

Bendigo, credit unions launch new banking Alliance

Monday 17 November 2014

Bendigo and Adelaide Bank and an Alliance of Australian credit unions today co-launched a new banking model that secures the independence and identities of the participating credit unions.

The Alliance model was developed by Bendigo and four credit unions - AWA, BDCU, Circle and Service One.

In a joint statement, Bendigo's Managing Director, Mike Hirst, and Service One CEO and Alliance spokesman, Peter Carlin, said the Alliance model was compelling enabling the credit unions involved to remain true to their traditional ideals and values while positioning for growth in the changing financial market.

"Every financial organisation needs a clear plan to grow in the face of increased regulation and new technologies", Mr Carlin said.

"By working with Bendigo to develop the Alliance model we have been able to achieve the best of both worlds for our members and for the communities we serve.

"We keep our independence, remain 100 per cent member-owned and continue to provide a very caring, personal service.

"At the same time the agreement with Bendigo opens up greater capacity to meet our members' needs, offer greater competitive choice and provide access to a wider range of services and modern service technologies.

"For Bendigo, this is a way to grow its business that is totally aligned to its strategy."

Under the Alliance model:

- The loans and deposits of the participating credit unions will be transferred to Bendigo Bank, while reserves remain 100 per cent member-owned.
- Alliance members continue to be serviced by their local branch staff.
- In time, they will have access to new products and technology from Bendigo, with the Alliance credit unions retaining pricing and loan approval discretions.
- Bendigo will become the approved deposit-taking institution and will assume responsibility for compliance, systems and balance sheet management, with this delivering improved economies and cost savings.

The Agreement with Bendigo requires approval from 75 per cent of members voting at the respective credit union AGMs on 10 December 2014 and final approvals from APRA and the Federal Treasurer.

The four credit unions combined have 39,000 members, \$640 million in assets and \$550 million in deposits.

Mr Hirst said Bendigo would continue to play an active role in the changing financial landscape.

"We have a proven track record of working with organisations and communities on solutions to challenges they face. This is just one more example of that."

The Alliance members

AWA Credit Union Limited

AWA was established in 1969 and has approximately 4,608 members and balance sheet assets (as at 30 June 2014) of \$132 million.

AWA also manages \$131 million in securitised loans on behalf of Perpetual Trustee Company Limited as well as \$8 million in loans that have been sold to Adelaide Bank.

Berrima District Credit Union Limited

BDCU was established in 1963 and provides a range of financial services to approximately 12,000 members across the Southern Highlands and Tablelands of NSW.

As at 30 June 2014 BDCU had assets of \$181 million.

Circle Credit Co-operative Limited

The origin of Circle Credit Co-operative Ltd can be traced back to 1963.

Circle has approximately 3,300 Members and as at 30 June 2014 its asset size was \$63.6 million.

Service One Credit Union Limited

Service One Credit Union was registered as a company on 14 February 2001 and granted an ADI licence on 1 May 2001, and was formed following the amalgamation of three credit unions, namely, The Credit Union of Canberra, Snowy Mountain Credit Union, and Hospitals Credit Union. Service One subsequently merged with Bemboka Community Credit Union in 2004.

Service One has approximately 19,300 members and balance sheet assets (as at 30 June 2014) of \$297 million. It also manages \$6.9 million in securitised loans on behalf of Perpetual Trustee Company Limited..

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