



# Big bank chiefs to answer senators

**SCOTT MURDOCH**

**BANKS**

THREE out of the top four bank chief executives will front a Senate inquiry next month to answer parliamentary critics that the Australian banking market is in desperate need of increased competition.

Commonwealth Bank's Ralph Norris and National Australia Bank's Cameron Clyne confirmed yesterday that they would appear before the committee when it meets from December 13 to 15.

They will join Westpac chief executive Gail Kelly, who was the first bank boss to confirm she would front the inquiry, which is examining ways to inject competition into the banking market.

ANZ chief executive Mike Smith has said he does not believe

there is a need for another inquiry. It is understood the bank plans to send the head of its Australian operations, Phil Chronican, to give evidence.

The inquiry was proposed by independent senator Nick Xenophon, who earlier this month said: "We expect to see the bank CEOs turn up that week."

The major banks are understood to be finalising submissions due by next Tuesday.

The bank bosses are likely to be scrutinised on the current level of competition between bank and non-bank lenders, the banking products available on the market and the likely drivers of future change in the industry. The top four chief executives have each argued there is substantial com-

petition, especially in mortgages, given the regional banks and non-bank lenders.

One non-bank lender, FirstFolio, is trying to stoke competition. It released a new mortgage yesterday that will keep interest rate rises capped to the Reserve Bank's official moves for three years.

The political spotlight on the banks will intensify when Wayne Swan releases the government's package of reforms in the next week.

Separately, the major banks are expected to take a significant hit in customer satisfaction ratings, after a survey found approvals for the industry was close to a record high.

The Roy Morgan Consumer

Banking in Australia report on satisfaction ratings for the big four continued to improve in October, with the most gains made by NAB and CBA over the past year. However, Roy Morgan's industry director, Norman Morris, said CBA's ratings were likely to suffer after Australia's largest bank raised its standard variable rate by nearly double the Reserve Bank's increase earlier this month.

"Home loan customers of banks have shown to be sensitive to rate rises and are particularly harsh on banks that increase their rates above the RBA movement," he said. "This was seen . . . when Westpac moved their home loan rate by more than the RBA increase in December 2009."

**Customer satisfaction the four major banks**



Source: Roy Morgan Research