

HBOS Australia expands bancassurance capabilities

HBOS Australia, through its wealth and investment division St Andrew's is continuing its assault on Australian financial services, staking a claim on the lucrative superannuation market with the launch of a new direct superannuation fund.

Called Lite Super, it is a low-cost, index-based fund and will be available through BankWest branches, via the internet and phone. It complements the existing bancassurance products available to BankWest customers, and will add a new non-interest income stream to HBOS Australia.

Announcing the launch St Andrew's Managing Director John Van Der Wielen said the continued expansion of the bancassurance model was a key component of the HBOS Australia growth strategy.

"HBOS Australia has now shown the seriousness and scale of our growth plans with the announcement that we will open more BankWest branches on the eastern seaboard over the next three to four years," he said.

"A growing physical presence gives us an opportunity to accelerate customer acquisition through our stated strategy of increasing competition within the financial services sector and offering customers a broad range of financial products and services, including insurance and investment products, which are simple, transparent and good value-for-money.

"Lite Super is pivotal to adding to the range of products in our new BankWest stores."

Lite Super is a highly competitive low-cost product which is 40 per cent cheaper than the average personal superannuation fund, has no entry or exit fees and an administration fee of 1.25%, one of the lowest-cost in the for profit market offering face-to-face interaction as well as direct channels.

The product is issued and administered by St Andrew's, HBOS Australia's wealth and investment arm but is branded BankWest and complements the BankWest Lite suite of products.

Mr Van Der Wielen said that like the other BankWest Lite products, Lite Super was simple, transparent and easy to understand.

"It's simple to use by consumers who don't need or want financial advice."

Mr Van Der Wielen said that research conducted by St Andrew's said that 72% of Australians don't have a financial adviser¹.

"16% of investors say they don't use one because their finances are not complex enough to warrant one, while higher income earners are more likely to have an adviser suggesting to us that there is a strong market consisting of hard-working everyday Australians who may currently be missing out on opportunities to build their wealth."

¹ St Andrew's commissioned brandmanagement to survey a representative sample of 400 adult Australians nationally in September 2007.]

Mr Van Der Wielen said that the index management of Lite Super was a key feature of the product and St Andrew's intended to launch a major consumer campaign to educate investors and potential investors on the benefits of index funds versus actively managed funds.

"Index funds consistently outperform actively managed funds after fees and costs," he said.

"The ASX 200 Stock Index has risen an at average of 19.5 per cent over the last 5 years, while the average retail equity fund offered by the major financial institutions has only grown at 17.2 per cent.

"In the last year to June 30 only one of the largest funds in the market managed to beat the returns that would have been returned simply from investing in the index.

"Furthermore, index funds are seen as a good defensive strategy in volatile markets"

Mr Van Der Wielen said that the research also showed that while awareness of index funds was low, potential interest was high. 62 per cent of Australians surveyed did not know what an index fund was but on hearing about them, 40% of that group were interested.

"Moreover index funds are a popular form of investing overseas but Australians lag in terms of understanding how index funds operate.

"We intend to promote greater understanding of the benefits of index funds and offer more Australians the opportunity to get higher returns with increased peace of mind," he said.

Ends

For more information:

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Important information

Lite Super is issued by St Andrew's Superannuation Services Pty Ltd ABN 75 077 207 240. Before deciding to invest, consider the Product Disclosure Statement (PDS). The PDS is available from <http://www.litesuper.com.au/> or calling 1300 578 737. Lite Super is not a product of, or guaranteed by Bank of Western Australia Limited (BankWest). Investments are not deposits with or liabilities of BankWest, and can be subject to investment risk, including possible delays in repayment and loss of income and principal

About HBOS Australia

HBOS Australia Pty Ltd is a holding company formed in 2004 to oversee the operations of the Australian operations of UK financial services group, HBOS plc. HBOSA comprises four diverse financial services operations - BankWest, Capital Finance, St Andrew's Australia and BOS International. Its parent, HBOS plc, is one of the world's largest financial services groups.

About St Andrews

St Andrew's Australia Pty Ltd, is a wholly owned subsidiary of HBOSA, and is the holding company of HBOS Australia's credit insurance, life insurance and wealth management businesses. St Andrew's Insurance (Australia)



began trading in 1998 providing customers with consumer credit insurance products. In 2004, St Andrew's Australia opened a new life insurance company, St Andrew's Life Insurance. St Andrew's continued to further expand its operations, first with the acquisition of BWA Financial Services Ltd (now called St Andrew's Wealth Management Ltd) in 2004 and RACV Financial Services Limited (now called St Andrew's Financial Services Ltd) in 2005. These expansion initiatives form part of the overall growth strategy of HBOSA Insurance & Investment operations in the Australian market.