



# Mozo Experts Choice Awards **Home Loans 2021**

Methodology Report  
March 2021



# Mozo Experts Choice Awards

## Home Loans 2021

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 2021 Home Loan awards.

# Home Loans - 2021 Winners

## Home Lender Bank of the Year



ING has been crowned Home Lender Bank of the year for 2021 for its award winning products in the Package, Fixed and Split categories. Along with competitive results in the categories where it didn't manage to take out an award, the bank's products were competitively priced. For those wanting to have their home loan and day to day banking in one place, ING is definitely worth a look.

## Online Home Lender of the Year



Displaying remarkable consistency, Tic:Toc has been named our Online Home Lender of the Year for the third year in a row! The tech-focused lender nabbed wins in almost every category - Low Cost Home Loan, Offset Home Loan, First Home Buyer Loan, Fixed Rate Home Loan, Investor Home Loan and Investor Fixed Home Loan. In fact, that's more wins than any other provider in the 2021 awards.

## Low Cost Home Loan

For this category the Mozo judges assessed 304 variable rate loans for owner occupier borrowers making principal & interest repayments looking to borrow 80% of the value of their property, and identified these as the lowest cost.

<b>86 400</b>	Neat Home Loan
<b>Athena</b>	Liberate Variable Home Loan
<b>FreedomLend</b>	Variable Home Loan
<b>homeloans.com.au</b>	Low Rate Home Loan
<b>Homestar</b>	Star Essentials Home Loan
<b>Homestar</b>	Star Classic Home Loan
<b>loans.com.au</b>	Smart Booster Home Loan (1 Year Discounted Variable Rate)
<b>Pacific Mortgage Group</b>	Standard Variable Home Loan
<b>Reduce Home Loans</b>	Economizer Variable
<b>Reduce Home Loans</b>	Rate Lovers Variable Home Loan
<b>Reduce Home Loans</b>	Super Saver Variable
<b>Tic:Toc</b>	Variable Home Loan
<b>UBank</b>	UHomeLoan - Discount Offer
<b>Well Home Loans</b>	Well Balanced
<b>Yard</b>	Variable Home Loan Special

## Offset Home Loan

Of the 208 variable rate loans offering a 100% offset facility the Mozo judges found that these were the lowest cost.

<b>FreedomLend</b>	Variable Home Loan
<b>homeloans.com.au</b>	Low Rate Home Loan
<b>Homestar</b>	Star Classic Home Loan
<b>Illawarra Credit Union</b>	The Works Special Variable Home Loan
<b>loans.com.au</b>	Smart Booster Home Loan (1 Year Discounted Variable Rate)
<b>Newcastle Permanent</b>	Special Real Deal Home Loan
<b>Queensland Country Bank</b>	Discount Ultimate Home Loan Special (Package)
<b>Reduce Home Loans</b>	Rate Lovers Variable Home Loan
<b>Resimac</b>	Prime Flex
<b>Tic:Toc</b>	Variable Home Loan
<b>Well Home Loans</b>	Well Balanced
<b>Yard</b>	Variable Home Loan Special

## Packaged Home Loan

To find the lowest cost package loans the judges assessed 64 products, then identified those that were the lowest cost options where the borrower could also get a credit card and bank account that doesn't charge any account keeping fee with that same provider.

<b>Illawarra Credit Union</b>	The Works Variable Home Loan (Package)
<b>ING</b>	Orange Advantage (Package)
<b>Macquarie</b>	Offset Home Loan (Package)
<b>MOVE Bank</b>	Complete Package Variable Home Loan (Package)
<b>Queensland Country Bank</b>	Discount Ultimate Home Loan Special (Package)
<b>Suncorp</b>	Standard Variable Home Loan - First Home Buyer (Home Package Plus)

## First Home Buyer Loan

First home buyers often have less than a 20% deposit, so for this category we identified the lowest cost variable rate loans for those looking for a 90% LVR loan. The assessment included special offers that have been launched recently for borrowers taking advantage of the government's First Home Loan Deposit Scheme.

<b>BankSA</b>	Basic Home Loan Special Offer
<b>FreedomLend</b>	Variable Home Loan
<b>Hume Bank</b>	Flexi Low Rate
<b>Illawarra Credit Union</b>	Bare Essentials First Home Owners Special Offer
<b>Illawarra Credit Union</b>	The Works Special Variable Home Loan
<b>Reduce Home Loans</b>	Rate Buster Variable Home Loan
<b>Reduce Home Loans</b>	Rate Slasher Variable Home Loan
<b>Tic:Toc</b>	Variable Home Loan
<b>Well Home Loans</b>	Well Balanced
<b>Westpac</b>	Flexi First Option Home Loan (2 Year Intro Rate)

## Fixed Rate Home Loan

To be considered in this category the lender has to offer at least 3 different fixed rate terms which resulted in 164 products being assessed. The judges calculated the annual cost of each fixed rate term offered and ranked them, then averaged the three best results.

