

9 April 2009

ME Bank passes on a 10 basis point interest rate cut to its Super Member Home Loan customers

Members Equity Bank (ME Bank) today announced it would cut the standard variable interest rate on its Super Member Home Loans by 10 basis points. The reduced rate follows Tuesday's cut to the cash rate by the Reserve Bank and will be effective from Sunday, 19 April 2009.

Members of participating trade unions and super funds, who have Members Equity Bank's award-winning Standard Variable Home Loan, will now pay a standard variable interest rate of 5.39% per annum. The Super Member Home Loan product range continues to be at least 25 basis points cheaper than the lowest equivalent major bank rate.

This position in the market continues to support ME Bank's brand proposition for low cost products supported by high quality service to members of funds and unions. Recent independent research has again confirmed ME's service standard as delivering the highest level of customer satisfaction in the industry.

Mr Tony Beck, Head of Corporate and Social Responsibility, said higher costs of wholesale funding and have meant that ME Bank could responsibly pass on a 10 basis point rate reduction. It was critical to the future of a competitive banking system that ME Bank, as one of the few remaining smaller banks in the market offering genuine competition to the big banks, continued to be strong and viable.

The Government Deposits Guarantee, introduced by the Federal Government last year to protect consumers, by default, has entrenched the position of the big banks allowing them to buy wholesale funds at a cheaper rate than the smaller banks such as ME Bank.

Retaining some margin allows the Bank to protect profitability, build a strong capital base and maintain returns to our super fund investors. It is critical, in the interests of our customers that ME Bank continues to be a legitimate and viable competitive alternative.

The Bank's Asset and Liability Committee will meet shortly to review rates on all other products.

Members Equity Bank, which is owned by 37 Industry Super Funds, was created to provide working Australians with innovative, low cost banking services. In July 2001, Members Equity Bank received its banking license from the Australian Prudential Regulation Authority.

For Media Enquiries only

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