



BENDIGO BANK LIMITED

Submission to the Wallis Inquiry

September 1996

TABLE OF CONTENTS

Section	Page
Recommendation	3
Executive Summary	5 - 6
Introduction to Bendigo Bank Limited	7
Bendigo: a Regional Community Bank	8 - 14
Relationship Banking	15 - 16
Banking and Financial Services	17
Customer and Community Value	18
Depositor Confidence	19
Competition	20
Bendigo Advertiser News Article 1st February 1995	21

RECOMMENDATION

That the Committee

1. acknowledges the important role regional and community banks play in
 - providing competition in domestic banking
 - servicing consumers in regional communities
 - delivering strong customer-focus banking.

2. must not introduce changes in regulation or structure which would lessen the importance of the role regional and community banks play in serving their discreet markets.

Many regional communities (both business and consumers) feel disenfranchised in their access to the banking system.

3. acknowledge that while consumers do adapt quickly to technology and new delivery systems, they still require and prefer personal and local support at times, and appreciate a relationship approach to pricing and product packaging.

4. recognise the importance of the recommendations in the Australian Bankers' Association submission as a way of ensuring ongoing integrity of the finance system, and recognise the different rights and obligations of the various investment / deposit structures and the importance of fair and equitable access to Australia's payment system.

“The Bendigo is a regional community bank which continues to model its operations on its reputation for ethical, caring service and its willingness to contribute to communities in which it operates. The Bank builds long-term customer relationships by providing value-added products focused to meet customer’s needs and backed by quality service. Special emphasis is given to regional markets, where the Bendigo enjoys a competitive edge because of its reputation and unique status as Australia’s only regionally-based bank.”

EXECUTIVE SUMMARY

Following 137 years operating as a building society, Bendigo Bank was established in 1995 out of a confluence of events which produced a community requirement for a regionally-based bank in Victoria.

Two major events led to Bendigo becoming a bank:-

- ***Financial deregulation in the 1980's***

When the banking system was tightly regulated, non-banks were allowed market and product niches which provided the base for substantial businesses. Retail savings and home mortgage lending were products where the banks' ability to compete was tightly controlled. As a result, building societies were able to develop community-based businesses with significant local franchises, albeit with a very narrow product range.

- ***The collapse in 1990 of the Pyramid group of building societies***

This led to a major loss of confidence in non-banks and the financial system in general. Through this difficult period, Bendigo continued to receive strong support from customers and shareholders. As a result, it acquired, with the support of the Victorian Government, two other building societies which expanded its geographic spread.

Bendigo also strategically acquired Sandhurst Trustees Limited and National Mortgage Market Corporation, significantly expanding the range of products it could offer its customers.

As a regionally-based operation, community support had long been Bendigo's strength. From its earliest days, deposits raised in the city were loaned back to its own citizens. Bendigo had taken the view that it must contribute to those communities from which it derived support. In post-Pyramid Victoria, at a time when major banks were seen to be withdrawing traditional branch services from country areas, Bendigo found regional communities receptive to dealing with an organisation committed to supporting them.

The challenge for Bendigo was to meet the demand, a task it tackled on two fronts through traditional "shop front" outlets and through technology. Forty-five of the Bank's 69 branches are now located in regional Victoria, as are 78 of its 80 public facility agencies. A growing team of mobile home lenders and business bankers adds to this personal banking service. At the same time, Bendigo has invested in technology-based delivery systems, further extending services to previously under serviced areas.

In the 10 years following deregulation of Australia's finance industry, Bendigo quadrupled its deposits and assets. Bendigo's annual growth rate in assets (post-Pyramid and building society acquisitions) ran at between 8 and 15 percent. Customers welcomed the choice Bendigo provided. This is particularly evident in the Bank's major markets, where research indicates that one in two customers in its home city, and one in three in Geelong, have a relationship with the Bank. This level of support is not,

however, reflected in total market share, a fact which causes Bendigo Bank to be optimistic about growth prospects even from within its existing markets.

As a Bank, Bendigo brought its customers new advantages. Rarely a price leader, but always competitive, the Bendigo now finds itself able to package its diverse services in such a way as to reduce the cost to those who choose it as their primary provider. By May 1996, the Bendigo's customers averaged 2.4 relationships with the bank, far in excess of the 1.76 averaged by the major trading banks.

This desire to cultivate relationships with its customers was reflected in the Bank's response to public disquiet with bank fees. Bendigo introduced fees based on a relationship criteria which exempted loyal customers. This was greeted with approval from consumer groups and acceptance by the bank's own customers.

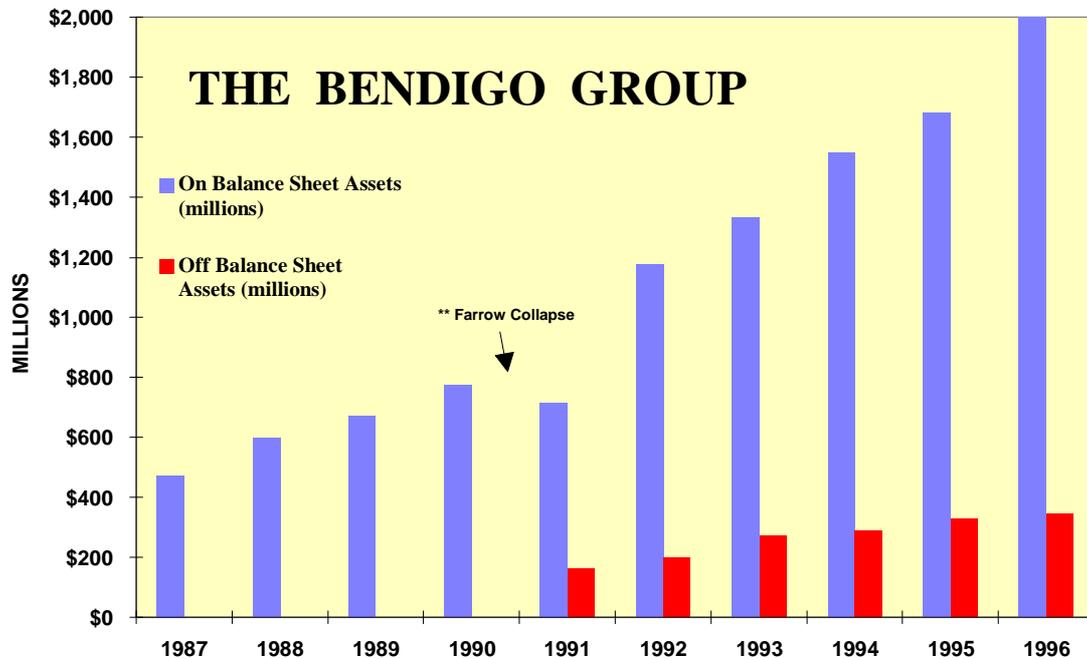
Customers - and shareholders - are largely drawn from those regional markets where service is not just a byword but an expectation. Six in 10 of Bendigo's loans are made in the regions; 59 percent of its shareholders are regional people. Its wide spread of branches and agencies provide one-stop shops where customers can invest, borrow, prepare their wills, insure their property and plan and secure their financial futures.

