

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Suncorp

SCB24QON:

Dr LEIGH: Given that you, Mr Carter, have a different view from that published in the *Financial Review*, I wonder if you might undertake to the committee to report back to us as to what is your estimate of the savings to new customers over the life of the loan? And if it were possible to do that in the same format that the *Financial Review* has done in terms of the additional interest over the life of the loan with, for example, a half million dollar loan and a million dollar loan?

Mr Carter: Yes, I will do that.

Answer:

The rate applied to a loan is dependent on many factors. These include when the loan began, how much has been borrowed, loan product type, and the customer's relationship with the bank.

It is important to note customers select a home loan based on more than just price. Product features figure heavily in any decision. Existing customers use product features to effectively reduce the interest paid on an outstanding balance. Examples of these features are advance payments and offset accounts.

Based on the average offset account balance, the difference between new and existing Suncorp customers is:

\$500,000 P&I loan = \$18 per month
\$1,000,000 P&I loan = \$37 per month

Taking out average offset account balance would not reflect typical loan arrangements and customer situations, however the difference is:

\$500,000 P&I loan = \$120 per month
\$1,000,000 P&I loan = \$240 per month

These figures are based on a difference of 0.45% between new and existing customers.