

**Additional information as requested by Senator Pratt (Hansard, E 117,  
Friday 21 January 2011), Senate Economics References Committee – Inquiry  
into competition in the Australian banking sector**

**Information provided by Andrew Canion, WA Small Enterprise Network**

Each bank offers a variety of bank accounts and lending products, with each targeted at different types of businesses with different requirements.

There is no straightforward way to compare each product offered by each bank, because the terms and conditions attached to each is slightly different, and fees are each calculated in different ways and at different rates.

It would be helpful if businesses could obtain a sense of their total exposure in actual dollar terms. For example, with mobile phone contracts, it is a requirement of the service provider to state the minimum total cost of the contract. It would be useful if a similar scheme was implemented for bank products that would aggregate the total minimum cost of holding that bank account, allowing the customer to make a fair comparison.

Each bank has a series of documents dedicated to the terms and conditions of the products it offers. This makes it an extremely time intensive process to analyse and understand just one bank's offerings, let alone comparing offerings across multiple providers. The different terminology and terms and conditions applied to each of these accounts makes it almost impossible to accurately compare products, while at the same time the level of overall competition in the market is not strong enough, and the market is sufficiently oligopolistic, that banks are not encouraged actively differentiate themselves or their products.

Information provided by the banks often contains footnotes and references to other terms. This makes even basic comparisons even more difficult.

Specific examples of terms and language that increase the difficulty for the customer include:

- Commonwealth Bank – a 75 page document of terms and conditions for their range of small business banking accounts.
- Westpac – Loan term comparison table shows the complexity of choosing the right product, even when presented in what should be considered a simple format. [<http://www.westpac.com.au/business-banking/loans-leasing/long-term-finance/comparison>]
- NAB – The following excerpt from page 9 of the NAB Business Banking Fees Guide highlights the confusing terminology that is linked to fees, where specific definitions occur to specific sections. Also note that this clause includes footnotes which again alter the terms applied.

“For the purpose of this account electronic transactions are those transactions to/from your account conducted via NAB internet banking (including bill payment BPAY®)<sup>1</sup>, NAB telephone banking (including bill payment BPAY®) and periodical payments, direct debits, direct credits and other funds transfers to/from your account.<sup>2</sup>”

[[http://www.nab.com.au/wps/wcm/connect/ea6ea1004d3b13c88110d73d7180d45e/NAB\\_Business\\_Banking\\_Fees\\_Charges\\_24012011.pdf?MOD=AJPERES&CACHEID=ea6ea1004d3b13c88110d73d7180d45e](http://www.nab.com.au/wps/wcm/connect/ea6ea1004d3b13c88110d73d7180d45e/NAB_Business_Banking_Fees_Charges_24012011.pdf?MOD=AJPERES&CACHEID=ea6ea1004d3b13c88110d73d7180d45e)]

- ANZ – Business banking Finance Fees and Charges booklet is 16 pages long, outlining a myriad of costs that a business seeking to borrow may incur.