

Exercising choice with financial products

21 July 2010

Report by Access Economics Pty Limited

for

Virgin Money

© Access Economics Pty Limited

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism or review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgment of the source is included. Permission for any more extensive reproduction must be obtained from Access Economics Pty Limited through the contact officer listed for this report.

Disclaimer

While every effort has been made to ensure the accuracy of this document and any attachments, the uncertain nature of economic data, forecasting and analysis means that Access Economics Pty Limited is uNABLE to make any warranties in relation to the information contained herein. Access Economics Pty Limited, its employees and agents disclaim liability for any loss or damage which may arise as a consequence of any person relying on the information contained in this document and any attachments.

Access Economics Pty Limited

ABN 82 113 621 361

www.AccessEconomics.com.au

CANBERRA

Level 1
9 Sydney Avenue
Barton ACT 2600

T: +61 2 6175 2000

F: +61 2 6175 2001

MELBOURNE

Level 27
150 Lonsdale Street
Melbourne VIC 3000

T: +61 3 9659 8300

F: +61 3 9659 8301

SYDNEY

Suite 1401, Level 14
68 Pitt Street
Sydney NSW 2000

T: +61 2 9376 2500

F: +61 3 9376 2501

Contents

Executive Summary.....	ii
1 Product markets.....	1
1.1 Home loans.....	1
1.2 Credit cards	2
1.3 At-call savings accounts.....	3
2 Outcomes	5
2.1 Home loans.....	5
2.2 Credit cards	6
2.3 Savings.....	8
Conclusions.....	11
References.....	13
Appendix A: Product details	15

Charts

Chart 1.1 : Market share of home loans	1
Chart 1.2 : Market share of outstanding value of credit card debt	2
Chart 1.3 : Market share of savings accounts	3
Chart 2.1 : How often account holders pay interest on their main credit card	7

Tables

Table 2.1 : Annual mortgage costs.....	5
Table 2.2 : Mortgage scenario 1 results	6
Table 2.3 : Mortgage scenario 2 results	6
Table 2.4 : Annual credit card costs of accounts accruing interest (includes fees)	7
Table 2.5 : Credit card scenario 1 results	8
Table 2.6 : Credit card scenario 2 results	8
Table 2.7 : Credit card scenario 3 results	8
Table 2.8 : RBA savings account interest rates	9
Table A.1 : Credit card products by total effective cost.....	15
Table A.2 : Mortgage products by total effective cost.....	21
Table A.3 : Savings products by base interest rate	27

Executive Summary

A typical household uses a wide range of financial services including: home loans, credit cards, savings products, insurance and superannuation. In general, across most of these financial services products, there is now a significant range of interest rates and fee structures. The differentials are especially large for on-line products, but also reflect other terms and conditions, including “professionals’ packages” and reward schemes. In addition, many institutions offer discounts to published rates for customers who purchase a suite of products.

The complexity and diversity of available products often makes them less transparent to the consumer and has led to a rise in finance specialists such as mortgage brokers and on-line product comparison services such as Cannex and Infochoice.

Nevertheless, it is clear that consumers do not always choose the lowest cost (or highest return) option available to them. This may be due to factors such as product bundling, switching costs (both tangible and intangible), poor credit ratings, imperfect knowledge or customer loyalty. A 2010 report by Datamonitor observed that “Customer loyalty in financial services is commonly caused by consumer apathy and the perceived effort of switching”.

Access Economics was engaged by Virgin Money Australia to estimate the direct savings that might be derived by consumers choosing to move from high cost (low return) products to low cost (high return) products. Access Economics’ analysis looks at owner-occupier home loans, consumer credit cards and at-call savings accounts and is based on current market data, as summarised below.

Borrowing and savings products

- RBA and ABS data indicate that the average **owner-occupier mortgage** is approximately \$287,000, with \$778 billion in total lending in May 2010.
- The average **credit card** balance accruing interest is estimated to be \$6,600¹, with an economy-wide pool of \$32 billion. This estimate is based on a 2009 Datamonitor survey of credit card customers that shows:
 - 40% of cardholders reported that they do not pay interest at all;
 - 17% report paying interest only once or twice a year; while
 - all others pay interest in six to twelve months of each year.
- The Australian Prudential Regulation Authority (APRA) reported that, in May 2010, **at-call savings** were held in:
 - bonus saver accounts (\$75 billion);
 - cash management accounts (\$39 billion); and
 - on-line savings accounts (\$91 billion).

¹ This figure is significantly higher than the more frequently reported figure of the average balance held across all credit cards on issue.

Interest rates

The distribution of rates available across each of the above product groups is shown in Table i below. Special conditions, such as “honeymoon rates”, professional package discounts or low-doc loans, have been excluded from this analysis. Products listed are widely available, although home loans require a deposit to qualify for standard rates.

Table i: Interest rates for household financial products

	Household mortgages	Credit cards	At-call savings accounts ¹
<i>Number of products available</i>	238	241	59
Mean	6.60%	16.96%	4.17%
Median	6.55%	19.24%	4.25%
Mode	6.29%	19.24%	4.75%
Maximum	7.51%	20.89%	6.01%
Minimum	5.89%	10.49%	3.00%
Max-min differential	1.62%	10.40%	3.01%

¹ Base rates. Higher rates also available under some terms and conditions on most products.

Source: Cannex, Abacus (as at 9 July, 2010)

Mortgage and credit card fees were also included in calculations.

The market share of each product *by interest rate* is not publicly available, but it is unlikely that products would be issued evenly across all available products within any group. However, the Reserve Bank of Australia (RBA) does publish average rates of large lenders for each product group (Table ii).

Table ii: RBA reported interest rates, product averages

Product	Features	Type	Average interest rate
Credit card	Standard rate refers to standard Visa and MasterCard accounts with an interest-free period.	Standard	19.45%
Mortgage – standard variable	Rates apply to housing loans with facilities such as the option to redraw or make early repayments.	Banks	7.15%
		Mortgage manager	6.95%
At-call savings	Rates apply to balances of \$5,000 - \$10,000	Cash management	3.45%
		Bonus	3.80%
		Online	4.45%

Source: RBA Bulletin, end-April 2010 data (mortgages), end-June data (credit cards, savings). Rates supplied by major lenders.

The RBA data imply that lending products issued by the large banks – and the largest four domestic banks have a market share of around 80% for both mortgages and cards – tend to be more heavily concentrated towards products at the high end of published rates.

Distribution of borrowing

The RBA and APRA also provide data for total funds in each product pool. These data have been supplemented using surveys conducted by Datamonitor (2009) and sensitivity analysis has also been undertaken.

Products for each loan product category were sorted into decile groups by rates and for lending products, fees (Table iii).

Table iii: Interest rates¹ for household financial products (July 2010)

	Household mortgages	Credit cards	Savings accounts
Number of products per decile	24	24	6
2 nd decile (average)	6.3%	13.6%	3.0%
9 th decile (average)	7.0%	21.3%	4.9%
2 nd decile (range)	6.2% - 6.3%	12.9% - 13.8%	3.3 - 3.5%
9 th decile (range)	6.9% - 7.0%	21.0% - 22.1%	4.8% - 5.0%

¹ Lending product rates are effective rates, including on-going fees.

Source: Cannex

To allow for uneven product distribution, Access Economics ignored the highest and lowest decile of products in each of the three groups in its calculations and conservatively estimated the impact of moving 10% of total funds in each product category:

- from either the second decile of published rates, or the RBA average rate for the low-cost/high-return option; to
- either the ninth decile of published rates or the RBA average.

Access Economics' analysis shows that substantial savings can be made by consumers by choosing lower cost mortgage and credit card products and higher return savings products. **The following outcomes are based on moving 10% of funds borrowed/saved by households**, using recent published market interest rates and fees.

Estimates represent savings to households² made over a 10-year period, with future year savings discounted back to their Net Present value (NPV) using a discount rate of 7%.

- **Mortgage interest costs** for a household with the average \$287,000 mortgage could provide a reduction in household interest costs across the economy between \$6 billion (using RBA average rate of 7.0%) and \$7.5 billion (based on average ninth decile rate of 7.15%). For the individual household, this represents a saving of around \$22,000 to \$27,000 over the 10-year period.

² NB These outcomes reflect a transfer of funds from the banking sector to the household sector, rather than a net welfare gain for the economy as a whole. Estimates also ignore other costs and benefits to consumers that might be present from established relationships and products.

