

28 October 2009

## **NAB follows ME Bank's lead in abolishing Monthly Account-Keeping Fees.**

The decision by NAB to remove monthly account keeping fees on a few accounts is a small proportion of the total fees and commissions received by the big banks, such as NAB.

ME Bank's fees and commissions as a percentage of operating income is still so much lower than for the big banks. For the year ended June 2009, about 4% of ME Bank's income was derived from transactional fees.\* For the major banks, this percentage was between 17% - 20%.

NAB's decision on monthly account keeping fees shows the big banks are now under pressure to slash fees and charges to bring them into line with those charged by ME Bank.

According to the latest quarterly survey from InfoChoice, home loan customers of the big four Australian banks are being hit hard by excessive costs.

InfoChoice's survey found bank customers who switched to the lowest priced products would save \$5.4 billion on home loans, \$257 million on credit cards and \$482 million each year on other financial lending such as car loans.

ME Bank's Head of Corporate Affairs, Tony Beck said NAB's decision was a pale imitation of ME Bank's long standing commitment to low cost banking.

Mr Beck said ME Bank had also paved the way for other banks by keeping its late payment fees (also known as penalty rates) at a minimum charging only the cost of administration.

“Most other banks have been charging excessive late payment fees that bear no relation to the cost incurred by the bank in managing the late payment,” he said.

Mr Beck predicted that the big banks such as NAB would attempt to claw back the profits lost from removing these excessive monthly account keeping fees through other means: increases in interest rates or less transparent fees or business costs.

“Unlike ME Bank which has a philosophical commitment to lower cost banking to industry super fund and trade union members, the big banks’ only commitment is to their shareholders and executive management.”

**\*ME Bank charges no application fees, no ongoing account keeping fees on its home loans, no fees to split or redraw, no direct entry fee, no switching fees - and low default and exit fees.**

**Tony Beck**  
**Head of Corporate Affairs**  
**ME Bank**  
**[mebank.com.au](http://mebank.com.au)**