<b>Aussie</b>	Select Basic Fixed
<b>Bank of Melbourne</b>	Fixed Home Loan (Advantage Package)
<b>Bank of Queensland</b>	Discount Fixed Rate
<b>BankVic</b>	First Home Buyer Fixed (Package)
<b>Greater Bank</b>	Discount Great Rate Home Loan
<b>ING</b>	Fixed Rate Loan (Orange Advantage)
<b>Pacific Mortgage Group</b>	Fixed Home Loan
<b>QBANK</b>	Fixed Rate Special
<b>RACQ Bank</b>	Fixed Rate (Choices Package)
<b>St. George</b>	Fixed Home Loan (Advantage Package)
<b>Tic:Toc</b>	Fixed Home Loan



## Split Home Loan

This category identifies the leading combinations from by the same lender for homeowners looking to split their loan between fixed and variable rates.

<b>Aussie</b>	Select Basic Variable / Select Basic Fixed
<b>FreedomLend</b>	Variable Home Loan / Fixed Home Loan
<b>ING</b>	Orange Advantage (Package) / Fixed Rate Home Loan (Orange Advantage Package)
<b>P&amp;N Bank</b>	& Basic Home Loan / Fixed Rate Home Loan
<b>Pacific Mortgage Group</b>	Standard Variable Home Loan / Fixed Home Loan
<b>QBANK</b>	Discounted Classic Home Loan / Fixed Rate Special
<b>Reduce Home Loans</b>	Economizer Variable / Home Owners Dream Fixed
<b>Reduce Home Loans</b>	Rate Buster Variable Home Loan / Home Owners Dream Fixed
<b>UBank</b>	UHomeLoan - Discount Offer / UHomeLoan Fixed
<b>Well Home Loans</b>	Well Balanced / Well Balanced Fixed

## Investor Home Loan

This award considered the 249 products available for investors that offered both principal & interest and interest only as an option. The winners below were found to be the lowest cost options.

<b>86 400</b>	Neat Home Loan
<b>Athena</b>	Liberate Variable Home Loan
<b>FreedomLend</b>	Variable Home Loan
<b>homeloans.com.au</b>	Low Rate Home Loan
<b>Homestar</b>	Star Classic Investment Variable Home Loan
<b>Reduce Home Loans</b>	Investor Rate Lovers Variable
<b>Reduce Home Loans</b>	Investor Rate Slasher
<b>Suncorp</b>	Back to Basics Special
<b>Tic:Toc</b>	Variable Home Loan
<b>Well Home Loans</b>	Well Balanced

## Investor Fixed Home Loan

For this award, we identified the lenders with the lowest costs over a range of fixed terms for investors. We assessed 137 options, calculating the annual cost of each fixed rate term offered, averaging the three best results. The calculation was performed using rates applicable to both principal & interest and interest only loans.

<b>bcu</b>	Fixed Rate Home Loan
<b>Defence Bank</b>	Ultimate Home Loan (Fixed, Package)
<b>Endeavour Mutual Bank</b>	Investment Fixed Rate Home Loan
<b>Greater Bank</b>	Great Rate Home Loan (Fixed)
<b>P&amp;N Bank</b>	Fixed Rate Home Loan
<b>People's Choice Credit Union</b>	Fixed Rate Home Loan
<b>People's Choice Credit Union</b>	Fixed Rate Home Loan (Package)
<b>Police Credit Union</b>	Fixed Rate Home Loan
<b>QBANK</b>	Fixed Rate Special
<b>RACQ Bank</b>	Fixed Rate (Choices Package)
<b>Sydney Mutual Bank</b>	Investment Fixed Rate Home Loan
<b>Tic:Toc</b>	Fixed Home Loan
<b>UBank</b>	Fixed UHomeLoan

## Green Home Loan

Loans considered for this award must only be available to homes that have been certified with a minimum level of environmental efficiency, of these we calculated the lowest cost option. The Bank Australia Clean Energy Home Loan not only has a great low rate, but is available for any home that achieves a NatHERS rating of 7 stars or higher.