The Bank also continues to develop its market by further enhancing its relationship strategies. Pricing incentives and discounts are used to encourage customers to place more of their business with Bendigo. In the current financial year, the Bank is unveiling in its existing markets a business banking package expected to appeal in particular to those customers who already deal with it on a personal basis, therefore, there is considerable potential for growth generated from within the Bendigo's own customer base and areas of influence - regional and outer suburban areas.

The demand for a regional community bank is apparent in the Bendigo's growing market share, its burgeoning shareholder base and the strong correlation between shareholders and the retail base. Many Victorians have shown themselves eager to take a stake, either as shareholders or customers, in a regional operation which has established a clear point of difference in customer service and in the way in which it approaches its community obligations. The loss of this choice would leave a void in the market and many customers underserved and disillusioned. Bendigo Bank provides a viable alternative for those in regional and suburban communities.

INTRODUCTION TO BENDIGO BANK LIMITED

Bendigo Bank began on the Bendigo goldfields in 1858 as a building society lending to miners wishing to build their own homes. Growing steadily over the following 138 years, it gradually expanded its base into new areas in regional and metropolitan Victoria, regional New South Wales and the Australian Capital Territory.



Source: Bendigo Bank Annual Reports 1987 - 1996

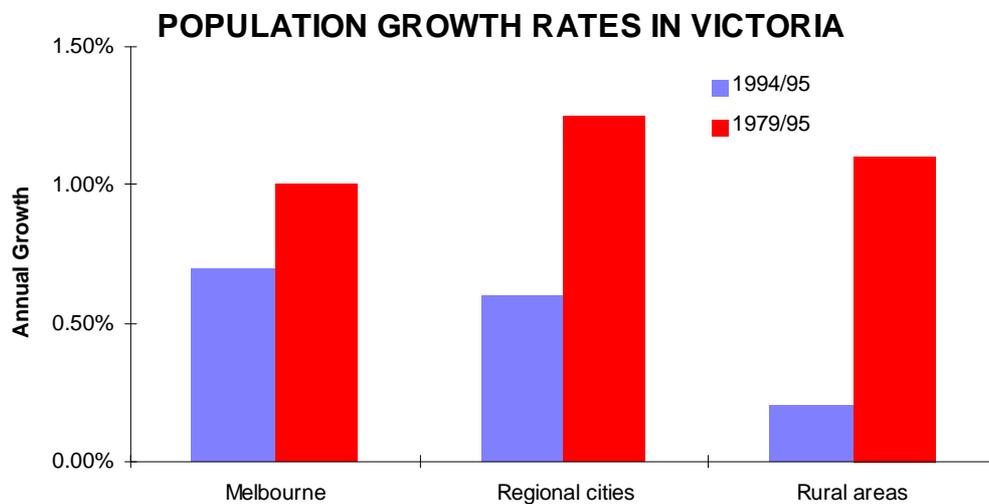
In the early 1990's, the growth of the Bank accelerated dramatically. Following the collapse in 1990 of the Farrow group of building societies, Bendigo acquired the operations of the Capital and Compass building societies incorporating branch networks throughout both Barwon and Gippsland regions of Victoria. The acquisition of Sandhurst Trustees (1992) and National Mortgage Market Corporation (1995) added product diversity to this geographic spread, producing a finance group which today offers a wide variety of products in regional and metropolitan markets. Such expansion, however was inhibited by restrictions arising from Bendigo's non-bank status, leading to the decision to apply to the Reserve Bank of Australia for a banking authority. In July 1995, a banking authority was obtained, converting the building society to Bendigo Bank Limited.

The Bendigo is a regional community bank which continues to model its operations on its reputation for ethical, caring service and its willingness to contribute to communities in which it operates. The Bank builds long-term customer relationships by providing value-added products focused to meet customer's needs and backed by quality service. Special emphasis is given to regional markets, where the Bendigo enjoys a competitive edge because of its reputation and unique status as Australia's only regionally-based bank.

BENDIGO: A REGIONAL COMMUNITY BANK

As we near the turn of the century Australia is becoming increasingly urbanised, with capital cities housing a larger proportion of the population. This trend is mirrored in country areas, where larger towns are absorbing an ever-increasing share of regional populations and small towns are in decline.

The level and rate of population growth in Victoria's nine largest regional cities far exceeds growth of the broader rural area. The graph below shows that the average rate of population growth in the nine largest regional cities between June 1994 and July 1995 was 0.6%, compared to 0.2% for rural areas throughout the State. It also shows that over the longer term (between 1979 - 1995) this trend has not changed.

