

# Briefing Note

8 July 2014

## Banks at risk of losing customers through investment in coal projects on the Reef

In May The Australia Institute conducted a survey of 1,100 people to determine people's attitude to their bank funding coal port projects in the Great Barrier Reef World Heritage Area.

Following the Australian Government's approval of several new coal ports in the Great Barrier Reef World Heritage Area, survey respondents were asked about the likelihood of changing from banks that funded any of these projects.

Those respondents who said they would definitely move; or consider moving to another bank have been combined to represent the proportion of customers at risk of moving bank due to investments in coal projects in the Great Barrier Reef World Heritage Area.

The risk of coal investments for the "big four" banks (ANZ, Commonwealth, NAB and Westpac) are shown in Table 1.

**Table 1: Proportion of bank customers at risk of switching bank**

		ANZ	CBA	NAB	Westpac (inc St George)	Total
Definitely move to another bank	No.	26	46	23	25	120
	%	13%	11%	11%	10%	11%
Consider moving to another bank	No.	70	145	80	76	371
	%	35%	33%	38%	30%	33%
<b>Total at risk of moving</b>	<b>No.</b>	<b>96</b>	<b>191</b>	<b>103</b>	<b>101</b>	<b>491</b>
	<b>%</b>	<b>48%</b>	<b>43%</b>	<b>49%</b>	<b>39%</b>	<b>44%</b>
Total surveyed	No.	202	440	211	257	1110
	%	100%	100%	100%	100%	100%

Q: The Australian Government has approved several new coal ports in the Great Barrier Reef World Heritage Area. If it turned out that your bank funded any of these projects, would you: Definitely move to another bank; Consider moving to another bank; Stay with your current bank; Not Sure.

The survey results show that concern amongst 44 per cent of customers with the "big four" banks about their bank investing in coal ports in the Great Barrier Reef World Heritage Area was sufficient to definitely change, or consider changing their bank.

The potential risk of customers moving their business to another bank should be a consideration when analysing the value of funding coal ports in the Great Barrier Reef World Heritage Area.

A dollar value of this risk can be estimated by proportioning the amount of household deposits with each bank by the percentage of customers at risk of moving banks (Table 1). These figures are shown in Table 2.

**Table 2: Estimated value of the proportion of household deposits at risk (\$ million)**

	ANZ	CBA	NAB	Westpac (inc St George)	Total
Household deposits	98,414	188,186	97,079	151,102	534,781
Definitely move to another bank	12,794	20,700	10,679	14,699	57,814
Consider moving to another bank	34,445	62,101	36,890	44,684	178,742
<b>Total at risk of moving</b>	<b>47,239</b>	<b>82,801</b>	<b>47,569</b>	<b>59,383</b>	<b>236,656</b>

Source: APRA (2014), *Monthly Banking Statistics*, April.

These figures show that a substantial amount of deposits are potentially at risk if banks are to invest in coal port facilities in the Great Barrier Reef World Heritage Area. In total the “big four” banks have \$236.6 billion in deposits at risk.