- **Credit card interest costs** for cardholders with average levels of revolving credit of \$6,600 could be reduced by an aggregate \$2.1 billion to \$2.7 billion over a decade. Individuals could save around \$4,250 to \$5,600 over the same period.
- **Interest received on at-call accounts** by households could increase by almost \$1 billion over 10 years. The average savings balance held in individual accounts is not published by APRA or the RBA.

In summary, conservative estimates show that just 10% of the population exercising choice could lower household's interest costs and increase returns on savings by as much as \$10 billion over 10 years.

Such results suggest that consumers do not always choose the best financial products. As noted above, this may be due to factors such as customer loyalty, product bundling, switching costs (both tangible and intangible), poor credit ratings or imperfect knowledge. There is substantial potential for consumers to reduce interest paid on borrowings and increase returns on savings.

Access Economics

1 Product markets

Deregulation of Australia's financial markets over many years lead to increased competition which, in turn, produced innovation and diversity in consumer borrowing and savings products, assisted by the development of new technologies. Some degree of competition has been eroded, however, as a result of the global financial crisis.

Nevertheless, consumers are typically able to choose from a myriad of financial market products. This section illustrates the features, including assumptions and data sources, of the three markets analysed in this report:

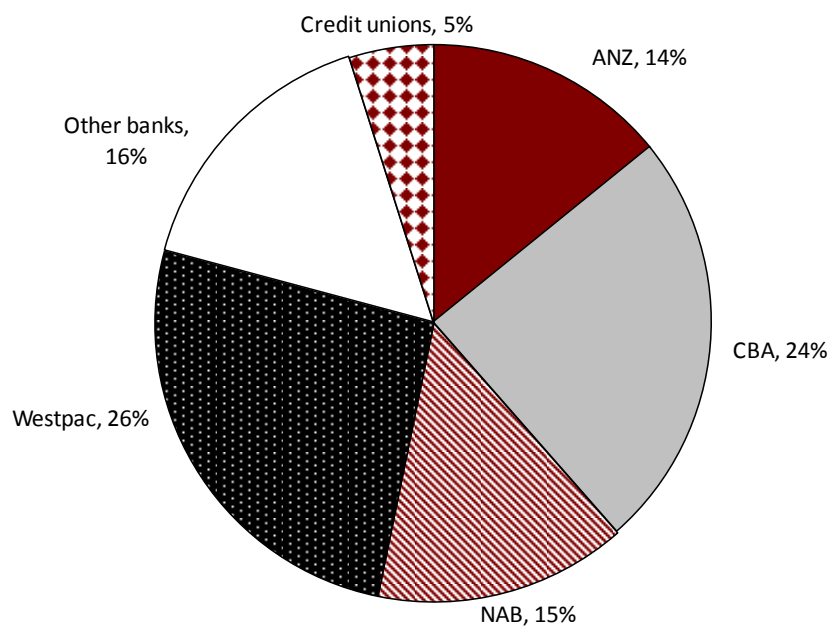
- household home loans;
- credit cards; and
- at-call savings accounts.

A full range of the products used in the analysis are reproduced in Appendix A:.

1.1 Home loans

The four major Australian banks hold close to 80% of the market share of home loans. Each of these institutions offers a wide range of a range of mortgage products, with features such as low-doc loans, honeymoon rates and redraw facilities. This analysis looks at owner-occupier home loans that are widely available.

Chart 1.1: Market share of home loans



Source: APRA

Published rates for April³ on home loans ranged from 5.89% to 7.51%, while on-going annual fees ranged from \$0 to \$395.

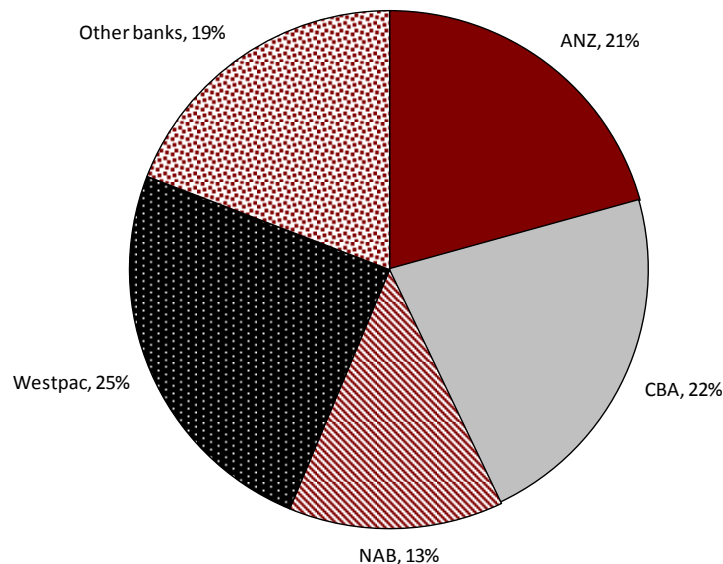
Individual features of each product are not canvassed in this analysis. The group, as a whole, is broadly similar.

ABS and RBA data for the total loan pool and number of households with a mortgage indicate that the average loan size in May 2010 was just under \$287,000.

1.2 Credit cards

Distribution of credit card issuers' market share is also heavily skewed towards the largest four banks, although Citigroup is also a major issuer. This group excludes charge cards or store cards. The latter typically charge higher rates than credit cards and represent the potential for additional reductions in interest payments by consumers.

Chart 1.2: Market share of outstanding value of credit card debt



Source: APRA

Chart 1.2 illustrates market shares of issuers by the value of debt outstanding. Data that shows the shares of each product *type* is not publicly available. However, a 2009 Datamonitor survey of credit card holders noted that:

When consumers were asked to rank seven common product features in terms of the importance they would carry when choosing a new card, lower fees were overwhelmingly the most important factor. Lower fees were nominated by 64% of Australian consumers as the most important factor when choosing a new card, while 17% regarded a lower rate as the most important and only 7% of respondents chose better rewards.

³ The most recent detailed breakdown of data available. Access Economics notes that there has been a further official increase in the cash rate of 25 basis points since this data, however this increased has been passed on in full across the majority of products, so that interest rate differential remain the same.

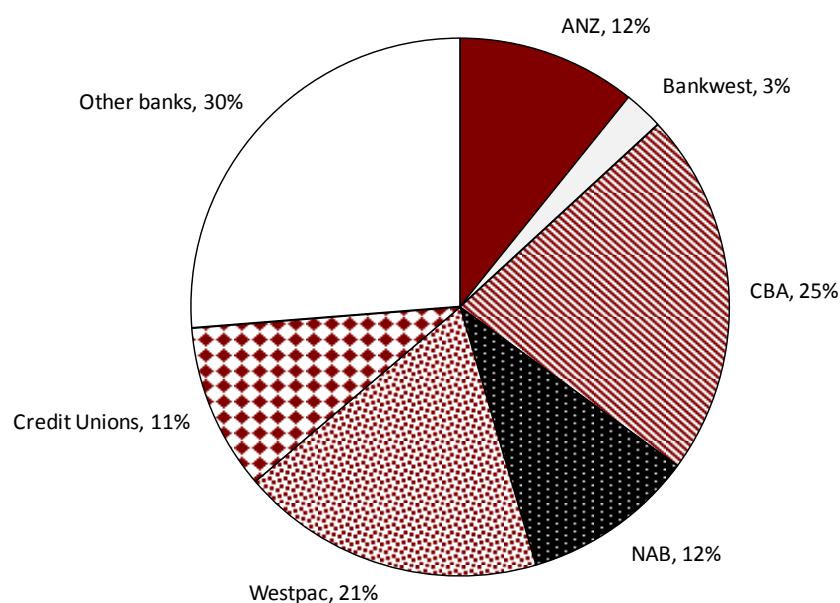
These results closely mirror the payment characteristics of those surveyed, with just under 60% indicating they never, or almost never, pay interest on their card, while 17% of cardholders pay interest virtually every month and a further 13% report paying interest frequently. The survey responses suggest that those who use their credit card primarily to facilitate transactions will be less concerned with interest rates, while those who use cards as a credit facility are more likely to choose lower rate products.

Rates published in July 2010 ranged from 10.49% to 20.89%, with fees ranging from \$0 to \$295. When fees are included, effective interest rates ranged from 10.64% to 24.92%. Some cards also offer an interest-free period (maximum 55 days). Low rate cards in general do not offer rewards programs.

The value of reward programs varies across cards and will also depend on an individual user's spending patterns. Reward points have therefore been excluded from this analysis.

1.3 At-call savings accounts

Chart 1.3: Market share of savings accounts



Source: APRA, Abacus

There are many different savings products on the market including term deposits, Christmas Club accounts, deeming accounts and retirement savings accounts. This analysis looks only at standard at call accounts (including cash management accounts, which remain prevalent).

