








# Mozo Banking Roundup

March 2018

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

# March 2018 published 30/03/2018

-  A major bank makes a major splash with a heavily discounted **Home Loan** rate offer, and another fintech lender launched, this one asking customers to bid for the opportunity to grab one of its loans.
-  The big news in **Credit Cards** this month was the launch of a new low rate product from a major bank, otherwise changes were limited to adjustments to rewards programs and introductory offers.
-  The main change in **Personal Loans** was once again from a major bank, with ANZ suspending its car loan product pending a review of its consumer asset finance business.
-  One of the market leaders over the last year announced its headline bonus rate for **At Call Deposits** will be reduced sharply, and a new product was launched that incorporates key features of a prepaid travel card in an everyday bank account.
-  More increases than there were cuts to **Term Deposit** rates. Has the tide turned for savers, or will it turn out to be a short lived blip like we saw last December?



# Home Loans

One of the major banks launched a limited-time discount on its basic home loan, undercutting the ongoing rates of its peers by a significant margin. We also saw the launch of a new online lender with a unique proposal that makes customers bid for one of its cheap home loans. Still plenty of rate cuts coming through, both variable and fixed, as lenders seek to boost business volumes.

## Key Changes - Variable Rates

**Bank Australia** cut 9 basis point off its best variable rate, its Basic Home Loan Special which now sits at 3.65%.

**Bendigo Bank** introduced a new special offer this morning for potential Victorian owner occupiers for amounts over \$150,000. A 3.79% rate packaged with no establishment fees and 150,000 Bendigo rewards points (when you spend \$2,500 on the attached credit card within 90 days of settlement).

New fintech lender, **BIDeloan** entered the market in March. They now offer the equal lowest rates on the market, fully featured at 3.39%. However, to gain access to these low rates, borrowers have to outbid each other in “application” fee amounts.

**Community First Credit Union** is offering reductions on its headline owner occupied P&I package rates, dropping rates 20 bp to 3.69%. The credit union also re-introduced investor lending for its Basic Variable Home Loan (Investor, P&I <80% LVR at 4.50%).

**ME** cut the headline owner occupied rates on its Packaged rate by 5bp (now 3.69%) while increasing all unpackaged fixed rates by 20bp.

**NAB** introduced a limited-time discount to its Base Rate Variable Home Loan, shaving 48 basis points off the owner occupier rate to the special 3.69% ongoing rate.

**Reduce Home Loans** dropped the rate on its lowest offer another 10 basis points this month. The Rate Lovers product now sits at a market leading 3.39%. The Rate Buster High Lend for larger loans also dropped a handful of basis points to 3.49%. Reduce hiked all tiers 5 basis points on its Rate Buster Offset product, before removing it from its offerings completely later in the month.

**Suncorp** made marginal increases across its whole lending suite towards the end of March, citing increased funding costs. For principal and interest repayments, owner occupier rates are up 5 basis points, while investor rate increased 8 basis points. Interest-only based rates jumped 10 basis points for all borrower types.

## Key Changes - Fixed Rates

**ANZ**, following moves by CommBank, cut 3 year fixed rates for owner occupiers by 10 basis points and investor fixed rates for all terms by 10-20 basis points. There were even discounts for investors making interest only repayments up to 40 basis points.

**Commonwealth Bank**, leading fixed changes for the Big 4 in March, cut 10 basis points off 1 and 2 year fixed rates and raised 5 year 20 basis points for owner occupiers. For investors, 1 to 4 year rates were cut 5 to 35 basis points.

**NAB** cut its 5 year owner occupier fixed rates by 50 basis points (now 4.09% packaged). Additionally, the major bank cut investor 2 and 3 rates by 30 and 35, respectively.

**SCU** reintroduced fixed lending for investors. Its 3 year owner occupier principal & interest rate sits at 4.49%

**FreedomLend** made 10-30bp increases on its 2, 3 and 5 year fixed rates.

**Heritage Bank** cut fixed rates for borrowers for investment purposes by 10-30bp.

**Westpac** offered fixed rate hikes across the board for both owner and investment lenders, ranging from small 1 basis point adjustments to 40 point raises.

## Market Snapshot

Major banks	Basic Variable, Owner Occupier	
<b>ANZ</b>	Simplicity PLUS	3.99%
<b>Commbank</b>	Extra Home Loan	3.89% for 24 months (variable) then 4.35%
<b>NAB</b>	Base Variable Rate Home Loan	3.69%
<b>Westpac</b>	Flexi First Option Home Loan	3.59% for 24 months (variable) then 4.59%

Major banks	Best package variable rates, Owner Occupier	
<b>ANZ</b>	Over \$500,000 (<80% LVR)	4.30%
<b>Commbank</b>	Over \$750,000	4.52%
<b>NAB</b>	Over \$750,000	4.34%
<b>Westpac</b>	Over \$750,000	4.34%

Major banks	Best package fixed rates, Owner Occupier				
	1 year	2 years	3 years	4 years	5 years
<b>ANZ</b>	4.09%	3.99%	3.99%	4.49%	4.59%
<b>Commbank</b>	3.89%	3.89%	3.99%	4.19%	4.39%
<b>NAB</b>	3.89%	3.88%	3.94%	4.59%	4.09%
<b>Westpac</b>	4.09%	3.89%	3.99%	4.29%	4.29%

