



Mozo Banking Roundup

July 2020

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



Competition to have a **Home Loan** rate with a '1' in front of it is heating up the market as lenders jostle to grab the attention of customers. We've also taken a look at what has happened to Home Loan rates since the start of this year.



While there were no changes made to interest rates or fees on **Credit Cards**, there were quite a few changes to incentives, including two of the major banks adding \$200 cash back offers to their low rate cards.



Competition continues to be strong in **Personal Loans** with all changes being rate reductions, although overall volume was low.



At Call Deposit rates have continued to fall with cuts from a range of neobanks, major banks, and previous rate leaders this month.



Of the 86 **Term Deposit** providers tracked in the Mozo database 70 made cuts to rates last month, including all four of the major banks. This has caused average rates to fall sharply, with no term now having an average of more than 1.00%.

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Home Loans

Competition is driving more cuts to headline rates, particularly for loans with lower LVR's, and this month one provider launched the first variable rate with a '1' in front of it, albeit for the first year only.

There were fewer changes to fixed rates last month than in recent months with a number of lenders cutting rates but also some small increases.

Variable Rates

AMP adjusted the rates on offer in its Professional Package with the headline rate for loans over \$500,000 and LVR below 80% down 11bp to 2.69% (3.10% comp rate*).

Aussie now has a lower headline rate of 2.70% (2.72% comp rate*) after cuts between 10 and 15bp for loans with an LVR under 80%.

loans.com.au launched its Smart Booster loan which comes with an introductory variable rate for either 1 or 2 years. The 1 year rate is currently just 1.99% reverting to 2.57% after that (2.55% comp rate*) while the 2 year option starts at 2.09% reverting to 2.79% (2.71% comp rate*). The lender also trimmed 6bp off its Smart Home Loan 80 rate for owner occupiers, taking it down to 2.57% (2.59% comp rate*).

Macquarie cut rates for those making principal and interest repayments by between 5 and 15bp, while some interest only rates were cut by as much as 30bp. Rates now start from 2.59% (2.59% comp rate*).

Qudos Bank reduced its range of variable home loan rates by 10bp, with the lowest now starting from 2.73% (2.73% comp rate*).

Reduce Home Loans cut the best rate on its Low Rider Home Loan by 19bp to 2.25% (comp rate 2.47%*) and on its Penny Pincher loan by 10bp to 2.29% (comp rate 2.25%*). Both rates are discounted after the first 5 years, and only available on LVRs up to 70%.

UBank dropped all of its variable rates by 10bp to now start from 2.49% (2.49% comp rate*).

Fixed Rates

Homestar introduced the lowest 1 year fixed rate in our database at just 1.98% (2.51% comp rate*).

HSBC reduced its fixed unpackaged investment rates by 26 to 41 bp, with its 2 year rate now 2.39% (3.29% comp rate*), the equal lowest for that category.

Hume Bank cut 10 to 20 basis points from its range of fixed options and introduced a new 2 year fixed owner occupier special priced at 2.19% (4.04% comp rate*).

ME cut up to 80bp on its investment fixed rates, now starting from 2.79% for 2 years (3.63% comp rate*).

Qudos Bank applied a 20bp reduction across its fixed rate options. A rate of just 2.29% is now available for either 1 (2.94% comp rate*) or 2 year (2.88% comp rate*) terms.

UBank reduced fixed rates for 1 and 3 year terms by 15bp, for all borrower types, now starting from 2.14% for both terms (1 year comp rate 2.46%, 3 year comp rate 2.41%*).

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	2.69%	3.12%

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	Homestar	2.06%	2.49%
3 Years Fixed	UBank	2.14%	2.41%
4 Years Fixed	HSBC	2.40%	3.13%
5 Years Fixed	ING Police Bank	2.59%	3.52% 2.79%

*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.

Home Loan rates in these 'interesting' times - a longer view

While the future remains unclear in many respects, the pace and volume of change in home loan rates has finally started to slow. We thought it was a good time to step back from the day to day changes and see just how much rates have changed over the longer term.

When reviewing market shifts it's easy for meaningful change to get lost in a sea of averages. For this exercise we have cleared out much of the white noise such as standard variable rates, and the effect of some providers having many rate options in the market. The averages used here only consider the single best rate from each provider for each type of borrower, so focussed on the most competitive rates that are being offered to attract new customers.

The RBA cut the cash rate by a total of 50bp in March but most borrowers would not have seen the full benefit of that unless they have taken action to review their mortgage arrangements.

