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MEDIA RELEASE

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BANKS ROB CUSTOMERS IN PROFIT GRAB

Banks are robbing customers with exorbitant penalty fees in a ruthless profit grab.

FAMILY FIRST wants penalty fees abolished. They should be for cost recovery only, not an excuse for banks to reap even more millions. We must stop banks fleecing Australians with high fees totally out of proportion to the cost on the bank.

FAMILY FIRST calls on the Government to:

- Give the Australian Competition and Consumer Commission (ACCC) the power to abolish outrageous penalty fees. At the moment, it only has the power to monitor fees;
- Order banks to ensure fees appear on ATM screens *before* transactions are processed, so people know exactly how much they are being slugged.

A 2004 report by the Consumer Law Centre of Victoria estimated banks could be reaping “hundreds of millions of dollars in profit each year from penalty fees”.

As if banks don't already make enough profits!

The report also found “cheque and direct debit dishonour fees charged by Australian banks are out of all proportion ... with the cost incurred by banks in processing cheque and direct debit dishonours.” It revealed penalties for a dishonoured cheque are up to 16 times the cost to the bank, while some banks seized 92 times the cost of processing a dishonoured direct debit transaction.

Fees of \$35 to \$50 are just robbery.

Make a mistake at an ATM, like entering the wrong PIN number, and some banks will charge you \$2. Withdraw money from another bank's ATM and it's another \$2, while an over the counter transaction costs up to \$3. Be a day late for even the smallest minimum credit card payment and the average penalty is \$29.

The Australian Consumers Association's Dr Nick Coates says hidden bank fees "provide a striking example of how the complex network of interchange fees is passed on to consumers in an unfair and unjust manner."

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