The at-call savings market is essentially made up of high (bonus) saver accounts and on-line accounts. RBA data indicate that standard accounts hold around 55% of deposits, while on-line accounts hold the balance.

The range of savings products publically available is less comprehensive than for home loans or credit cards. However, rates tend to be clustered around a standard account base rate of 3.5% - 4.0% and the higher return on-line accounts with rates closer to 5%.

2 Outcomes

2.1 Home loans

Based on Cannex data for 238 owner-occupier standard home loans (that is, excluding honeymoon and other special rates), the annual combined interest rate and fee cost for each product was determined. Using RBA lending data, calculations were based on an average size owner-occupier mortgage of \$287,000 where the total pool of owner-occupier home loans was \$778 billion in May 2010.

Table 2.1 provides the breakdown of annual home loans based on interest rate cost deciles.

Table 2.1: Annual mortgage costs

Deciles	Effective interest rate ¹	Cost
First	6.17%	\$ 17,691
Second	6.28%	\$ 18,020
Third	6.38%	\$ 18,305
Fourth	6.47%	\$ 18,557
Fifth	6.56%	\$ 18,809
Sixth	6.64%	\$ 19,058
Seventh	6.75%	\$ 19,358
Eighth	6.87%	\$ 19,695
Ninth	6.95%	\$ 19,945
Tenth	7.22%	\$ 20,707

¹ includes fees.

Source: Access Economics calculations

Using these deciles a number of scenarios were constructed to determine the value of savings, by both an individual mortgage holder and the economy at large, if owner-occupier mortgage holders switched to less expensive loans.

Scenario 1: Shift from RBA measure of average mortgage interest rate to the second lowest cost decile

The Reserve Bank of Australia (RBA) conducts a survey of owner-occupier mortgage interest rates each month to determine the average standard variable rate. This scenario uses the RBA's measure to gauge the potential savings of switching from the 'average' interest rate on owner-occupier home loans to a less expensive loan (in this case, a loan in the second cost decile). Each individual account that switches to the less expensive loan saves \$2,490 per year, or almost \$28,000 over 10 years. Assuming that 10% of total owner-occupier home loans make the switch, the overall saving is over \$7.4 billion across 10 years (see Table 2.2).

Table 2.2: Mortgage scenario 1 results

Savings	Per year	Over 10 years
By each individual account	\$2,490	\$27,400
Across all accounts that switch	\$676 million	\$ 7.4 billion

Source: Access Economics calculations

Scenario 2: A 10% shift from the second highest cost decile to the second lowest cost decile

This scenario illustrates the savings to be made from switching from an owner-occupier loan in the second most expensive cost decile to the second least expensive cost decile. As Table 2.3 shows, an individual household can save almost \$22,000 across 10 years by switching from the second highest interest rate decile to the second lowest. This figure increases to just over \$9 billion when 10% of owner-occupier home loans are assumed to make the switch.

Table 2.3: Mortgage scenario 2 results

Savings	Per year	Over 10 years¹
By each individual account	\$ 2,000	\$ 21,850
Across all accounts that switch	\$ 540 million	\$ 5.9 billion

¹ 10-year data reflect discounted cash flows using 3% discount rate

Source: Access Economics calculations

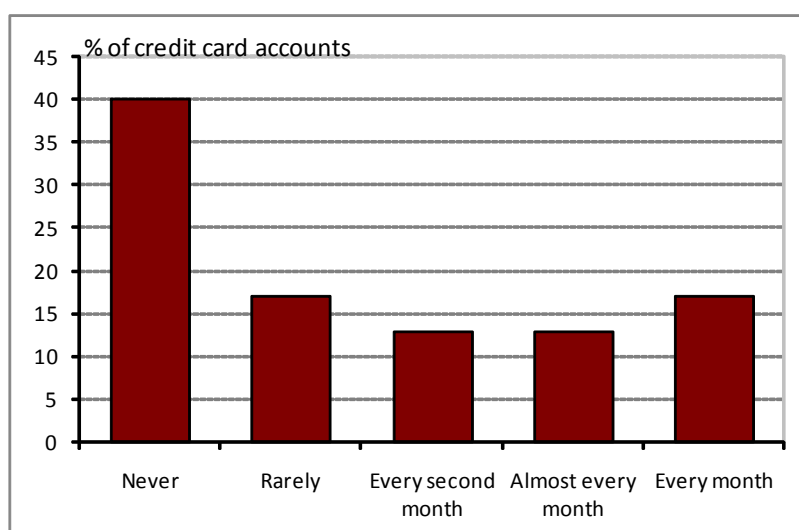
2.2 Credit cards

Based on 241 credit card accounts (listed on Cannex), the annual cost of credit card accounts accruing interest was calculated. An important aspect of these calculations was determining how many accounts are used:

- purely as a method of payment (that is, are paid off in their entirety each month and do not accrue interest); or
- as a means of credit (thus accruing interest).

As Chart 2.1 illustrates, 40% of credit card holders do not pay interest on their main credit card, and are therefore eliminated from this analysis. Based on the average number of months a credit card account pays interest in a year, the average balance of a credit card accruing interest was determined as \$6,600 where the total economy-wide balance of credit cards accruing interest was \$32 billion.

Chart 2.1: How often account holders pay interest on their main credit card



Source: Datamonitor 2009

Applying the same methodology as used in the mortgage analysis, the annual cost of credit cards accruing interest was split into deciles. As Table 2.4 shows, the annual cost difference between a credit card in the most expensive decile and the least expensive decile is \$752.

Table 2.4: Annual credit card costs of accounts accruing interest (includes fees)

Deciles	Interest rate	Cost
First	12.0%	\$ 790
Second	13.6%	\$ 897
Third	14.2%	\$ 940
Fourth	16.5%	\$ 1,090
Fifth	18.8%	\$ 1,239
Sixth	20.0%	\$ 1,322
Seventh	20.5%	\$ 1,351
Eighth	20.9%	\$ 1,377
Ninth	21.3%	\$ 1,409
Tenth	23.4%	\$ 1,542

Source: Access Economics calculations

Scenario 1: Shift from RBA measure of standard interest rate to the second lowest cost decile

Each month, the RBA calculates the average standard interest rate on credit cards issued in Australia. This scenario measures the cost saving if interest-accruing credit card accounts switched from accounts with this standard interest rate to accounts with the second lowest interest rate. As Table 2.5 illustrates, an individual account can save \$4,246 over 10 years by moving to a lower interest rate card. If 10% of interest-accruing cardholders moved from accounts with the standard interest rate to accounts with the second lowest decile interest rate, the economy-wide savings would equal around \$2.1 billion over 10 years.

Table 2.5: Credit card scenario 1 results

Savings	Per year	Over 10 years
By each individual account	\$ 386	\$ 4,246
Across all accounts that switch	\$ 187 million	\$ 2.05 billion

Source: Access Economics estimates

Scenario 2: Shift from RBA measure of standard interest rate to the RBA measure of low interest rate

In addition to the standard credit card interest rate, the RBA provides a measure of the average interest rate on low rate cards. This scenario calculates the potential saving from switching accounts from a standard interest rate to a low interest rate card. Table 2.6 provides the estimated savings from switching – an individual account can save \$4,424 over 10 years by moving to a low rate credit card. Assuming 10% of interest-accruing credit card holders move to the lower rate option, the savings will be just over \$2 billion over 10 years.

Table 2.6: Credit card scenario 2 results

Savings	Per year	Over 10 years
By each individual account	\$ 403	\$ 4,424
Across all accounts that switch	\$ 195 million	\$ 2.1 billion

Source: Access Economics estimates

Scenario 3: Shift from the second highest cost decile to the second lowest cost decile

Scenario 3 analyses the saving to credit card holders accruing interest resulting from a switch from the second most expensive interest rate decile to the second least expensive interest rate decile. An individual can save \$5,621 in interest payments over 10 years, while across the economy as a whole there will be a saving of \$2.7 billion across 10 years (Table 2.7).

Table 2.7: Credit card scenario 3 results

Savings	Per year	Over 10 years
By each individual account	\$ 512	\$ 5,621
Across all accounts that switch	\$ 247 million	\$ 2.7 billion

Source: Access Economics estimates

2.3 Savings

The value of gains to be made by switching from low return savings accounts to high yield savings accounts was based on the Reserve Bank of Australia's measure of the interest rate on banks' bonus saving accounts (includes award accounts), cash management accounts and online savings accounts.

As Table 2.8 illustrates, there is, on average, a 65 basis point differential between high return online savings accounts and bonus saving accounts and a 100 basis point interest rate differential between online saving accounts and cash management trust (CMT) accounts.

