



Mozo Banking Roundup

August 2020

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



Lenders continue to push **Home Loan** rates down towards 2%, and some have even broached that magic point. Others are launching new rates for borrowers with lower LVRs.



A busy month for **Credit Card** providers with many offers being changed, including from some of the big 4 banks and subsidiaries.



Not too many **Personal Loan** changes to report, but there were some large cuts to rates.



At Call Deposit rates fell sharply again last month although the best ongoing bonus rates remain above the best term deposit rates, for now.



Term Deposits rates continue to fall, but are not as steeply as previous months, signaling we may be approaching an interest rate floor for deposits.

Published 1 September 2020

Home Loans

Lenders continue to push headline rates down towards, or in some cases even past, the 2% mark. And the focus on low LVRs continues with one lender introducing a new feature that automatically drops the rate repayments see the loan reach the next LVR band.

Variable Rates

86 400 introduced tiered pricing based on LVR's with lower rates for ratios below 70% and 60%. Variable rates now start from 2.59% (2.87% comp rate*), a 25bp reduction.

AMP dropped its leading Professional Package rate by 14bp to 2.59% (3.00% comp rate*).

Athena launched a new AcceleRATES feature to its home loans which automatically moves borrowers to lower rate tiers as they reach lower LVR tiers with a new minimum rate of 2.39% (2.39% comp rate*) for a LVR under 60%.

Homestar slashed its already low rates, reducing its headline rate by 20bp to 2.29% (variable rate for owner occupiers with an LVR of <70%, 2.34% comp rate*).

loans.com.au reduced the rate on the Smart Home Loan for Owner Occupier P&I rate by 9bp to 2.48% (2.50% comp rate*). It also launched an Investor Smart Booster bundled product which offers a 1.99% variable rate for 1 year (reverting to 2.74%, 2.76% comp rate*) restricted to those with an Owner Occupied loan.

ME introduced amount tiers on the Basic Home Loan Owner Occupier P&I rates, increasing the rates available for loans with amounts under \$150k by 94bp to 4.11% (4.13% comp rate*) while cutting rates for new borrowings above that amount by 59bp to 2.58% (2.60% comp rate*) for <80% LVR.

Well Home Loans cut its owner occupier rates by 15bp to 2.32% (2.35% comp rate*) for LVR<80% and 2.52% (2.55% comp rate*) for LVR <90%.

Fixed Rates

Bank First reduced its 2, 3 and 5 year fixed rates by 15 to 20 basis points. Its leading 3 year packaged rate now 2.09% (2.98% comp rate*), the lowest at that term.

ME cut between 20 and 40 basis points on its Flexible Home Loan product, for terms 1 to 3 years for owner occupiers paying principal & interest. For borrowers with an LVR less than 80%, a 2.19% fixed term is now available for 3 years (3.30% comp rate*)

Regional Australia Bank also reduced its 1, 2 and 3 year fixed rates during the month, with its Partnership Advantage rates cut a flat 30bp. An Owner Occupier can now receive a 2.34% rate fixed for 3 years (3.35% comp rate*)

Virgin Money cut its fixed 3 year and 5 year specials during August, with its 5 year rate now just 2.49% (2.87% comp rate*) for loans greater than \$300k, <80% LVR. This makes it the lowest 5 year rate in the Mozo product database.

Market Snapshot

Major Banks	Basic Variable, Owner Occupier, 80% LVR	Variable Rate	Comparison Rate*
ANZ	Simplicity PLUS	2.72%	2.76%
CommBank	Extra Home Loan	2.79%	2.80%
NAB	Base Variable Rate Home Loan	2.69%	2.69%
Westpac	Flexi First Option Home Loan	2.79%	2.80%

Major banks	Best package variable rates, Owner Occupier	Variable Rate	Comparison Rate*
ANZ	Over \$500,000 (LVR<80%)	3.49%	3.91%
CommBank	Over \$750,000 (LVR<95%)	3.85%	4.27%
NAB	Over \$750,000 (LVR<95%)	3.62%	4.03%
Westpac	Over \$150,000 (LVR<70%)	3.19%	3.60%

