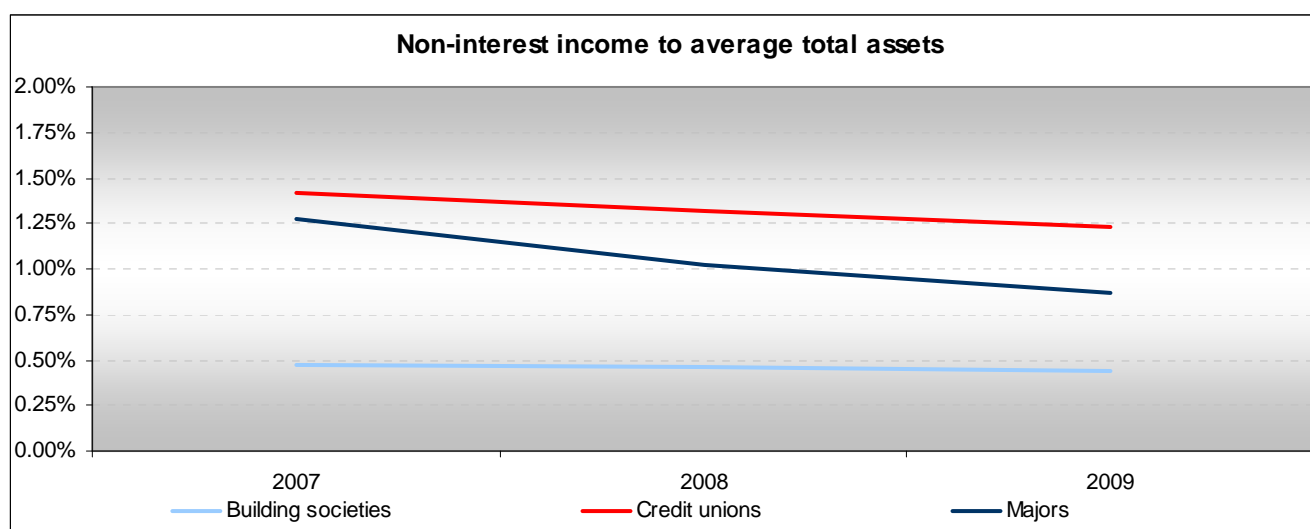
The graph below shows that the credit unions' ratio of net interest income to average receivables is converging with that of the building societies and major banks over time. The credit union ratio has traditionally been higher due to differences in asset mix (eg. credit unions have a higher proportion of personal loans) and balance sheet structure (eg. credit unions have a higher proportion of funding from capital and lower rate transaction accounts rather than wholesale borrowings).



## Non-interest income

Building societies experienced a decrease in underlying non-interest income of 0.1 percent in 2009<sup>22</sup>, whilst credit unions achieved underlying growth of 6.0 percent. Both results are consistent with asset growth (of 1.8 percent and 7.3 percent respectively) during the period, indicating that they are volume driven. These underlying non-interest income results exclude the impact of a variety of one-off items including gains on sale of assets, merger gains and gains/losses on derivative valuations.

In contrast to the stable or increasing non-interest income of the building societies and credit unions, the major banks' non-interest income was adversely impacted by lower profits in their (considerably larger) wealth management operations.



All Australian ATMs moved to a direct charging regime from 3 March 2009. Under this arrangement, ATM owners now recover their fees directly from the ATM user rather than from the ATM user's bank. These changes were designed by the Reserve Bank of Australia to "make the pricing model for ATMs more transparent and responsive to competitive forces."<sup>23</sup> Our review of published financial statements indicated that these changes did not have a significant impact on the revenues of building societies or credit unions in 2009, which is to be expected given that many building societies and credit unions had previously absorbed fees charged by the ATM owners rather than passing them on to their customers.

The move to direct charging for ATM transactions posed a strategic risk for the mutual sector whose ATM networks were small relative to the major Australian banks. However, the changes have encouraged alliances such as that between Cuscal (1,400 ATMs) and NAB (1,700 ATMs), which provides members of those mutuals affiliated with the RediATM network with access to 3,100 direct charge free ATMs<sup>24</sup>. The agreement has been well publicised, which further supports consumer awareness of the network and the benefits to the customers of affiliated organisations. We also note that there are similar agreements between the non Cuscal affiliated building societies and credit unions with Westpac and other networks such as Cashcard.

