

## Media release

22 September 2010

# Bank fees add more to cost of living than electricity bills

Today's class action filed against ANZ is a welcome shot across the bow of the banking industry, which has been gouging customers through exorbitant fees for too long, according to The Australia Institute.

Reserve Bank figures show banks charged \$1.2 billion in penalty fees alone in 2009, at a cost of approximately \$150 per household. Total bank fees brought in \$12.7 billion.

The Australia Institute's Deputy Director Josh Fear said excessive bank fees now have a significant impact on household budgets.

"If we assume that businesses pass the costs of bank fees onto their customers – just like the banks pass on interest rate increases to their customers – then banks fees are costing the average Australian family around \$1,622 each year," said Mr Fear.

"That is more than the average family spends on electricity.

"To illustrate just how excessive these fees are, if bank CEOs paid fees and charges in the same proportion to their incomes as ordinary Australians do, then they would be paying around \$380,000 each year.

"You only have to look at the super profits the banks are making to realise bank fees and charges add substantially to the cost of living. The underlying profits of the big four banks are running at \$37 billion annually or 2.9 per cent of GDP. That means that for every \$100 spent in Australia, around \$3 ends up as underlying profit for the big four," said Mr Fear.

The Australia Institute is working with GetUp and CHOICE to highlight the impact of penalty fees and other unfair bank fees on Australian consumers.