

House of Representative's Standing Committee on Economics

Review of the Four Major Banks

SCB15QW:

(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>P&amp;I Mortgages</b>	<b>18 October 2019</b>	<b>19 July 2019</b>	<b>21 June 2019</b>
Rate cuts – Variable Loans	-0.15%	-0.19%	-0.20%
<b>P&amp;I Mortgages</b>	<b>October 2019</b>	<b>July 2019</b>	<b>June 2019</b>
aggregate dollar value reduction in interest repayments compared to each previous month	-\$3.2m	-\$6.3m	+\$3.9m

(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?

<b>Interest only Mortgages</b>	<b>18 October 2019</b>	<b>19 July 2019</b>	<b>21 June 2019</b>
Rate cuts – Variable Loans	-0.15%	-0.19%	-0.20%
<b>Interest only Mortgages</b>	<b>October 2019</b>	<b>July 2019</b>	<b>June 2019</b>
aggregate dollar value reduction in interest repayments compared to each previous month	-\$0.9m	-\$1.3m	-\$0.1m

**(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?**

<b>Interest bearing deposits – At Call</b>	<b>11 October 2019</b>	<b>12 July 2019</b>	<b>10 June 2019</b>
Everyday Options Sub-Account	-0.30%	-0.25%	-0.25%
Kids Savings Account (base rate)	-0.10%	-0.10%	-0.30%
Kids Savings Account Bonus Interest	-0.15%	-0.15%	0.00%
e-Options Account	-0.30%	-0.30%	-0.30%
Growth Saver Account (base rate)	0.00%	0.00%	0.00%
Growth Saver Account Bonus Interest	0.00%	-0.25%	-0.30%
55 Plus Account \$0 - \$9,999	-0.05%	0.00%	-0.20%
55 Plus Account \$10,000 - \$99,999	-0.20%	-0.20%	-0.30%
55 Plus Account \$100,000 and over	-0.25%	-0.35%	-0.30%
Freedom Access Account \$0 - \$9,999	-0.05%	0.00%	-0.30%
Freedom Access Account \$10,000 - \$99,999	-0.20%	-0.20%	-0.30%
Freedom Access Account \$100,000 and over	-0.25%	-0.35%	-0.30%
Cash Management Account \$0 - \$4,999	0.00%	0.00%	0.00%
Cash Management Account \$5,000 - \$19,999	-0.04%	0.00%	-0.05%
Cash Management Account \$20,000 - \$49,999	-0.04%	-0.05%	-0.05%
Cash Management Account \$50,000 - \$99,999	-0.05%	-0.05%	-0.10%
Cash Management Account \$100,000 - \$249,999	-0.20%	-0.20%	-0.25%
Cash Management Account \$250,000 - \$499,999	-0.20%	-0.20%	-0.25%
Cash Management Account \$500,000 plus	-0.25%	-0.25%	-0.25%
Wealth Cash Management Account \$1 - \$19,999	-0.10%	-0.05%	-0.10%
Wealth Cash Management Account \$20,000 - \$99,999	-0.25%	-0.20%	-0.25%
Wealth Cash Management Account \$100,000 plus	-0.70%	-0.25%	-0.30%
Everyday Saver Account (base rate)	0.00%	0.00%	0.00%
Everyday Saver Account Bonus Interest	-0.20%	-0.20%	-0.25%
Home Loan Reducer Account \$1-\$999	0.00%	0.00%	0.00%
Home Loan Reducer Account \$1,000 - \$4,999	0.00%	0.00%	-0.15%
Home Loan Reducer Account \$5,000 - \$49,999	-0.15%	-0.20%	-0.25%
Home Loan Reducer Account \$50,000 and over	-0.25%	-0.25%	-0.25%
Investor Account \$1 - \$4,999	0.00%	0.00%	0.00%
Investor Account \$5,000 - \$19,999	0.00%	0.00%	0.00%
Investor Account \$20,000 - \$49,999	-0.10%	-0.05%	-0.25%
Investor Account \$50,000 - \$99,999	-0.25%	-0.25%	-0.25%
Investor Account \$100,000 and over	-0.25%	-0.25%	-0.25%
Business Premium Account \$1 - \$19,999	0.00%	0.00%	0.00%
Business Premium Account \$20,000 - \$49,999	0.00%	0.00%	0.00%
Business Premium Account \$50,000 - \$99,999	0.00%	0.00%	0.00%
Business Premium Account \$100,000 - \$249,999	0.00%	0.00%	-0.05%
Business Premium Account \$250,000 - \$499,999	0.00%	0.00%	-0.15%
Business Premium Account \$500,000 and over	0.00%	0.00%	-0.25%
Negotiated Business Premium Account	0.00%	0.00%	-0.25%
Business Saver Account	-0.25%	-0.30%	-0.20%
Farm Management Deposit – At Call \$1,000 - \$800,000	-0.25%	-0.25%	-0.25%
Business Management Account \$1 - \$9,999	0.00%	0.00%	0.00%
Business Management Account \$10,000 - \$19,999	0.00%	0.00%	0.00%
Business Management Account \$20,000 - \$49,999	0.00%	0.00%	0.00%
Business Management Account \$50,000 - \$99,999	0.00%	0.00%	0.00%
Business Management Account \$100,000 - \$249,999	0.00%	0.00%	0.00%
Business Management Account \$250,000 - \$499,999	0.00%	0.00%	-0.05%
Business Management Account \$500,000 plus	0.00%	0.00%	-0.05%
Negotiated Business Management Account	0.00%	0.00%	-0.30%

