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Members Equity Bank customers to benefit from Government guarantees

Due to the continuing volatility in global financial markets, governments are taking unprecedented steps to support their respective financial systems. The Australian Government, while recognising the inherent strength and resilience of our banking system, has also taken strong and decisive action.

Members Equity Bank welcomes the comfort the guarantee brings as much as the actual guarantee itself. It was important for the Government to send a clear message to provide confidence and certainty to the markets in Australia and overseas.

The Government guarantee applies to all deposits with banks, credit unions and building societies. The guarantee, which will be legislated, will operate immediately for a three-year period.

Even before the Federal Government made this announcement, Members Equity Bank was financially sound, profitable and growing market share with a secure funding pipeline.

Subsequent to the Government guarantee on deposits all banks are now on a level playing field when it comes to safety of customers' money.

Before the Guarantee, the big banks were benefiting from the sense of uncertainty not because they offered lower fees or better products, prices or service. Now they will be forced to compete with Members Equity Bank's award winning service, lower fees and transparent and simple products.

The Government has also announced that it will commence purchasing AAA-rated Residential Mortgage Backed Securities from a wide range of Australian lenders. This action is intended to alleviate the stress in the mortgage lending market in the wake of current market conditions. A total of \$8 billion has been committed to this scheme so far.

Members Equity Bank called for the establishment of such a scheme during a recent parliamentary enquiry into competition into the banking system.

Without this Government encouragement for smaller banks and non-bank lenders, competition in the market would have dried up, leaving only the big banks. All customers of Members Equity Bank will benefit from these Federal Government decisions.

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