About banking in Australia

Did you know that the first bank in Australia was formed way back in 1817?

This happened because the governor at the time (Governor Macquarie) was unhappy with Australia's money system. He gave the order (even though he did not have the power to do so) to a group of citizens to form Australia's first bank. This bank was established in Sydney and its only purpose was to provide a sound currency (currency with an agreed upon value that could be widely recognised) to the people of the colony.

Before long, other banks were formed creating competition and what was called a private banking system. This gave consumers a choice as to where they could deposit or borrow money.

After WWII, people were spending lots of money. This led to the creation of many new finance companies willing to lend money. These companies were not banks, and therefore not controlled by central banking rules (they were not under the supervision of the Reserve Bank). This meant they were able to lend money much more freely than banks. This led to higher risk transactions, with money being borrowed by people who were unable to pay it back.

In 1959, the Reserve Bank of Australia was established to supervise our banking system, and is still in operation today. Over the years, the Reserve Bank has introduced more and more rules and regulations which has made it safer for bank customers to deposit their money with banking institutions.

In the 1980s, Australia's banking system was deregulated which meant many of the banking rules and regulations were changed. This allowed banks to offer higher interest rates for people who invested money with them and lower interest rates for people who borrowed money from them.

At this time, many new banking institutions were introduced to the Australian people, offering greater options for depositing and borrowing money.

What is a Mutual Bank?

Mutual Banks are owned by their members (that is, their customers). This is the main difference between Mutual Banks and traditional banks. Mutual banking organisations can include banks, credit unions and building societies.

Did you know that anyone over the age of 18 can become a part owner of a Mutual Bank just by becoming a customer (depositing money with them or borrowing money from them)? Customers of Mutual Banks can also vote on some matters that affect the bank. This is very different to traditional banks.

The other important difference is that all profits made by Mutual Banks are reinvested back into the bank to benefit members and their communities. Profits are used to help create better products, support community projects, offer more competitive and fairer investment and mortgage rates and continue their focus on providing outstanding customer service.

Mutual Banks also provide the same banking services as traditional banks such as internet and mobile banking, savings accounts, term deposits, credit cards, personal loans and home loans.

So, when you are thinking about where to deposit your money, why not take the time to research all of your options?