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People's Choice Credit Union positioned well for future

Australia's second-largest credit union, People's Choice, has announced a strong year of growth that will see it benefit from reforms designed to improve competition in the banking sector.

At its Annual General Meeting held in Adelaide today, Chief Executive Officer Steve Laidlaw said the focus on improving the member experience had delivered strong results.

"Our determination to improve member experience has resulted in People's Choice's strongest net member growth for years," Mr Laidlaw said.

"This growth reflects our members' very high levels of trust and willingness to recommend People's Choice – a stark contrast to Australians' loss of confidence in the major banks due to their poor conduct and prioritisation of shareholder returns over customer service," he said.

Essential regulatory reforms to underpin growth

People's Choice welcomed Federal Government reforms announced yesterday that would allow the mutual sector to compete fairly with the big four, Mr Laidlaw said.

"At a time when the major banks are under significant regulatory scrutiny, it seems absurd that a sector that faces no conflict between its owners and customers should find it harder to operate – not easier – and sometimes unfairly impacted by laws that are designed to manage that conflict," he said.

"The unequivocal support for the mutuals through these reforms is a big win for customers, members and the sector itself. It will help customer-owned institutions like People's Choice to challenge the big four banks and lead to a stronger and more competitive banking sector," he said.

"The current regulatory system needs to be more open so it addresses the mutual structure as an important part of the economy and retail banking market, with four million customers and \$108 billion in assets," he said.

"Regulators such as ASIC and APRA need to appreciate the significance of our sector when framing regulation. Today's announcements by the Government send a clear signal of that need," he said.

Board renewal targets the importance of technological change

Chair John Cossons announced that from 12 December 2017 experienced banking technology executive David Cartwright would fill a Board vacancy, bringing the benefit of more than 30 years' experience of financial services, technology and business services to People's Choice at a time when technology was enabling member preferences.

Mr Cossons also welcomed the re-election of Virginia Hickey and the election of Amanda Heyworth to the Board.

"Our investment in technology is essential if we are to meet member needs and, as a Board, we must have the skills and experience to support that direction," Mr Cossons said.

“David’s appointment today is part of the healthy process of Board renewal,” he said.

Mr Cartwright has broad experience across financial services, health and technology businesses in the private, mutual and government sectors. He held senior executive roles with ANZ Banking Group for five years including Chief Operating Officer and a member of the Group’s Management Board and various Board Committees, and was part of the team behind the first banking app, “Go Money”.

He is a founding partner of a rapidly-growing advisory business specialising in the areas of strategy, digital disruption and transformational change, and for three years was Chief Executive Officer of iPSL, an outsourcing utility owned by three major UK financial services institutions with an annual turnover of approximately \$750 million. Prior to this, David held a broad range of banking and program management roles with Barclays PLC.

Ms Heyworth sits on boards in the finance, housing, technology, not-for-profit and Government sectors, including affordable housing organisation Ingenia Communities and the commercialisation arm of UniSA, UniSA Ventures. Ms Heyworth also assists Vinnies SA and Uniting Care Wesley Bowden with strategy and planning. Her previous experience includes running a venture capital fund, founding a tech start-up, working in investment banking and as a federal Treasury economist. She has qualifications in accounting and finance and an MBA from the Australian Graduate School of Management.

2016/17 financial results

People’s Choice Credit Union reported net profit after tax of \$33.08 million for 2016/17 and a 3.5% increase in total assets under management and advice to \$10.0 billion.

“People’s Choice performed well in a challenging environment in 2016/17, delivering strong results while laying the foundations to ensure our long-term sustainability for our members,” Mr Laidlaw said

“While we are not in the business of generating large profits for shareholders like the major banks, it is important that we generate sufficient profit each year to provide capital to lend, grow and invest in improving our products and services for members,” he said.

Member retail deposits increased 9.6% to \$5.41 billion, which was well above the national market performance. Total member loans grew 6.4% to \$6.87 billion, with residential loan balances increasing 7.6%.

People’s Choice welcomed 21,587 new members during 2016/17 and increased net membership by 7,937 members. The growth was reflected in People’s Choice’s net promoter score of +44, significantly better than the +9 industry average and the second-highest nationally of all financial institutions measured by People’s Choice including the big four banks. Net promoter score is a measure of customer trust and advocacy.

People’s Choice received further recognition for trust, service and member satisfaction during the year, winning the Roy Morgan Building Society/Credit Union of the Year Award for Customer Satisfaction for the second time in three years, as well as Mozo awards for Highly Trusted and Staff Friendliness. These awards are based on independent surveys of members and other banking customers.

Interviews with Steve Laidlaw available by appointment

People’s Choice is one of Australia’s largest credit unions with 360,000 members across Australia; 46 branches and advice centres in South Australia, Northern Territory, Victoria, Australian Capital Territory and Western Australia; \$10 billion of funds under management and advice; and approximately 1,050 employees.

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