Table 2.8: RBA savings account interest rates

	Per year
Banks' bonus saving account	3.80%
Cash management account	3.45%
Online saving account	4.45%

Source: RBA 2010

APRA's monthly banking statistics data show that in May 2010 the total pool of bonus saver accounts equalled \$75 billion, cash management trusts equalled \$39 billion and on-line savings accounts equalled \$91 billion.

Assuming 10% of the value of branch saving accounts (bonus plus CMT) was switched to online accounts, customers would earn an additional \$90 million in interest each year, or just under \$1 billion over 10 years.

Using Cannex's reported rates, the average base interest rate for the ninth decile of saving products is 4.9%. Using this figure instead of the RBA's 4.45% yields an increase in interest payments to consumers of \$1.5 billion over 10 years.

Conclusions

There is considerable choice available to consumers across a wide range of financial services products. Although there is no publicly available data that show the market share of individual product groups, it is clear that consumers do not always choose the lowest cost (or highest return) options available to them.

In part, this may be due to imperfect knowledge, especially in time of frequent interest rate changes. However, even when there is a good understanding of choices available, consumers may not exercise choice due to brand loyalty. Loyalty is likely to be an especially important factor in times of financial and economic uncertainty, such as that experienced throughout the global financial crisis particularly as the Government guarantee was only extended to the largest banking institutions.

Other factors that will affect consumer decisions include the perceived costs of switching (from early exit fees through to the time required to fill in a form).

Nevertheless, whilst consumers may be behaving rationally in their choice of product, it is clear that there are potentially large gains to be made by moving borrowings and savings to lower rate/higher return options. Conservatively, this could amount to between \$9 billion and \$10 billion over a period of 10 years.

Access Economics

References

- Abacus (2010), Australian Credit Unions & Mutual Building Societies: Facts and figures at a glance, June
- Australian Bureau of Statistics (2010), Cat No. 5609.0 *Housing Finance Commitments*, May 2010
- Australian Prudential Regulation Authority (2010), *Monthly Banking Statistics*, May 2010
- (2010), *Monthly Banking Statistics*, April 2010
- (2010), *Monthly Banking Statistics*, March 2010
- (2010), *Quarterly Credit Union and Building Society Performance Statistics*, March 2010
- (2010), *Quarterly Bank Performance Statistics*, March 2010
- Australian Securities and Investment Commission (2008), *Review of mortgage entry and exit fees*, April 2008
- Canstar Cannex (2010), *Home Loans Product Snapshot*, <http://www.canstar.com.au/interest-rate-comparison/compare-home-loan-rates.html> accessed 13 July 2010
- (2010), *Compare Credit Cards Interest Rates*, <http://www.canstar.com.au/interest-rate-comparison/compare-credit-card-rates.html> accessed 13 July 2010
- (2010), *Savings accounts*, <http://www.canstar.com.au/savings-accounts/> accessed 13 July 2010
- Datamonitor (2010), *Customer Loyalty in Australian Financial Services*, March
- (2010), *10 Consumer Trends for Financial Services Providers in 2010 and Beyond*, Datamonitor Financial Services Consumer Insight Series, March
- (2009), *Australian Credit Card Customers 2009*, September
- (2009), *Personal Lending in Australia*, December
- Matthews C, Moore C and Wright M (2008), 'Why not switch? Switching costs and switching likelihood', paper presented at the 13th Finsia, Melbourne Centre for Financial Studies Banking and Finance Conference, Melbourne Australia 29-30 September 2008
- Money AU (2010), 'Australian's increasingly switching from credit cards into debit cards', <http://www.money-au.com.au/finance-news/banking/australians-increasingly-switching-from-credit-cards-into-debit-cards-6220/> accessed 13 July 2010
- MWE Consulting (2010), *Australian Payment Cards Report*, March
- Ratecity (2010), *RateCity welcomes crackdown on excessive early exit fees for mortgages*, media release, 29 June 2010-07-13

Roy Morgan Single Source Australia (2010), April 2009 – March 2010, confidential data

Reserve Bank of Australia (2010), *B2 Assets*

(2010), *B7 Building Societies – Selected Assets and Liabilities*

(2010), *B8 Credit Unions – Selected Assets and Liabilities*

(2010), *B9 Money Market Corporations – Selected Assets and Liabilities*

(2010), *B10 Finance Companies & General Financiers – Selected Assets and Liabilities*

(2010), *B20 Selected Assets and Liabilities of the Private Non-financial sectors*

(2010), *C1 Credit and charge card statistics*

(2010), *Credit and charge card statistics – additional credit charge statistics*

(2010), *C2 Market Shares of credit and charge card schemes*

(2010), *Financial Stability Review March 2010*

(2010), *RBA Bulletin*, June Quarter 2010

(2009), *Financial Stability Review March 2009*

(2009), *Financial Stability Review September 2009*

(2008), *RBA Submission to the Inquiry into competition in the banking and non-banking sectors*, July

Appendix A: Product details

Information is that published on the Cannex website on 9 July 2010. Rates for credit cards and savings accounts are for July 2010, while mortgage rates are for April 2010. Products are listed from lowest to highest *effective* interest rate (i.e. including fees for lending products), with deciles separated by a solid line within the tables.

Table A.1: Credit card products by total effective cost

Institution	Card Brand	Interest Rate (%)	Annual Fee (\$)	Total effective cost (%)
Credit Union SA	Visa Credit Card	10.49	10	10.64
Sydney Credit Union	Visa Credit Card	10.49	30	10.94
mecu	Low Rate Visa Credit Card	10.49	59	11.38
Teachers Credit Union	Teachers Credit Card	11.5	0	11.50
Heritage Building Soc	Visa Classic No Frills	11.55	0	11.55
Heritage Building Soc	Visa Gold No Frills	11.55	0	11.55
Community First CU	Low Rate Visa Credit Card	10.99	40	11.59
Community First CU	McGrath Pink Visa Card	10.99	40	11.59
BankWest	Lite MasterCard	10.75	59	11.64
Hunter United Credit Un	Visa Credit Card	10.99	48	11.71
Australian Defence CU	Low Rate Visa Card	10.99	49	11.73
Police CU SA	Extralite Credit Card	11.74	0	11.74
Police Credit	Visa Silver	11.95	0	11.95
Defence Force CU	True Blue Credit Card	11.49	36	12.03
BankWest	Lite Gold MasterCard	10.75	89	12.10
ME Bank	MasterCard	11.74	39	12.33
Police & Nurses Mutual Bank	Easypay VISA	11.99	36	12.53
BankWest	Lite Platinum MasterCard	10.75	120	12.57
Intech Credit Union	Titanium Visa 55	12.05	36	12.59
Bendigo Bank	Basic Black MasterCard	11.99	45	12.67
Bananacoast Community CU	Classic Visa Card	12	45	12.68
Macquarie Bank	JetStar MasterCard	11.99	49	12.73
Suncorp Bank	Clear Options Standard	12.24	39	12.83
Qld Police Credit Union	Bluey Card	12.49	25	12.87
Horizon Credit Union	Visa Credit Card	12.95	0	12.95
Citibank	Clear Platinum Visa	11.49	99	12.99
Newcastle Permanent	Value + Credit Card	12.45	45	13.13
Hume Building Society	Value	13.15	0	13.15
St George Bank	Vertigo Credit Card	12.49	55	13.32
mecu	Visa Credit Card	13.49	0	13.49
First Option CU	Visa Credit Card	13.3	18	13.57
B & E	Visa Credit Card	12.99	39	13.58
Qantas Staff CU	Lifestyle	13.6	0	13.60
Macquarie Credit Union	Visa 55	13.39	15	13.61

