

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Westpac Banking Corporation

WBC15QON: **Dr LEIGH:** I am confused, though, by the proposition that, because it is an average, you can't provide it. Many of the figures in your reporting are averages. Needless to say, we'd also want to think about the variance; but an average is often an informative statistic. Might you not be able to undertake to provide to the committee an estimate of the gap between what a new customer and an existing customer would pay?

Mr Hartzler: I'm happy to take on notice what sort of further analysis we can provide that is consistent with what we've already provided in some of these other forums

Answer: In the current highly competitive industry for mortgages, we believe it is important that we compete to attract new customers, while also ensuring we have an attractive proposition to retain existing customers. We have competitive package rates for both new and existing customers. We also compete strongly on service to win and retain mortgage customers.

More than 93 per cent of Westpac variable home loans receive a discount on our published standard variable rates (SVR). In particular, a significant number of owner occupier customers take up a principle and interest packaged mortgage which currently has an advertised rate of 3.54 per cent (i.e. 1.29 per cent discount on the SVR of 4.83 per cent). However, a large proportion of customers on packaged mortgages receive discounts greater than the package rate.

As at 30 September 2019, the average rate on Westpac brand owner-occupied principal and interest standard variable rate loans established between 1 October 2018 and 30 September 2019 was 3.52 per cent while the average rate on those loans established before 1 October 2018 was 3.80 per cent.