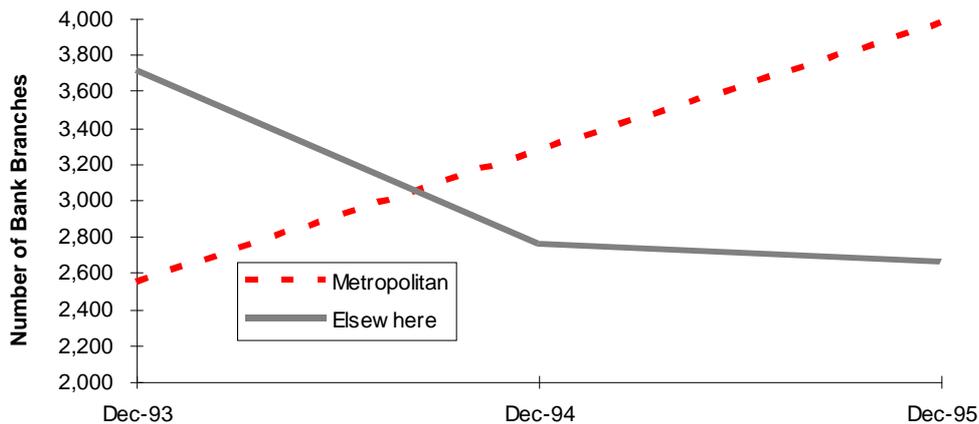


Source: Population Growth Ranking in Australia & New Zealand
by Coopers & Lybrand Consultants 1996.

According to the most recent edition of *Population Growth Ranking in Australia & New Zealand* by Coopers & Lybrand Consultants, the population of the Wimmera town of Horsham increased by 1,033 between 1976 and 1995, whereas the number living within 100 km of Horsham decreased by 8,786 over the same period. Leading regional centres in Victoria, and elsewhere throughout Australia, are expanding at the expense of remote and rural communities.

Deregulation of the finance industry in the 1980's radically altered the finance map in Australia. At the same time regional markets were declining in comparative significance, larger financial institutions were, and still are, looking to rationalise their operations and forgo less profitable business. This has led, and will continue to lead, to a concentration of services in metropolitan areas and the withdrawal of traditional branch-based services from smaller communities.

BANK BRANCHES IN AUSTRALIA



Source: Reserve Bank Bulletins 1993 - 1995

These factors have created a market opportunity which is being filled by smaller organisations more responsive to customer needs and more prepared to retain services in areas less enticing to the major banks. This is evidenced by the three percent increase in the market share attracted by regional banks in the past two years.

Year	Regional Bank Market Share
May 1994	15%
May 1996	18%

Source: Reserve Bank Bulletins 1994 - 1996

Bendigo enjoys influence across a range of regional markets exhibiting similar characteristics to the central Victorian market in which it has operated and prospered for 138 years. Bendigo Bank understands its market, empathises with the communities in which it operates and, because of its regional location, is in a position to respond quickly to the needs of its customers.

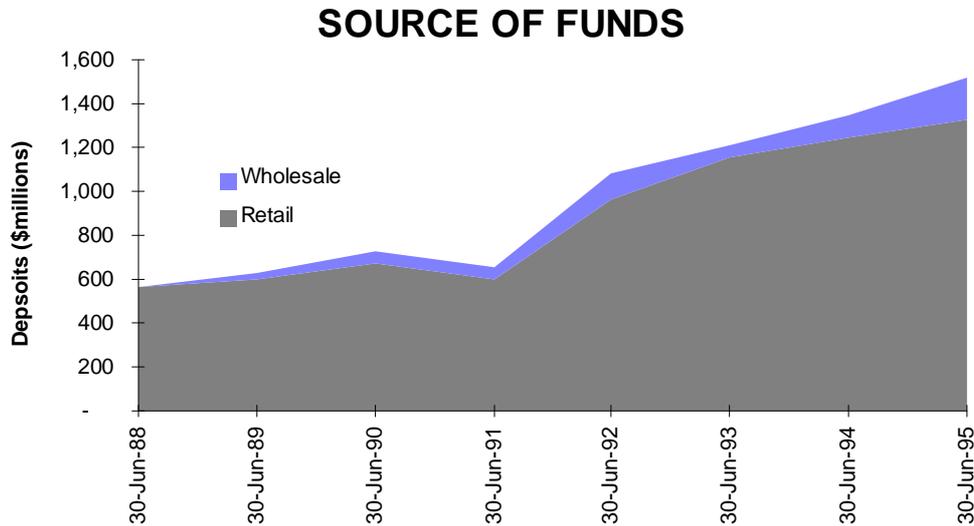
Regional communities have responded positively, with the Bank's regional base growing more rapidly than its metropolitan base. This reinforces the Bank's view that its future lies in regional community banking.

Bendigo's commitment to the regions is reflected in its delivery systems. Forty five of its 69 branches are located in regional Victoria, as are 78 of its 80 public facility agencies. A growing team of mobile bankers adds to this personal banking service, while at the same time the Bank has invested in technology-based delivery systems to further extend services to previously underserved areas.

Experience suggests this commitment has considerable potential to expand the Bank's business base. In three regional towns, Kyneton, Castlemaine and Cohuna, Bendigo agencies have grown to become fully-fledged branches as communities have supported our operations. While it can not expect that this level of success will be widely repeated, it is the policy of the Bank to offer increased services to agency customers, thereby growing the Bank's business while ensuring smaller towns are serviced for their

banking needs. Agencies currently offer transaction services and passbook investments, with a formal loan referral process now being implemented.