For variable rates, the average has come down around 30bp for each type of borrower but the sharper fall in the lowest rate for owner occupier principal & interest borrowers shows which loans lenders are targeting. Those prime borrowers are the only category where headline rates have fallen further than the overall average.

The falls have been much larger for fixed rates, with shorter terms down more than longer terms as illustrated by comparing the 1 and 3 year tables. But once again, it's the rates for owner occupiers making P&I repayments that have seen the greatest reductions.

Variable rates	Lowest January	Lowest July	Change	Average January	Average July	Change
OO P&I	2.59	2.19	-0.40	3.16	2.87	-0.28
OO IO	2.99	2.69	-0.30	3.87	3.55	-0.32
Investor P&I	2.92	2.69	-0.23	3.54	3.28	-0.27
Investor IO	3.05	2.90	-0.15	3.89	3.57	-0.32

1 year fixed	Lowest January	Lowest July	Change	Average January	Average July	Change
OO P&I	2.74	1.98	-0.76	3.21	2.54	-0.67
OO IO	2.79	2.19	-0.60	3.67	3.08	-0.59
Investor P&I	2.89	2.29	-0.60	3.58	2.92	-0.66
Investor IO	2.99	2.44	-0.55	3.76	3.06	-0.70

3 year fixed	Lowest January	Lowest July	Change	Average January	Average July	Change
OO P&I	2.69	2.14	-0.55	3.05	2.54	-0.51
OO IO	2.84	2.19	-0.65	3.63	3.14	-0.49
Investor P&I	2.84	2.29	-0.55	3.41	2.87	-0.54
Investor IO	2.99	2.44	-0.55	3.58	3.02	-0.55

Note: all rates based on a loan amount of \$400,000 and LVR of 80%



Credit Cards

While there were no changes to core interest rates and fees, many changes were made to introductory offers. Two of the four major banks are offering \$200 cash back incentives on their low rate cards.

Bank of Queensland switched its Platinum Visa offer from 1,000 bonus Q Rewards points for every month \$1,000 or more is spent on the card for the first 12 months, to 80,000 points if \$3,000 is spent on the card in the first 60 days. The first year annual fee is half the usual \$129 instead of being waived.

Commonwealth Bank removed the bonus points offer from its Awards Credit card and reduced the bonus points available on its Platinum Awards Credit card. The Diamond Awards Credit Card had the choice of 100,000 bonus Awards points, or 40,000 bonus Qantas points, and the Ultimate Awards Credit card offers 100,000 bonus Awards points. A \$200 cashback offer was introduced on the Low Rate and Low Rate Gold cards with a \$1,000 minimum spend requirement.

CUA reduced the 0% for 18 months balance transfer period on its Low Rate and Platinum cards to 13 months.

Kogan Money's Black Card now offers a \$50 kogan.com credit in each of the first 4 months when \$1,000 is spent on the card that month.

The conditions to earn 80,000 bonus points on **Qantas Money's Qantas Premier Platinum** card now requires spending at least \$1,500 in eligible purchases in each of the first 4 months to qualify for 20,000 points in each of those months. The annual fee is also discounted by \$100 to \$199 for the first year.

St George Group has overhauled offers on several of its cards. For the Vertigo card the 0% BT period has been bumped up to 22 months from 18, and the Amplify Platinum card BT period increased from 6 to 22 months. The balance transfer fee for these offers was increased from 1% to 1.5%. Both of these two cards now come with annual fee waivers for the first year - \$55 for the Vertigo and \$99 for Amplify Platinum with the Amplify Rewards option. The 100,000 bonus Amplify Points offer on the Amplify rewards option of the Amplify Platinum card was removed while the 60,000 Frequent Flyer Points available on the Qantas Rewards option remain unchanged. The bonus points available on the Qantas Frequent Flyer option for the Amplify Signature card has been increased from 80,000 to 90,000.

Suncorp swapped the 0% for 14 months introductory purchase rate on its Clear Options Platinum card for a balance transfer deal with the same rate and term.

Westpac extended the interest free BT period on its Low Rate card from 16 to 20 months and introduced a 1.00% handling fee. A \$200 cashback offer was also introduced on the Low Rate card with a required minimum spend of \$1,000 in the first 90 days.

Market Snapshot

Summary of card offers

ANZ

- 0% for 18 months BT (+2% fee) on First & Platinum.
- 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 6 months intro purchase rate 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.
- 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	CommBank Low Fee Gold CommBank Low Rate Gold Bankwest Breeze Mastercard Bankwest Breeze Platinum Mastercard Bendigo Bank Platinum Rewards Mastercard St. George Group Vertigo Platinum	15 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

A range of providers moved to cut rates in the competitive personal loan market last month, including the Westpac group.

