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Financing communities: the role of community banks and credit unions in re-establishing branches in Australia

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Following large-scale closure of bank branches by the major retail banks in the 1990s credit unions and community banks have been active in re-establishing branches in communities across Australia. Credit unions and community banks promote themselves as offering a very different kind of financial service: one much more focused on meeting the needs of local communities. On the face of it, their service to these communities appears to be motivated by very similar objectives. However, examining their current practices against the backdrop of their different histories reveals important differences in their approach to helping communities help themselves.

Keywords: credit unions; community; mutuality; building societies; not-for-profit; self-help

Introduction

There is a growing trend amongst organizations to use their history as a strategic resource. As Carroll (2002, 557) points out for older organizations 'Est' (as in, 'established in 1950') has become as important as 'Inc.' Company websites profile organizational histories and staff orientations provide new employees with a potted history of their organization. Companies wanting to project a distinct organizational identity are keen to create a 'sustainable story' that provides them with 'an historical continuity and a coherent past' (Carroll 2002, 559). These 'sustainable stories' (Carroll 2002, 559) and 'invented traditions' serve the purpose of providing corporate cultures with legitimacy (Rowlinson and Hassard 1993, 322). This paper highlights the rich sustainable stories and invented traditions that community banks and credit unions in Australia are able to draw on in the construction of organizational identities aimed at differentiating themselves from their major competitors, the large retail banks.

While the strategies and practices of large Australian retail banks have been well documented (see, for example, Kitay and Rimmer 1997; Kitay 2003) very little has been written about the strategy and practice of small to medium-sized financial institutions. In Australia both credit unions and community banks have played an important role in servicing customer bases neglected by

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the major retail banks. This paper makes a contribution to our understanding of both the history and present day business models of these smaller financial institutions.

Parker (2002, 604) argues that: 'it is precisely because we do not see the past in the same way that we orient ourselves to different futures'. While Parker makes this point in relation to the different orientations of individual organizational members, this paper shows how the strategic responses of institutions are informed, in part, by their different pasts. This is not to infer that there is a seamless homogeneous thread of a *true* past running through institutions, but that there is a shared history that shapes the way that institutions are constructed in the present. Examining present-day practices through a historical lens allows us to see how 'history anchors and justifies contemporary action and how it legitimates new organizational claims through old ones' (Carroll 2002, 558). This paper contributes to our understanding of the way that organizational strategy and practice in the present can be seen as a twist in a longer term spiral of organizational history that involves continuity, progression and reversal (Burrell 1992). We can think of 'organizational forms as progressive, linear and thoroughly new and innovative *or* repetitive, cyclical and historically rooted' (Burrell 1992, 180). This author adopts the latter view and shows how the present day emphasis by community banks and credit unions on serving the needs of 'communities' is part of a twist in a longer term spiral of institutional form based on the one hand on a history rooted in notions of mutuality, and, on the other, around notions of self-help.

In seeking to understand the way that the past influences the present, and the present informs how we view the past, Burrell (1992, 181) suggests that 'organizational analysts should be historiographers and field researchers' and this is the methodological approach taken in this paper. The evidence presented arises from a combination of 'retrospective and real-time analysis of social and organizational processes' (Pettigrew 1985, 40). During 2002 and 2003, semi-structured interviews were undertaken with credit union officials and Bendigo Bank management. Analysis of Bendigo Bank company records and government reports was also undertaken. The empirical data collected through interviews were revisited as more information was gathered about the history of the organizations. In investigating the history of the credit unions much use was made of Gary Lewis' (1996) history of the credit union movement, while Tim Hewat's (1992) history of Bendigo Bank proved another valuable resource. These, and other, secondary sources allowed the researcher to have one eye on the past while engaging with organizational members in the present. Not that the paper purports to present a complete early history of credit unions and building societies. Rather, the paper highlights aspects of their history and early philosophy that are still evident in the present. In this way the paper presents a partial history that is inevitably shaped by the perspective of the researcher.

The rest of the paper is structured as follows. The first section provides an overview of the extent, impact and consequences of large-scale closure of branches by the major banks in the 1980s and 1990s. The next sections outline how credit unions and community banks responded to the opportunities and challenges presented to them by the closure of branches, particularly in remote and rural Australia. These responses are then analysed in the context of the histories of these different organizations. The conclusion highlights how the examination of an organization against the backdrop of its history can help us to more clearly understand its business practice in the present.