Rate leader, best variable rate for Owners, 80% LVR		Variable Rate
<b>BIDeloan</b> <b>Reduce Home Loans</b>	SMARTeloan Rate Lovers Variable	3.39%

Rate leader, best fixed rate at each term		Fixed rate
<b>Greater Bank</b>	1 year	3.49%
<b>IMB Bank</b>	2 years	3.65%
<b>Greater Bank Newcastle Permanent</b>	3 years	3.74%
<b>bcu Greater Bank Newcastle Permanent</b>	4 years	3.99%
<b>Greater Bank Newcastle Permanent Suncorp</b>	5 years	3.99%



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# Credit Cards

A second major bank has launched a credit card with a purchase rate of less than 10%, another bank trimmed potential rewards earning, and a range of providers adjusted introductory offers.

## Key changes

**American Express** doubled the spend requirements (from \$1,500 up to \$3,000) to receive the introductory bonus points on its mid-tier Qantas and Velocity branded cards.

**Commonwealth Bank** added a previously announced “lite” option to its credit card line-up in March. The Essentials Card touts a 9.90% interest rate, a low \$3,000 credit limit and no balance transfer or cash advance facility. The \$5 monthly fee is reduced to \$2 if you agree to sign-up to a repayment program. The major bank also removed the Gold Award tier of cards from the market for both consumer and business customers.

**Macquarie** lowered the 1 point per \$1 earning cap from \$2,500 to \$1,000 on its Qantas Frequent Flyer Platinum Card. That would work out at 9000 less points per year if you spend \$3,000 a month on everyday purchases.

**NAB** added a 30,000 bonus point offer to its Qantas Rewards Card and increased the bonus points (50,000 now 60,000) on its Qantas Premium Card. NAB also sharpened the 0% BT offers on a variety of cards, adding an extra month or two additional

**Westpac** increased the bonus points on offer for its Altitude Black cards, now 80,000 up from 60,000.



## Market Snapshot

Majors	Summary of card offers
<b>ANZ</b>	<ul style="list-style-type: none"> <li>➤ 0% for 18 months BT (+2% fee) on First &amp; Platinum</li> <li>➤ 0% for 15 months BT on Low Rate and Low Rate Platinum.</li> <li>➤ \$0 first year annual fee on Frequent Flyer and Rewards range</li> <li>➤ 25,000 to 75,000 bonus points on Frequent Flyer and Rewards</li> </ul>
<b>Commbank</b>	<ul style="list-style-type: none"> <li>➤ 5.99% for 5 months BT on all cards</li> <li>➤ \$0 first year annual fee on Low Fee, Low Fee Gold cards</li> </ul>
<b>NAB</b>	<ul style="list-style-type: none"> <li>➤ 0% for 18 months BT on Low Fee, 0% for 24 months on Low Fee Platinum (+2% fee on both), 0% for 6 months on all other cards.</li> <li>➤ 0% for 6 months intro purchase rate on Low Rate, 9 months on Low Rate Platinum.</li> <li>➤ Between 30,000 and 100,000 bonus points on Qantas and rewards cards</li> </ul>
<b>Westpac</b>	<ul style="list-style-type: none"> <li>➤ 0% for 20 months BT (+2% fee) on 55 Day and 55 Day Platinum, 0% for 24 months BT (+2% fee) on Low Rate</li> <li>➤ \$0 fee on 55 Day in yr 1 or if spend \$5,000 (\$10,000 for Platinum).</li> <li>➤ 60,000 bonus points on Altitude Platinum, 80,000 on Altitude Black</li> <li>➤ \$145 first year annual fee discount on Altitude Black</li> </ul>

Top offers			
<b>0% BT</b>	Citi	Platinum	26 months (2.5% BT fee)
<b>0% purchase</b>	Virgin Money	Flyer	14 months
<b>Lowest purchase</b>	Community First Easy Street	McGrath Pink Visa Easy Low Rate	8.99%
<b>Bonus points</b>	Citi	Prestige	150,000 Citi
	Citi	Signature	120,000 Citi
	American Express	Explorer	100,000 Amex
	American Express	Qantas Ultimate	100,000 Qantas
	Citi	Platinum	100,000 Citi
	NAB	Rewards Signature	100,000 NAB/Qantas

# Personal Loans

A major bank withdrew its secured Car Loan product, while two lenders cut rates on car loans and a handful of other providers adjusted pricing on general purpose personal loans.

## Key Changes

**ANZ** has suspended and placed its car loan business under review citing the 'increased technology costs required to effectively compete in the secured consumer asset finance market'. The bank was subject to questions about its ability to comply with responsible lending obligations by the Royal Commission, which a bank representative said was only part of the reasons for the suspension.

**Citi's** unsecured revolving line-of-credit Personal Loan Plus went from a flat 9.99% rate, to a 8.99% - 17.99% ranged product depending on applicants' lending suitability.

