



Mozo Banking Roundup

September 2020

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



Even as we wait to see if the RBA will give in to temptation and cut the cash rate once more next week, lenders are cutting both variable and fixed **Home Loan** rates ever lower.



Two big banks launched very similar **Credit Cards**, both styled more like 'Buy Now Pay later' products than traditional cards. We also saw the end of the last dual card accounts and the return of some Velocity rewards cards.



A mixed bag for **Personal Loans** this month with some cuts and some increases. One of the big 4 lifted its unsecured rate while another launched a large limited time discount.



No waiting around for the RBA on **At Call Deposit** rates either - 3 of the big 4 banks cut rates, along with a number of providers that have had the best rate available at one time or another.



Many of the providers tracked in the Mozo database made cuts to **Term Deposit** rates last month, driving the average 12 month rate down 7bp.

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Home Loans

Rates continue to edge downwards with a mix of variable offers, and improved fixed rates. The best fixed rates are still found in the one and two year terms, but three year rates are not far behind and a frequent price leader has hit the market with a new offer.

For an owner occupier loan of \$400,000 making P&I repayments the average variable rate is 3.33%, for 1 year fixed it's 2.55%, for 2 years fixed it's slightly lower at 2.50%, and for 3 years it's 2.57%. Then it's a step up to the 4 year average rate at 2.91% and the 5 year at 2.94%.

Variable Rates

Athena Home Loans cut its variable rates between 5 and 15bp, depending on LVR and borrower type. Owner occupier rates now start from 2.34% (comp rate 2.34%*) and investor rates from 2.69% (comp rate 2.69%).

Bank of Queensland cut rates on its Economy Home Loan, now starting from 2.59% (2.76% comp rate*) for LVR's under 70%.

Commonwealth Bank cut its lowest home lending rate during September by 10bp. For owner occupiers, the new rate is 2.69%, LVR <80%. (2.70% comp rate*).

HSBC trimmed 6bp off owner occupier rates for its Home Value Loan, now at 2.59% (2.60% comp rate*).

ING cut 10bp from selected tiers on both its Mortgage Simplifier and Orange Advantage Package products, for owner occupiers paying

principal & interest. At 80% LVR, the packaged rate is now priced at 2.64% (2.98% comp rate*).

Well Home Loans reduced its leading variable rate by 15bp to 2.17% (2.20% comp rate*), placing it firmly at the pointy end of the market.

Yard's Variable Home Loan Special rate was cut by 20bp to 2.19% (2.22% comp rate*).

Fixed Rates

AMP reduced its Professional Package 2 year option to 2.19% (3.13% comp rate*), down 20bp.

Greater Bank cut its 1 year fixed rates for owner occupiers by 10bp, now at 1.99% (3.53% comp rate*).

Homestar introduced a 3 year fixed rate at 2.06% (2.38% comp rate*).

Hume Bank cut its 2 year fixed rate by 15bp, now 2.04% (4.02% comp rate*).

Macquarie cut fixed rates on both its Basic and Offset loan options, with the 1 and 2 year rates down 21bp to 2.19% (1 year comp rate 2.69% for Basic and 2.97% for Offset, 2 year comp rate 2.65% for basic and 2.93% for Offset*) for owner occupiers, and down 45bp to 2.59% (1 year comp rate 2.97% for Basic and 3.23% for Offset*) for investors.

Tic:Toc reduced its 2 year rate for owner occupiers by 18bp to 2.09% (2.35% comp rate*).

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	2.69%	2.70%
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	Well Home Loans Well Balanced Variable	2.17%	2.20%
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	Reduce Home Loans	1.90%	2.43%
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

A big month in the Credit Card segment with the launch by two of the big four banks of new cards that do their best to look like Buy Now Pay Later services. Some credit cards already offer payment plans for particular purchases, but these are the first credit cards to charge no interest on all purchases.

American Express has re-launched its Velocity Escape and Velocity Platinum cards, and reduced the bonus points offered on its Qantas Ultimate Card from 80,000 to 55,000.

Bankwest dropped the purchase rate on its Breeze and Breeze platinum Mastercards, from 12.99% to 10.99%. Annual fees were also reduced on both cards by \$30 with the standard card's fee now \$49 and the Platinum card's fee now \$69.

Citi introduced a 0.90% for 15 months purchase rate on its Clear card and increased the 0% balance transfer period on its Rewards card from 26 to 30 months.

Hot on the heels of NAB's announcement of its StraightUp card (below) **Commonwealth Bank** announced its intention to offer a similar product. Called Neo, the card is the same as NAB's offer in many respects but there are a few differences. Commonwealth Bank charges higher monthly fees - \$12 for a \$1,000 limit, \$18 for a \$2,000 limit, and \$22 for a \$3,000 limit, and the minimum monthly repayment is more akin to a credit card at the greater of \$25 or 2%. No foreign exchange or late payment fees apply. People can register

their interest in the card but no launch date is known yet. The bank also extended the end dates for the bonus points offers on its Platinum, Diamond, and Ultimate Awards cards out to the end of April 2021.

Kogan Money reduced the 0% for 18 months balance transfer offer on its Black Card from 18 to 12 months.

