



For immediate release

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Banks need to open books - now!

“The Reserve Bank’s 50 basis point reduction in the OCR today should be a small cause for joy but will customers get to share that joy?” asked Andrew Casidy, General Secretary of the bank workers’ union Finsec.

There has been increasing concern raised by customer representative groups over recent months that the banks have not been passing on the full reductions in the OCR. The banks have responded that the cost of borrowing overseas leaves them unable to pass on the full interest rate reductions.

“It’s impossible for customers to understand if interest rates are fair when the whole process is so mysterious. Banks should disclose their costs of borrowing and the interest rates they charge to the Reserve Bank, who could then publish this information in a comparative table,” said Casidy. “Customers could use this information to decide if their bank is being fair in what they charge and how this stacks up against other banks.”

“The time has come for the banks to front up to their customers, open their books and explain their overseas funding costs clearly so that customers can satisfy themselves as to the validity of their bank’s argument - or not,” said Casidy.

“In the last couple of days, two of our largest banks have announced handsome profits. At the same time, customers have been paying a premium on their interest rates and staff are being made redundant.

“Until now, all most of us have seen from the banks has been their failure to do anything meaningful to assist customers and staff to cope with the disastrous consequences of the financial crisis their own global industry created. Customers believe interest rates are too high and have not seen evidence to the contrary,” said Casidy.

ENDS

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