Institution	Card Brand	Interest Rate (%)	Annual Fee (\$)	Total effective cost (%)
Victoria Teachers CU	Visa Credit Card	13.64	0	13.64
SGE Credit Union	Solutions	12.95	50	13.70
Aussie Home Loans	MasterCard	12.99	49	13.73
Australian Central CU	Silver LowRate MasterCard	13.1	45	13.78
Community CPS Australia	Silver LowRate MasterCard	13.1	45	13.78
CUA	Silver Low Rate MasterCard	13.1	45	13.78
ECU Australia	Silver Low Rate MasterCard	13.1	45	13.78
Family First CU	Silver Low Rate MasterCard	13.1	45	13.78
FCCS Credit Union	Silver Low Rate MasterCard	13.1	45	13.78
Holiday Coast CU	Silver Low Rate MasterCard	13.1	45	13.78
Illawarra CU NSW	Silver Low Rate MasterCard	13.1	45	13.78
Memberfirst Credit Union	Silver Low Rate MasterCard	13.1	45	13.78
MyState Financial	Silver Low Rate MasterCard	13.1	45	13.78
Queenslanders CU	Silver Low Rate MasterCard	13.1	45	13.78
Unicom Credit Union	Silver Low Rate MasterCard	13.1	45	13.78
Unicredit-WA	Silver Low Rate MasterCard	13.1	45	13.78
Warwick Credit Union	Silver Low Rate MasterCard	13.1	45	13.78
Westpac	Low Rate MasterCard	13.24	45	13.92
Westpac	Low Rate Visa Card	13.24	45	13.92
Commonwealth Bank	Low Rate Gold MasterCard	13.24	48	13.96
Commonwealth Bank	Low Rate MasterCard	13.24	48	13.96
NAB	Low Rate Visa Card	13.24	49	13.98
ANZ	Low Rate MasterCard	13.24	58	14.12
Queenslanders CU	Gold Low Rate MasterCard	13.1	75	14.23
Bank of Queensland	Low Rate Visa Card	13.49	55	14.32
Australian Central CU	Gold Low Rate MasterCard	13.1	85	14.39
Community CPS Australia	Gold Low Rate MasterCard	13.1	85	14.39
CUA	Gold Low Rate MasterCard	13.1	85	14.39
ECU Australia	Gold Low Rate MasterCard	13.1	85	14.39
Family First CU	Gold Low Rate MasterCard	13.1	85	14.39
FCCS Credit Union	Gold Low Rate MasterCard	13.1	85	14.39
Holiday Coast CU	Gold Low Rate MasterCard	13.1	85	14.39
Illawarra CU NSW	Gold Low Rate MasterCard	13.1	85	14.39
Memberfirst Credit Union	Gold Low Rate MasterCard	13.1	85	14.39
MyState Financial	Gold Low Rate MasterCard	13.1	85	14.39
Unicom Credit Union	Gold Low Rate MasterCard	13.1	85	14.39
Unicredit-WA	Gold Low Rate MasterCard	13.1	85	14.39
Warwick Credit Union	Gold Low Rate MasterCard	13.1	85	14.39
Macquarie Bank	Visa RateSaver Card	13.95	50	14.70
Maritime Mining & Power	Visa	14.19	42	14.82
ANZ	Balance Visa	14.24	57	15.10
SERVICE ONE Members Bank	Visa	15.25	0	15.25
Encompass Credit Union	Visa Credit Card	15	36	15.54
Bendigo Bank	RSPCA Rescue Visa	15.24	24	15.60
Qld Police Credit Union	Bluey Rewarder Card	15.49	48	16.21

Exercising choice with financial products

Institution	Card Brand	Interest Rate (%)	Annual Fee (\$)	Total effective cost (%)
GE Money	Low Rate MasterCard	15.49	58	16.37
SGE Credit Union	Solutions Gold	14.95	100	16.46
Citibank	Clear Card	15.49	65	16.47
Savings & Loans Credit Union	VISA Care Card	15.95	40	16.55
Heritage Building Soc	Visa Classic Basic	16.5	18	16.77
BankSA	Gold Low Rate MasterCard	15.74	79	16.93
BankSA	Gold Low Rate Visa	15.74	79	16.93
St George Bank	Gold Low Rate MasterCard	15.74	79	16.93
St George Bank	Gold Low Rate Visa	15.74	79	16.93
BankWest	Zero Gold MasterCard	16.99	0	16.99
BankWest	Zero MasterCard	16.99	0	16.99
BankWest	Zero Platinum MasterCard	16.99	0	16.99
HSBC	Credit Card	16.99	0	16.99
Heritage Building Soc	Visa Gold Basic	16.5	36	17.04
BankSA	Platinum MasterCard	15.74	89	17.09
BankSA	Platinum Visa Card	15.74	89	17.09
St George Bank	Platinum MasterCard	15.74	89	17.09
St George Bank	Platinum Visa Credit Card	15.74	89	17.09
Qantas Staff CU	Lifestyle Plus	17.1	0	17.10
Bendigo Bank	Basic Black Visa	16.39	48	17.11
Coastline Credit Union	Visa Credit Card	17.2	0	17.20
Heritage Building Soc	Visa Classic With Rewards	16.5	48	17.22
Hume Building Society	Loyalty	16.95	30	17.40
Coastline Credit Union	Rewarder Visa	16.7	52	17.48
Police Credit	Visa Gold	16.95	50	17.70
Hume Building Society	Gold	16.95	60	17.86
Heritage Building Soc	Visa Gold With Rewards	16.5	90	17.86
Bananacoast Community CU	Visa Bonus Rewarder	17	59	17.89
BankSA	Vertigo Credit Card	17.15	55	17.98
Bank of Queensland	Blue No Annual Fee Visa	19.24	0	19.24
ANZ	First	18.99	30	19.44
GE Money	Wizard Clear Advantage	19.49	0	19.49
BankSA	Amplify Credit Card	18.49	79	19.68
St George Bank	Amplify Credit Card	18.49	79	19.68
Westpac	MasterCard No Annual Fee	19.74	0	19.74
Westpac	MasterCard 55 Free Days	19.34	30	19.79
Westpac	Visa 55 Free days	19.34	30	19.79
Australian Central CU	Silver Rewards MasterCard	19.24	45	19.92
Community CPS Australia	Silver Rewards MasterCard	19.24	45	19.92
CUA	Silver Rewards MasterCard	19.24	45	19.92
ECU Australia	Silver Rewards MasterCard	19.24	45	19.92
Family First CU	Silver Rewards MasterCard	19.24	45	19.92
FCCS Credit Union	Silver Rewards MasterCard	19.24	45	19.92
Holiday Coast CU	Silver Rewards MasterCard	19.24	45	19.92
Illawarra CU NSW	Silver Rewards MasterCard	19.24	45	19.92

Institution	Card Brand	Interest Rate (%)	Annual Fee (\$)	Total effective cost (%)
Memberfirst Credit Union	Silver Rewards MasterCard	19.24	45	19.92
MyState Financial	Silver Rewards MasterCard	19.24	45	19.92
Qld Teachers CU	Silver Rewards MasterCard	19.24	45	19.92
Queenslanders CU	Silver Rewards MasterCard	19.24	45	19.92
SERVICE ONE Members Bank	Silver Rewards MasterCard	19.24	45	19.92
Sutherland Credit Union	Silver Rewards MasterCard	19.24	45	19.92
Unicom Credit Union	Silver Rewards MasterCard	19.24	45	19.92
Unicredit-WA	Silver Rewards MasterCard	19.24	45	19.92
Warwick Credit Union	Silver Rewards MasterCard	19.24	45	19.92
NAB	Standard MasterCard	19.49	30	19.94
NAB	Standard Visa Card	19.49	30	19.94
GE Money	eco MasterCard	19.24	49	19.98
ANZ	Rewards Visa	19.49	34	20.00
IMB	Silver Rewards MasterCard	19.24	55	20.07
ANZ	Frequent Flyer Visa	19.49	40	20.09
Woolworths Limited	Everyday Money	19.49	49	20.23
BankSA	No Annual Fee MasterCard	20.24	0	20.24
BankSA	No Annual Fee Visa	20.24	0	20.24
GE Money	Coles Group Source MCD	20.24	0	20.24
St George Bank	No Annual Fee Card-Visa	20.24	0	20.24
St George Bank	No Annual Fee MasterCard	20.24	0	20.24
Bendigo Bank	RSPCA Rescue Rewards	19.39	60	20.29
ANZ	Gold	18.99	87	20.30
BankWest	More MasterCard	18.99	89	20.33
Commonwealth Bank	Low Fee Gold MasterCard	19.99	24	20.35
Commonwealth Bank	Low Fee MasterCard	19.99	24	20.35
NAB	Visa Mini	19.99	24	20.35
Bendigo Bank	Ready Red MasterCard	19.74	45	20.42
Bendigo Bank	Ready Red Visa	19.74	45	20.42
Australian Central CU	Gold Rewards MasterCard	19.24	85	20.52
Community CPS Australia	Gold Rewards MasterCard	19.24	85	20.52
CUA	Gold Rewards MasterCard	19.24	85	20.52
ECU Australia	Gold Rewards MasterCard	19.24	85	20.52
Family First CU	Gold Rewards MasterCard	19.24	85	20.52
FCCS Credit Union	Gold Rewards MasterCard	19.24	85	20.52
Holiday Coast CU	Gold Rewards MasterCard	19.24	85	20.52
Illawarra CU NSW	Gold Rewards MasterCard	19.24	85	20.52
Memberfirst Credit Union	Gold Rewards MasterCard	19.24	85	20.52
MyState Financial	Gold Rewards MasterCard	19.24	85	20.52
Qld Teachers CU	Gold Rewards MasterCard	19.24	85	20.52
Queenslanders CU	Gold Rewards MasterCard	19.24	85	20.52
SERVICE ONE Members Bank	Gold Rewards MasterCard	19.24	85	20.52
Sutherland Credit Union	Gold Rewards MasterCard	19.24	85	20.52
Unicom Credit Union	Gold Rewards MasterCard	19.24	85	20.52
Unicredit-WA	Gold Rewards MasterCard	19.24	85	20.52

