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Media release

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Big Four banks earn $12 million per day by delaying interest rate cut

Every day that the Big Four banks delay passing on the Reserve Bank's interest rate cut of half a per cent represents a transfer of around $12 million from home buyers with variable loans to the banks, according to The Australia Institute.

An analysis of the ANZ's new financial report shows that the bank has been crying wolf about cost pressures at the expense of its customers.

While the ANZ has been complaining that their cost of borrowing has been increasing, the *Consolidated financial report and dividend announcement, Half year 31 March 2012* shows that their interest expenses are down two per cent.

Senior Research Fellow David Richardson said that with banks not passing on RBA interest rate cuts at the same time as their cost of borrowing is falling, it is easy to see why the ANZ's profits are on the rise.

The ANZ's financial accounts show that total deposits are up four per cent and total liabilities are also up one per cent. But interest expenses are down two per cent.

"Where are the costs pressures the ANZ is facing if they can't be found in their financial accounts? The banks have set a pattern, always complaining about cost pressures only to publish results that show the cost of funds has been low and falling," said Mr Richardson.

"The banks are engaging in a phoney debate about the cost of borrowing. For the banks it is a very profitable debate.

"The Big Four banks have more than an 80 per cent market share. If they are not prepared to pass on interest rate cuts in full then perhaps it's time to start discussing a banks super profits tax again," concluded Mr Richardson.

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