

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (FOURTH REPORT)

Australia and New Zealand Banking Group Limited

ANZ18QW: Thistlethwaite

Savings and deposit rates

You recently increased your variable home loan rates by 16 basis points – have you also passed on an increased rate for savings and cash accounts?

ANSWER

ANZ announced on September 6 that variable interest home loan rates in Australia would increase following the sustained rise in wholesale funding costs as well as consideration of business performance and market conditions. ANZ did not link the announcement to changes in savings, deposit or cash account rates.

ANZ constantly monitors and adjusts savings and deposit rates to meet our needs and as the market changes. We have made four changes to our online saver product over the past 12 months, and continuously adjust Term Deposit pricing.

ANZ notes that on average depositors have gained relative to the cash rate since the GFC. Since 2007, depositors are now being paid ~214 basis points more than they were in 2007 (again relative to movements in the cash rate). This gain is larger than the change in home loan rates over the same period: ANZ's average home loan borrowers are being charged an additional ~183 basis points (relative to the 2007 cash rate).

Customer deposits contribute half or more of the funding base for variable rate loans, the remainder of the funding base constitutes wholesale market funding (short and long-term) and equity (shareholders capital and retained earnings).