Exercising choice with financial products

Institution	Card Brand	Interest Rate (%)	Annual Fee (\$)	Total effective cost (%)
Warwick Credit Union	Gold Rewards MasterCard	19.24	85	20.52
GE Money	Myer Visa Card	19.99	39	20.58
GE Money	Myer Visa Gold Card	19.99	39	20.58
ANZ	Rewards Visa Gold	19.49	74	20.61
Westpac	Student Visa Card	20.2	30	20.65
Westpac	Gold 55 Day MasterCard	19.34	90	20.70
Westpac	Gold 55 Days Visa	19.34	90	20.70
IMB	Gold Rewards MasterCard	19.24	99	20.74
SERVICE ONE Members Bank	Gold Qantas Rewards MC	19.24	99	20.74
Westpac	earth MasterCard	19.64	75	20.77
BankWest	More Gold MasterCard	18.99	120	20.80
NAB	Gold MasterCard	19.49	90	20.85
NAB	Gold Visa Card	19.49	90	20.85
Suncorp Bank	Clear Options Plus	19.99	63	20.94
NAB	Qantas Standard Card	19.99	65	20.97
NAB	Velocity Standard Card	19.99	65	20.97
Bendigo Bank	Gold Visa	19.74	85	21.02
Australian Central CU	Gold Qantas Rewards MC	19.24	118	21.02
Community CPS Australia	Gold Qantas Rewards MC	19.24	118	21.02
ECU Australia	Gold Qantas Rewards MC	19.24	118	21.02
Family First CU	Gold Qantas Rewards MC	19.24	118	21.02
FCCS Credit Union	Gold Qantas Rewards MC	19.24	118	21.02
Holiday Coast CU	Gold Qantas Rewards MC	19.24	118	21.02
Illawarra CU NSW	Gold Qantas Rewards MC	19.24	118	21.02
Memberfirst Credit Union	Gold Qantas Rewards MC	19.24	118	21.02
MyState Financial	Gold Qantas Rewards MC	19.24	118	21.02
Qld Teachers CU	Gold Qantas Rewards MC	19.24	118	21.02
Queenslanders CU	Gold Qantas Rewards MC	19.24	118	21.02
Sutherland Credit Union	Gold Qantas Rewards MC	19.24	118	21.02
Unicom Credit Union	Gold Qantas Rewards MC	19.24	118	21.02
Unicredit-WA	Gold Qantas Rewards MC	19.24	118	21.02
Warwick Credit Union	Gold Qantas Rewards MC	19.24	118	21.02
Bank of Queensland	Blue Visa	20.24	55	21.07
HSBC	Gold Credit Card	19.75	89	21.09
Westpac	Singapore Air Gold/Visa	19.24	125	21.13
HSBC	Classic Credit Card	20.25	59	21.14
Westpac	Altitude/MasterCard	19.64	100	21.15
Suncorp Bank	Clear Options Gold	19.75	99	21.25
Westpac	55 Day Platinum Visa	19.34	130	21.31
Hume Building Society	Platinum Credit Card	19.5	129	21.45
GE Money	GO MasterCard	20.74	47.4	21.45
Macquarie Bank	JetStar Platinum	19.24	149	21.49
Westpac	earth Gold MasterCard	19.64	125	21.53
ANZ	Frequent Flyer Visa Gold	19.49	140	21.61
BankWest	More Platinum MasterCard	18.74	190	21.61

Institution	Card Brand	Interest Rate (%)	Annual Fee (\$)	Total effective cost (%)
Commonwealth Bank	Awards MasterCard	20.49	89	21.83
Westpac	Altitude Gold/MasterCard	19.64	150	21.91
Macquarie Bank	Visa Gold Card	20.45	100	21.96
Bank of Queensland	Gold Visa	20.24	120	22.05
Citibank	BP-Citibank MasterCard	20.89	79	22.08
Citibank	Silver MasterCard	20.74	89	22.08
Citibank	Silver Visa	20.74	89	22.08
NAB	Qantas Gold MasterCard	19.99	145.5	22.19
NAB	Qantas Gold Visa	19.99	145.5	22.19
NAB	Velocity Gold Card	19.99	150	22.26
Commonwealth Bank	Gold Awards MasterCard	20.49	144	22.67
Citibank	Gold MasterCard	20.74	149	22.99
Citibank	Gold Visa	20.74	149	22.99
Westpac	Singapore Air Plat/Visa	19.24	250	23.02
Suncorp Bank	Clear Options Platinum	19.99	205	23.09
ANZ	Freq Flyer Visa Platinum	19.49	240	23.12
Bank of Queensland	Platinum Visa	20.24	199	23.25
St George Bank	Private Bank Visa Platinum	19.99	225	23.39
Westpac	earth Platinum MasterCard	19.64	250	23.42
Macquarie Bank	Visa Platinum Card	20.45	200	23.48
Westpac	Altitude Platinum/MCard	19.64	295	24.11
Citibank	Emirates Citi Platinum	20.74	229	24.21
NAB	Qantas Platinum VISA	19.99	290	24.38
Citibank	Platinum MasterCard	20.74	250	24.52
Citibank	Platinum Visa	20.74	250	24.52
Commonwealth Bank	Platinum Awards MCD	20.49	280	24.73
Macquarie Bank	Hilton Platinum Card	20.45	295	24.92
Macquarie Bank	JetStar MasterCard	20.45	295	24.92

Source: Cannex, 9 July 2010

Table A.2: Mortgage products by total effective cost

Institution	Product	Published rate (%)	Ongoing fees paid	Total effective cost (%)
Iden Money	StrikeBack Variable	5.89	0	5.89
Rate Busters	Fightback premium variable	5.93	0	5.93
Iden Money	Premium Variable	6.10	0	6.10
Assured Home Loans	Fightback premium variable	6.11	0	6.11
Iden Money	Premium Variable ProPack	6.00	330	6.12
Homestar Finance	Advantage Variable	6.13	0	6.13
MyRate	Advantage <\$600k	6.13	0	6.13
SERVICE One Members Bank	Basic home loan	6.10	120	6.14
RAMS Home Loans	IO Maximiser	6.04	300	6.14
QuickDirect online mortgage	Variable loan	6.15	0	6.15
AMO Group	Rate Saver Home Loan	6.04	345	6.16
Collins Home	Standard Variable	6.17	0	6.17
Satisfaction Credit Union	First Home Loan Borrower	6.17	0	6.17
ING Direct	Mortgage Simplifier	6.19	0	6.19
Victoria Teachers CU	Basic Home Loan L78	6.19	0	6.19
Hume Building Society	Interest Saver	6.20	0	6.20
Mortgage House	Thrifty Access	6.20	0	6.20
Homeloans	Premium pro pack	6.09	330	6.21
Homeloans	Premium saver	6.09	330	6.21
Iden Money	Offset Variable	6.22	0	6.22
BMC Mortgage	Platinum Pack Home Loan	6.22	0	6.22
HSBC	Home value	6.23	0	6.23
FCCS Credit Union	Basic variable	6.20	96	6.23
Queenslanders CU	Queenslanders first home	6.20	100	6.23
Community CPS Australia	Basic Home Loan Variable	6.19	132	6.24
Qantas Staff CU	Step Ahead Var <\$500k	6.24	0	6.24
Laiki Bank	Options Plus Home Loan	6.20	120	6.24
Mortgage House	Freedom Home Loan	6.25	0	6.25
Rate Busters	Standard variable	6.25	0	6.25
RAMS Home Loans	Basic	6.26	0	6.26
Police & Nurses Mutual Bk	Dream home loan variable	6.24	60	6.26
Australian Central CU	Standard Variable (>250k)	6.16	325	6.27
HSBC	Home smart variable (250k+)	6.19	240	6.27
ECU Australia	Premium Variable (250k+)	6.15	360	6.28
Adelaide Bank	SmartFit Variable	6.24	120	6.28
Holiday Coast CU	Home Sweet Home \$250k+	6.25	96	6.28
Bendigo Bank	Standard Variable (Pkg Plus)	6.25	96	6.28
Newcastle Permanent	Real Deal Home Loan	6.29	0	6.29
Pacific Mortgage Group	Standard Variable	6.29	0	6.29
Qld Police Credit Union	Classic Home Loan	6.29	0	6.29
Select Credit Union	Super mortgage loan	6.29	0	6.29
State Custodians	Breathe Easy Home Loan	6.29	0	6.29
Community First CU	True Basic Home Loan	6.29	0	6.29