**NRMA** cut 50 basis points from its new and used car loan products. A new car loan is now marked at 5.99%, within the top 15 rates currently on the market.

**St.George, BankSA** and **Bank of Melbourne** ended their \$0 application fee offer on personal loans, while introducing a 100 basis point discount for BankSA and BoM Unsecured Personal Loans (now 11.99%).

**Heritage** increased their Standard Personal Loan fixed rate from 10.94 to 12.99%.

**Suncorp** cut its fixed Car Loan rate from 6.49% to 5.99% (minus 50 basis points).

## Market Snapshot

Major banks	Secured	Unsecured
<b>ANZ</b>	n/a	10.99%
<b>Commbank</b>	8.49%	13.70%
<b>NAB</b>	n/a	11.99%
<b>Westpac</b>	8.49%	12.99%

Rate leaders			
<b>loans.com.au</b>	Clean Green Car Loan	4.74%	Secured
<b>G&amp;C Mutual Bank</b>	Fair Rate Personal Loan	5.99%	Unsecured

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# At-Call Deposits

There have been some increases to at call rate sin the last month, however one of the current market leaders has flagged its intention to slash its headline bonus rate. We've also seen a global bank launch an innovative new transaction account which incorporates the ability to pre-buy foreign currency.

## Key Changes

**AMP** announced its Bett3r saving accounts' ongoing bonus interest rate will be dropping from a market lending 3.00% to a middle of the pack 2.25%, effective May 1st.

**HSBC** added the new Everyday Global Account to its deposit offerings. This product is a hybrid between a standard bank account and prepaid travel card, giving you the ability to exchange USD, GBP, EUR, HKD, CAD, JPY, NZD, SGD and CNY ahead of time and earn interest/transact in that currency at the time of purchase, with minimal fees.

**ING** customers now need to make 5 everyday transactions to receive both the ongoing bonus savings rate and 0% overseas transaction fees. This is in addition to the original \$1,000 monthly deposit into an ING Orange Everyday Account requirement.

**RAMS** upped the bonus rate on its Saver Account from 2.8% to 3.0%, revert changes made in December. This matches AMPs' (for now) market leading ongoing bonus rate.

**St. George, BankSA** and **Bank of Melbourne** increased the 4 month bonus rate on their Maxi Saver product from 2.7% to 2.85%.

**Westpac** increased the 5 month introductory rate of its eSaver account by 10 basis points to 2.51%.

## Market Snapshot

Major banks	Ongoing bonus rate		Introductory rate	
<b>ANZ</b>	1.71%	Progress Saver	2.55% for 3 months	Online Saver
<b>Commbank</b>	1.65%	GoalSaver	2.51% for 3 months	NetBank Saver
<b>NAB</b>	2.50%	Reward Saver	1.90% for 4 months	iSaver
<b>Westpac</b>	2.30%	Life	2.41% for 5 months	eSaver

Rate leaders			
<b>RAMS</b>	3.00%	Saver	Ongoing bonus
<b>Coastline Credit Union</b>	3.05% for 3 months	eXtreme Saver	Introductory
<b>RaboDirect</b>	3.05% for 4 months	High Interest Savings	

# Term Deposits

March was unusual in the recent history of term deposit rates in that it was only the second month in the last 18 months where there were more rate increases than cuts. The best rates for less than 1 year and for the 1 year term are up on last month, albeit both resulting from increases by the same bank.

## Key Changes

**Bank of Queensland** add 15 basis points to its 12 month term, jumping from 20th position to 2nd, just behind ME.

**Commonwealth Bank** cut its 5 month rate by 5bp, dropping from equal 4th highest to 13th.

**CUA** dropped key 6, 9 and 12 month rates by 10 to 20 basis points, however it also improved its 5 month term 15 basis points, now the best return for that period.

**ME** had the best rate for less than 1 year at the end of last month at 2.70% for either 8 or 9 months. Those rates are unchanged but ME increased its 7 month rate by 20bp to 2.85%, now the top rate for up to a year. The bank also solidified its lead on the 1 year term, increasing it 5 basis points to 2.80%.

**Suncorp** improved 1 and 2 month term deposits rates by 20bp, as well as increasing the value of its 6 months flexiRate from 2.30% to 2.50%, now one of the better rates for the 180 day term.

## Market Snapshot

Major banks	Up to 1 year	1 year	2 years
<b>ANZ</b>	2.30% for 4 months	2.30%	2.60%
<b>Commbank</b>	2.35% for 5 months	2.20%	2.60%
<b>NAB</b>	2.30% for 5 months	2.40%	2.60%
<b>Westpac</b>	2.50% for 10 months	2.30%	2.40%

Rate leaders		
<b>Less than 1 year</b>	ME	2.70% (7 months)
<b>1 year</b>	ME	2.80%
<b>2 years</b>	ING Police Bank	2.90%
<b>3 years</b>	Big Sky Greater Bank Heritage Bank Maitland Mutual ME PCCU QBANK Qudos Bank	3.00%
<b>4 years</b>	Greater Bank	3.10%
<b>5 years</b>	Greater Bank	3.20%

\* 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](mailto:data.services@mozo.com.au)

## Important Information

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

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