

Attn: Affiliates 19 February 2009

Members Equity Bank's Great Rate Online Savings Account not a Fake like some others

When Members Equity Bank last year claimed it had "A Great Rate, Not a Fake Rate" for its Online Savings Account, it was right on the money.

Industry watchdog, The Australian Securities and Investments Commission (ASIC), this week has expressed concern that banks may be misleading consumers with "fake" rates in the promotion of their high-interest online savings accounts.

Unlike Members Equity Bank customers who happily earned every dollar every day of the promised great rate, customers at other banks were unhappy to learn that some of the high introductory rates used to promote accounts have not held up in the face of falling rates.

Mr Tony Beck, head of Corporate Affairs, said Members Equity Bank had deliberately used the advertising slogan "A Great Rate, Not a Fake Rate", because so many of the bank's competitors were advertising introductory offers that were not maintained.

"We knew consumers were being misled by some of the advertisements by our competitors," he said.

ASIC has set out a number of concerns in its letter. "Some advertising may:

- "Suggest that variable rates of interest are in fact fixed. This problem often arises where a special rate is promoted when in fact the special offer involves a margin above a standard variable rate.
- "Promote special offer rates that are available for a period that is so short as to make the advertised benefits illusory.
- "Promote returns that, due to the manner in which the product is structured, cannot be obtained. This can occur, for example, where a pre-condition of obtaining a headline rate of interest is to quarantine a minimum balance in a non-interest bearing account.
- "Promote product features such as no fees or no monthly fees that are not available to the majority of the target audience. This commonly arises where the online account is only available when linked to a transaction account with the same institution. If the transaction account attracts relevant fees then it may be misleading to claim that the online account is fee free.
- "Include inadequate or inadequately prominent references to relevant qualifications or conditions to the effect of failing to meet relevant conditions. Such conditions may include the need to maintain a minimum balance or limit withdrawals."

Mr Beck said Members Equity Bank prides itself on its transparency and simple, easy to access products.

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MembersEquity
Bank

Members Equity Bank, which is owned by 37 Industry Super Funds, was created to provide everyday Australians with innovative, low cost banking services. In July 2001, Members Equity Bank received its banking license from the Australian Prudential Regulation Authority. Members Equity Bank is an Authorised Deposit - Taking Institution for the purposes of the Government Deposit Guarantee.

For Media Enquiries only

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