

Committee Members,

I wish to make the following submission to your committee on "Competition within the Australian banking sector" and have divided it up as follows:

- Mortgages In General
- Interest Rates In Credit Cards
- Portability Of Account Numbers
- Conclusion

Mortgages In General:

As someone who has paid out their mortgage I feel I can speak without any conflict of interest in this area.

I do not believe that the banks should be able to lift their interest rates by amounts that are greater than that announced by the RBA as a result of its monthly meeting - ie if the RBA sets an increase of 25 basis points (0.25%) then the banks, etc, like the Health Insurance Funds, must be required to justify a rate increase of greater than that of the RBA and seek approval, perhaps from the RBA, with a recommendation to and final approval from the Treasurer (similar to the current process by which the Health Funds have to go through the Health Minister for approval).

The process that the banks use to set there Mortgage Interest rates should be open and transparent to Government, their customers and the public in general.

Interest Rates on Credit Cards:

I haven't been keeping up to date on the various rates being offered by the banks and other credit card issuing entities. However, I am aware that my bank is charging me (on the rare occasion that I can't pay the full amount at the end of a given month) just shy of 20%pa – more than 10% higher than the current mortgage rate of the banks. It would seem to me that whilst there seems to be some degree of regulation and/or "self control" on the interest rates being charged by the banks, etc, on Mortgage, Business and Personal Loans, this "control" doesn't seem to extend to credit cards and that this area of "loan" is way overdue for consideration in relation the possible regulation to, perhaps, tie them more closely to other interest rates being charged by the banks (eg mortgages, etc) and to put the same rate fluctuation requirements on them, in relation to linking them to movements in the RBA's cash rate after recalibrating the existing credit card rates to a more reasonable baseline.

Portability of Account Numbers:

For many years now we have had portability of our telephone numbers, both fixed and mobile, albeit only in given zones (eg a Sydney number, as I understand it, can't be transferred to Canberra, etc). It is now about time that our bank account numbers were made portable between our different banks and other financial institutions with the criteria being that the institution must have a BSB code which would be attached as a prefix to the

account number to identify the Bank, State & Branch that has taken over that account for the customer. I will use the format "BSB-Account#" to identify the components of the customers account number in this section.

As already indicated above, under my suggestion, only banks and financial institutions with a unique BSB would be able to participate in this "mandatory" program. The "Account#" would be attached to a specific type of account, such as a Mortgage, High Interest savings Account, etc, and would only be able to be moved on a "like-to-like" basis – eg. ING Savings Maximiser account to RaboDirect High Interest Savings Account, etc.

The "Account#" would be unique to that customer and to a particular type of account regardless of which bank the account may be with or may be moved to. If a person changes banks and has the account "linked" to other services, such as a monthly subscription or a direct debit, they would just have to advise their service provider, etc, with the new BSB code as the actual "Account#" would not need to be changed.

So, as an example, if someone had an account, (say, Account# = 1234-56789) with ING (BSB 923-100) and wanted to move it to RaboDirect (BSB 142-201), the account number would move from being "932-100-1234-56789" to "142-201-1234-56789".

Conclusion:

There may be many other facets of the banking system which need updating based on the movement in technology over the years, etc, and which have not come directly to mind during the preparation of this submission and which, may even be outside its scope. However, I believe that the above would be a good start.

Thank you for allowing me to make this submission and I hope its contents may be of some small value it the larger scheme of things.

Sincerely,

Paul Myers