

Swan “disappointed” by Commonwealth Bank

Posted by [LC Team](#), Wednesday, November 5, 2008

Federal Treasurer Wayne Swan says he is disappointed with the Commonwealth Bank's decision to not pass on all of the Reserve Bank's latest rates cut.

The Commonwealth cut its lending rate by 58 basis points, less than the Reserve's larger than expected cut of 75 points from to take the cash rate to 5.25 per cent.

“They have chosen not to pass all of this .75 cut on,” Mr Swan told Fairfax Radio Network today.

“I'm disappointed with that, I'm hopeful the other banks will pass it on in full and, if they don't, I want to see it happen as quickly as possible.”

Mr Swan said the retail banks had benefited from the certainty provided by the federal government's move to guarantee deposits.

He said the banks had been told they could return the favour by passing on interest rate cuts in full and “unquestionably I'll be saying it pretty firmly again”.

“It is right to say they have had the benefit of the guarantee, and I do expect the Commonwealth (Bank) to pass this through in very quick time,” Mr Swan said.

Despite this, he also said the nation's banks continued to operate in “very volatile” international markets, amid a global economic slowdown which had further ramifications for the Australian economy.

“We expect to have positive growth here but we are going to be impacted upon by this very dramatic change that is occurring in the international economy,” Mr Swan said.

“If you're in any country in the world in these circumstances, it is still the case you'd want to be here (in Australia).”

Mr Swan said the government's economic stimulus package - which targets middle to low income families and pensioners with special \$1,000 payments - would be hitting peoples' wallets within weeks.

“There will be quite a few people who will get a real boost around Christmas, and certainly all of those people with a mortgage out there have had a very big cut in the rates that they are paying,” he said.

AAP