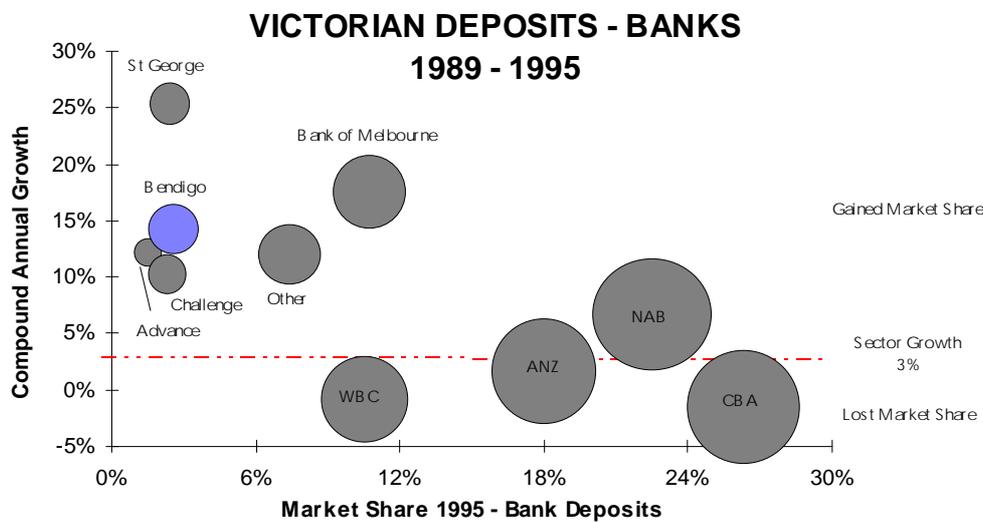
Bendigo is committed to reinvesting resources back into the communities which support it. This is evidenced in Ballarat, where Bendigo Bank has loaned back to the region 118 percent of funds deposited locally.



Source: Bendigo Bank Annual Reports 1988 - 1995

Regionally sourced funds have accounted for no less than 75 percent of total funds deposited every year since 1988.

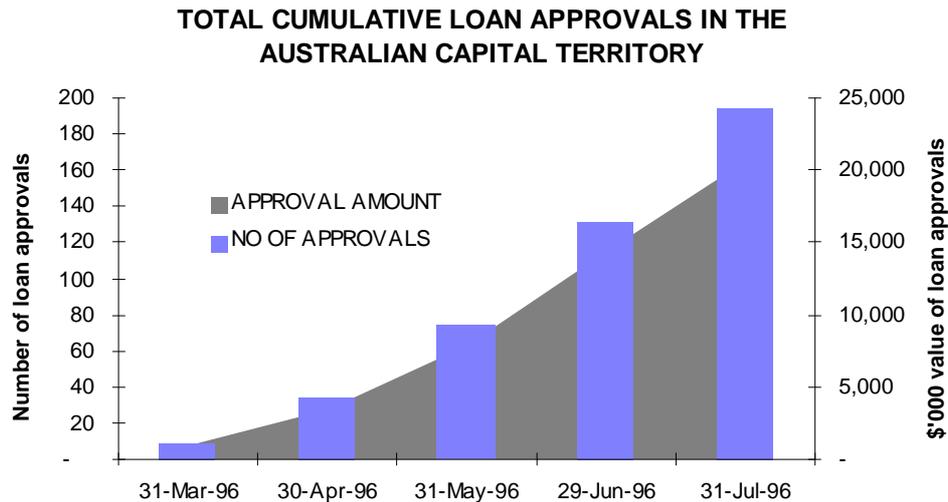
Given the acceptance of the Bank in its existing regions and solid growth in new regions, it is clear consumers want a choice in financial institutions. There is a clear opportunity for the Bank to grow its market share. This is reflected on a wider scale by the increasing market share of regional banks at the expense of major trading banks. This trend, documented below since 1989, shows no sign of slowing.



Source: Reserve Bank of Australia Statistical Data

In the Barwon region the Bank has achieved strong growth in excess of 30 percent following the merger with Capital Building Society in April 1992. The Bank considers its success in its existing markets a positive indication of its likely success in new regional markets.

The Bank is currently developing a new regional market in the Australian Capital Territory (ACT) and has captured 7 percent of new home loan lending in its first five months of operation. The Bank's success, and acceptance in the ACT, provides encouragement regarding prospects in other interstate regional markets.



Source: Bendigo Bank Statistical Data

Conversion to bank status has provided an opportunity to market more effectively into Bendigo's existing consumer banking base. Marketing business banking into the existing customer base also provides further opportunities.

Even in these early days, the Bank has developed relationships with small and medium business and government agencies. This has been achieved by differentiating the Bank, by emphasising its regional status, providing flexible competitive products and recognising the value of the total customer relationship.

These opportunities are sourced through the existing branch network and a team of professional business bankers. The following case studies provide an example of the new business being sourced by the Bank.

CASE STUDY - CUSTOMER A

Customer A is a business comprising a number of manufacturing concerns based in Bendigo. The Group manufactures various products which are sold locally, nationally and overseas.

The Group recently transferred its primary banking relationship to Bendigo Bank following what was essentially a tender for the Group's business. According to the customer, Bendigo Bank won the tender based on the following:

- Service
- Direct access to decision-makers within the Bank
- Local community support
- Employee benefit arrangements
- Facility structures
- Ancillary services

Bendigo Bank now services the Group's banking needs via a specifically dedicated Business Banking Manager who has primary responsibility for the overall relationship. Services provided include debt funding, overdraft accommodation, provision of performance guarantee facilities and staff payroll and superannuation services.

The Group currently employs 126 people, many of whom conduct their personal banking with the Bendigo Bank Group.

CASE STUDY - CUSTOMER B

Customer B is a regionally-based local government instrumentality which recently put its debt funding facilities to tender.

Bendigo Bank was awarded the majority of the business in what was an extremely competitive tender process involving, it is understood, the majority of Australia's major banking institutions.

This tender was won on price, with the Bank factoring into the tender its desire to redistribute resources back into the communities from which it derives its support.

Debt facilities provided to Customer B total in excess of \$6 million and Bendigo Bank considers itself well-placed to win this customer's transactional banking when it next goes to tender.

Customer B is serviced by a dedicated Relationship Manager.

CASE STUDY - CUSTOMER C

Customer C (a company) is based in the Geelong region and is a service provider employing 50 people.