The changing face of Australian banking

Compared with other Western countries, Australia has always had a fairly consolidated banking industry. Seltzer (2004, 239) argues that because of its 'vast area, high per capita income and lack of unit banking laws Australia had the most extensive bank branch network in the world by the beginning of the nineteenth century'. From the mid 1800s until the late 1970s the number of bank branches per bank increased steadily from 12.3 in 1860 to 32.5 in 1880, 58.2 in 1890, 89.1 in 1914, 176.6 in 1946, and 435.2 in 1970 (Seltzer 2004, 239). Seltzer (2004, 239) reports that 'by 1952 the largest seven banks accounted for nearly 93% of branches and the industry is now dominated by the "Big Four"'.[1] The round of mergers and acquisitions that occurred during deregulation of the financial service sector in the 1980s and 1990s only served to increase the dominance of the industry by the large retail banks (Connolly and Hajaj 2001).

Major restructuring of the financial service sector began in 1983 with a radical overhaul of the regulatory environment. The Australian dollar exchange rate was floated in December 1983 and exchange controls were lifted (Hand 2001). In 1984 foreign-owned banks were allowed to operate in all areas of the industry and, as a result, 16 licenses were issued for foreign banks, although not all were taken up. As well, a number of domestic non-banking financial institutions such as building societies were granted banking licenses. During the 1990s a number of government-owned banks, including the Federal Government-owned Commonwealth Bank, were privatised. The changes in Australia can be seen as part of a global agenda of deregulation aimed at intensifying inter-industry competition (Knights and Tinker 1977). However, in the Australian context, rather than regulatory change leading to increased competition, it resulted in a further consolidation of Australia's banking market.

While Australia had 11,760 bank branches in 1980s, the regulatory change that took place over the next two decades saw this number fall to 4,960 by 2005 (Reserve Bank 2006). The large-scale closures of retail bank branches left a significant number of Australian suburbs and townships without a financial service facility. The major retail banks claim that demographic factors have necessitated changes in the delivery of services to remote and regional Australia. In 1998, the then Chief Executive Officer (CEO) of the Australian Bankers' Association (ABA) outlined the process involved in decisions about branch closures to a House of Representatives Inquiry into Regional Banking Services in the following terms:

> An individual bank will review the trends in an area. They will look at what has been happening to their business over a long period of time and they will make projections. If the conclusion that an individual bank comes to is that the bank branch is no longer profitable, or will not be profitable in the near future, then work is done on what are the alternative services that may be provided in that particular location.
>
> (House of Representatives Standing Committee on Economics, Finance and Public Administration (HRSCEFPA) 1999)

Connolly and Hajaj (2001, 17) note that the pattern of branch closures has been spatially uneven focusing on remote settlements and deprived urban areas and that for many in these areas the closure of a bank branch has resulted in their financial exclusion. They define financial exclusion as:

> Lack of access to financial services by individuals or communities due to their geographic location, economic situation or any other 'anomalous' social conditions which prevents people from fully participating in the economic and social structures of mainstream communities.
>
> (Connolly and Hajaj 2001, 4)

While financial exclusion depends mainly on who you are, where you live is also important. Those most likely to be affected by financial exclusion are people living in regional and remote regions or depressed urban centres (Connolly and Hajaj 2001, 20). The House of Representatives Inquiry also concluded that the consequences of branch closure were greater in rural and remote areas.

Beal and Ralston (1997, 1) present three reasons why the consequences are greater for remote communities. First, there is a financial drain from the town, as people are forced to travel to larger centres to do their banking. Second, there is a loss of financial investment and, third, the town experiences a loss of confidence.

By late 1990s the consequences of branch closures for many communities had placed banking firmly on the political agenda. The large retail banks made it clear that they did not see it as their responsibility to ensure that *all* Australians had access to financial services. Politicians and policy makers looked for more flexible ways of delivering banking services, including giro post and the establishment of rural transaction centres to provide a range of services under one roof. Smaller financial institutions including community banks and credit unions were also seen as part of the solution. The next section of the paper outlines how, in their own way, credit unions and community banks stepped up to this challenge and the solutions they offered to communities who found themselves without a branch in their town or suburb.

The CreditCare programme

While the large retail banks persisted with the closure of branches, arguing that even profitable branches could be closed if they did not meet the bank's required return on investment, the credit union's peak industry association, Credit Union Services Corporation (CUSCAL) offered a different perspective. The General Manager Public Affairs, Dave Taylor, reported to the HRSCEFPA (1999, 30) that:

> Most of the credit unions in small rural towns that we deal with are happy to stay in that town if they have a revenue neutral situation because they have a commitment, through their co-operative nature, to service as many people as possible.

