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20 May 2011

Secretary
House Standing Committee on Economics
Parliament of Australia

Sent by Email: economics.reps@aph.gov.au

Re: Submission in relation to the Inquiry into the Competition and Consumer (Price Signalling) Amendment Bill 2010 and the Competition and Consumer Amendment Bill (No. 1) 2011

Thank you for the opportunity to respond to the proposed legislation on price signalling.

The global financial crisis led to a series of events which strengthened the position and market power of major banks, at the expense of regional banks and non-bank financial services institutions. Current domestic and global industry dynamics are further constraining competition, meaning structural reform is urgently needed in order to ensure there are increased competitive alternatives for Australian consumers of financial services products. The smaller banks, credit unions and building societies continue to be the most viable option for providing competitive tension and we are keen to see that reform does not undermine or create unintended consequences for these institutions and consumers.

The proposed legislation on price signalling has unintended consequences for all banks who have various arrangements with suppliers who are also competitors. As an example, a bank who utilises another banks services either under a white-labelling or outsourcing arrangement would not be able to discuss pricing strategies critical to the relationship under the new legislation. These arrangements are legitimate business activities designed to allow smaller banks to compete in the market with the major banks. Please note these arrangements are not unique to Suncorp Bank and are becoming more prevalent in the financial services industry.

There are several other concerns that we share on price signalling. However, the Australian Bankers' Association (ABA) has outlined these in the industry submission to the Committee.

We look forward to continuing to participate in consultation on banking competition matters and as the largest regional bank in the second-tier sector, we appreciate the opportunity to convey the views of a non-major bank institution.

Yours sincerely

David Foster
Chief Executive Officer
Suncorp Bank