

NATIONAL INDEPENDENT RETAILERS ASSOCIATION

Media Release

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Big Banks provide an extra Easter gouge We need portable bank accounts now

NIRA today highlighted that this Easter the big four banks will make huge profits from small retailers by withholding their EFTPOS payments for as long as 6 days. The way to fix this continuing roting is for the government get tough and bring in portable bank account numbers and create real competition in the finance sector.

Peter Strong, CEO of NIRA, stated today “the big four banks will gouge anywhere between 1 and 2 billion dollars from small business this Easter through non payment of EFTPOS funds.” He added “Smaller financial institutions are able to make EFTPOS payment transfers everyday so why can’t the big banks?”

Mr Strong added that “A business that trades on Easter Thursday and on the public holidays will not see their EFTPOS funds until at least the first normal working day, and that will be up to 6 days after sales are made. This could run into the tens of thousands of dollars for a single business. The recent Telstra/COSBOA business survey showed that 45% of businesses surveyed said that reducing debt was the biggest single factor for improving their business and the banks continue to add to that debt by withholding funds. The big banks keep the retailers money, invest it on the short term money market and also charge the retailer interest on any overdraft. The retailer pays extra interest or loses out on interest that should have been earned. We need a Productivity Commission review of the banking sector with a view to free up competition and make choice easier.”

Mr Strong also added “Some Federal Ministers and shadow Ministers say that if you don’t like what the bank has to offer than just change banks. That is ridiculous, it is easier to move countries than it is to change banks especially if you have an overdraft and credit facilities. The easiest way to fix this problem is to create portable bank account numbers, the same as we did with mobile phone numbers.”

Visit the [NIRA website](#) and see a proposal from Joshua Gans of the Melbourne Business School on switching costs and the benefits of a portable account number.

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Peter Strong is also a Director of Molonglo Financial Services that manages the Bendigo Community Banks at Calwell and Wanniasa in the ACT.