Institution	Product	Published rate (%)	Ongoing fees paid	Total effective cost (%)
Easy Street Fin Services	Easy street basic var	6.29	0	6.29
Austral Mortgage	Advantage Plus	6.30	0	6.30
Bank of Queensland	First start home loan	6.26	120	6.30
IMB	Budget home loan	6.27	120	6.31
Bank of Cyprus Australia	Essential Home Loan	6.29	96	6.32
Coastline Credit Union	Minimiser Home Loan	6.29	96	6.32
mecu	First home buyers loan	6.34	0	6.34
Australian Defence CU	Budget Home Loan	6.34	0	6.34
Homeloans	Premium	6.34	0	6.34
Unicredit - WA	Standard variable	6.35	0	6.35
AMO Group	Standard Variable Home LN	6.35	0	6.35
Illawarra CU NSW	Basic Home Loan	6.32	96	6.35
Unicom Credit Union	Basic home loan	6.32	96	6.35
Teachers Credit Union	Smart Home loan Rewards	6.29	200	6.36
Sydney Credit Union	Basic home loan	6.36	0	6.36
Mortgage House	Prudent Home Loan	6.37	0	6.37
The Capricornian	Premier plus	6.38	0	6.38
Heritage Building Society	Basic Variable	6.39	0	6.39
QuickDirect online mortgage	Equity saver premium io	6.39	0	6.39
QuickDirect online mortgage	Equity saver premium pi	6.39	0	6.39
Newcastle Permanent	Premium plus Pkg <\$500k	6.29	300	6.39
Qld Policy Credit Union	Standard Variable (\$250k+)	6.29	300	6.39
BMC Mortgage	Advantage Variable	6.40	0	6.40
Sutherland Credit Union	Home basic	6.40	0	6.40
Reduce Home Loans	Basic variable professional	6.29	330	6.41
Macquarie Credit Union	Power Home Loan	6.41	0	6.41
First Option CU	Mortgage secured	6.41	0	6.41
State Custodians	Standard Variable	6.29	345	6.41
NAB	Tailored variable 250k+	6.29	395	6.43
St George Bank	Standard Variable (\$250k+)	6.29	395	6.43
Queenslanders CU	Original home loan	6.43	0	6.43
Maritime Mining and Power	First Rate Home Loan	6.44	0	6.44
mecu	Basic Variable	6.44	0	6.44
mecu	Premium home loan \$250k+	6.44	0	6.44
Greater Building Society	Great rate home loan var	6.44	0	6.44
Maritime Mining and Power	First Home Loan Borrower	6.44	0	6.44
Lifeplan Funds Management	Flexismart home loan	6.44	0	6.44
Illawarra CU NSW	Reward Rate Home Loan	6.45	0	6.45
Unicom Credit Union	Reward Rate Home Loan	6.45	0	6.45
ANZ	Simplicity Plus	6.46	0	6.46
Assured Home Loans	Rate breaker variable	6.47	0	6.47
Horizon Credit Union	Basic home loan	6.45	60	6.47
Horizon Credit Union	mortgage breaker	6.45	60	6.47
Heritage Building Society	Standard Variable (Profess)	6.39	250	6.48
Bendigo Bank	Standard Variable	6.45	96	6.48

Exercising choice with financial products

Institution	Product	Published rate (%)	Ongoing fees paid	Total effective cost (%)
CUA	Better Start Home Loan	6.49	0	6.49
ME Bank	Std Variable Super Member	6.49	0	6.49
Suncorp Bank	Standard variable (\$250k+)	6.49	0	6.49
Moneymax	Home manager	6.49	0	6.49
family first CU	Standard variable	6.50	0	6.50
Hume Building Society	Standard variable	6.50	0	6.50
BankSA	Negotiated Basic H/L	6.51	0	6.51
IMB	Budget Blue Home Loan	6.52	0	6.52
AMP Banking	Basic Variable	6.52	0	6.52
Rate Busters	Fee buster variable	6.52	0	6.52
Hunter United Credit Union	Basic variable	6.50	60	6.52
Warwick Credit Union	Essential Home Loan	6.48	120	6.52
Qantas Staff CU	Home plus variable <\$500k	6.54	0	6.54
Community CPS Australia	Standard Variable (Pinnacle)	6.54	0	6.54
Homeloans	Smart saver	6.54	0	6.54
Teachers Credit Union	My first home loan	6.54	0	6.54
Qld Professional CU	Friendly home loan	6.50	120	6.54
Homeloans	Balanced special premium	6.55	0	6.55
Sutherland Credit Union	Home plus	6.55	0	6.55
BankWest	Capped Rate Var Home Loan	6.50	144	6.55
Police & Nurses Mutual Bk	Easypay variable	6.53	60	6.55
Westpac	Flexi First Option	6.56	0	6.56
AMP Banking	Select T@ Variable Pkg	6.44	349	6.56
HomeSide	HomePlus Indicator 2	6.52	120	6.56
Coastline Credit Union	Options home loan	6.54	96	6.57
Qld Teachers CU	Mortgage Breaker (<\$500)	6.44	395	6.58
ANZ	Standard Variable (<\$700k)	6.56	60	6.58
ANZ	Standard variable (<\$700k)	6.56	60	6.58
Companion CU	Package Plus HL <\$300k	6.59	0	6.59
Gateway Credit Union	Standard variable	6.59	0	6.59
United Community	Standard variable (Pinnacle)	6.59	0	6.59
BMC Mortgage	Premier Package Home Loan	6.61	0	6.61
Suncorp Bank	Back to basics	6.61	0	6.61
Police & Nurses Mutual Bk	Lifestyle home loan	6.59	60	6.61
Holiday Coast CU	live Life home In \$250k+	6.50	320	6.61
St George Bank	Negotiated Basic H/L	6.51	300	6.61
BankSA	Standard Variable (250k+)	6.48	395	6.62
CUA	Standard variable	6.62	0	6.62
RESI Mortgage Corp	Complete home loan	6.62	0	6.62
CainsPenny Savings & Loan	Variable home loan	6.60	60	6.62
IMB	Standard Variable (<\$300k)	6.50	360	6.63
Wagga Mutual Credit Union	Help Hand First Home Buy	6.63	0	6.63
Wagga Mutual Credit Union	Standard Variable	6.63	0	6.63
Commonwealth Bank	Economiser Home Loan	6.60	96	6.63
Commonwealth Bank	Rate Saver Home Loan	6.60	96	6.63