Current Rate Leaders		Variable Rate	Comparison Rate*
Owner Occupier	Reduce Home Loans Super Saver Variable	2.19%	2.19%
Investor	Credit Union SA Variable Rate Home Loan	2.59%	2.61%

Major banks	Best package fixed rates, Owner Occupier (comparison rate*)				
	1 year	2 years	3 years	4 years	5 years
ANZ	2.39% (4.16%)	2.29% (4.02%)	2.29% (3.89%)	2.69% (3.90%)	2.69% (3.82%)
Commbank	2.29% (4.13%)	2.29% (3.99%)	2.29% (3.87%)	2.99% (3.98%)	2.99% (3.93%)
NAB	2.29% (4.17%)	2.19% (4.02%)	2.29% (3.91%)	2.79% (3.95%)	2.79% (3.87%)
Westpac	2.29% (3.61%)	2.29% (3.53%)	2.29% (3.45%)	2.79% (3.54%)	2.79% (3.51%)

Current Rate Leaders		Fixed Rate	Comparison Rate
1 Year Fixed	Homestar	1.98%	2.51%
2 Years Fixed	Community First CU	1.99%	3.25%
3 Years Fixed	Bank First	1.99%	3.11%
4 Years Fixed	HSBC	2.50%	2.95%
5 Years Fixed	Virgin Money	2.49%	2.87%

*WARNING: This comparison rate applies only to the example or examples given. Different amounts and terms will result in different comparison rates. Costs such as redraw fees or early repayment fees, and cost savings such as fee waivers, are not included in the comparison rate but may influence the cost of the loan. The comparison rate displayed is for a secured loan with monthly principal and interest repayments for \$150,000 over 25 years.



Credit Cards

Plenty of Credit Card offers on the move this month including from several of the major banks.

ANZ swapped the 0% for 18 month balance transfer deal on its Platinum card for a 0% for 17 months purchase rate offer.

Both **Bank First** and **Community First Credit Union** have removed the 0% for 6 months BT periods previously on offer.

Bendigo Bank removed the 0% for 15 months purchase rate offer on its Low Rate Mastercard, replacing it with a 0% for 6 months BT period and waiving the \$45 fee in the first year. The Platinum Rewards Mastercard also now has a 0% for 6 months BT period but the 50,000 bonus Rewards Points available previously have been removed.

Kogan Money is offering a \$300 kogan.com credit for new applications for its Black Card up to the end of September provided \$3,000 is spent on eligible purchases in the first 90 days. This is up from \$50 credit for each of the first four months in which \$1,000 or more is spent.

NAB extended the 0% BT offer on its Low Rate Card from 6 to 20 months, and removed the 0% for 6 months purchase rate.

Westpac introduced a 0% for 18 months BT offer with a 1% fee on its Altitude Platinum card, with a reduced annual fee of \$99 in the first year. The bank's Low Fee Card now has a 0% for 15 months on purchases offer plus 0% for 6 months on BT's combination offer instead of the previous 0% for 9 months on purchases .

Market Snapshot

Summary of card offers

ANZ

- 0% for 17 months on purchases on Platinum.
- \$0 first year annual fee on Low Rate, Platinum, Rewards Platinum.
- 0% for 18 months BT (+2% fee) on First.
- 0% for 22 months BT (+1.50% fee) on Low Rate.
- Offers between 25k and 150k bonus points on Frequent Flyer and Rewards.

CommBank

- 5.99% for 5 months BT on all cards.
- 0% for 15 months purchase rate on Low Fee Gold card.
- \$0 first year annual fee on Low Fee, Low Fee Gold cards and if spend \$1,000 p.a (\$10,000 p.a. for Gold).
- \$200 cashback on Low Rate and Low Rate Gold cards with a minimum \$1,000 spend.
- Offers between 30k and 100k bonus points on Awards cards.

