



# Mozo Banking Roundup

February 2018

A summary of the key changes to pricing & offers in the past month, and the current price leaders, in Australian consumer banking.

- Plenty of fresh competition for **Home Loans**, including a low introductory rate from a major bank.
- There's now only one bank offering American Express companion cards with its **Credit Card** products, as another of the major banks leaves the space. With the holiday period behind us a number of introductory offers have been withdrawn.
- There are also fewer **Personal Loan** offers around, with rate discounts and fee waivers starting to dry up. One of the peer to peer lenders launched a new car loan rate.
- Rates for **At Call Deposits** keep on going down, but there's a noticeable trend for cuts to be applied to base rates rather than bonus rates.
- After a brief blip of rate increases last month, **Term Deposit** rates have resumed their downward trend, likely off the back of decreased expectations of the RBA increasing the cash rate this year.



A few sharp new rates from major lenders this month, reflecting the trend we've been watching of lower rates for borrowers making principal and interest repayments, with a slight preference for owner occupiers. Some lenders have also been reducing premiums for interest only loans, but here the largest beneficiaries have been investors. These changes suggest that while lenders are chasing volume in the lowest risk categories, some now have capacity within APRA's limit to increase the volume of 'riskier' loans being written.

## Key changes - variable rates

**Commonwealth Bank** launched a new 4-year introductory variable rate loan for first home buyers. It offers a headline rate of 3.79%, reverting to 4.35% after 48 months. In addition, the major bank made investment, interest only lending more accessible across all products, upping the maximum loan-to-value ratio from 80% to 90%.

**HSBC** discounted its headline owner occupier rate to 3.59%, the lowest for a major lender. Packaged home loan rates start at 3.75%.

**ING** cut the owner occupier, principal & interest rates on its non-packaged Mortgage Simplifier product by 10 basis point for most tiers. There were also a range of investor and interest only cuts across all product types (5-15bp).

Online lender **loans.com.au** adjusted the rate scheme on the its Essentials Variable product, cutting a market-leading owner occupier, principal & interest rate by 12 basis points (now 3.52%), increasing investor P&I by 10bp and reducing investor IO by 20bp (both now 4.19%).

**Mortgage House** introduced an 80% LVR investor special at 3.89%, one of the lowest rates for investment borrowers at that LVR.

**Reduce Home Loans** increased the rate on its Rate Buster Offset variable by 25bp to 3.64%, but also introduced its new Rate Lovers Special, an Owner Occupied, 80% LVR, optional offset home loan at a interest rate of 3.49%.

## Key changes - fixed rates

**Aussie** restructured the pricing on most of the terms of its fixed products during the month. While there were some discounts to be found for the Interest Only and Investment products with lower LVRs, the remainder of the changes were increases of 10 to 31 basis points.

**Greater Bank** cut a range of its fixed Investor Principal & Interest rate by 10 to 30 basis points. A 3 year investment package rate now sits at 4.39%.

**Macquarie** increased the fixed principal & interest rates of both its Basic and Offset Home Loans. Owner occupier rates jumped 21, 31 and 20 basis points for 2, 3 and 5 year terms respectively, while investor terms were raised 5 basis points on the 2 year rate, and 10 basis points on 3 and 5 year fixed products.

**ME Bank** increased fixed rates by 15 basis points across its product lineup for all terms, repayment types and loan purposes. 3.99% now represents its lowest fixed rate available (Flexible Home Loan, Fixed, Owner Occupier, LVR<80%, Principal & Interest).



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## Market snapshot

Major banks	Basic Variable, Owner Occupier	
<b>ANZ</b>	Simplicity PLUS	3.99%
<b>Commbank</b>	Extra Home Loan	3.89% for 24 months (variable) then 4.35%
<b>NAB</b>	Base Variable Rate Home Loan	4.17%
<b>Westpac</b>	Flexi First Option Home Loan	3.59% for 24 months (variable) then 4.59%

Major banks	Best package variable rates, Owner Occupier	
<b>ANZ</b>	Over \$500,000 (<80% LVR)	4.30%
<b>Commbank</b>	Over \$750,000	4.52%
<b>NAB</b>	Over \$750,000	4.34%
<b>Westpac</b>	Over \$750,000	4.34%

Major banks	Best package fixed rates, Owner Occupier				
	1 year	2 years	3 years	4 years	5 years
<b>ANZ</b>	4.09%	3.99%	4.09%	4.49%	4.59%
<b>Commbank</b>	3.99%	3.99%	3.99%	4.19%	4.19%
<b>NAB</b>	3.89%	3.88%	3.94%	4.59%	4.59%
<b>Westpac</b>	3.99%	3.79%	3.89%	4.19%	4.19%

Rate leader, best variable rate for Owners, 80% LVR		Variable Rate
<b>Reduce Home Loans</b>	Rate Lovers Variable	3.49%

Rate leader, best fixed rate at each term		Fixed rate
<b>Greater Bank</b>	1 year	3.49%
<b>IMB Bank</b>	2 years	3.65%
<b>Move SCU</b>	3 years	3.69%
<b>bcu Greater Bank Newcastle Permanent</b>	4 years	3.99%
<b>Greater Bank Newcastle Permanent Suncorp</b>	5 years	3.99%

# Credit Cards

A major bank ceased issuing American Express companion cards, leaving just one bank still issuing those cards. Several sign-up incentive offers have been withdrawn from the market.