iBus Maximiser Account \$1 - \$5,000,000	-0.25%	-0.25%	-0.25%
iBus Maximiser Account \$5,000,001 plus	-0.25%	-0.25%	-0.25%
Business Investment Account \$1 - \$9,999	0.00%	0.00%	0.00%
Business Investment Account \$10,000 - \$19,999	0.00%	0.00%	0.00%
Business Investment Account \$20,000 - \$49,999	0.00%	0.00%	0.00%
Business Investment Account \$50,000 - \$99,999	0.00%	0.00%	-0.05%
Business Investment Account \$100,000 - \$249,999	0.00%	0.00%	-0.10%
Business Investment Account \$250,000 plus	0.00%	0.00%	-0.10%
Business Investment Account - Options	-0.30%	-0.25%	-0.25%
Cashflow Accelerator	-0.30%	-0.25%	-0.50%
Business Ready Package	-0.25%	-0.25%	-0.50%
Finance Pak – Business Cheque A/c \$1,000 - \$2,499	0.00%	0.00%	0.00%
Finance Pak – Business Cheque A/c \$2,500 - \$19,999	0.00%	0.00%	0.00%
Finance Pak – Business Cheque A/c \$20,000 - \$49,999	0.00%	0.00%	0.00%
Finance Pak – Business Cheque A/c \$50,000 and over	-0.10%	-0.05%	-0.25%

<b>Interest bearing deposits – At Call</b>	<b>October 2019</b>	<b>July 2019</b>	<b>June 2019</b>
aggregate dollar value reduction in interest repayments compared to each previous month	-\$0.7m	-\$1.9m	-\$2.1m

The questions have been answered with consideration of the following caveats:

The results do not take into account the different number of days in the reported month compared to the previous month or the change in the balance of loans and deposits outstanding. The effective date of the rate change, the distribution of repayment dates on the loan portfolio and also the fact that two of the rate reductions occur in consecutive months are all contributors to differing impacts through time.

The analysis only covers Variable Home Loans and At Call Deposits (not including flexi-rates). Fixed home loans and Term deposits have had rate reductions since the RBA rate cutting cycle began however these cannot be definitively linked to movements in the official cash rate and have occurred on a variety of different dates. They also only affect pricing on new business and whilst the impact on monthly interest is cumulative through time it is minimal in the month of effect.

Also please note the differences in method for sourcing “the aggregate dollar value reduction in interest repayments compared to each previous month”. For mortgage lending this has been sourced from the flow of funds data and reflects the monthly change in interest capitalised to each loan category. For At Call deposits there is no measure for interest repayments, therefore the amount reflects the change in interest expense accrued.