Institution	Product	Published rate (%)	Ongoing fees paid	Total effective cost (%)
IMB	Standard Variable (<\$300k)	6.65	0	6.65
Encompass	Mortgage loan	6.65	0	6.65
Hunter United Credit Union	Standard Variable Pkg	6.60	195	6.67
Community First CU	True Value Var HL (\$250k+)	6.54	395	6.68
CUA	Basic variable \$250k+	6.69	0	6.69
Victoria Teachers CU	Offset Home Loan L86	6.69	0	6.69
Bank of Queensland	Standard Variable (\$250k+)	6.56	375	6.69
Westpac	Rocket Repay (\$250k+)	6.56	395	6.70
FCCS Credit Union	Value plus variable	6.70	0	6.70
FCCS Credit Union	Standard variable	6.70	0	6.70
QuickDirect online mortgage	Options Plus	6.71	0	6.71
Warwick Credit Union	Premium home loan	6.69	90	6.72
Bank of Queensland	Economy Home Loan	6.68	120	6.72
RAMS Home Loans	Standard variable	6.73	0	6.73
Commonwealth Bank	Standard Variable (<\$350k)	6.61	350	6.73
United Community	Basic Home Loan Variable	6.69	132	6.74
Community First CU	True Value Var HL	6.74	0	6.74
Maitland Mutual BS	Mutual Home Loan	6.74	0	6.74
Police Credit	Variable loan	6.74	0	6.74
Teachers Credit Union	Flexi choice	6.74	0	6.74
Teachers Credit Union	Variable loan io	6.74	0	6.74
Assured Home Loans	EasyStart variable	6.74	0	6.74
ECU Australia	Premium Variable	6.75	0	6.75
MyState Financial	Essentials Home Loan	6.75	0	6.75
Powestate Credit Union	Standard Variable <\$300	6.75	0	6.75
Circle Credit Coop	Rate saver	6.75	0	6.75
AMP Banking	Classic Variable (<\$750k)	6.64	349	6.76
Laiki Bank	Standard variable	6.73	120	6.77
Arab Bank Australia	Basics Home Loan	6.74	96	6.77
Citibank	Basic variable	6.78	0	6.78
ME Bank	Ultimate Super Member	6.79	0	6.79
Australian Defence CU	Standard variable offset	6.79	0	6.79
Greater Building Society	Standard variable	6.80	0	6.80
mecu	Premium Home loan	6.80	0	6.80
Intech Credit Union	Classic Home Loan	6.81	0	6.81
Heritage Building Society	standard variable	6.80	60	6.82
AIMS Home Loans	First Option Var Home LN	6.78	120	6.82
Community CPS Australia	Parent Variable	6.84	0	6.84
Community CPS Australia	Standard variable loan	6.84	0	6.84
HSBC	Standard variable	6.84	0	6.84
Coastline Credit Union	No fee home loan L80	6.84	0	6.84
HSBC	Home smart variable (250k+)	6.84	0	6.84
Memberfirst Credit Union	Premium Var 100% Off	6.84	0	6.84
Memberfirst Credit Union	Standard Variable	6.84	0	6.84
Australian Central CU	Standard variable	6.86	0	6.86

Exercising choice with financial products

Institution	Product	Published rate (%)	Ongoing fees paid	Total effective cost (%)
Newcastle Permanent	Real options	6.87	0	6.87
The Capricornian	Standard Variable	6.88	0	6.88
United Community	Parent home loan variable	6.89	0	6.89
United Community	Standard variable	6.89	0	6.89
Savings & Loans CU	Standard variable	6.86	96	6.89
Bananacoast Community CU	Standard variable	6.90	0	6.90
Police CU SA	Variable rate home loan	6.90	0	6.90
Horizon Credit Union	Classic home loan	6.85	150	6.90
Macquarie Credit Union	Standard Variable	6.91	0	6.91
Sydney Credit Union	Mortgage secured	6.91	0	6.91
B&E	Standard Variable	6.87	120	6.91
BankWest	Lite Home Loan	6.93	0	6.93
Aussie Home Loans	Standard variable	6.94	0	6.94
Maitland Mutual BS	Premium Std Variable	6.94	0	6.94
ME Bank	Standard variable	6.94	0	6.94
Warwick Credit Union	Classic Home Loan	6.94	0	6.94
Lifepan Funds Management	Standard Variable	6.94	0	6.94
IMB	Standard Variable	6.95	0	6.95
Macarthur Credit Union	Home Loan Variable	6.95	0	6.95
TIO Banking	Essentials Variable	6.91	120	6.95
Citibank	Standard Offset Var (<\$500k)	6.83	350	6.95
Citibank	Standard Variable (<\$500k)	6.83	350	6.95
BankWest	Plus package <\$1m	6.83	360	6.96
AIMS Home Loans	Gold Standard Variable	6.96	0	6.96
Heritage Building Society	Premium variable	6.96	0	6.96
ANZ	Standard variable (\$250k+)	6.46	1500	6.98
Bendigo Bank	Standard variable	6.95	96	6.98
NAB	Clear banking home loan	6.99	0	6.99
RTA Staff CU	Standard variable	6.99	0	6.99
Illawarra CU NSW	Standard variable	7.00	0	7.00
Unicom Credit Union	Standard Variable	7.00	0	7.00
Hunter United Credit Union	Standard Variable	6.99	60	7.01
AIMS Home Loans	Money Saver Variable	7.02	0	7.02
Greater Building Society	Mortgage express	7.00	60	7.02
NAB	Tailored home loan var	6.99	96	7.02
Qld Teachers CU	Mortgage breaker	7.04	0	7.04
Defence Force CU	True value home loan	7.04	0	7.04
BankWest	Mortgage Shredder	7.05	0	7.05
Maleny & District Comm	Residential home loan	7.05	0	7.05
Qld Police Credit Union	Standard variable	7.09	0	7.09
SERVICE One Members Bank	Standard variable home loan	7.05	120	7.09
Commonwealth Bank	Standard variable Loan	7.11	96	7.14
MyState Financial	Standard variable home loan	7.16	0	7.16
Sutherland Credit Union	Home in one loan	7.16	8	7.16
Citibank	Standard offset variable	7.13	96	7.16

Institution	Product	Published rate (%)	Ongoing fees paid	Total effective cost (%)
Citibank	Standard variable	7.13	96	7.16
St George Bank	Standard variable	7.18	0	7.18
ANZ	Standard Variable	7.16	60	7.18
Defence Force CU	Flexi choice Variable	7.14	200	7.21
BankSA	Standard Variable	7.18	120	7.22
AMP Banking	Classic Variable rate	7.19	120	7.23
Suncorp Bank	Standard variable	7.19	120	7.23
ME Bank	Ultimate offset	7.24	0	7.24
Adelaide Bank	SmartDoc Variable	7.24	120	7.28
Westpac	Rocket Repay Home Loan	7.26	96	7.29
Bank of Queensland	Standard variable	7.26	120	7.30
Qld Professional CU	Standard Variable	7.35	0	7.35
La Trobe Financial Services	Standard Variable	7.34	300	7.44
Arab Bank Australia	Standard Variable	7.45	0	7.45
AIMS Home Loans	Complete Variable	7.51	0	7.51

Source: Cannex, 12 April 2010

Table A.3: Savings products by base interest rate

Institution	Product	Base rate (% nominal)
Police credit union	Investment - At Call S2	3
Horizon	Advantage 55 S55	3
Coastline	Gold Benefits S50	3
Queensland Professional CU	Gold Account S15	3
Rural Bank	Gold Cash Management	3
Newcastle Permanent	Special Monthly Interest	3
HolidayCoast	i-Saver Account S21	3.25
St George	Investment Cash Account	3.25
Service One	Money Management	3.25
BCU	Community Saver Ac S60	3.45
ANZ	V2 Plus	3.5
Psis family banking	Online Account	3.5
Police credit union	14 Day Notice S14	3.5
SGE credit union	Reward Me Saver Account	3.5
Lifeplan	Bonus Cash Account S30	3.5
Laiki Bank	Smart Saver Account	3.5
SGE credit union	Bonus Savers Account	3.75
SGE credit union	Inetsaver Account	3.75
Police credit union	iSavings	3.75
myState	Online Savings Account	3.75
Wagga Mutual	Cash Management S20	3.75
Savings & Loans	Online Saver	3.85
Heritage	Community Saver Account	3.95
Asgard	CASH Connect	4
NAB	Cash Manager A1CF	4
AMP	EASYSAYER Account	4.05
NAB	Margin Loan Cash Management Ac	4.19
Police credit union	Redifund Plus AC S21	4.2
NAB	iSaver	4.25
RaboDirect	PremiumSaver	4.25
Westpac	eSaver	4.25
Encompass	Emoney Account S30	4.25
Tio	Essentials eSaver	4.25
ANZ	Online Saver	4.5
Defcredit	I-Saver Account	4.5
Macquarie	Cash Management Account	4.5
BCU	Direct Saver S16	4.5
ADCU	Star Saver Direct Ac S20	4.5
Laiki Bank	Smart Net Account	4.5
Asgard	eCASH	4.65
Sutherland Credit Union	Super Access	4.7
Police & Nurses Credit Union	CashSaver Account	4.75
United Community	monEsaver Internet Acc	4.75
Australian Central	e-savings Account	4.75
Horizon	HorizonDirect S10	4.75

Institution	Product	Base rate (% nominal)
Sutherland Credit Union	eSaver	4.75
Suncorp Bank	eOptions	4.75
Companion	monEsaver Account	4.75
Community CPS Australia	monEsaver Internet Acc	4.75
Police credit union	Online SuperSaver Acc S8	4.8
St George	Sense Account Savings	4.85
BankSA	Sense Account Savings	4.85
ING direct	Savings Maximiser	4.9
Teachers credit union	First Saver	4.9
RaboDirect	High Interest Savings Account	5
The Rock Building Society	Online Saver Account	5
Gateway CU	eMax Saver	5
AMP	First Account	5.15
Citibank	Online Saver	5.25
Ubank	USaver	6.01

Source: Cannex, 9 July 2010