NAB

- 0% for 6 months BT (+2% fee) on all cards.
- 0% for 20 months BT (+2% fee) on Low Rate Card.
- Offers between 30k and 130k bonus points on Qantas and Rewards cards.

Westpac

- 0% for 20 months BT (+1% fee) on Low Rate.
- \$200 cashback on Low Rate with a minimum \$1,000 spend.
- 0% for 15 months and 0% for 6 months BT on Low Fee.
- 0% for 18 months BT (+1% fee) on Altitude Platinum.
- Discounted \$99 first year annual fee on Altitude Platinum
- 60k Frequent Flyer or 80k Altitude bonus points on Altitude Platinum, 120/150k on Altitude Black.
- 60/80k bonus points on Altitude Platinum with American Express, 120/150k on Altitude Black with American Express.

Top offers

0% Balance Transfer	Citi Rewards	26 months (1.5% fee)
0% Introductory Purchase Rate	ANZ Platinum	17 months
Lowest Purchase Rate	G&C Mutual Bank Low Rate Visa	7.49%
Introductory Bonus Points	St. George Group Amplify Signature ANZ Rewards Black Qantas Money Premier Titanium Westpac Altitude Black	200,000 Amplify 150,000 ANZ 150,000 Qantas 150,000 Altitude

Personal Loans

Very few changes to Personal Loans pricing this month, but some of the large changes that were made indicate there's still very strong competition for new business.

NRMA reduced its fixed new Car and Used Car Loan fixed rates, with New Car down 70bp to 4.99% and Used Car down 50bp to 6.49%.

RACQ Bank increased application fees by \$75 on both its Fixed Car Loan and Unsecured Personal Loan, now \$470 and \$275 respectively.

RACV cut its fixed New Car Loan rate by 70bp to 4.99%.

Regional Australia Bank dropped the variable rate for its Accelerator Car loan by 100bp to 6.49%.

The **St George** group cut fixed Unsecured Personal Loan rates by 150bp to take them down to 9.99%.

Market Snapshot

Major Banks	Product	Headline Rate	Comparison Rate*
ANZ	Unsecured Loan	12.45% fixed	13.32%
CommBank	Car Loan Unsecured Loan	6.99% fixed 11.50% fixed (3 year)	8.05% 12.38%
NAB	Unsecured Loan	12.69% var/fixed	13.56%
Westpac	Car Loan Unsecured Loan	7.49% fixed 10.99% fixed	8.68% 12.16%

	Current Rate Leaders	Headline Rate	Comparison Rate*
Unsecured	Aust Military Bank Personal Loan - Excellent Credit	4.85% variable/fixed	5.71%
Secured	Queensland Country Bank New Car Loan	2.99% variable	3.60%

*WARNING: The Comparison Rate combines the lender's interest rate, fees and charges into a single rate to show the true cost of a personal loan. The comparison rates displayed are calculated based on a loan of \$30,000 for a term of 5 years, based on monthly principal and interest repayments, on a secured basis for secured loans and an unsecured basis for unsecured loans. This comparison rate applies only to the example or examples given. Different amounts and terms will result in different comparison rates. Costs such as redraw fees or early repayment fees, and cost savings such as fee waivers, are not included in the comparison rate but may influence the cost of the loan.



At-Call Deposits

Another month of heavy At Call Deposit rate cuts as the bottom falls out of the deposit market.

86 400 trimmed its ongoing bonus rate by 10bp to 1.60%.

Bank of Queensland cut the ongoing bonus rates on its fast Track Saver (down 15bp to 1.50%) and Bonus Interest Savings Account (down 10bp to 1.15%).

Commonwealth Bank reduced the introductory bonus rate on its NetBank Saver by 5bp to 0.95%.

Macquarie made another cut to the introductory rate on its Savings Account, down 50bp to 1.50%. A little over two months ago that rate was up at 2.60%.