The customer recently transferred all its business to the Bank. This business was won on competitive tender, based on service and pricing structure.

The major reason for choosing Bendigo was not price but service with the customer being able to deal directly with decision-makers and a regionally sensitive organisation.

Customer C has also transferred all ancillary business to the Group.

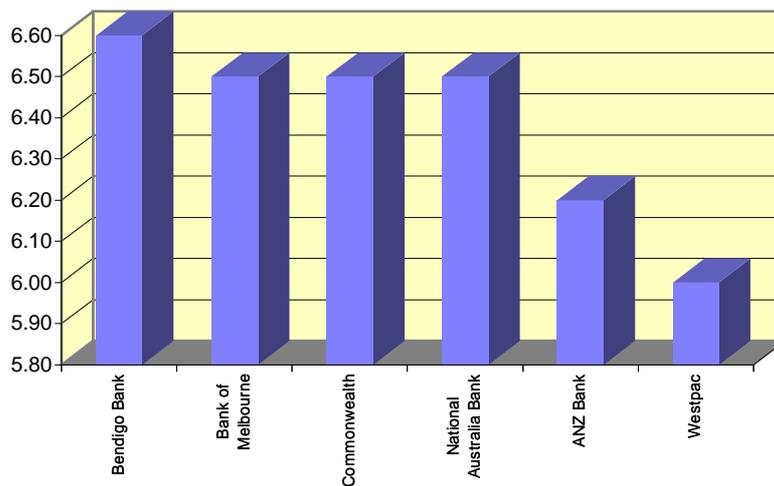
Anecdotal evidence suggests many customers are dissatisfied with the lack of continuity and perceived poor service provided by the major banks. Customers continually stress the importance of local service and direct access to decision-makers within the Bank.

The Bendigo Group has also strengthened its relationships with the rural sector. It is the policy of the Group to expand its activities into rural finance, making rural loans through Sandhurst Trustees.

This policy has been widely accepted in rural areas. The extent of this acceptance can be gauged from a recent advertisement in *The Land* publication offering re-finance on rural properties. From that advertisement 91 telephone enquiries were received which involved \$27.5 million of potential re-finance opportunities from the major trading banks. The main complaint was high rates maintained by the major trading banks for rural loans.

The Bendigo has developed its customer franchise through quality service and the perceived advantage of being Australia's only regionally-based bank. This has been confirmed by research conducted by AMR Quantum Research in June 1996.

Rating out of 10 for Customer Service as at June 1996



Source: AMR Quantum Research June 1996

The Future:

Bendigo considers one of the most important aspects of its success in the future is clear strategies for the development of regional and community banking.

In developing this approach we are incorporating the following vital components:-

- broadening consumer banking.
- expansion of commercial banking by introducing new business bankers, new products and business banking centres.
- transformation of branches from transaction centres to customer focused value-added centres.
- advancement of the branch delivery system and introduction of automated loan application processing.
- major investment in relationship banking including preferential and incentive pricing.
- further development of electronic funds transfer facilities including major investment in automatic teller machines and EFTPOS units.
- development of customer service through our Bendigo Direct telephone banking unit.
- development in subsidiary services with the introduction of new investment products through our funds management arm, Sandhurst Trustees, and increased utilisation of commodity products through National Mortgage Market Corporation.
- assurance that the Bank maintains high quality service through “mystery shopping” analysis at branches.
- The introduction of a Customer Help Centre to improve quality and procedures and review customer complaints.
- assurance of compliance with all prudential and legal requirements.
- confirmation of the effectiveness of high quality risk management systems.

In developing this regional and community bank strategy, Bendigo will position itself to grow both organically and as a non-threatening acquirer of other organisations with a similar regional community focus.

Coupled with the regional and community banking strategy, Bendigo has commodity banking lines and other financial services - all of which complement growth and performance objectives.

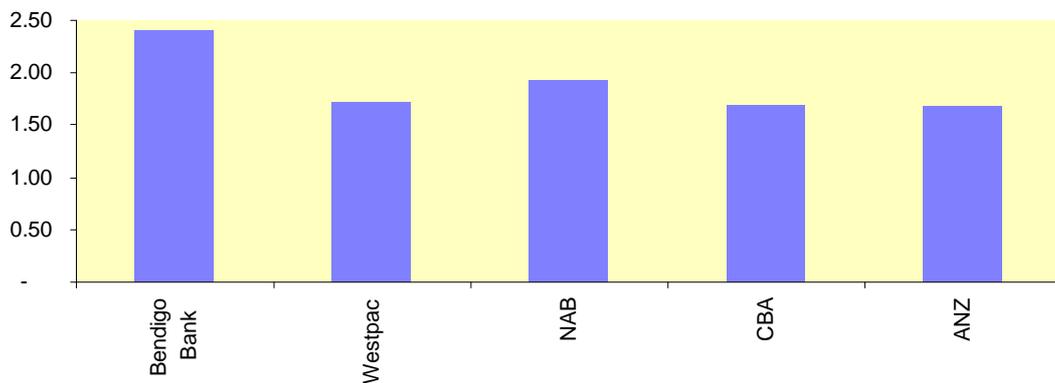
The Bank has in recent years invested substantially in service delivery, with branch and agency upgrades, branch delivery systems and automatic teller machines. While this investment has come at a cost - reflected in a cost-to-income ratio which is higher than the desired level - Bendigo believes it is critical to its development as a regional community bank and will produce a healthy return both for our communities and the Bank.

RELATIONSHIP BANKING

Many customers have had a life-long association with the Bank. The customer and shareholder base has proven to be stable due to the substantial goodwill and franchise established over the Bendigo's long history.