**Bank Australia**

Clean Energy Home Loan

## Home Loan Innovation

Online lender Athena introduced their AcceleRATES feature last year, which offers home loan rates that automatically decrease as the loan is paid down and the loan-to-value ratio lowers. This feature ensures borrowers are receiving the lowest rate available to them from Athena. This is Athena's second Home Loan Innovation award in as many years, a well-deserved win.

**Athena**

AcceleRATES

# How do we judge the winners?

Mozo Experts Choice Awards for Home Loans are awarded based on the following methodology:

## Cost Calculations

For variable rate loans, we assumed a 25 year loan is held for 5 years at current interest rates and then discharged. Loans were ranked in order of the total interest and mandatory fees that would be paid in that scenario. Mandatory fees include application or establishment fees, valuation fees, legal fees, settlement fees, regular service fees and discharge fee. Any loans where the fees listed above could not be determined were excluded from the awards. We assumed owner occupiers make principal & interest repayments, and for investors we used the average of a principal & interest and an interest only calculation.

For fixed rate loans, we performed the same calculation but assuming the loan was only held for the fixed rate period and determined the annual cost. We performed this calculation for each fixed rate period available on the product, took the 3 lowest cost results from each product, then averaged and ranked them. Providers with less than 3 fixed rate options were excluded from consideration.

Split loans assume a 50% variable, 50% fixed weighting.

Investor loans were assessed with equal weighting applied to both principal & interest and interest only rates.

All calculations were performed three times using the rates and fees applicable at 30 November 2020, 31 December 2020, and 31 January 2021. Any products not available at each of these three dates were not eligible to win an award.

The results of these calculations were then averaged and ranked. Prior to averaging across different scenarios, loans costs were standardised by applying a factor to interest costs so that loans of different sizes could be weighted equally, and by annualising each cost so that loans of different terms could be weighted equally.

## Low Cost Home Loan

Recognises the lowest cost variable rate home loans for owner occupiers. To qualify for this award, loans must:

- allow a loan-to-value ratio of 80%;
- have a variable interest rate;
- be available for a loan of \$400,000;
- allow principal & interest repayments.

## Offset Home Loan

Recognises the lowest cost variable rate loan with offset account for owner occupiers. To qualify for this award, loans must:

- allow a loan-to-value ratio of 80%;
- have a variable interest rate;
- be available for a loan of \$400,000;
- allow principal & interest repayments;
- offer a 100% offset account.

## Packaged Home Loan

Recognises the lowest cost variable rate packaged home loan for owner occupiers. To qualify for this award, loans must:

- allow a loan-to-value ratio of 80%;
- have a variable interest rate;
- allow principal & interest repayments;
- offer a 100% offset account;
- offer a credit card with no annual fee;
- offer a bank account with no service fee.

For this category the cost calculations detailed above were performed three times using the rates that would apply for three different loan amounts - \$400,000, \$550,000 and \$850,000.

## First Home Buyer Loan

Recognises the lowest cost home loans for owner occupiers that are available for borrowers with less than 20% deposit. To qualify for this award, loans must:

- allow a loan-to-value ratio of 90%;
- have a variable interest rate;
- be available for a loan of \$400,000;
- allow principal & interest repayments.

For this category we also considered loans that have been recently launched by lenders who are participating in the government's First Home Loan Deposit Scheme. New loans created for borrowers under this scheme did not have the historical data used for other categories, but were instead assessed based on current interest rates only.

## Fixed Rate Home Loan

Recognises the lowest cost fixed rate loans for owner occupiers. To qualify for this award, loans must:

- allow a loan-to-value ratio of 80%;
- have at least three fixed rate terms;
- be available for a loan of \$400,000;
- allow principal & interest repayments.

As the rates on fixed loans don't change once locked in, the judges reviewed current rates offered by the potential winners to ensure they remained competitive now. One lender was excluded from the final winner list as it had increased rates since the dates used in our analysis and no longer had rates that sat within the winning group.

## Split Home Loan

Recognises the lowest cost home loans for owner occupiers that want to have part of their loan on a variable rate and part on a fixed rate. To qualify for this award, loans must:

- allow a loan-to-value ratio of 80%;
- allow the interest rate to be split between variable and fixed portions;
- be available for a loan of \$400,000;
- allow principal & interest repayments.

## Investor Home Loan



Recognises the lowest cost variable rate loans for investors. To qualify for this award, loans must:

- allow a loan-to-value ratio of 80%;
- have a variable interest rate;
- be available for a loan of \$400,000;
- offer both principal & interest and interest only repayment options.
- Products where the rate was only available if packaged with an owner occupier home loan were not eligible for an award.

