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Big \$ bonuses for bank execs fuel profit grab through interest rate and fee rises say unions

Massive multi-million dollar bonuses paid to executives of the major banks are fuelling a grab for profits at the expense of workers and consumers hit by rises in interest rates, bank fees and charges say unions.

The Australian Council of Trade Unions today called for greater accountability of the banks through government regulation, including new curbs on executive bonuses to end the culture of short-term profit-seeking by the major banks.

The ACTU is endorsing the Finance Sector Union's Better Banking Charter which recommends a suite of regulations to drive greater competition as well as improved consumer protection and more sustainable corporate behaviour.

ACTU President Ged Kearney said the community outrage this week over the Commonwealth Bank's announcement of an increase in home loan interest rates that is well above the RBA increase is entirely justified.

"Public concern over bank fees and charges and excessive lending margins can no longer be ignored.

"In Australia, the profits of the major banks are surging and executive salaries are once again at obscene levels.

"And we need to make sure there is no repeat of the sort of unsustainable business practices that led to the global financial crisis.

"Australia got through the GFC better than most thanks to the Labor government's economic stimulus and moves to shore up our finance sector.

"But the high levels of unemployment and sluggish recovery in many countries overseas show there is no room for complacency.

Leon Carter, Secretary of the Finance Sector Union said unions strongly believe further regulation in the sector is needed, including:

- Regulation to require banks to reflect interest rate movements set by the Reserve Bank and to fully justify any variation.
- Requiring banks to demonstrate a direct link between their fees and charges and customer service provision.
- Bans or significant limits on the extent to which performance can be measured by sales volumes linked to selling debt products to consumers.
- Commitments from Government and banks to stop offshoring jobs and invest in developing skills in the Australian financial sector.
- Ending the bonus culture that rewards risky short-term behaviour by executives in the finance sector.

"It is blatant hypocrisy for the major banks to record such massive profits and pay huge executive salaries while at the same time slugging customers and employees," said Mr Carter.

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