This commitment to community and service is evident in the credit union movement's involvement in the CreditCare programme. The programme was funded by the Commonwealth and NSW governments, and CUSCAL. Margaret Lester, Development Manager with the Credit Union Foundation of Australia, explained that the aim of the programme, which ran for five years from July 1995 to June 2000, was for credit unions to work with local communities around Australia to re-establish financial services in remote, rural and indigenous communities (Interview, 6 May 2002). The CreditCare model was a form of democratic union with alliances formed between the government, a credit union, and the local council. Lewis (2001, 4) outlines the form this democracy took:

> All primary stakeholders were not-for-profit organizations answerable to constituencies on a one-person one-vote basis: commonwealth and state governments to electorates; local councils to ratepayers; credit unions to members. CreditCare was the conduit through which these bodies co-operated with communities to return essential financial services.

CreditCare field officers worked with local communities to assess their capacity to support a viable financial facility, by organizing community meetings, conducting surveys and developing business plans. The business plans generated were used to attract credit unions to the communities. During its five years of operation, the CreditCare programme oversaw the re-establishment of banking services in 60 towns. CUSCAL has continued running the programme through its development arm, the Credit Union Foundation, after Commonwealth and State funding was withdrawn in 2000.

The move to stop funding the CreditCare programme reflected a shift in government attitudes towards the provision of essential banking services. This shift is reflected in the findings of the Commonwealth House of Representatives Standing Committee who reported that access to essential services, such as financial services, is not the responsibility of government alone, but extends beyond governments to banks and other financial institutions, as well as to communities themselves (Griffith 2000, 4).

The community bank model

Bendigo Bank's community bank model, which has won praise from both conservative and labour governments, embodies the concept of shared responsibilities and mutual obligation. Formed in the Victorian town of Bendigo in 1865 as a local building society, Bendigo Bank converted to bank status in 1995. Bendigo Bank's corporate profile describes the community bank model, launched in 1998, as 'Bendigo partnering local communities which operate franchised Bendigo Bank branches' (Davies 2002, 2). The concept of the community bank is one of shared rewards and shared responsibilities. In the view of Bendigo's Managing Director, Rob Hunt (2001, 2):

> Successful customers, and successful communities, help create a successful banking operation. Good business is not incompatible with good community and in seeking to improve its own prospects Bendigo Bank could not pick a better partner than a committed community.

The community bank model is essentially a franchise arrangement with a community-based body as the franchisee. Under this arrangement, the franchisor (Bendigo) provides the name, systems, products, marketing support, and training, while the franchisee (the local finance company) is responsible for operating costs, including cost of staffing. The profits are shared under various arrangements between the franchisee and franchisor. Local residents are required to form a Steering Committee whose role it is to raise awareness of the proposal and gather financial pledges in support for start-up capital of between $350,000 and $400,000. Once this target has been met in pledges, the Steering Committee holds a public meeting at which representatives of Bendigo Bank outline procedures. If local support is still behind the project then Bendigo Bank requires the local steering committee to hire an independent consultant to conduct a feasibility study.

If the feasibility study shows that the business appears viable Bendigo will support the development of a franchise. At this stage, another public meeting is held and the interested residents vote on whether or not to proceed. If endorsement is given, a prospectus is released and share subscriptions are invited from the local residents. The shareholding is held with the local finance company that enters into the franchise arrangement with Bendigo. Bendigo Bank is not a shareholder in the community banks but it expects a minimum of 250 to 300 shareholders in each community bank. Drawing directly on the credit union model, where each member is entitled to one vote, in the community banks each shareholder is entitled to only one vote regardless of the size of their shareholding.

Once the capital is raised, Bendigo provides the banking infrastructure, including the use of Bendigo's banking licence, products and staff training. The community bank pays Bendigo 50% of its gross income. While Bendigo Bank manages and bears the prudential and credit risk; any business and operational risks are borne by the local management committee. After meeting operating costs and paying 50% of gross profit to Bendigo, 20% of any remaining profit is paid as a dividend to shareholders and the other 80% is retained for local development programmes, as well as to meet any ongoing working capital requirements.

Both credit unions and Bendigo community banks have developed business models that are aimed at re-establishing a branch facility in towns and suburbs. The CreditCare model sought to do this through co-operative arrangements between government and the credit union. On the other hand, the Bendigo Bank model is essentially a ‘self-help’ model, whereas communities themselves take on much of the responsibility for re-establishing the bank branch. The roots of these different approaches to helping communities can be seen in the early histories of these two organizations.

