

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

CBA

CBA25QW: Interest rates:

(a) Regarding principal and interest mortgages, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?

(b) Regarding interest-only mortgages, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?

(c) Regarding interest-bearing deposits, for the last three rate cuts what was the rate cuts provided, and what was the aggregate dollar value reduction in interest repayments compared to each previous month?

Answer: In relation to **CBA:**

(a) For principal and interest mortgages:

- a. Interest rate reductions were 25bps in June, 19bps in July and 13bps in October 2019 (for Owner-Occupied and Investor).
- b. Following the October rate reduction, the aggregate dollar value reduction in interest repayments was \$45 million (between October 2019 and November 2019).¹

(b) For interest-only mortgages:

- a. Interest rate reductions were 25bps in June and July, for Owner-Occupied and Investor. In October 2019, the interest rate reduction was 13bps for Owner-Occupied and 25bps for Investor.
- b. Following the October rate reduction, the aggregate dollar value reduction in interest repayments was \$9 million (between October 2019 and November 2019).²

¹ Based on all accounts that had a reduction in interest payments between October 2019 and November 2019. This will include customers who have moved their repayment for other reasons, e.g. recast loans, switches, repricing etc.

² As above.

- (c) For interest-bearing deposits:
- a. Please refer to the following table for the interest rate reductions by product:

CBA product	June 2019	July 2019	October 2019
Online (NetBank Saver)			
Standard	0.20	0.15	0.05
Introductory Bonus	0.11	0.00	0.30
Headline: Standard + Intro	0.31	0.15	0.35
Reward (GoalSaver)			
Standard	0.00	0.00	0.00
Bonus (<\$50k) + Standard	0.25	0.25	0.25
Bonus (\$50k-\$249k) + Standard	0.30	0.20	0.25
Bonus (\$250k-\$999k) + Standard	0.20	0.25	0.25
Headline	0.20	0.25	0.25
Youth			
Standard	0.20	0.15	0.05
Bonus (up to \$50k)	0.00	-0.15	0.20
Headline	0.20	0.00	0.25
Pensioner			
< \$10k	0.25	0.24	0.00
\$10k < \$50k	0.25	0.25	0.25
\$50k < \$250k	0.25	0.25	0.25
\$250k+ / Headline	0.25	0.25	0.25

- b. Following the October rate reduction, the aggregate dollar value reduction in interest payments was \$7.6 million (excluding term deposits).

In relation to **Bankwest**:

- (a) For principal and interest mortgages:
 - a. Interest rate reductions were 25bps in June, 19bps in July and 13bps in October 2019 (for Owner-Occupied and Investor).
 - b. Following the October rate reduction, the aggregate dollar value reduction in interest repayments was \$3.9 million.
- (b) For interest-only mortgages:
 - a. Interest rate reductions were 25bps in June and 19bps in July, for Owner-Occupied and Investor. In October, the interest rate reduction was 13bps for Owner-Occupied and 25bps for Investor.

b. Following the October rate reduction, the aggregate dollar value reduction in interest repayments was \$2.5 million.

(c) For interest-bearing deposits:

a. Please refer to the following table for the interest rate reductions by product:

Bankwest product	June 2019	July 2019	October 2019
Telenet Saver			
Standard	0.25	0.25	0.25
Introductory Rate (4 months)	0.00	0.20	0.25
Hero Saver			
Standard (All Balances)	0.00	0.00	0.00
Bonus (<\$200k)	0.25	0.25	0.25
Headline	0.25	0.25	0.25
Smart eSaver			
Standard	0.00	0.00	0.00
Bonus (<\$500k)	0.25	0.25	0.25
Headline	0.25	0.25	0.25
Retirement Advantage			
Standard < \$2k	0.10	0.05	0.05
Standard \$2k < \$48k	0.25	0.20	0.15
Standard \$48k+	0.25	0.20	0.25

b. Following the October rate reduction, the aggregate dollar value reduction in interest payments was \$1.9 million (excluding term deposits).³

Please refer to our responses to CBA1QW, CBA2QW and CBA3QW for CBA and Bankwest data regarding the aggregate dollar value reduction in interest repayments and deposit interest payments following the June and July 2019 interest rate reductions.

³ Interest bearing deposits reduction between October and November 2019.