

ACTU calls on big banks and insurance companies to stop having a lend of us

The ACTU calls on Australia's biggest financial companies to drop prices after the industry recorded a 46 per cent increase in profits since March 2021, according to ABS data released this week.

In the past 12 months, the cost of insurance and financial services has been one of the key drivers of inflation, increasing by 6.4 per cent from higher premiums and mortgage rates. Companies have hiked insurance premiums by 36 per cent since March 2021 and according to the Australia Institute, the banks have pocketed \$212 billion from raising interest payments on households and businesses.

Announcements of the latest profit results show the Commonwealth Bank posted a \$9.48 billion profit; IAG recorded insurance profits of \$1.42 billion, up 79.1 per cent from the previous financial year; Suncorp posted a \$801 million profit from its insurance arm, a 17 per cent increase; and QBE posted a nearly 100 per cent increase in profits, of \$802 million for its half-yearly results.

In February 2024, former ACCC Chair Professor Allan Fels AO published his final report on the ACTU-commissioned Inquiry into Price Gouging and Unfair Pricing Practices. The report highlighted the use of 'confusion pricing' which involves confusing consumers with complex price structures and plans to make price comparisons difficult and minimise competition. One example is the report's reference to a 2023 ACCC paper that examined the use of bonus interest rates to attract consumers, despite 71 per cent of bonus interest accounts not receiving the bonus interest rate on average each month over the first 6 months of 2023.

ACTU Secretary Sally McManus will tonight introduce Professor Fels as the keynote speaker for the 2024 Laurie Carmichael Lecture, on the topic of "Power, Profits, and Price Gouging." The event is hosted by the Carmichael Centre, an initiative of the Australia Institute's Centre for Future Work and RMIT University's Business and Human Rights Centre.

Quotes attributable to ACTU Secretary Sally McManus:

"Banks and insurance companies are having a lend of Australians. They have put up prices, not because they need to, but to fatten their profits. This type of profiteering and price gouging is deeply offensive to working people who continue to struggle with cost of living pressures.

"Big businesses like banks and insurance companies are keeping inflation higher than it should be and they need to be held responsible for this. The evidence is clear that corporate profiteering and price gouging are fuelling inflation. Since March 2021, the banks have made \$212 billion from raising people's interest payments, while insurance companies have hiked insurance premiums by 36 per cent. It's no wonder the industry increased their profits by 46 per cent.

"The Allan Fels-led ACTU Price Gouging Inquiry exposed the practice of 'confusion pricing', where companies use complex fee structures to make it difficult for people to work out their actual costs and compare prices. Unions have no tolerance for these big businesses cashing in on the struggles of working people."

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