Credit union history and philosophy

Some pioneers of the Australian credit union movement envisaged a ‘harmonious society characterised by decentralised, autonomous co-operatives collaborating with other democratic institutions in an equitable Co-operative Commonwealth’ (Lewis 1996, 338). In general, the early Australian credit union movement drew on both Raiffeisen philosophy, that influenced the movement in Europe, and Catholic teaching, that underpinned the development of credit unions in Canada and the United States. In the 1850s in Europe Friedrich Wilhelm Raiffeisen, a German burgomaster, adapted the Schulze-Delitzch concept of self-help people’s banks to establish an independent farmer-based credit association (Lewis 1996, xxi). While the Schulze-Delitzch people’s banks were based on open membership and self-help, Raiffeisen societies were closed and emphasised mutual support. This notion of mutual self-help is central to the Raiffeisen notion of ‘limitless liability, achievable through a bond of association, whereby a person’s trusted standing in the community and the knowledge co-operators had of each other acted as security in seeking loans from a community pool of funds’ (Lewis 1996, xxi). Across the Atlantic, in Canada, Alphonse Desjardins, a parliamentary reporter inspired by the Papal Encyclical *Rerum Novarum* (1891), developed his own philosophy for credit unions. This philosophy which was underpinned by the Roman Catholic philosophy shared many of the same principles of the European movement, including the notion of limitless liability, open membership, education in co-operation and economic and financial responsibility. The first Canadian financial co-operative was opened in 1901 at Levis, near Quebec, and by 1914 there were 150 co-operative banks in Canada.

In 1941 Desjardin’s *La Caisee Populaire de Levis* was used as a template to outline an Australian model in the simply titled, *Credit Unions*. The early credit unions relied on the zeal of the pioneers, the work of thousands of volunteers and the co-operation and donations of employers and church groups in order to stimulate the formation of new credit unions. Credit unions were formed around bonds of association that related to working for the same employer, involvement in a social group or residing in a particular geographical area. By 1975 there were 748 credit unions in Australia with 910,000 members (Lewis 1996, xxiii).

It is around the intersection of these liberal and Christian ideals that the philosophy of the credit union was developed, a philosophy that emphasised co-operation around a set of unifying principles and common identity. That common identity centres on a bond of association and democratic ownership and control of the credit union. The principle of mutuality is encapsulated in the credit union motto: ‘Not for Profit, Not for Charity, But for Service.’ The core values of Australian credit unions as articulated by the peak industry association, Credit Union Services Corporation (CUSCAL 2002, 5) are: ‘co-operation, moral integrity, trust, financial prudence, caring for members and social responsibility’.

Building society history and philosophy

The early building societies have bequeathed their modern day counterparts a more pragmatic legacy. The first building societies were established in the United Kingdom and emerged out of the variety of co-operative and friendly societies that arose in the eighteenth century that were aimed at supporting the migrants to new industrial urban areas (Boddy 1980, 5). Faced with a lack of suitable accommodation in many new industrial centres, higher paid workers and small business people clubbed together to save for homes (Hewat 1992; Barnes 1984). There were basically two types of building societies: terminating and permanent. Terminating societies of approximately 20 people banded together agreeing to make regular weekly or monthly subscriptions to a central fund; funds were allocated on a draw, and the fund terminated when the home of the last member had been built (Barnes 1984). In contrast, a permanent society does not specify in its rules a fixed time or event after which it is to cease operating (Lyons 1988, 389). As Lyons (1998, 389) explains, 'a permanent building society depended upon two sorts of members those who deposited sums of money on which interest was paid, and those who borrowed at a slightly higher rate of interest to build or purchase a house'. Gauldie (1974, 200) points out that the aims of terminating and permanent building societies were fundamentally different: terminating societies aimed to build houses, permanent building societies aimed to provide a sound investment for savings.

By the end of the 1800s there were more than a thousand permanent societies in the UK and the idea began to spread around the world (Hewat 1992, 27). It was ideas of self-reliance and independence for home owners that propelled this growth (Parker 2002). These values reflected the Victorian ideals of self-help and the Protestant ethic of the sanctity of private property arising from the simple view that God would not have allowed a person to become a property owner if he had not been worthy of it (Gauldie 1974). Land ownership not only conferred a mantle of virtuosity it also conferred upon the land owner the right to vote. The Reform Act of 1832 enfranchised male, small-property owners for the first time (Evans 1983, 37). Under the new system, the franchise in the boroughs extended to all 'ten pound householders'; and in the counties to 'forty shilling freeholders' (Cole and Postgate 1949, 255). As one early prospectus declared, property ownership would confer on 'working men the power of possessing "Freehold Qualifications as County Voter!"' (Price 1958, 51). This enabled building societies to further promote the benefits of property ownership.

