



Mozo Experts Choice Awards
Personal Loans 2019

Methodology Report
November 2019



Mozo Experts Choice Awards

Personal Loans 2019

Every day, Mozo keeps track of thousands of products in banking, insurance and energy.

We use our knowledge and experience to identify those products that offer great value or market-leading features, and we recognise them with the Mozo Experts Choice Awards.

- For product providers, a Mozo Experts Choice Award is a third-party endorsement of their product.
- For consumers, it's a sign that a product is among the leaders and is worthy of consideration.

This report lists the winners and explains the judging methodology for our 2019 Personal Loan awards.

Personal Loans - 2019 Winners

Personal Loan Provider of the Year



MOVE Bank is our 2019 winner of the Personal Loan Provider of the Year.

Its Personal Loan Special was a winner in the Unsecured Personal Loan category and their New Car Loan took out an award in our New Car Loan category. As the only lender offering award-winning loans in both of these key categories in 2019, they are the obvious choice for our major award.

Unsecured Personal Loan

Most unsecured personal loans allow complete freedom of purpose and are fairly similar. Rates and fees can vary enormously, so for this category the judges identified those general purpose loans offering the best rate and fee combination.

In 2019, for the first time, this category also includes several loans where rates or fees vary depending on your credit score and other factors.

Citi	Personal Loan Plus
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Endeavour Mutual Bank	Personal Loan
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G&C Mutual Bank	Fair Rate Personal Loan
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ING	Personal Loan
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MoneyPlace	Unsecured Personal Loan
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MOVE Bank	Personal Loan Special
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Police Bank	Personal Loan
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RateSetter	Unsecured Personal Loan
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Sydney Mutual Bank	Standard Personal Loan
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Car Loan

To find the cheapest car loan for buying a new car, Mozo's money experts combed through 89 different personal loans and calculated the cost of a \$30,000 new car loan including principal, interest, fees and charges repaid over 5 years.

Beyond Bank	Low Rate Car Loan Special Offer
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Credit Union SA	Education Community Special Fixed Rate Personal Loan
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Greater Bank	New Car Loan
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IMB Bank	Car Loan
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loans.com.au	Car Loan
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MOVE Bank	New Car Loan
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Police Credit Union	Fixed Rate Car Loan
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Queensland Country Credit Union	New Car Loan
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Queenslanders Credit Union	New Car Loan
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Suncorp	Car Loan
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Used Car Loan

Here's the list of Mozo Experts Choice Award winners in our used car category for 2019. We compared all loans in our database to find the best value loans for used car borrowers. Calculations were based on a \$15,000 loan including principal, interest, fees and charges repaid over 5 years.

Bank Australia	Car Loan
Credit Union SA	Special Fixed Rate Personal Loan
Firefighters Mutual Bank	Car Loan
G&C Mutual Bank	Fixed Rate Car Loan
Health Professionals Bank	Car Loan
Illawarra Credit Union	Secured Fixed Personal Loan
RACQ Bank	Fixed Car Loan
Suncorp	Car Loan
Teachers Mutual Bank	Car Loan
UniBank	Car Loan

Secured Personal Loan

If you're in the market for a general purpose secured personal loan, the Mozo Experts Choice Award winners below are a great starting point.

Credit Union SA

Special Fixed Rate Personal Loan

Greater Bank

Secured Personal Loan

Hume Bank

Secured Personal Loan

Green Car Loan

If you're searching for a low emission car and want a low rate car loan to match, check out the Mozo Experts Choice Award pick for best green car loan. Our experts assumed a \$30,000 loan over 5 years when comparing costs.

loans.com.au

Clean Green Car Loan

Green Personal Loan

Thinking of borrowing for an environmentally friendly purpose? We compared all loans in our database fitting this criteria, based on a \$10,000 loan over 3 years.

Police Bank

Green Loan

Police Credit Union

Green Eco Loan

Personal Line of Credit

We identified then compared all personal loans in the Mozo database that operate as lines of credit to find our Mozo Experts Choice Award Winner. We calculated the cost of interest only payments and fees for a \$10,000 outstanding balance over 3 years.

