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Post-merged CBA, Westpac quash rivals on deposit take

Nick Tabakoff | May 26, 2009

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NEW statistics reveal Australia's two largest banks -- the merged Commonwealth-BankWest and Westpac-St George -- are dominating rivals not only in mortgages but also in retail deposits.

The new figures obtained by The Australian show that by March, the merged CBA-BankWest held a 40 per cent share of retail deposits among the Big Four banks with a \$137.1 billion book, and the merged Westpac/St George had a 28 per cent share with \$98.6 billion.

This meant Australia's two largest banks had a 68 per cent share of Big Four retail deposits by March, according to the review commissioned by Brandmanagement, a market research firm specialising in the finance sector.

The news will only add to concerns aired by Australian Competition & Consumer Commission boss Graeme Samuel in this newspaper yesterday about the increasing concentration of power following the major bank mergers last year.

By comparison, the deposit books of the other Big Four banks -- National Australia Bank and ANZ -- have been left in the wake of the two post-merger behemoths.

NAB has a \$54.9 billion retail deposit book and ANZ a \$56.4 billion book: making them both less than half the size of the post-merger CBA.

News of the extraordinary dominance of deposits by CommBank-BankWest and Westpac-St George came a day after it was revealed that they also took a combined 85 per cent of Big Four mortgage growth during the March quarter. This left just 15 per cent of the growth in mortgages during the period -- fuelled by first-home buyers -- to NAB and ANZ.

The revelations of CBA's mortgage dominance prompted Mr Samuel to admit that the merger with BankWest last October was "not one we had been very happy about". He also said any further mergers involving the Big Four would be examined "very rigorously and with intense scrutiny".

CBA's head of communications, Bryan Fitzgerald, said the bank would "not be commenting" on Mr Samuel's statements.

The mergers meant the Big Four dramatically increased their dominance of bank deposits, with \$347 billion of the \$481 billion Australian retail deposit market by March. This gave the Big Four a 72 per cent retail market share of retail deposits. Without the BankWest and St George takeovers, the Big Four would have had a 61.5 per cent share.

Brandmanagement's review also showed the total retail deposit market grew by 22.5 per cent, or \$88.3 billion, to \$481 billion in the year to March. However, deposit growth slowed noticeably during the March quarter, with a rally in other sectors, including the share market, tempting investors.

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