Rabobank's Premiumsaver ongoing bonus rate is down 25bp to 1.20%. There was also a 25bp cut applied to the introductory rate on its High Interest Savings Account, now 2.00%.

RAMS dropped the headline rate on its Saver Account from 1.20% to 1.10%.

The ongoing bonus rate on **Suncorp's** Growth Saver Account was cut by 15bp to 1.35%.

Market Snapshot

Major Banks		Current Rate
ANZ	Progress Saver	0.85% ongoing bonus
	Online Saver	0.80% intro for 3 months
CommBank	Goalsaver	0.40% ongoing bonus
	NetBank Saver	0.95% intro for 5 months
NAB	Reward Saver	0.90% ongoing bonus
	iSaver	0.95% intro for 4 months
Westpac	Life	1.00% ongoing bonus
	Life (under 30)	3.00% ongoing bonus
	eSaver	1.00% intro for 5 months

	Current Rate Leaders	Rate	Condition
Ongoing Bonus	Australian Unity Active Saver	1.75%	Deposit >\$250/month, no withdrawals, otherwise 0.25%
Intro	Heritage Bank Online Saver	2.20%	for 4 months, then 0.80%
Base Rate	Volt Savings Account	1.65%	Unconditional, up to \$245k

** rate tables based on an account balance of \$10,000*

Term Deposits

While term deposit rates still fell in August, there was a slight slowing in the volume and degree of reductions. Out of the 86 ADIs we track in our term deposit product database, 58 of them cut rates in August, compared to 70 in July. The average 12 month term rate dropped 8 basis points to 0.91% (11bp in July).

Commonwealth Bank cut its best offering 5bp, now 0.85% for 10 months, **NAB** reduced its 1, 2 and 3 month terms, 10, 15 and 5bp respectively and **Westpac** shifted its special offering from 7 months to 8 months, reducing it 5bp to 0.75% in the process. **ANZ** did not make changes to its offerings in August.

The largest across the board reductions we observed from the rest of the market include: **Bank First** (20-30bp), **Bankwest** (10-20bp), **CUA** (10-20bp), **Hunter United** (15-30bp), **Illawarra Credit Union** (20-90bp), **Judo Bank** (2-20bp), **Newcastle Perm** (20bp), **Police Bank** (15-20bp), (15-40bp), **Summerland Credit Union** (20-30bp), **Suncorp** (10-20bp), and **UBank** (5 to 25bp).

Market Snapshot

Major Banks	Less than 12m	12 Months	24 Months	36 Months
ANZ	1.00% (8m)	0.75%	0.75%	0.75%
CommBank	0.85% (10m)	0.70%	0.80%	0.80%
NAB	0.70% (7 to 11m)	0.85%	0.90%	0.90%
Westpac	0.75% (6m)	0.80%	0.90%	0.90%

Current Rate Leaders		Rate
Less than 12 Months	Judo Bank (9 months)	1.37%
1 Year	Judo Bank	1.38%
2 Years	Judo Bank	1.45%
3 Years	Judo Bank	1.55%
4 Years	Judo Bank	1.40%
5 Years	Judo Bank	1.45%

* 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

Important Information

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

Under Mozo's Australian Credit and Financial Service Licence it is permitted to provide factual or general information that is sourced from external providers and not from Mozo itself. The information published in this email is of a general nature only.

The information contained in this email is governed by Mozo's standard Terms of Use. To the extent permitted by law, you indemnify and agree to keep Mozo indemnified against any loss or claim arising out of your use of any information contained in this email. Where Mozo collects information such as rates, pricing and product information we make every effort to ensure that all information displayed is accurate. Mozo does not warrant that the information contained in this report will be faultless or that all of the information displayed will be completely accurate and we accept no liability whatsoever for any errors or omissions.

Copyright © 2020 Mozo Pty Ltd. All Rights Reserved.

ABN: 68 128 199 208. AFSL & ACL 328141

Level 10, 89 York St, Sydney NSW 2000