

Submission to the Senate Economics References Committee Enquiry Into Competition Within The Australian Banking Sector

Our submission to the Committee is based on the experience I relate briefly below.

I have a home loan. I am married, a father of two small children and am a working carpenter. My recent experience has shown me that that for any banking reform to be successful it needs to include better consumer education and greater clarity.

As a working Australian with a family and a mortgage, during the GFC, I suffered severe financial stress. In frustration at the lack of clarity, the mystifying jargon and the solid walls of soft customer service put up by my Bank I began a search for options and my search resulted in creating a website dedicated to assisting bank customers like myself to survive.

Why do I say survive? As I dealt with my financial stress I noticed it was directly impacting on my health, on my wife and family. We began a real spiral down into depression and feelings of hopelessness, futility and at times despair. I realized to avoid falling into major depression I needed to know exactly what I could do. I needed education. This would get me out of the “helpless” place.

I also knew I needed a “voice”. I was a single individual and the “big four” Banks are so massive. The “voice” would bring me relief from the “hopeless” side of the depression equation. At least I would feel that my feelings had been heard.

To do this I envisioned a web site where people in similar situations could come and send a strong message of complaint to their Bank to vent the frustration they felt about the behavior of the Banking industry in Australia.

Up front, this web site would provide a “tongue in cheek” way of getting a bit of a load off the chest, a pressure relief valve for people who were as hopelessly frustrated at their Bank as I was. The site would simultaneously provide a collective consumer “voice” for the small guy. Importantly, a voice that was “out there” on the net and could not be ignored, smothered, hidden or shut down by the “big four”. By putting all “spanks” on Twitter and Facebook, the list of complaints (anonymous) would be public and visible. As the recent events in North Africa have shown, a collective can affect change when it feels empowered and has a voice.

Secondly – and more importantly – the site would become a repository for the information discovered in our search for education. This would begin with topics like:

- how to work with banks,
- where to go to complain and last resort assistance resources,
- help on budgeting, saving and buying within your means.

The aim was to explain banking terms that were dark mysteries, at least for us lay persons. These should be explained in sufficient simplicity to achieve the purpose of real consumer education. I believe the web site is getting near to this goal.

When I began to research I found it amazingly difficult to discover the real bottom line on my options for relieving my financial stress. There was a lot of noise but little real simple direction, little clear, easily accessible, helpful consumer education. The journey eventually (in total frustration) led to several conversations with the Banking Ombudsman's office. This is where the first glimmer of hope came from. Clear simple answers. Real options. No obfuscation.

Six months later a lot of the information that was amazingly difficult to locate has been published on the site. I have named the web site Spankyourbank:

- The site collects and simplifies sage advice.
- It pulls back the veils on terms like "compound interest" and "Mortgage insurance".
- It provides budgeting spreadsheets and tools to help consumers better manage their finances, advice and ideas on managing credit cards, beating the banks, paying off loans sooner.
- It lists the bank CEOs, Directors and shareholders and what they make and
- the site attempts to show who really pulls their strings by exposing the largest shareholders.

Weekly, new information, new tools and advice is added by our blogger and researchers.

Ultimately the site will also host a forum for consumers to share complaints, horror stories, advise and celebrate successes. The web site is five weeks old. It has been well received and currently has a growing following.

In view of the foregoing my submission to the committee is in several parts.

1. I believe that to affect real change in the Banking sector, banking consumers need to be empowered through clearer, simpler education and self help tools.
We experienced real difficulty in finding what our options really were. Talking to the Ombudsman's office was where it all began to become clear, but that was a long way down the track and wasted valuable public service resources providing advice on matters that should be on a web site somewhere. What information does exist is either difficult to find, mystifying or clearly designed to get the consumer into a new mortgage with a different bank.
Perhaps simpler consumer education could be delivered via the existing channels like ASIC and State bodies like the Office of Fair Trade in NSW, or private entities could be given an incentive to provide this consumer self help.
2. Consumer education about the banking sector needs to be stronger, clearer and targeted.
For example a campaign to educate the demographic about to buy a first home should start with advice on budgeting, saving and living/buying "within your means". Not popular topics however this would result in a healthier, more productive population, families with more disposable income and better work/life balance.
Again these messages must be delivered in palatable formats. Perhaps grass roots, not top down, self help schemes could be encouraged by a program of awards or acknowledgements.



www.spankyourbank.com.au

3. Like the insurance industry, banking is full of confusing and sometimes conflicting terminology and conditions. Perhaps a simpler set of universal consumer conditions could be adopted.

We acknowledge there is no quick fix and the banks are a vital part of our economic system. However a more transparent and competitive banking sector could be pulled into being via “people power”. An empowered, educated, self assisting consumer would perhaps result in a more competitive Banking industry, a healthier more productive population, a little less strain on the public resources charged with supporting those who really need the help and a fairer go for us all.
