

Banks profiteering despite claims of troubled credit market

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Australian banks are profiteering from customers despite claims by the industry that margins are suffering from a troubled credit market, a new report shows.

Mortgage market report, The State of Play, lends weight to claims from the Commonwealth Treasury that profit margins have increased for Australian banks, says report authors InfoChoice.com.au and The Sheet.

“While the recent credit crunch has obviously had a significant impact upon the local money market, there is limited evidence to suggest the costs of funding are still increasing,” InfoChoice head of research Steven Anderson said in a statement.

“The major banks have not only survived but strengthened thanks to the credit crisis, becoming the market price setter for the first time since they relinquished the position to specialist home loan lenders more than a decade ago.”

Mr Anderson said the market share of the big four banks - National Australia Bank, ANZ, Commonwealth Bank of Australia and Westpac - had grown from 59 per cent to 60 per cent since January 2008, and now accounted for more than \$578 billion of Australia’s \$964 billion mortgage market.

“Unfortunately for consumers, this shift has come at the expense of competition, with smaller regional participants, building societies, credit unions and non-bank lenders losing market share, or being pushed out entirely,” Mr Anderson said.

The State of Play is a quarterly series of reports on the mortgage market in Australia researched and published by InfoChoice.com.au and financial services commentators The Sheet.

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