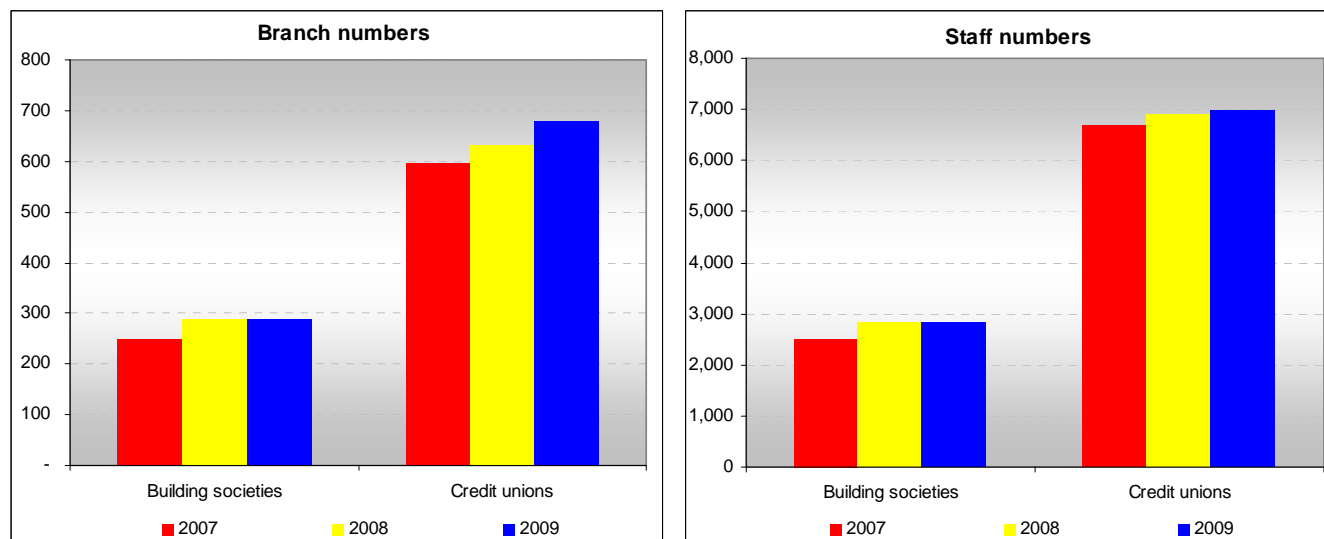
<sup>22</sup> These decreases have been adjusted for significant one-off items.

<sup>23</sup> Source: [www.rba.gov.au/FAO/atm.html](http://www.rba.gov.au/FAO/atm.html)

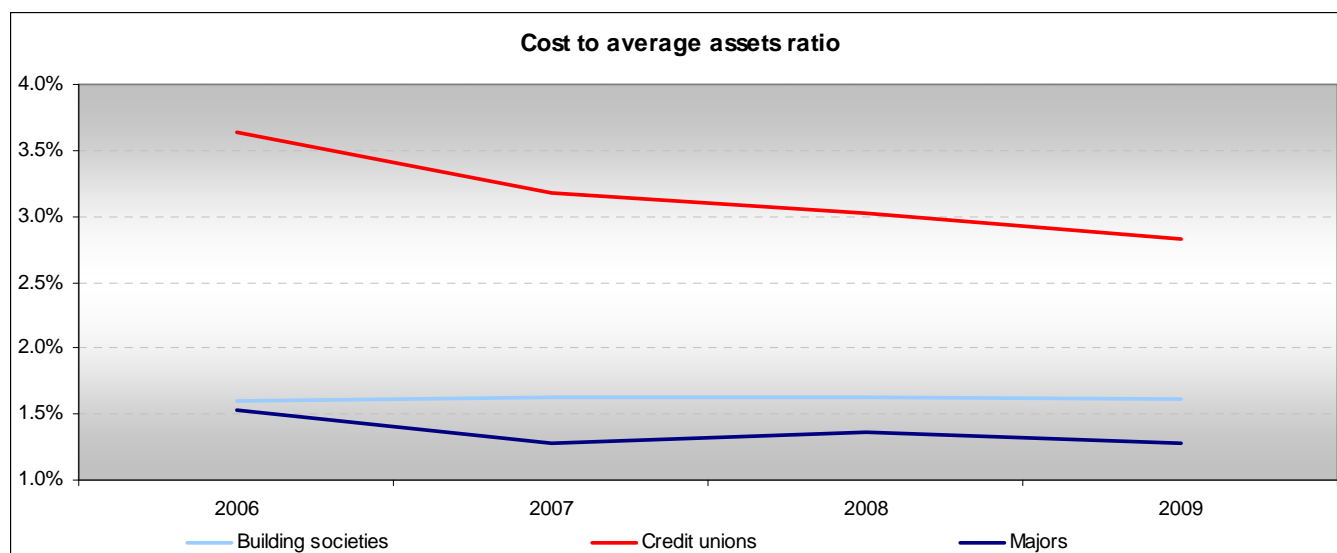
<sup>24</sup> Source: [www.rediatm.com.au](http://www.rediatm.com.au).