The benefits of property ownership and the difficulty in obtaining housing finance from banks or private mortgages saw the building society concept take seed in Australia. Hill (1959, 10) reports that, 'while there is little information on the early history of building societies in Australia, it seems that the first societies were formed in the 1840s'. However, it was the 1880s when Australian building societies experienced their first expansion (Hill 1959, 4). The second period of growth for building societies really came during the period of prosperity that followed World War II during the 1950s and 1960s (Lyons 1988, 388). Very few of the building societies established in the first period had survived the economic depression of the 1890s (Hill 1959; Lyons 1988).

One of the few was the Bendigo Building Society and its survival was due, in large part, to the fact that its establishment was amongst the wealth of the goldfields. Bendigo was a town founded on gold. Hewat (1992, 1) describes how 'in 1850 there was nothing [in Bendigo] save a shepherd and a few sheep. Ten years later, there were more than twenty-five thousand people.' During the 1850s, gold production totalled some 5.8 million ounces worth $1.8 billion, and so it was not surprising that a number of financial institutions was established in Bendigo (Hewat 1992, 3). Amongst the first of these institutions was the Bendigo Land and Building Society, a terminating building society established in 1858. Hewat (1992, 26) reports that it was the new bourgeoisie in Bendigo who were anxious to transform its town from a place for tented nomads into a solid, home-owning democracy. The success of the first terminating society, led to the establishment of a 'second sister society, called the Bendigo Land Building and Investment Society' (Hewat 1992, 36). As terminating societies, it was inevitable that they would be dissolved and in 1863 the Bendigo Land and Building Society was disbanded. The Bendigo Land Building and Investment Society continued to operate until a permanent society, the Bendigo Permanent Land and Building Society, was established in 1865 (Hewat 1992, 37–9).

This new permanent building society was formed through investment shares, purchased by wealthier members of the community, and borrowing mortgage shares (Hewat 1992, 39–40). It was not until 1883 that the society introduced mutual shares, as well as permanent, paid-up shares.[2] At this time the society changed its name to the Bendigo Mutual Permanent Land and Building Society. The move to offer mutual shares had great appeal and, in 1885, the number of shares on issue rose by 47%. Of that increase 92% were in mutual shares (Hewat 1992, 48). In 1890 the real estate boom of the 1880s crashed and so did many building societies. In fact, very few survived the depression that followed (Lyons 1988, 397). At that time Bendigo was protected by a mini-boom in the gold mines, and because it had maintained a better balance between deposits and shareholdings than most other building societies (Hewat 1992, 49). Bendigo not only survived, it continued to prosper and at the time of its conversion to bank status, on 1 July 1995, Bendigo was Australia's oldest and Victoria's largest building society.[3]

Discussion

Bendigo Building Society was formed through the efforts of local small business people fuelled by entrepreneurial vision. Nearly 150 years later it is again local small business people who have been behind the re-establishment of banking services in their home-town. These small town business people are seen, and see themselves, as 'the historic carrier of the civic spirit' (Wright-Mills 1951, 45). Civic-minded service by key individuals motivated by a belief in notions of self-help has been central to the successful development of buildings societies in Australia (Lyons 1988, 389). These same concerns for self-help and involvement of local small business people are reflected in Bendigo's present day community bank model.

Bendigo Bank is keen to draw positive connections between it and credit unions. Owen Davies, Public Relations Manager with Bendigo Bank observed that: 'We are similar to credit unions in the sense that we are co-operative spirited. We just use a different business model'. That business model reflects a fundamental difference between Bendigo Bank's community banks and credit unions: that is the requirement that local residents provide the necessary start-up capital to establish the bank. Under the CreditCare model the credit union and government bore this cost (and credit unions continue to bear it since the government stopped funding the programme). The democratic process of re-establishing financial services by CUSCAL reflects the early ideals of the credit union movement and an ongoing commitment to the notion of mutuality and limitless liability through a bond of association.