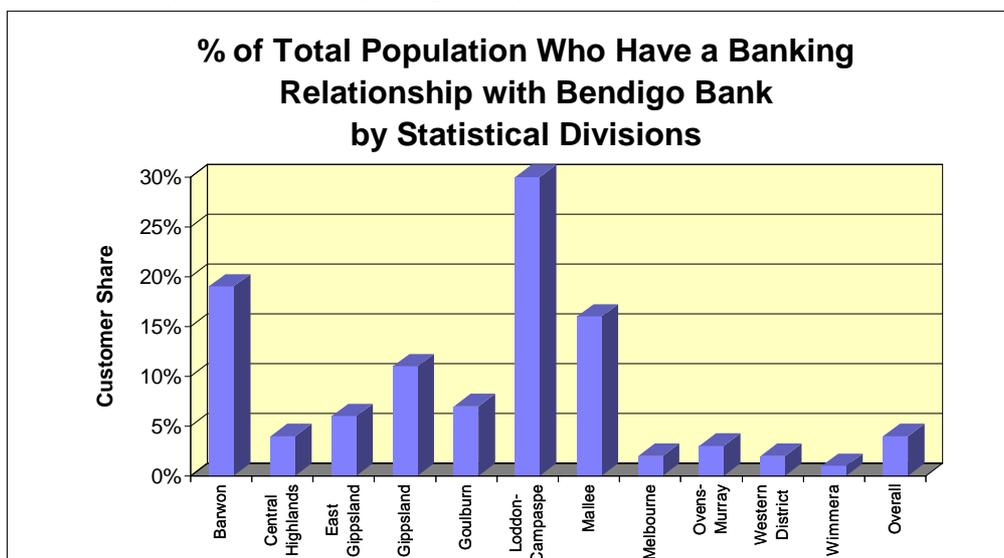
There is an encouraging flow of new customers to the Bank, particularly in younger age groups, paving the way for future long-term relationships. Each customer holds an average 2.4 relationships with the Bank which is consistent with the community banking concept and well in excess of the 1.76 averaged by the four major trading banks.

Customer Relationships as at May 1996



Source: National Morgan Research data from May 1996

The high percentage of the population in regional Victorian areas which have a relationship with Bendigo Bank further demonstrates substantial goodwill and community loyalty established by a regionally-based bank.

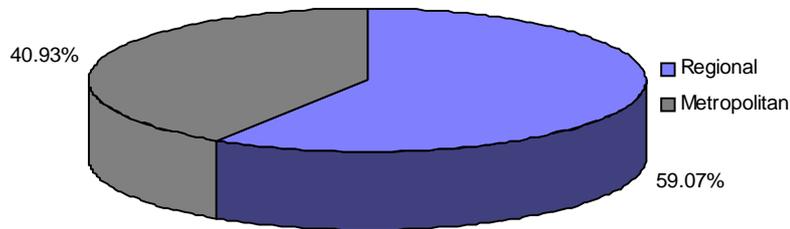


Source: Bendigo Bank Statistical Data

The Bank cultivates flexibility in establishing relationships. Sandhurst Trustees, acquired in 1992 as the funds management arm of the Group, is positioned to cater for the higher net worth and more established client with 60 percent of investors in the 40 - 80 age group. The target market of Sandhurst Trustees complements that of the Bank, with the Trustees providing additional value-added products to the Group's base.

The success of the Bendigo Bank strategy is supported by the diverse nature of the shareholder base. The shareholder base of the Bank has no substantial individual shareholders.

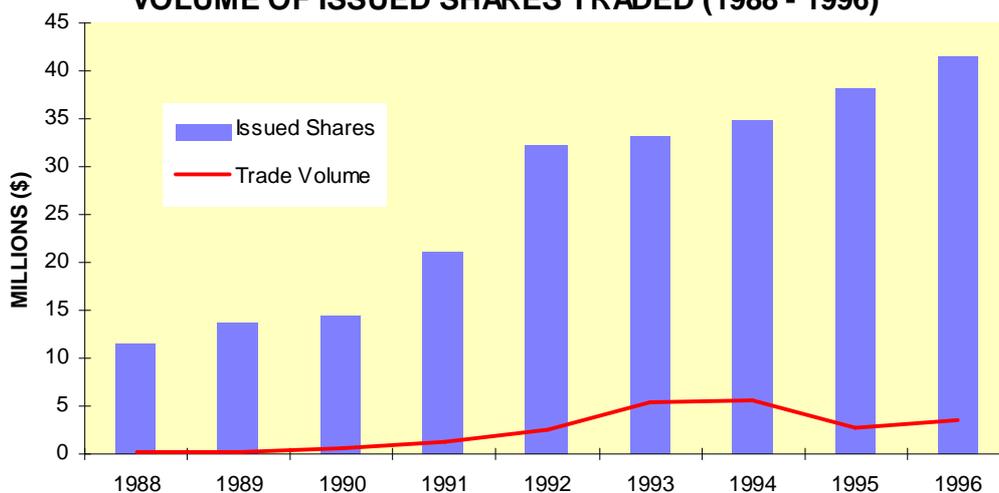
Bendigo Bank Share Holdings as at June 1996



Source: Bendigo Bank Statistical Data

The increasing number and spread of shareholders represents a desire by regional communities to take a stake in a regional bank. This is evidenced by the stability in the Bank’s share register, with minimal trading volumes evidenced over the past nine years.

VOLUME OF ISSUED SHARES TRADED (1988 - 1996)



Source: Bendigo Bank Statistical Data

The Bank has identified that many metropolitan shareholders have strong links with the Bendigo region, further demonstrating that many shareholders support Bendigo Bank over the long-term.

Shareholders continue to support Bendigo’s Dividend Reinvestment Programs with approximately 40 percent of all dividends being reinvested.

Bendigo Bank also has a staff share plan. The staff have a strong sense of ownership, pride and teamwork, as evidenced by the 90 percent acceptance of the staff share plan offer.

BANKING AND FINANCIAL SERVICES

Bendigo Bank delivers its various banking and financial products through combined accounts which may be linked with credit cards, personal and home loans and access to electronic transfer systems. The diversity of products offered by the Group meets customers' needs and reduces transaction costs as customers are not required to source these products from different suppliers. The Bank's high 2.4 customer relationship ratio supports this.