Citi

Ready Credit

Best New Loan Product

The Unsecured Green Loan from Australian Military Bank was launched in September, and offers a great deal for people looking to purchase energy efficient hot water, battery storage, insulation, cooling/heating, water capture or recycling. It didn't launch in time to win in our Green Personal Loan category, but it takes out our best new personal loan product award.

Australian Military Bank

Unsecured Green Loan

How do we judge the winners?

Mozo Experts Choice Awards for Personal Loans are awarded in the following categories and based on the following methodology:

Common Calculations

The applicable interest rate, whether variable or fixed, and all mandatory fees, were taken into account across all personal loan award categories. Application fees, regular service fees and any exit fees are considered as 'mandatory fees'.

To allow for variations in rates and fees over time we performed calculations at three dates and averaged the results. The dates used were 31 July, 31 August and 30 September 2019. Any loans not available at each of these three dates were excluded from the final analysis.

Where a product offers multiple rate options (e.g. fixed, variable, secured, unsecured, etc.) each option qualifying for inclusion in the category was assessed separately and, unless otherwise specified in the lists of winners, all rate options qualified for the award. Where the interest rate varied depending on loan amount, the relevant rate for the award category was used.

Unsecured products with risk-based pricing (where the consumer's credit score and other factors determine the final interest rate that is offered) were included in the Unsecured Personal Loan category, where Mozo was able to obtain sufficient pricing information from the lender. For such loans, the cost calculations were done over a large number for different customer scenarios.

Secured Products with risk-based pricing were considered in the relevant categories by using only the rates offered to 'excellent credit' customers, but no awards were given on this basis in 2019.

Products requiring an upfront deposit, existing membership, term deposit or direct salary deposits were not eligible for awards.

We did not consider late payment fees, extra repayment facilities and any other features or exception fees.

Unsecured Personal Loan

This award considers loans in the Mozo database that do not have restrictions on the use of the funds and without the need to provide security.

For loans where the rates and fees are the same for all customers, the judges calculated the total cost of a loan of \$10,000 repaid over 3 years, and produced a ranking of loans from cheapest to most expensive.

A portion of lenders vary the interest rate on a loan depending on an applicant's credit score and application details. The cost calculation was based on the total cost of a loan for 80 different customer scenarios which varied by amount, term, loan purpose, credit score and other customer details such as income and employment status. Because not all lenders offer a loan for all 80 scenarios, the judges went through a process of comparing each lender against each other lender by considering only the scenarios where they both offer loans. Through this process, a relative ranking of lenders was produced.

The winners in this category are the best few lenders from each of the two sections.

Car Loan

The Car Loan category awards the lowest cost personal loans for consumers buying a new car. We identified all loans in the Mozo database that can be used to purchase a vehicle, with the vehicle required as security against the loan. Using the scenario of a \$30,000 loan repaid over 5 years, we calculated the total cost (including principal, interest, fees and charges).

Products were then ranked from lowest to highest cost based on the above calculations.

Used Car Loan

The Used Car Loan category awards the lowest cost personal loans for consumers buying a 5-year-old used car. This included products with the specific purpose of purchasing a used car with the car offered as security against the loan, as well as other products that could also be used to fund the

purchase where a vehicle was required as security. The same calculation methods as the Car Loan category was employed, apart from the loan amount, which was reduced to \$15,000. Products were then ranked from lowest to highest cost.

Secured Personal Loan

This award considers loans in the Mozo database that do not have restrictions on the use of the funds but require an asset as security. Using this criteria and a loan amount of \$10,000 repaid over 3 years, products are ranked from lowest to highest cost based on the common calculation method.

Green Car Loan

Only loans that offer specific rates or fees to encourage the purchase of low emission vehicles and require the vehicle as security for the loan were considered for this award. A cost calculation using a \$30,000 amount over 5 years was then performed.

Green Personal Loan

We identified all loans in the Mozo database that can only be used for environmentally friendly home improvement purposes (such as solar energy installs, rainwater tanks, and insulation improvements), then performed the cost calculation using a \$10,000 amount and 3 year term. Those products were then ranked from lowest to highest cost.

Personal Line of Credit

All loans in the Mozo database that operate as lines of credit were identified and considered for this award. These products allow for funds to be redrawn up to the approved credit limit at any time. Line of Credit cost calculation is based on the total cost of interest only payments and fees on a \$10,000 outstanding balance over 3 years.

