

How are Mutual ADIs Performing in Australia ?

Dominic Dunn
Head of Business Services
Abacus Australian Mutuals



1

Association of Building Societies and Credit Unions

Focus

- > Vital signs
- > Key messages
- > Implications for planning

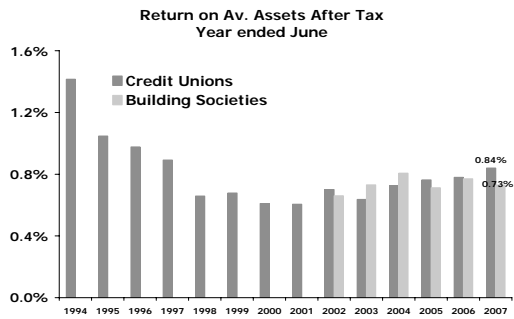
2

Take as read for mutual ADIs ...

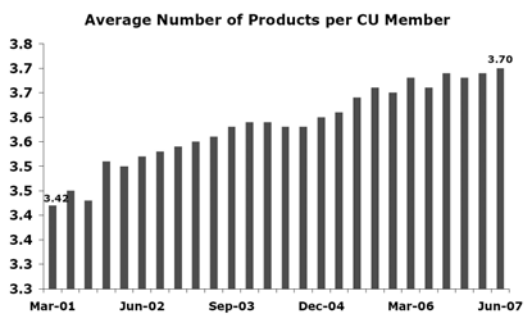
- > Margins have contracted ... permanently
- > Increased reliance on other income
- > Cost efficiency is improving
- > Profitability is holding up

3

Average ROA has regained ground



Product take-up is increasing



The "selling" challenge in perspective

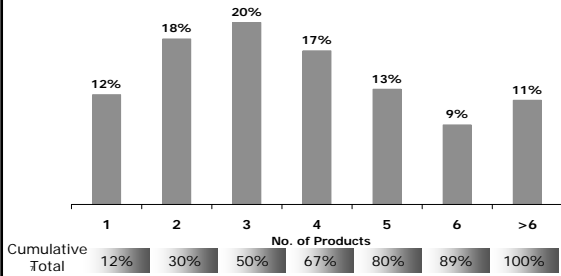
- > From 3.6 to 3.7 = 0.1 product
 - For 1,000 members = 100 extra products
 - For 10,000 members = 1,000 extra products
 - For 100,000 members = 10,000 extra products

6

Glass half full ... or half empty

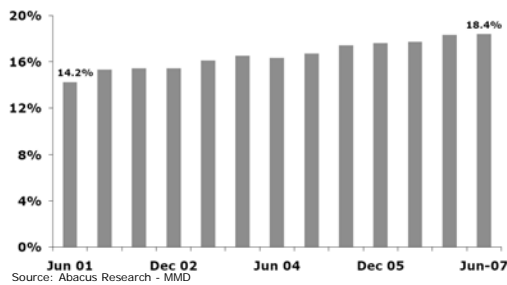
Product Take-up - CU Members
% of Members by No. of Products Held

Source: Abacus Research - MMD



Relationships are deepening

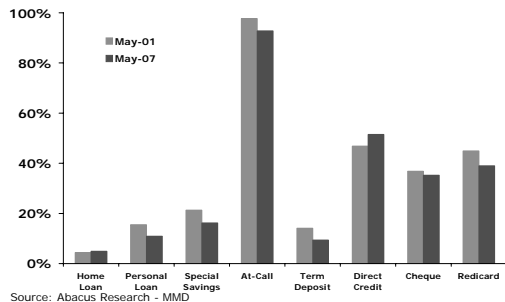
% of CU Members with 6+ Products



Source: Abacus Research - MMD

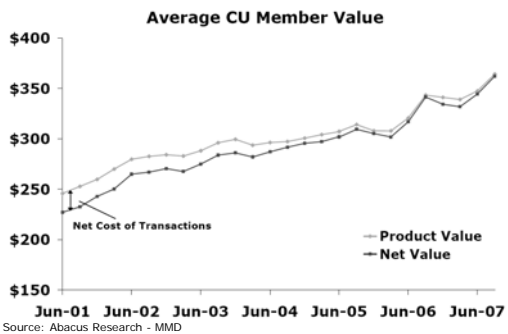
How do we love thee ?