## Investor Fixed Home Loan

Recognises the lowest cost fixed rate loans for investors. To qualify for this award, loans must:

- allow a loan-to-value ratio of 80%;
- have at least 3 fixed rate terms;
- be available for a loan of \$400,000;
- offer both principal & interest and interest only repayment options.

## Green Home Loan

Recognises the lowest cost loan that is only available for people purchasing an environmentally friendly property. To qualify for this award, loans must:

- Be restricted to borrowers buying a property with minimum defined level of environmental efficiency
- allow a loan-to-value ratio of 80%;
- have a variable interest rate;
- be available for a loan of \$400,000;

- allow principal & interest repayments.

## Best New Home Loan

All new products added to the Mozo home loan database in the last 12 months were considered for this award. Our judging panel assessed each of these products on their benefits to potential customers and any novel features or facilities it offered.

## Lender of the Year Awards

To determine the Online Lender of the Year and Home Lender Bank of the Year awards recipients we examined how each lender performed in each of the award categories shown above, looking for consistent and broad ranging performance. This included an assessment of:

- the number of different categories in which they won awards,
- how well they performed relative to other lenders in each category,
- relative strengths or gaps in any categories.

The judges also examined the available data in a number of other areas, including any additional benefits or restrictions that may apply, and published customer ratings, but did not find cause to adjust their conclusions.

## What products do we consider?

In carrying out the Mozo Experts Choice Awards in Home Loans, we analysed 560 home loans from 99 lenders. A full list of eligible lenders is available at the end of this document.

The analysis is based on data contained in Mozo's product database as at 31 January 2021.

We aim to include most home loan providers in the market in the Mozo Experts Choice Awards. However, not every home loan product on the market will be included in our review. Our analysis only considers mutuals with at least \$500m in total assets. As there is no comprehensive list of non-bank lenders, we conducted research to find any that might qualify as award winners and as a result added one more into the awards judging process.

Any home 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 may use their discretion to adjust the cutoff up or down as necessary after examining the difference between products at the margin.

# 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 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 Mozo Experts Choice Awards analysis is overseen by AJ Duncanson, Mozo's Data Director, and Peter Marshall, Research Manager. AJ is a data scientist and actuary and has worked in financial services and product comparison for over 30 years. Peter has worked for a wide range of Australian banks and product comparison for the past 36 years. Both AJ and Peter act as Responsible Manager on Mozo's Australian Financial Service Licence and Australian Credit Licence.

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# Appendix

## List of all home loan providers considered in the awards.

86 400	Firefighters Mutual Bank	"People's Choice Credit Union"
abal banking	First Choice Credit Union	Police Bank
AMP Bank	firstmac	Police Credit Union
ANZ	FreedomLend	QBANK
Adelaide Bank	G&C Mutual Bank	Qudos Bank
Athena	GMCU	Queensland Country Bank
Aussie	Gateway Bank	RACQ Bank
Australian Military Bank	Goldfields Money	RAMS
Australian Unity	Greater Bank	Reduce Home Loans
Auswide Bank	HSBC	Regional Australia Bank
Bank Australia	Health Professionals Bank	Resi
Bank First	Heritage Bank	Resimac
Bank of Melbourne	Homestar	South West Slopes Credit Union
Bank of Queensland	homeloans.com.au	Southern Cross Credit Union
Bank of Sydney	Hume Bank	St.George
Bank of us	Hunter United	Summerland Credit Union
BankSA	IMB Bank	Suncorp
BankVic	ING	Sydney Mutual Bank
Bankwest	Illawarra Credit Union	Teachers Mutual Bank
bcu	Kogan Money	The Capricornian
Bendigo Bank	Liberty	The Mutual Bank
Beyond Bank	loans.com.au	Tic:Toc
Bluestone	ME	UBank
CUA	MOVE Bank	UniBank
Citi	Macquarie	Unity Bank
Coastline Credit Union	Macquarie Credit Union	Virgin Money
Commonwealth Bank	Mortgage House	WAW Credit Union
Community First Credit Union	MyState Bank	Well Home Loans
Credit Union SA	NAB	Westpac
Defence Bank	Newcastle Permanent	Yard
Delphi Bank	Northern Inland Credit Union	Yellow Brick Road
Easy Street	Orange Credit Union	
Endeavour Mutual Bank	P&N Bank	
Family First Credit Union	Pacific Mortgage Group	