Best New Loan Product

All new additions to the Mozo personal loan database in the last 12 months were considered for this award. Our judging panel assessed each new product on its benefit to potential customers including its price competitiveness and any novel features or facilities it offered.

Personal Loan Provider of the Year

To recognise the provider that has been the most successful in these awards, we awarded an overall Provider of the Year award. The judges considered all providers that had won awards for multiple products in both a secured and unsecured loan category, and the winner was chosen after considering the number of awards won.

What products do we consider?

In carrying out the Mozo Experts Choice Awards in Personal Loans, we analysed 286 personal loan products issued by 78 Australian financial institutions based on data contained in Mozo's product database as at 30 September 2019.

We aim to include most personal loan providers in the market in the Mozo Experts Choice Awards. However, not every personal loan product on the market will be included in our review.

Any personal loan product we review must be available in the market at the time of our analysis and any offers included must be available to the general public on the provider's website.

How many winners are there?

We typically aim to award the top 10% of products in each category. The judges use their discretion to adjust the cutoff up or down as necessary after examining the difference between products at the margin, to better ensure a fair split between winners and non-winners.

How we manage conflicts of interest

Mozo Experts Choice Awards are awarded irrespective of a product provider's commercial relationship with Mozo.

The Awards are based on objective verifiable facts and analysis wherever possible, and any assumptions made are set out in this report. Mozo's research team analyses product data and determines the winners in each Mozo Experts Choice category without reference to Mozo's sales or commercial functions.

Providers do not pay to enter the Mozo Experts Choice Awards.

Should a winning provider wish to use the Mozo Experts Choice Awards badges in their own marketing activities, Mozo charges them a licence fee.



About Mozo

Mozo provides a comparison service with the goal of helping consumers to make their own financial decisions and save money. Mozo offers consumers a comprehensive product comparison service that across the retail banking market, general insurance, life insurance, business banking, energy and more.

Hundreds of thousands of Australians a month use Mozo's comparison service. Mozo's comparison technology and expertise has been used by some of Australia's largest online publishers.

Mozo holds an Australian Financial Services Licence and an Australian Credit Licence. Mozo's management team have experience in consumer credit and financial services in a variety of roles from executive management, marketing, actuarial services and technology. Mozo's team are often called upon to provide expert media commentary in relation to the product areas they cover.

Our Experts Choice Awards analysis is overseen by AJ Duncanson, Mozo's Data Services Director. AJ has worked in financial services and product comparison for nearly 30 years, is a qualified actuary and is a Responsible Manager on Mozo's Australian Financial Services Licence and Australian Credit Licence.

Important Information

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Appendix

List of all personal loan lenders considered in the awards.

ANZ	Goldfields Money	Police Bank
Arab Bank Australia	Greater Bank	Police Credit Union
Australian Military Bank	Harmony	QBANK
Australian Unity	Health Professionals Bank	Qudos Bank
Auswide Bank	Heritage Bank	Queensland Country Credit Union
Bank Australia	HSBC	Queenslanders Credit Union
Bank First	Hume Bank	RAA
Bank of Melbourne	Hunter United	RACQ Bank
Bank of Queensland	Illawarra Credit Union	RACV
BankSA	IMB Bank	RateSetter
BankVic	ING	Regional Australia Bank
Bankwest	Latitude	SocietyOne
bcu	Liberty	Southern Cross Credit Union
Bendigo Bank	loans.com.au	St.George
Beyond Bank	Macquarie Credit Union	Suncorp
Citi	ME	Sydney Mutual Bank
Coles	MoneyPlace	Symple Loans
Commonwealth Bank	MOVE Bank	Teachers Mutual Bank
Community First Credit Union	MyState Bank	The Capricornian
Credit Union SA	NAB	The Mutual Bank
CUA	Newcastle Permanent	UniBank
Defence Bank	now FINANCE	Unity Bank
Easy Street	NRMA	Westpac
Endeavour Mutual Bank	OurMoneyMarket	Wisr
Firefighters Mutual Bank	P&N Bank	
G&C Mutual Bank	People's Choice Credit Union	
Gateway Bank	Pepper Money	