These relationships are further cultivated by pricing incentives which reduce the cost of banking to supportive customers. A Home Loan Extras loyalty program, for example, provides customers with fee-free transactions and interest rate reductions of between one and five percent on credit cards and personal loans. When introducing transaction fees, Bendigo took the innovative approach of exempting customers with three or more relationships to a value of \$10,000 or more, including loan balances.

These strategies build on a cluster service approach successfully adopted by regional community banks in the United States. Bendigo is committed to expanding this approach, thereby affirming with customers on an individual basis the commitment to mutual support which is clearly demonstrated at a community level.

Such support is shown in the Bank's lending policies, its widespread sponsorship and support of community events, and even to the very way in which services are delivered. While the Bendigo's customers, like those of all institutions, have embraced electronic banking, they continue to demand the level of personal service provided through our branches and agents. Currently 50 percent of transactions occur through the branch network with the balance through electronic methods - automatic teller machines, EFTPOS, giroPost.

Bendigo's policy is to respond to customer needs by gradually introducing electronic delivery as customers demand it, rather than responding to industry-led demands for the introduction of new technology for technology's sake. Technology is used to enhance the way Bendigo Bank delivers products and services to its customers and to remain committed to providing personal service where demanded.

Bendigo Bank has a number of subsidiaries which provide it with additional diversity and flexibility in its operations. Its major subsidiaries are Sandhurst Trustees and National Mortgage Market Corporation.

Sandhurst Trustees has operated as a statutory trustee company for more than 100 years. It offers a range of trustee and related funds management, financial and property services, including personal trusts, funds management products, mortgage finance, property management, taxation and accounting advice, corporate trustee services and superannuation. These products and services can be accessed through the Bank's delivery channels. National Mortgage Market Corporation is retained as a separate entity to manage and market commodity type lending products Australia-wide.

CUSTOMER AND COMMUNITY VALUES

For the first 137 years of its history, the Bendigo was a building society serving a defined market centred on a relatively small region of central and northern Victoria. In recent years, however, both the community and the finance sector have undergone significant socio-economic changes which immeasurably increased both the Bendigo's geographic sphere of influence and its relevance in regional communities in particular.

The Bendigo's charter demands that we contribute to those communities from which we derive our support. This ethos, remains strong in regional areas. Regional people will continue to support organisations which show genuine concern for the well-being of their communities.

The Bank is perceived as a worthy part of the community (refer to the attached Bendigo Advertiser news article). This process has been accelerated by providing its regionally based staff with the autonomy to respond to and involve themselves in their local communities. More than 500 community-based sponsorships are issued to the regions each year which further emphasises Bendigo Bank's commitment to the communities in which it operates.

Customer support in Bendigo's metropolitan operations demonstrates that not all customers particularly want to be swept up into a "global" market where they become little more than a number in a computer. While Bendigo is focused on improving the way in which technology can deliver banking convenience, its primary focus remains on delivering old-fashioned quality service.

As a pioneer of innovative products, Bendigo as a building society was one of the first financial institutions to introduce products such as Visa Cards and Mortgage Offset Accounts to its customers. These products were later adopted by other banks and have now become standard across the industry. In the modern day, the Bank offers products such as service-based packages, reduced interest rates, waiving of fees and many other benefits to those customers who choose to foster a relationship with the Bank. Competitive pressures have required the Bank to develop high levels of efficiency and innovative products which enhance the continuing relationships with its customers.

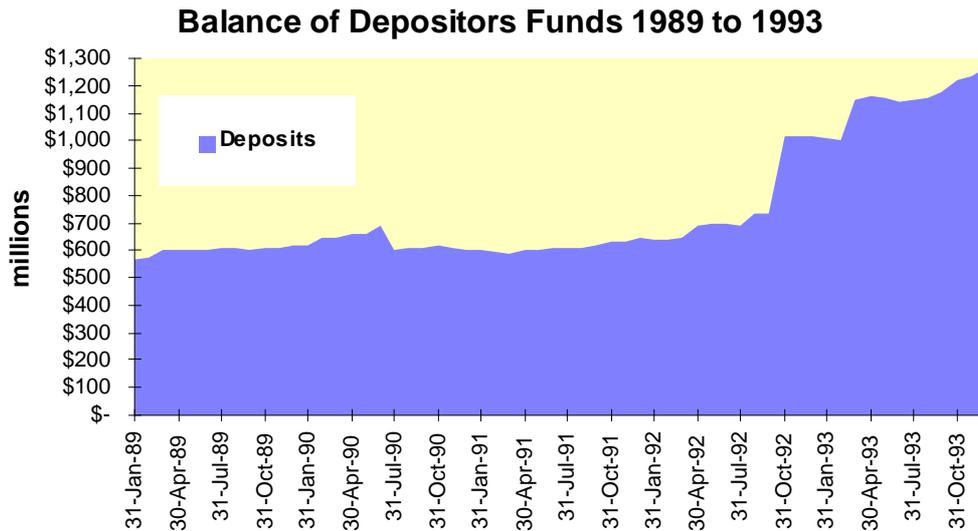
In 1994 the entire data processing operation for the Group became based in Bendigo, Victoria. This was a significant development not only for the Bank but for non-metropolitan Victoria, as it created in excess of 45 job positions for qualified personnel and significantly broadened the skills base in this important area of technology.

With more than 720 staff members, Bendigo Bank is a major employer in Bendigo and other regional centres providing further contributions to the communities in which it operates.

Training programs are in place and are an integral part of our commitment to equip our staff with the advanced skills necessary to succeed. The Bank has major links with the Bendigo branch of LaTrobe University and has an education reimbursement policy to encourage staff to pursue studies to upgrade their professional qualifications.

DEPOSITOR CONFIDENCE

The collapse of the Farrow group of building societies in 1990 sparked the largest and most prolonged run on non-bank financial institutions in Australia’s history. Yet while other societies succumbed, Bendigo emerged from the crisis not only with its reputation intact, but in a position of strength from which to launch a growth phase which continues unabated today.