NAB launched its StraightUp card which aims to be more like a Buy Now Pay Later service than a traditional credit card. The card has no interest rate, instead charging a monthly fee in each month the card is used or has an outstanding balance. The monthly fee varies depending on the credit limit chosen - \$10 for a \$1,000 limit, \$15 for a \$2,000 limit, and \$20 for a \$3,000 limit. There are no late payment or foreign currency fees. The NAB card has higher minimum monthly repayments than Commonwealth bank's Neo card.

Westpac no longer offers American Express cards following the termination of their partnership. The bank was the last to offer dual card accounts which had previously been common among the big four banks.

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 50k and 150k bonus points on Rewards and 25k to 100k on Frequent Flyer.

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 80k 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.

Top offers

0% Balance Transfer	Citi Rewards - BT offer	30 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

A range of changes for Personal Loans in September but no clear pattern with some on the way up and plenty of cuts too, including a special offer from ANZ.

Alex, which has applied for a Restricted ADI license, waived the \$295 application fee on its unsecured personal loan for a promotional period.

ANZ has discounted rates on its Unsecured Personal Loan until December 2nd. The fixed option is down 195bp to 10.50% (comp rate 11.38%*) and the variable option 300bp lower at 12.99% (comp rate 13.86%*).

Auswide Bank cut its fixed Car Loan rate by 100bp to 4.49% (comp rate 5.10%*).

Citi trimmed the 3 year introductory rate on its Ready Credit line of credit from 6.90% to 5.90%.

People's Choice Credit Union reduced its fixed Car Loan rate by 100bp to 8.99% (comp rate 9.35%*).

Suncorp increased fixed rates with its Car Loan up 230bp to 7.79% (comp rate 8.39%*) and its Unsecured Personal Loan up 100bp to 10.49% (comp rate 11.08%*).

Westpac lifted the rate on its fixed Unsecured loan by 100bp to 11.99% (comp rate 13.15%*).

Market Snapshot

Major Banks	Product	Headline Rate	Comparison Rate*
ANZ	Unsecured Loan	10.50% fixed	11.38%
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	11.99% fixed	13.15%

	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 where At Call Deposit rates were cut heavily, including from 3 of the major banks and some previous rate leaders. 65 of the savings account cuts that Mozo tracks had rates reduced, and the average ongoing rate is 0.61%, 3bp lower than it was a month ago.

Australian Unity had the highest ongoing rate available briefly during the month at 1.75%, before cutting 25bp to 1.50%.

Commonwealth Bank trimmed 5bp off its NetBank Saver intro rate, now 0.90%.

Heritage cut the introductory rate on the Online Saver by 30bp to 1.90%, previously the leader in the intro bonus category.

ING cut its Savings Maximiser ongoing bonus rate by 15bp to 1.50%.

NAB cut 10bp off both the ongoing bonus rate for its Reward Saver (now 0.80%) and the intro rate on its iSaver (now 0.85%).

RAMS took 20bp off the ongoing bonus rate of its Saver Account, now at 0.90%.

Westpac cut headline rates by 15bp, both the introductory rate on its eSaver and ongoing bonus rate on its Life account now at 0.85%.

Volt cuts its competitive unconditional rate from 1.65% to 1.45%, the highest amongst savings accounts with no hoops to jump through to receive a bonus rate.

Market Snapshot

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

	Current Rate Leaders	Rate	Condition
	86 400 Save Account		Deposit >\$1,000/month, otherwise 0.10%
Ongoing Bonus	UBank USave with USpend Account	1.60%	Deposit >\$200/month, otherwise 0.25%
	Up Saver Account		Make 5 transactions from linked account, otherwise 0.25%
Intro	Rabobank High Interest Savings Account	2.00%	for 4 months, then 0.80%
Base Rate	Volt Savings Account	1.45%	Unconditional, up to \$245k

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

Term Deposits

Term Deposit rates continue to fall rapidly. Over the last month alone the average 12 month rate is down 7bp to 0.84%. 56 providers tracked by Mozo made cuts to term deposit rates including each of the four major banks.

ANZ's leading offer was 1.00% for 8 months but now 0.85% for 10 months. **Commonwealth Bank** cut between 5 to 10bp from most rate options. **NAB** made cuts of between 5 and 15bp for all terms, similarly **Westpac** reduced rates 5 to 15bp across all terms.

The larger rate movements from the rest of the market include: **AMP** cutting 10 to 25bp across the board, **Australian Military Bank** (20-25bp), **Australian Unity** (5-40bp), **Bank of Sydney** (20-36bp), **Credit Union SA** (5-15bp), **MyLife MyFinance** (25bp), **Qudos Bank** (30bp), **RACQ Bank** (5-30bp), **Southern Cross Credit Union** (15-30bp), and **Teachers Mutual Bank** (15bp).

Market Snapshot

Major Banks	Less than 12m	12 Months	24 Months	36 Months
ANZ	0.85% (8m)	0.75%	0.75%	0.75%
CommBank	0.80% (10m)	0.65%	0.70%	0.70%
NAB	0.60% (7 to 11m)	0.70%	0.80%	0.80%
Westpac	0.70% (6m)	0.70%	0.80%	0.80%

Current Rate Leaders		Rate
Less than 12 Months	Judo Bank (9 months)	1.37%
1 Year	Judo Bank	1.28%
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.

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