

For immediate release

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Savings slashed: Aussie households set to lose \$1.9 billion following rate cut

- ➔ Australian households may lose up to \$1.9 billion in interest on savings and term deposit accounts
- ➔ This is the equivalent of, on average, \$210 lost for every household in Australia
- ➔ Interest rate update: Which banks have cut their savings and term deposit account interest rates

9 May, 2016, Sydney, Australia – New research from finder.com.au, one of Australia's biggest comparison websites¹, has revealed that Australian households will forgo up to \$1.9 billion in interest on their savings, following the [Reserve Bank's 0.25% cash rate cut](#) last Tuesday (3 May 2016).

While mortgage holders are rejoicing at news of a new historically low cash rate of 1.75%, it's a different story for those saving or relying on savings.

Australian households currently have \$778.4 billion in deposit and savings accounts across the country, according to the latest data from the Australian Prudential Regulatory Authority (APRA). Presuming the 0.25% interest rate cut is passed on in full to the \$778.4 billion on deposit in Australian banks, this would wipe out a staggering \$1.94 billion in interest over the course of a year.

Based on forecasts from the Australian Bureau of Statistics (ABS) 2011 census data, this is the equivalent of \$210 lost in interest on average for every household in Australia².

Bessie Hassan, Money Expert at finder.com.au, says that it's crucial that savers work harder to find the best deals.

"We're already seeing some lenders act on last week's cash rate cut, with seven lenders announcing that they'll be decreasing interest rates for savers, and others expected to follow suit.

¹ Experian Hitwise since 2013

² 9,241,500 households, according to the Australian Bureau of Statistics

Lenders who have announced changes to savings and deposit accounts

Bank	Product	Change	New rate	Effective date
ANZ	Online Saver	-0.25%	2.90%	13 May 2016
ANZ	Progress Saver	-0.25%	2.26%	13 May 2016
ANZ	4 Month Advance Term Deposit	+1.00%	3.00%	In effect
ANZ	Advance Term Deposit (\$5k<\$100k)	-0.25%	1, 2, 5, 7, 8, 9, 10, 11 months: 1.75%, 18 months: 2.35%, 24 months: 2.45%, 36 months: 2.50%, 48 months: 2.55%, 60 months: 2.75%	In effect
ANZ	Advance Term Deposit (50+)	-0.25%	1, 2, 5, 7, 8, 9, 10, 11 months: 1.95%, 18 months: 2.55%, 24 months: 2.65%, 36 months: 2.70%, 48 months: 2.75%, 60 months: 2.95%	In effect
Greater Bank	1-23 Month Term Deposit	-0.25%	1, 2 months: 1.75%, 3, 4 months: 2.45%, 5 months: 2.65%, 6 months: 2.75%, 7, 8 months: 2.45%, 9 months: 2.75%, 10, 11 months: 2.45%, 12, 13 months: 2.75%, 14-23 month: 2.45%	Today
Greater Bank	3-5 Year Term Deposit	-0.30%	3, 4, 5 years: 3.20%	Today
HSBC	Serious Saver	-0.25%	2.50%	Today
ING Direct	Savings Maximiser	-0.25%	3.00%	In effect
Macquarie Bank	Cash Management Account	-0.25%	1.65%	In effect
Macquarie Bank	Cash XL	-0.25%	1.65%	In effect
Macquarie Bank	Savings Account	-0.25%	1.75%	In effect
Macquarie Bank	Term Deposit (<\$1 million)	-0.15%	1, 2 months: 1.90%, 3, 4, 6, 9 months: 2.65%	Today
Macquarie Bank	Term Deposit (\$1 million-\$3 million)	-0.25%	1, 2 months: 1.80%, 3, 4, 6, 9 months: 2.00%	Today
Macquarie Bank	Term Deposit (>\$3 million)	-0.25%	1, 2 months: 1.80%, 3, 4, 6, 9 months: 2.00%	Today

NAB	Cash Manager	-0.25%	1.25%	Today
NAB	Business Cash Manager (>\$10k)	-0.25%	1.05%	Today
NAB	Business Interest Account (>\$50k & <\$100k)	-0.25%	0.75%	Today
UBank	USaver with Ultra Bonus	-0.25%	3.12%	Today
UBank	USaver Reach	-0.25%	2.56%	Today
UBank	USaver SMSF	-0.25%	2.31%	Today

Source: finder.com.au



To date, three lenders have announced rate changes for term deposit accounts, including ANZ who bucked the trend.

Interestingly, while ANZ did not pass on the full 0.25% rate cut to its home loan customers, it has announced an increase of 1% for the ANZ Advance Four-Month Term Deposit account to 3%.

“However, this is the exception rather than the rule. On the other hand, Greater Bank has gone beyond the cash rate cut and slashed their 3-5 Year Term Deposit Rate by 0.3%.

“The impact from these rate cuts is likely to hurt Australians who are saving, or relying on their savings as a form of income, such as retirees,” says Ms Hassan.

“Five years ago we were enjoying term deposit rates as high as 6% and now the average rate is 2.52% for a six month term deposit based on a \$50,000 balance. If you factor in a 0.25% rate cut on top of this rate – which would bring it down to 2.27% – the slide in savings compared to five years ago is dramatic to say the least, equivalent to more than \$900 in potential lost earnings.”

To keep one step ahead of the game, it’s important to compare different savings accounts from a range of reputable banks, building societies and credit unions, she says.

“If you’re opening up a new savings account, read the fine print so you’re aware of fees and conditions and check what the interest rate will revert to once the introductory period expires.”

[To earn a higher interest rate](#) or to earn bonus interest, stick to the conditions set out by your bank, says Ms Hassan.

[finder.com.au's top high interest savings accounts](#)

High Interest Savings Account	Maximum Interest Rate
ME Online Savings Account	3.60%
Citibank Online Saver	3.40%
St.George Maxi Saver	3.20%
Bank of Melbourne Maxi Saver	3.20%
BankSA Maxi Saver	3.20%

Source: finder.com.au



“This may involve making a minimum monthly deposit and refraining from withdrawals for the month. Making regular deposits is a good habit to get into – look into setting up an automatic transaction to deposit your salary into the account every payday.

“In some cases, you may also need to open an everyday transaction account with the same bank in order to earn the maximum variable rate. Get familiar with these terms to ensure that you secure the highest rate possible.”

Finally, remember that interest rates on savings accounts are negotiable,” Ms Hassan says.

“Strike up a conversation with your bank and use your customer loyalty as leverage. As banks want to retain you as a customer, they may be willing to budge particularly if you have a sizeable amount of funds sitting in an account.”

Keep updated on which lenders are passing on rate cuts:

[Home loans](#)

[Savings accounts and term deposits](#)

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