Proportion CU Members with Products

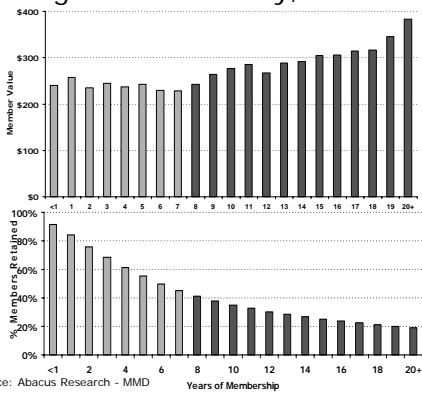


Source: Abacus Research - MMD

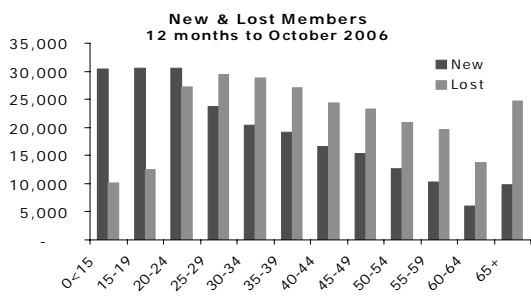
Relationships cut both ways



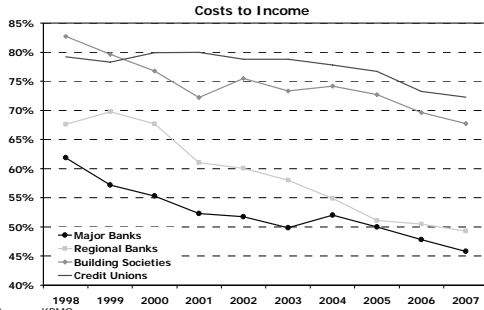
The longer members stay, the better



Retention of younger members critical

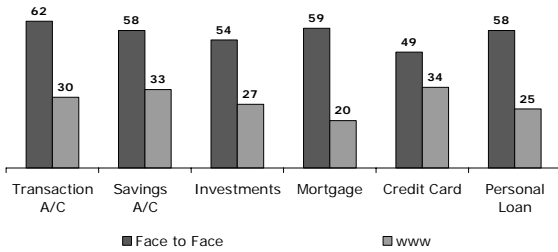


Costs efficiency is improving



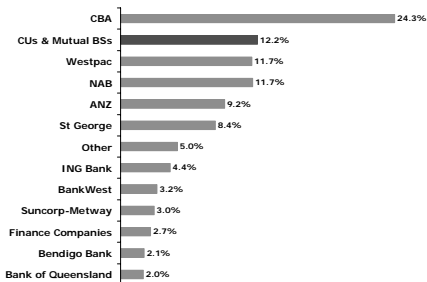
Costs money to make money

Q : Where Would You Prefer to Arrange ?
(% mentioning)



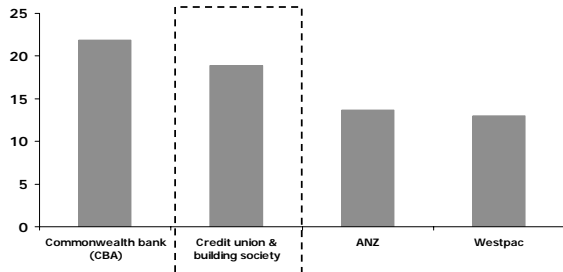
Deposit market share

Market Share - Household Deposits December 2007



Again, mutuals attract transactors

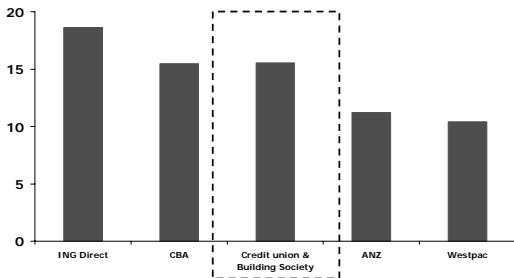
Who do you have your main transaction account with?