## Costs

Controlling costs is a renewed focus area in the present economic environment, particularly with many building societies and credit unions experiencing decreasing interest margins. Building societies' operating costs increased 3.6 percent, whilst credit unions' costs increased by 4.1 percent. The credit union result featured an eight percent increase in branch numbers, due primarily to mergers during the year. Both building societies and credit unions maintained staff numbers at similar levels to the previous year.



Both building societies and credit unions improved the ratio of operating costs to average assets during 2009<sup>25</sup>, which is an indicator of improved efficiency. In particular, credit unions decreased their ratio by 20 basis points to 2.82 percent. This reflects low cost growth relative to stronger asset growth, with mergers contributing to the latter.



The major banks achieved a considerable decrease in their cost to asset ratio in 2009, increasing the benefit of their scale advantage over the smaller organisations that make up the mutual sector. The majors have forecast continued improvement in their efficiency measures as they complete the integration of a number of significant acquisitions during 2009. This will continue the competitive pressure on the mutuals.

<sup>25</sup> Operating costs after adjustment for significant one-off items.

## Outlook

2008/09 was a challenging period for all sectors of the financial services market. The mutuals have come through this better than most. The question is: what next? As we look to the 2009/10 year for building societies and credit unions, we believe that the following issues will influence performance:

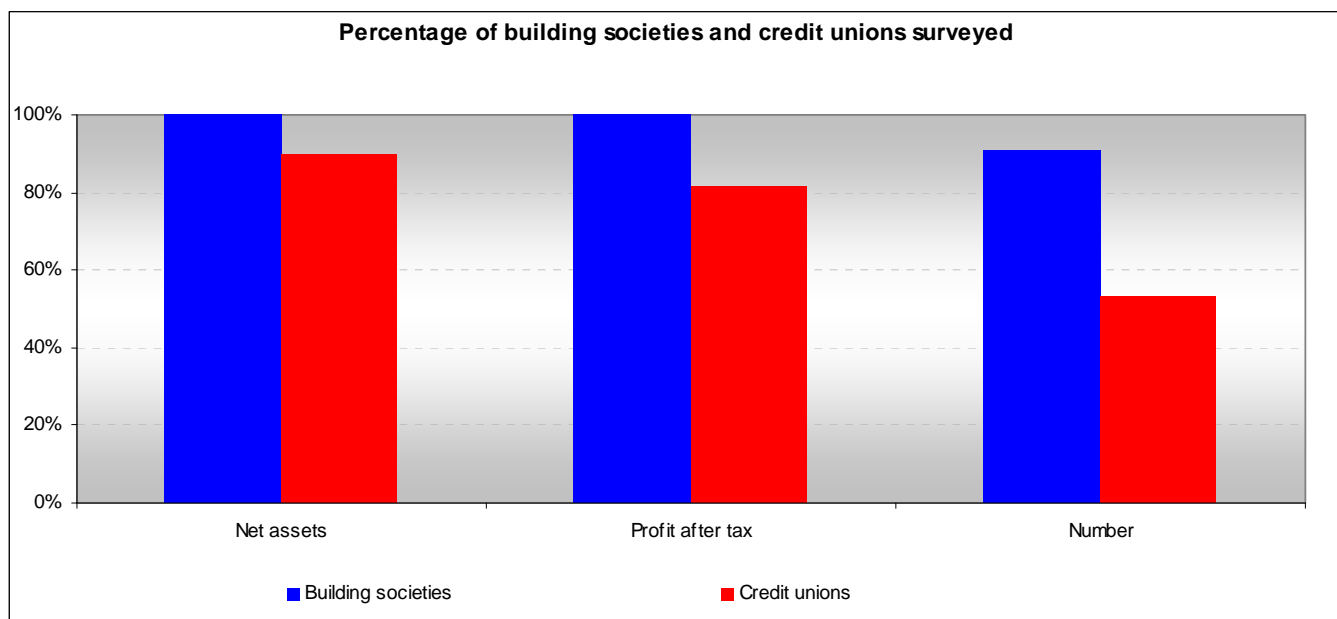
- To date, building societies and credit unions have been relatively immune to the credit losses experienced by the Australian banks. We attribute this largely to asset mix and the generally conservative nature of lending decisions made by building societies and credit unions prior to the credit crunch. Whilst credit losses are likely to be at the top end of long-term averages in 2010, in the absence of a dramatic increase in unemployment, we see nothing to indicate that building societies or credit unions will experience a significant increase in bad debts expense.
- The extent of consolidation within the sector experienced in 2009 is likely to continue throughout 2010. Key drivers of this activity include economies of scale, particularly given the contraction in interest margins experienced in 2009. The opportunity remains for consolidation at the larger end of the sector, such as the proposed merger of two of the large South Australian credit unions, Savings and Loans and Australian Central.
- An important strategic consideration for the mutuals is how do you obtain the greatest advantage from mergers. For example, mutuals such as Newcastle Permanent and Greater in their geographic heartland of Newcastle and the Central Coast, and IMB in the Wollongong and south coast region, successfully compete head to head with the major banks within their regions. Further, both Newcastle Permanent and IMB have reported member satisfaction results of 97 percent. The question for them is: how do they maintain and build on these strengths to strategically grow their footprint and scale?
