

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 115

Topic: Bank Deposit Funding

Hansard Page: E67

Senator Joyce asked:

Senator JOYCE—Can I interrupt quickly, not to interfere but to elucidate? What proportion of the bank deposit funding is retail deposits?

Dr Laker—I will take that on notice to give you the exact numbers. Retail deposits were in the order of 30 per cent and the rest were wholesale, which were split roughly between offshore and domestic. Retail deposits have become an increasingly important share since the government guarantee arrangements were put in place and, more generally, were a flight into safety in the banking system. But, as I said earlier, our banks have been able to access, on better terms now than before, the short and longer term funding that is available in global credit markets. That is not just Australia; that is a general statement about the improvement that is taking place globally in those sorts of funding markets.

Senator JOYCE—So 35 per cent is wholesale offshore.

Dr Laker—I would not want to lock myself into exact figures.

Answer:

In aggregate, banks operating in Australia currently raise about 43 per cent of their funding from deposits, of which around half could be described as ‘retail’ deposits (including household, private unincorporated enterprises and community services). Just under half of banks’ funding comes from capital markets, with a little more funding raised offshore than domestically.