

Aussie savers bear the brunt of rate cuts

- *21 savings accounts pay <1% interest*
- *Kids lose out with base rates 0.53% lower than standard accounts*
- *Savings rates of the Big 4 'uncompetitive'*

Sydney, 9 February 2015: Interest rates on savings accounts are hitting an average low of 2.99% as banks counterbalance low home loan rates. According to Mozo.com.au there are 21 accounts paying less than one per cent interest.

“Savings rates have been taking a hammering for some time now but following last week’s RBA decision, savers are set to suffer even more,” says Mozo Director, Kirsty Lamont.

Mozo has seen rates cut on 30 savings accounts since the start of 2015 and expect more to follow in coming weeks as the full impact of last week’s rate cut flows through to savers.

Mozo’s review of 195 savings accounts has found the average savings rate is 2.99% or just 2.48% when you exclude bonus offers, down from 3.09% in February 2013.

The best value savings account is from UBank at 4.02% but savers need to open a UBank transaction account to get this rate.

“To get any sort of value, savers now need to bundle their accounts with transaction accounts and in some cases make minimum deposits as banks seek longer term, “sticky” customers.”

“Regardless of bundling, savers should hunt around for intro/bonus offers to get the very most out of their hard fought savings,” says Lamont.

Savers also need to look beyond the Big 4 for value. Across the 15 savings categories Mozo analysed, none of the Big 4 Banks ranked among the best. When compared to the best going rate (4.02%), the Big 4 average was just 3.39%, 63 basis points less.

“We found this sizeable gap surprising given savings is what many of the major banks have built their brand on,” said Lamont.

Kids losing out

Mozo’s review of 30 kids savings accounts found the average rate is 2.46% or 0.53% below a standard account and almost half of kids accounts came with conditions.

From regular deposits to minimum balances, most kids accounts are riddled with requirements with few accounts offering good ongoing value.

“It’s important to read the fine print to decide whether they’ll actually suit your child’s savings habits. In some cases, you may be better off opening a standard account on their behalf,” said Lamont.

For parents set on teaching their kids to save via their own account, Mozo’s tip is to seek out a kid-friendly account paying a high ongoing bonus rate without the Ts and Cs. The best was Suncorp’s Kids Savings Account at 3.75%.

Term Deposits offer no respite

Mozo analysis shows Term Deposits also offered poor value right now, with rates only topping the best at-call offers when locking money away for a period of five years – where the best rate is just 4.15%.

Mozo's pick of the country's best savings accounts:

Category	Provider	Interest rate
Best Savings Account - with an ongoing bonus rate	UBank USaver with Ultra Transaction Account	4.02%
Best Savings Account - with an intro bonus	Defence Bank iSaver	3.80%
Best Kids Savings Accounts		
Best Kids Savings Account - with an ongoing bonus rate	Suncorp Kids Savings Account	3.75%
Best Kids Savings Account - unconditional base rate	Victoria Teachers Mutual Bank First Saver Account	3.25%

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Media Contact:

Caroline Thomas
 PR Manager, Mozo
 Ph: 02 9037 4375 / 0402 330 021
 caroline.thomas@mozo.com.au

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