

8 October 2008

Members Equity Bank will cut variable home loan rates by 80 basis points

Members Equity Bank today announced it will cut the variable interest rate on its home loans by 80 basis points, effective 19 October 2008, following the cut to the cash rate by the Reserve Bank of Australia.

Members of participating trades unions and super funds, who have Members Equity Bank's award winning Super Member Home Loan will now pay a variable interest rate of 7.99% per annum. Other Members Equity Bank customers will pay a variable rate of 8.34% per annum.

Mr Tony Beck, Head of Corporate Affairs at Members Equity Bank, said today that the bank was pleased to pass on a 80 basis points reduction on current home loan variable interest rates.

"Interest rates are a blunt policy instrument that hurt working families most," Mr Beck said. "The average Australian family should not be paying any more interest to banks than is strictly necessary to preserve a sound banking system."

Mr Beck warned that the only safeguard against higher interest rates in the future was competition in banking.

"At the end of the day competitive pressures determine the extent to which this and future RBA rate reductions are passed on to borrowers," he said.

"The current environment has seen big banks increase market share. Now we are seeing a flurry of takeovers of smaller banks by the big banks.

"Without competition from small banks, the big banks will dominate the market once again."

Independent surveys of customers show that a much higher percentage of the customers of smaller banks would recommend their bank to family and friends, he added.

Ends

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