16 Source : Datamonitor

High interest segment success

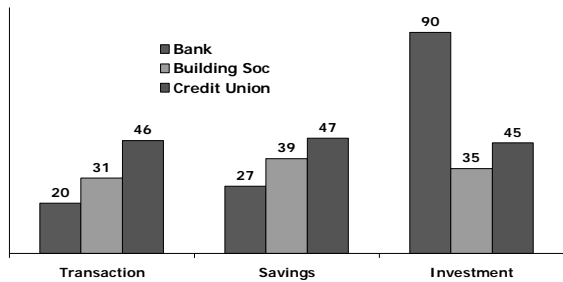
Who do you have your main high interest savings account with?



17 Source : Datamonitor

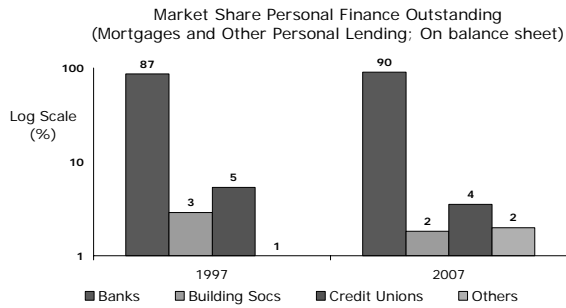
Outlook : TRX more than Investments

Q : Where Would You Consider Establishing a New A/C ?



18 Source : Datamonitor

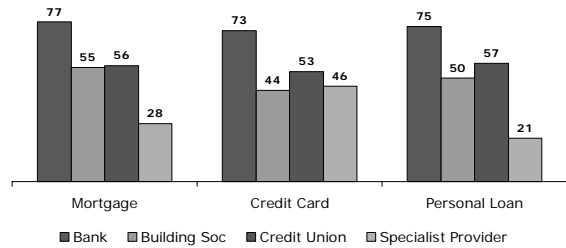
Credit market share has fallen



19 Source : APRA / RBA

Outlook : Pers Fin. more than Mortgages

Q : Where Would You Consider Establishing a New Loan ?
(% mentioning)



20 Source : Datamonitor

A foot in the door

First ...
Internet Savings
Account

TeleNet Saver
7.75% p.a.
Apply Now
More Information
Available's highest 12 month intro rate savings account.
Great variable intro rate for the first 12 months for your first TeleNet account only.

Then ...
Credit
Cards

3 in 4 Aussies don't know their interest rate. Here's one you should know.
9.89%
BankWest
13 17 20

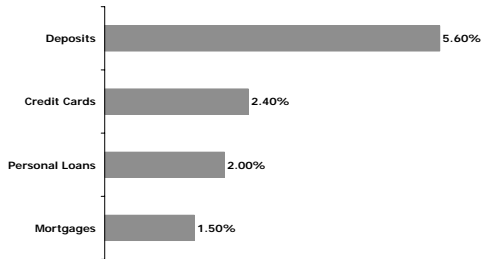
Now ...
Home
Loans

Fixed Rate Home Loan
Borrow up to 95% of the value of your property
Interest only option available
Low monthly maintenance fee

21

New players have been the culprits

Product Market Share Gains of Attackers in Australia
2004 vs 2006



22 Source: BCG

So, keep on radar when planning ...

- > Growth targets
 - Membership
 - Assets
- > Deposit market trends
- > Credit market trends

23

How can Abacus help you ?

- > Operating environment updates
- > Performance data – financial and non financial
- > Member Relationships (MMD)
 - Analysis and strategic advice
 - Self service marketing lists
- > Market trend data
 - deposits, credit, transaction, economic indicators
- > Global research
 - Datamonitor; Council on Financial Competition
- > Strategic planning workshop
 - Specialist presentations
 - Facilitation



Contact : Research@abacus.org.au

24