## Key changes

In switching its card issuer from Latitude to Citi, **Coles** have removed the 20,000 flybuys on sign-up offer from all cards.

**Commonwealth Bank** ended a \$300 cashback offer previously running on its Low Rate and Low Rate Gold cards for new applicants.

**Bendigo Bank** concluded an introductory 100,000 bonus points offer on its Platinum Rewards Card.

**NAB** removed its Regular and Platinum Velocity Rewards Cards from the market. These products were the only direct Velocity points earning cards issued by an Australian bank. NAB still allows the transfer of points from its in-house program to Velocity. 30,000 bonus points were added to the NAB Qantas Rewards Card and 10,000 added to the Qantas Rewards Premium Card (now 60,000 points with a \$2,500 in the first 2 months).

**Westpac** removed American Express companion cards from its lineup, following similar moves by ANZ and NAB last year. A Westpac-branded, but American Express issued, card was introduced to replace the loss of the companion card, however for now the card remains invite-only for previous holders. This leaves Commonwealth Bank as the only provider to still offer American Express companion cards.

**Woolworths** ended the 16k bonus points on its Qantas Platinum Credit Card.



## Market snapshot

Majors	Summary of card offers
<b>ANZ</b>	<ul style="list-style-type: none"> <li>➤ 0% for 18 months BT (+2% fee) on First &amp; Platinum</li> <li>➤ 0% for 15 months BT on Low Rate and Low Rate Platinum.</li> <li>➤ \$0 first year annual fee on Frequent Flyer, Rewards and Platinum</li> <li>➤ 25,000 to 75,000 bonus points on Frequent Flyer and Rewards</li> </ul>
<b>Commbank</b>	<ul style="list-style-type: none"> <li>➤ 5.99% for 5 months BT on all cards</li> <li>➤ \$0 first year annual fee on Low Fee, Low Fee Gold cards</li> </ul>
<b>NAB</b>	<ul style="list-style-type: none"> <li>➤ 0% for 16 months BT on Low Fee, 0% for 20 months on Premium (+2% fee on both), 4.99% for 6 months on all other cards.</li> <li>➤ 0% for 6 months intro purchase rate on Low Rate, 9 months on Low Rate Platinum.</li> <li>➤ Between 30,000 and 100,000 bonus points on Qantas and rewards cards</li> </ul>
<b>Westpac</b>	<ul style="list-style-type: none"> <li>➤ 0% for 20 months BT (+2% fee) on 55 Day and 55 Day Platinum, 0% for 24 months BT (+2% fee) on Low Rate</li> <li>➤ \$0 fee on 55 Day in yr 1 or if spend \$5,000 (\$10,000 for Platinum).</li> <li>➤ 60,000 bonus points on Altitude Platinum and Altitude Black</li> <li>➤ \$145 first year annual fee discount on Altitude Black</li> </ul>

Top offers			
<b>0% BT</b>	Citi	Platinum	26 months (2.5% BT fee)
<b>0% purchase</b>	Virgin Money	Flyer	14 months
<b>Lowest purchase</b>	Community First Easy Street	McGrath Pink Visa Easy Low Rate	8.99%
<b>Bonus points</b>	Citi	Prestige	150,000 Citi
	Citi	Signature	120,000 Citi
	American Express	Explorer	100,000 Amex
	American Express	Qantas Ultimate	100,000 Qantas
	Citi	Platinum	100,000 Citi
	NAB	Rewards Signature	100,000 NAB/Qantas

# Personal loans

Some of the discounts that were introduced over recent months have come to an end, and a peer to peer lender launched a low rate car loan option.

## Key changes

**Auswide Bank** ended its limited time rates on both secured and unsecured lending. Car loan rates are up 80 basis points, while the unsecured offering jumped 280 basis points.

**Bank of Queensland** raised the interest rate on its Unsecured Personal Loan by a 100 basis points (now 10.99%).

Peer-to-Peer lender **Harmoney** introduced a Fixed Car Loan product to the market starting at 5.95%, with 1 to 5 years terms for borrowers with an 'excellent' credit history.