- APRA's consultation paper on liquidity risk, released on 11 September 2009, proposes a range of enhanced liquidity requirements that will apply to banks, building societies and credit unions. New requirements include strengthened scenario analysis and new reporting requirements (although there are some dispensations for smaller institutions). Whilst building societies and credit unions are well placed in terms of liquid asset holdings, the additional requirements will add to the administrative burden faced by all Authorised Deposit-taking Institutions. Further, the limited pool of qualifying securities and resulting demand for those securities can be expected to reduce returns on them, putting further pressure on interest margins.
- The Federal Government's new National Consumer Credit legislation is expected to come into effect from 1 July 2010. This legislation will require all building societies and credit unions, as providers of credit, to hold an Australian Credit Licence. A key part of the new requirements is that credit providers must make reasonable enquiries about a consumer's financial situation and take reasonable steps to verify the consumer's capacity to repay. On face value, we expect few building societies or credit unions will be significantly challenged by this requirement given the typically strong bond with their members. However, this is yet another addition to the administrative burden.
- Funding and liquidity will continue to be a key focus. The larger mutuals will continue to be open to alternative sources of funding. At present the lack of economic alternatives to retail deposits remains a constraint on growth. In this context, re-opening of the securitisation market would be welcome news for many building societies and credit unions. This is likely to take some time and, at least in the medium term, the pricing will not be as attractive as it was before the global financial crisis. However, the recent activity supported by the Australian Office of Financial Management is encouraging.
- The expiry of the Federal Government guarantee of deposits in 2011 remains a long-term risk to the stability of deposits, which is the primary funding source for building societies and credit unions. Building societies and credit unions have very strong capital ratios and significant liquidity holdings and will continue to be subject to APRA supervision in the same way as the banks. Hence they are appropriately placed for this development, which is no more than a return to the previous status quo. However they will need to proactively plan for this change so that customers are well informed and that significant concentrations of funding are appropriately managed. We note that building societies and credit unions have overcome similar structural changes in the past, for instance the introduction of ATM direct charging during 2009, which suggest they are well placed to manage this challenge.

## Appendix 1: Survey scope

This survey includes 10 of the 11 building societies and 62 of the 117 credit unions authorised by APRA at of 30 June 2009<sup>26</sup>. The names of the individual organisations are listed in the accompanying data sheet.

Based on aggregate building society and credit union statistics reported by APRA:

- Building society survey participants represent almost 100 percent by both net assets and profit after tax.
- Credit union survey participants represent 90 percent of credit unions by net assets and 82 percent by profit after tax.



<sup>26</sup> Source: APRA Quarterly Statistics.

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