HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

ANZ

ANZ68QON: **Dr LEIGH:** I'd be grateful if you would. It doesn't strike me that refusing to deal with debt vultures necessitates refusing to deal with the customer. Can I move to the RBA's term-funding facility which offers funding at a fixed rate of 0.25 per cent for three years. How does that compare to your private sources of funding on similar terms?

Mr Elliott: Well, it's lower cost—

Dr LEIGH: How much lower?

Mr Elliott: I'd have to get you to talk to Treasury. The system today is flush with liquidity. The reality is, as I mentioned, we got, I think in Mark's business alone we had something like $12 billion of new deposits, and most of those deposits go into operating accounts which are essentially zero-cost. So it depends what you're comparing it to—now, they're not for three years, and I accept that. And I can get you the technical answer on it. But it's cheaper funding than we would otherwise be receiving, and that's the purpose of it. The purpose is to lower the cost of funding so that banks take advantage of it and continue to lend into the system.

Dr LEIGH: Yes, I'd be grateful if you could get me the details.

Answer: The most comparable source of funding to the Term Funding Facility (**TFF**) is a bond with a three year maturity issued by ANZ into the wholesale domestic debt market. At present, the rate on those bonds is ~0.5 per cent.

Importantly, we note that ANZ is funded from a number of sources, with the mix of sources changing over time. This makes it difficult to make a precise comparison to the TFF. These sources include some deposits with comparable effective maturities and, at present, much lower rates.