Gateway Bank chopped 195 bp off the variable rate on its Used Car Loan option, now 5.99% (6.20% comp rate).

Pepper Money took the fixed rate on its unsecured Personal Loan down 50bp to 7.45% (9.07% comp rate).

The **St.George** group of brands dropped its fixed Secured Personal Loan rate from 8.49% to 7.49% (8.60% comp rate).

Unity Bank reduced its unsecured Personal Loan rates (both fixed and variable) from 14.82% to 9.99% (10.55% comp rate).

Westpac took 100bp off the fixed rates for its Car Loan, now 7.49% (comp rate 8.68%), and unsecured Personal Loan, now 10.99% (comp rate 12.16%).

Market Snapshot

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

Headline savings rates staged a significant retreat in July, including from several neobanks and previous rate leaders.

AMP made some of the largest cuts last month, taking its Saver Account 6 month introductory rate down 70bp to 1.50%, and the ongoing bonus on its Bett3r Account down 25bp to 1.00%.

86 400 cut its Save Account ongoing bonus rate by 15bp to 1.70%.

Commonwealth Bank took 5bp off the introductory rate on its netBank Saver account, now 1.00% for the first 5 months, and reduced rates on its GoalSaver account now offering ongoing bonus rates of 0.50% up to \$50,000 and 0.95% for balances above that.

ING reduced the ongoing conditional bonus rate on the Savings Maximiser by 15bp to 1.65%.

Macquarie no longer offers the highest introductory rate after dropping its Savings Account 4 month bonus rate by 26bp to 2.00%.

ME took 25bp off the ongoing bonus rate for its Online Savings Account, now 1.55%.

NAB cut its iSaver introductory rate by 10bp to 0.95% and its Reward Saver ongoing bonus rate by the same amount to 0.90%.

Up reduced its Saver Account ongoing bonus rate by 25bp, now 1.60%.

Xinja dropped the rate on its Stash account from 1.80% to 1.65%, although the account remains closed to new customers.

Westpac launched a rate of 3.00% for its Life account, but to get that rate you must be aged between 18 and 29 and meet monthly account usage criteria. Above \$30,000 the rate drops to 1.00%.

Market Snapshot

Major Banks		Current Rate
ANZ	Progress Saver	0.85% ongoing bonus
	Online Saver	0.80% intro for 3 months
CommBank	Goalsaver	0.50% ongoing bonus
	NetBank Saver	1.00% intro for 5 months
NAB	Reward Saver	0.90% ongoing bonus
	iSaver	0.95% intro for 4 months
Westpac	Life	1.00% ongoing bonus
	eSaver	1.00% intro for 5 months

	Current Rate Leaders	Rate	Condition
Ongoing Bonus	Australian Unity Active Saver MyState Bank Bonus Saver	1.75%	Deposit >\$250/month, no withdrawals Deposit >\$20/month + 5 transactions/month
Intro	Rabobank High Interest Savings	2.25%	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

In July 70 out of the 86 term deposit providers tracked in the Mozo database cut at least some of their rates. The average rate for a one year investment dropped 11bp to 1.00%, while the average for every term fell between 7 and 11bp and no term now has an average rate of more than 1.00%. The leading rate for every term is lower than last month.

Since the start of the year the average rate for each term is down between 43 and 62bp, with shorter terms being harder hit than longer terms.

As they did in June, all four of the major banks cut term deposit rates in July. **ANZ** and **Commonwealth Bank** made term deposit rate reductions across the board, by 10bp and 5-15bp respectively. NAB reduced rates for terms of up to 1 year by between 5 and 10bp. **Westpac** cut 5 to 15 bp from its terms less than 5 months, and greater than 11 months.

For the rest of the market, the most significant across the board cuts were observed from: **AMP** (20-65bp), **Bank Australia** (20bp), **Bank of Queensland** (15-35bp), **Citi** (15-40bp), **Gateway Bank** (20-35bp), **ING** (20bp), **Judo** (5-30bbp), **Macquarie** (5-35bp), **ME** (20-40bp), **Move Bank** (20-40bp), and **Qudos Bank** (30bp).

Market Snapshot

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

Current Rate Leaders		Rate
Less than 12 Months	Judo Bank (9 months)	1.42%
1 Year	Judo Bank	1.40%
2 Years	Judo Bank	1.50%
3 Years	Judo Bank	1.55%
4 Years	Judo Bank	1.55%
5 Years	Judo Bank	1.65%

* 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.

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