

**House of Representatives Standing Committee on Economics
Review of the Four Major Banks (Third Report)
National Australia Bank (NAB)**

NAB11QON: Hansard p32-33

Mr HOGAN: I think that's a good focus. I'm glad Sedgwick did that report—not only for your customers but for everyone. We all know people who work in a retail bank branch, and the staff weren't happy. They were getting targets and, if they didn't hit those targets, there were problems for them. They were under a lot of pressure to hit targets because of the reasons that we heard.

I'm not across all your products, but someone told me that, if you are a small business and you have a deposit account—obviously, some small businesses do have extra money and that's good—and you're putting money into your deposit account in the name of the business, the rates paid on those small business deposits are less than if you're an individual. Is that correct for your products?

Mr Thorburn: It would depend on the product. If any customer is putting money in deposits for a longer time period, they'll get a higher rate than if it's on call and they have access to liquidity and cash. But we can confirm that. It would be different—

Mr HOGAN: Yes, just confirm that. It was from a specific customer. They said that they were complaining to me because, as a small business, their deposit was less than if they'd had the account in their own name as an individual.

Answer

NAB considers a range of factors in setting deposit product rates for businesses and individuals. These include the type of deposit product, the need to offer a competitive interest rate and how deposits are treated under prudential requirements.

The base deposit rates for business and individual at call deposits (those which are accessible anytime) are broadly comparable. For example, the base rate on a NAB Reward Saver account is 0.5% and a comparable product for business, a Business Cash Maximiser Account, is also 0.5%. However, strong competition for individual retail deposits has contributed to NAB, and most other institutions, currently offering higher deposit interest rates for individuals over an 'introductory period' or when a customer makes periodic deposits into the account.

Term deposit rates available to small businesses and individuals are comparable. The advertised rate for a 12 month term deposit under \$500,000 is 2.40% for both individuals and businesses.