**Illawarra Credit Union** reduced its Secured Personal Loan by 44 basis points to 5.90% and Unsecured Loan 89 basis points to 10.90%.

**NRMA** increased its New Car Loan rates by 50 bp (now 6.49%).

**Westpac** ended a \$0 application fee offer, with all of its personal products reverting back to the standard \$250 charge.

## Market snapshot

Major banks	Secured	Unsecured
<b>ANZ</b>	7.40%	10.99%
<b>Commbank</b>	8.49%	13.70%
<b>NAB</b>	n/a	11.99%
<b>Westpac</b>	8.49%	11.99%

Rate leaders			
<b>loans.com.au</b>	Clean Green Car Loan	4.74%	Secured
<b>G&amp;C Mutual Bank</b>	Fair Rate Personal Loan	5.99%	Unsecured

# At-call deposits

At call deposit rates continue to tumble, although the many of the changes in the last month have been applied to base rates or rates applicable to larger deposits, rather than headline bonus rates.

## Key changes

**ANZ's** Progress Saver has had its ongoing bonus rate reduced by 10bp to 1.71%.

**Bankwest** cut the base rate of its TeleNet Saver product from 1.50% to 1.25%. The 2.7% introductory rate holds steady at its current value.

**Commonwealth Bank** adjusted the \$250,000 to \$1,000,000 ongoing bonus rate tier on its GoalSaver account from 2.50% to 2.30%

**ING** reduced the base rate on its savings products from 1.35% to 1.15%. This change affects the ≤\$50,000 tier on its Savings Accelerator product, in addition to its Savings Maximiser rate if the required everyday transactions to access the special rate are not made. The special Savings Maximiser rate remains unchanged at 2.80%

**ME Bank** decreased the bonus rate on its competitive Online Savings Account by 10 basis points (now 2.85%).

**Westpac** added a \$50 cashback offer for eligible students opening a new Choice Account.

## Market snapshot

Major banks	Ongoing bonus rate		Introductory rate	
<b>ANZ</b>	1.71%	Progress Saver	2.55% for 3 months	Online Saver
<b>Commbank</b>	1.65%	GoalSaver	2.51% for 3 months	NetBank Saver
<b>NAB</b>	2.50%	Reward Saver	1.90% for 4 months	iSaver
<b>Westpac</b>	2.30%	Life	2.41% for 5 months	eSaver

Rate leaders			
<b>AMP</b>	3.00%	Bett3r Save Account	Ongoing bonus
<b>Coastline Credit Union</b>	3.05% for 3 months	eXtreme Saver	Introductory

# Term deposits

After a couple of months with some signs of recovery in term deposit rates the downward trajectory has resumed. A number of bank economists have revised their forecast for the RBA's cash rate from a small chance of an increase or two this year to almost certainly on hold for the foreseeable future. As long as this remains the case we expect rates for depositors will continue to soften.

## Key changes

Deposit takers **Bank of Queensland, Community First Credit Union, Credit Union SA, Police Credit Union** and **Rural Bank** all reduced rates across most terms by 5 to 10 basis points.

**ING** bumped its 2 year rate up 5bp, now equal best for the term at 2.90%.

**Suncorp** decreased the value of its 8, 9, 10 and 11 month offerings by 30 basis points. Shorter terms fared better with some improvements to be found (3 months up 15bp, 5 months up 10bp and 7 months increased by 30bp).

**UBank** cut its 1 year rate from 2.79% to 2.64%, leaving the best rate for the term ME's 2.75%.

## Market snapshot

Major banks	Up to 1 year	1 year	2 years
<b>ANZ</b>	2.35% for 4 months	2.30%	2.60%
<b>Commbank</b>	2.40% for 5 months	2.20%	2.60%
<b>NAB</b>	2.30% for 5 months	2.40%	2.60%
<b>Westpac</b>	2.50% for 10 months	2.30%	2.40%

Rate leaders		
<b>Less than 1 year</b>	ME Qudos Bank	2.70% (8 and 9 months) 2.70% (9 and 11 months)
<b>1 year</b>	ME	2.75%
<b>2 years</b>	ING Police Bank	2.90%
<b>3 years</b>	Big Sky Greater Bank Heritage Bank Maitland Mutual ME PCCU QBANK Qudos Bank	3.00%
<b>4 years</b>	Greater Bank	3.10%
<b>5 years</b>	Greater Bank	3.20%

\* rate tables based on a deposit of \$25,000

# Mozo Banking Roundup

The content of this report is produced using Mozo's extensive database of banking products, which is updated every day.

If you'd like access to more detailed information, please contact us at [data.services@mozo.com.au](mailto:data.services@mozo.com.au).

## Important Information

Product details in the Market Snapshot are as at end of the month and product changes referred to are changes since the start of the month.

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