

For immediate release

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Union backs call for banks to drop profit expectations and increase social investment

Finance workers' union Finsec is backing Finance Minister Bill English's warning that banks should adjust their profit expectations during the recession, and says the government can step in to require banks to give back during hard times.

"It is time for banks to think not just about shareholders' dividends but about a social dividend. That means fairer interest rates and job security for New Zealand workers," said Finsec Campaigns Director Andrew Campbell.

Campbell said that Finance Minister Bill English should use the mechanism provided by the government retail deposits and wholesale funding guarantee schemes to ensure a social dividend is returned to the tax payer for their current support of the banks.

"Banks now enjoy significant support from taxpayers and reduced risk to shareholders, with few strings attached. A commitment to New Zealand jobs and a fair deal for customers should be conditions of the schemes," said Campbell.

"The big banks made combined profits of over \$2.5 billion last year. They're amongst our biggest and richest employers, and it's time that they did their bit to help out during tough economic times," said Campbell.

"Placing conditions on tax payer support of banks is not a bad thing. In fact the current crisis shows us that regulation is essential and is now needed to ensure wider economic and social objectives are delivered," said Campbell.

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