While it is true that a growing number of communities has benefited from establishing a Bendigo Bank-type community bank model, not all communities are able to 'mobilise' in that manner. Indeed, not all 'communities' will be sufficiently affluent to raise the necessary start up capital and only those with the sufficient funds to establish a bank are able to join the network of community banks. As a witness to the House of Representatives Inquiry commented:

> I think it is a huge burden to expect a community to bear. The amount of money that is needed to set up such a bank. I believe is out of reach and it is a huge ask for any banking organization to put onto a voluntary organization to bear and to organize.
>
> (HRSCEFPA, 1999, Noonan, Transcript of Evidence)

Further concerns were expressed by the NSW Local Government Banking and Financial Services Taskforce which recognised that: ‘it may become an expectation among banks, that if communities believe they have a right or need to access financial services; communities should at least carry the operating risk and costs associated with that’ (Griffith 1999, 22). It is the case that the Bendigo Bank notion of ‘community’ is limited to localities with individuals who have the time and energy required to go through the steering committee stage. This emphasis on independence and local responsibility that has been crucial throughout the history of building societies (Parker 2002, 591) still resonates within the Bendigo Bank community bank model. Further, under the Bendigo Bank model, the *quid pro quo* for the community is said to be that the local investors also share in the profits. This reflects the early history of building societies who, unlike credit unions, distinguish between borrowers and investors.

Conclusion

This overview of the history and current practices of credit unions and community banks reminds us of the need to acknowledge that organizational forms are ‘historically rooted’ (Burrell 1992, 180). The credit union commitment to mutuality can be understood as a continuing commitment to democratic notions of limitless liability and co-operativeness. Whereas, the greater emphasis placed on notions of self-reliance and individual responsibility incorporated within Bendigo’s community bank model is better understood when examined within the context of its early history as a building society.

Credit unions and community banks have drawn on different ‘historically established meanings’ (Alvesson and Willmott 2003, 18) of service in responding to the needs of communities in the present. The juxtaposition of the modern day business models of their organizations against the backdrop of their early histories has drawn our attention to seemingly subtle, but significant, differences in their approach to helping communities. The community bank model offers a concept of self-help where the onus is on the local community (most often local small business people) to take on the responsibilities and risks of re-establishing a branch facility. This notion of ‘self-help’ is grounded in a much more entrepreneurial vision of financial service provision that reflects the early history of the building society. It also fits with modern moral discourses of self-help, self-reliance and responsibility that have been promulgated by a range of neo-liberal governments since the 1980s (Hodgson 2001, 130).

Alternatively, the CreditCare model placed the onus on government and the financial institution to re-establish the banking facility in order to serve the needs of the local community: a model that clearly reflects the credit union commitment to democratic notions of co-operativeness and mutuality. A long-held philosophical commitment to notions of co-operation and mutuality, in which our futures are linked with one another, will see the development of very different organizational forms and responses to an organization whose history emphasises a more individualistic and entrepreneurial agenda. This commitment to co-operation and mutuality also influenced the development of a model that was more likely to ensure that people living in remote and poorer rural areas do not face financial exclusion.

Comparing the different approaches of credit unions and community banks within the context of their organizational histories has highlighted how past traditions and philosophy of organizations can shape different approaches to service in the present. At a broader level, the paper alerts us to the need to study present day organizational strategy and practice within a broader historical context and not to view the progression of organizational forms as simply a linear movement but rather as a twist in a longer-term spiral (Burrell 1992) that acknowledges the role of the past in providing legitimacy, producing differentiation, and maintaining a coherent organizational identity.

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Notes

1. The 'Big Four' are the Commonwealth Bank of Australia, National Australia Bank, Australia and New Zealand Banking Corporation and Westpac. A recent report by the Australian Prudential Regulatory Authority (APRA 2006) categorised St George amongst the major banks, making it now the 'Big Five'.
2. Mutual shares are shares which investors may sell back to a society at par value, and, the society must agree to buy them back, whereas, permanent, paid-up shares were not withdrawable from the society and could only be disposed of to an outside buyer (Hewat 1992, 48).
3. In 1978, Bendigo Building Society merged with another Bendigo based building society, Eaglehawk. This merger saw the beginnings of an expansion of Bendigo Building Societies branch presence outside of Bendigo to Melbourne and other parts of Victoria. It was also the first of a number of mergers with other building societies and securities companies, including; Sandhurst (1983), Sunraysia (1985), Capital (1992), Compass (1992), Sandhurst Trustees (1991), National Mortgage Market Corporation (1995), Monte Paschi Australia Limited (1997), financial planner Worley Securities (1997), IOOF Building Society (1999), debenture company Victorian Securities Corporation (1999) and Queensland's First Australian Building Society (2000) (Hewat 1992).

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