Source: Bendigo Bank Statistical Data 1989 - 1993

Customer franchise and depositor confidence is a positive feature of the Bank and banking system, demonstrating resilience in past years, particularly through turbulent times such as the Farrow collapse and during times of change, such as strategic acquisitions, technological initiatives, bank conversion and other initiatives designed to position the Bank to meet new challenges including increased competitive pressures.

COMPETITION

Regional banks have offered a degree of diversity in the Australian banking industry. They have performed well, have been innovative and are, on the whole, efficient. That focus, innovation and efficiency has imposed a competitive discipline on the major trading banks in competing for a share of the financial market.

In the future, regional banks, because of their smaller size and higher borrowing costs, need to take smaller spreads of interest, be more efficient and contain their costs by focusing on core businesses in order to compete with the major trading banks and each other. This adds a strong dimension to competition and if the regional banks were to be 'taken out', the major trading banks would then have less incentive to compete vigorously.

Competitiveness will ensure that the banking industry efficiency enhances consumer benefits through diverse price-product-service value propositions.

The market power of any one supplier of banking and financial services is limited only by the choice and price competition available from alternative suppliers. In other words, the number and diversity of suppliers in the market is a critical factor in generating sustainable competition.

This is particularly true in many regional areas which are otherwise susceptible to the monopoly effect of being left with one supplier. As the only regionally-based bank, Bendigo sees it has an obligation to provide competition and support these areas where possible. The effect of this competition was immediately evident in Bendigo's home city, where in July 1995 other banks quickly responded to Bendigo's new status as a bank, with a raft of "special offers" in a bid to ward off the threat imposed by business opportunities afforded by the newly-won status.

Bendigo Bank enjoys a symbiotic relationship with the communities from which it has drawn its own sustenance. By nurturing those communities, by meeting their financial needs in a caring way, Bendigo Bank will remain an integral part of Australia's financial system, a clear choice in an environment where one financial institution begins to look very like another and consumers will face not so much "choice" as "brand alternative".

The Bank is of the view that the argument of economies of scale in larger entities does not produce a "public benefit" but merely leads to a substantial lessening of competition. The level and nature of the competition provided by regional banks has been clearly endorsed by their customers, thus enabling them to prosper in a highly competitive environment.

It is apparent in regional areas that it is not the size of the institution but its ethos, quality service and commitment to the communities which sets it apart from other financial institutions.

NEWS ARTICLE

Bendigo Advertiser

WEDNESDAY, FEBRUARY 1, 1995

It's our bank

By ANNE WELLS

BENDIGO faces a huge employment and development boost following yesterday's decision by the Bendigo Building Society to become a bank.

The board of Australia's oldest building society approved a long-held plan to become a bank at its meeting on Monday night.

The new bank will be called Bendigo Bank Limited. Subject to approval from shareholders, members and the Reserve Bank of Australia, the 131-year-old society will enter a new era from July 1 when it starts operations as a bank.

Chairman Richard Guy yesterday said the move to bank status was an inevitable consequence of the Bendigo's strong growth.

What the leading figures had to say . . .



"We are committed to further development as a strong regional based and focused financial institution."

— ROB HUNT



"To most customers, the change to a bank will be a change in name only. Otherwise it will be business as usual."

— RICHARD GUY



"The move to a bank is not only important for the Bendigo, but has far-reaching and exciting ramifications for the City of Greater Bendigo."

— PETER ROSS-EDWARDS

posted a loss since its formation in 1863, recorded a 55 per cent increase in profit to \$9.2 million (after tax) in the year to June, 1994.

Mr Hunt said the Bendigo would continue the tradition of being a "unique" financial institution after it became a bank.

It would maintain its regional focus with headquarters in Bendigo. It would have an edge over other banks in customer service and relations.

"Our stress would remain on local identity. The staff of the Bendigo, being local, remain more accountable to local people as they all live here and have that next-door neighbour image . . . when people can 'catch' easily if they have done something wrong."

ck in a led with
PAGE 5
call
eered to ow com- the hope- old leu- sily.
PAGE 7

Building society to push for bank status

From Page 1

Mr Hunt allayed fears among certain sections there might be wholesale changes once the Bendigo becomes a bank. He maintained that to most customers it might be a change in name only. Otherwise, it would be business as usual.

"The key things are that we will not moving away from what we stand for — providing friendly customer service and offering investment with security. There is no cause for alarm in any way at all.

"We will be able to offer more security to our customers after we become a bank.

"We will expand our products into business facilities like leasing, bill lines and commercial lending."

Mr Hunt said while Bendigo Bank's primary focus would remain home lending, the greater flexibility and access to funds accorded by the bank status would allow it to extend its business services.

Mr Hunt said the Bendigo would be the first regional bank in the country. "We are committed to further development as a strong regional-based and focused financial institution. We will broaden our range of products but continue to focus on the financial needs of ordinary households."

Mr Guy said: "Our conversion to a bank will benefit our customers, our shareholders and the regional economies in which our operations are

based. Becoming a bank would allow the Bendigo to expand its services while retaining its reputation for friendly and efficient customer service.

"We can only compete on an equal footing with banks if we become one ourselves."

The board's recommendation to become a bank must be ratified by the Bendigo's shareholders and members in a ballot which will be mailed on March 7. The ballot closes on March 31.

If the shareholders and members approve the plan, the board will apply to the Reserve Bank of Australia and the Federal Treasurer for authority to conduct banking business.

Chief Commissioner Peter Ross-Edwards yesterday said the announcement by the Bendigo to seek a banking authority marked an exciting day in the history of the city.

"The move to a bank is not only important for the Bendigo, but has far-reaching and exciting ramifications for the City of Greater Bendigo. I am sure every resident shares in the pride that we have for the Bendigo. It is one of the great success stories of our region," he said.

Continued — Page 2