

## News & Views

### Credit card debt is our biggest worry

An online poll in News Limited newspapers has found that credit card debt is the biggest concern for the majority of consumers. 57 per cent of survey respondents said credit card debt was their biggest debt concern. Twenty four per cent said their home loan was their number one financial worry. Higher Education Contribution Scheme (HECS) debts was the biggest concern of 7 per cent of survey participants and came in third. Personal loans, store cards and investment loans attracted a handful of votes each.

### ANZ is greenest bank in the world

ANZ has been named the most sustainable bank in the world for the third year in a row by the Dow Jones Sustainability Index. ANZ Chief Executive Officer Mike Smith said: "This assessment recognises that we have maintained and strengthened our focus on responsible business practices during a period of global economic instability. Our new global Code of Conduct and Ethics, brand strategy, programs to create a risk-aware culture across the organisation and support for customers facing financial hardship were highly rated by the DJSI as clear evidence that we are embedding responsible practices into everything we do."

### Competition returning to mortgage market

Smaller banks are winning back some of the market share they have lost in the last year to the major banks in mortgages. The share of new business going to the big four banks fell from 75 per cent in the March quarter back to 60 per cent said big brokerage chain Mortgage Choice. "They (the smaller banks) are back," Mortgage Choice chief executive Michael Russell says. "To have three second-tier banks finish third, fourth and sixth (St George, BOQ and ING) shows the strength of their competitiveness." Figures from the banking regulator, APRA, indicate that the big four banks won back considerable market share in July.

### Brokers delay mortgage applications

Up to seventy five per cent of mortgage applications to banks from mortgage brokers had errors and needed to be reworked according to NAB Broker head of broker services, Amanda Rockliff. Commonwealth Bank's general manager mortgage wealth retail banking services, James Sheffield, said applications coming from brokers had an average of 2.5 errors. The bankers acknowledged that there were problems at their end. They were taken off guard by the strong demand for home loans with the big banks over the past year and had not budgeted for the amount of processing they would need to do. Westpac senior manager consumer and business services team, Terry Neve, said: "We put on 130 extra people. That is settling down now." All the big banks have core banking system upgrades under way and are hoping for greater efficiencies in the coming year. Commonwealth Bank introduced electronic lodgement in July, although mortgages are not yet on the new core banking system, and Westpac will have it from October.

## National Market Ranges

### Home Loans

|                     |              |
|---------------------|--------------|
| Standard Variable   | 4.79 - 6.20% |
| Basic Variable      | 4.78 - 5.69% |
| 1 Yr Intro          | 3.67 - 5.99% |
| 3 Yr Fixed          | 6.49 - 7.69% |
| Investment Variable | 4.79 - 6.20% |

### Deposit Accounts

|                           |              |
|---------------------------|--------------|
| Cash Management \$10,000  | 0.01 - 4.00% |
| Cash Management \$50,000+ | 0.25 - 4.00% |
| Online Savings >\$5,000   | 0.10 - 5.21% |
| Savings >\$2,000          | 0.01 - 4.00% |

### Investment Accounts

Interest paid at maturity or per annum

|                   |              |
|-------------------|--------------|
| \$10,000, 90 Days | 1.00 - 4.80% |
| \$10,000, 1 Year  | 2.00 - 5.05% |
| \$10,000, 3 Years | 2.08 - 6.50% |

### 1,500 mortgage brokers fail the test

The Mortgage Finance Association of Australia said it dropped 1500 brokers from its membership because the brokers failed to update qualifications in line with association policy. In 2007 the MFAA resolved that brokers must hold a Certificate IV in Financial Services (Finance and Mortgage Broking). Regulations for the licensing of credit providers are likely to require this standard when they come into force over the next two years. Major broking groups already require their staff and affiliates to hold this certificate, or better, so the brokers dropped from the MFAA would all work with smaller broking firms. There are also other industry associations that compete with the MFAA for the support and fees of mortgage brokers. Phil Naylor, chief executive of the MFAA, said membership peaked at 13,800 in recent years and was down to 13,000 before dropping 1,500 this week. He said the association received about 150 applications for membership each month.

### NAB and rediATMs now one network

NAB and Cuscal (rediATM/Credit Unions) have received interim ACCC approval to join ATM networks. The new network, which is now live, will save NAB and rediATM customers millions of dollars a year in direct charge fees. The combined network will have more than 3,100 ATMs in rural, regional and metro locations, with 2,900 of those to be in unique locations - more than any other major bank in Australia. Full regulatory approval by the ACCC is expected later in 2009 however NAB and rediATM (Credit Union) customers can now utilise the joint network without incurring a direct charge fee.

### Commonwealth Bank accounts go real time

Commonwealth Bank customer transactions will be made instantly by a new core computer system that will be fully implemented by next year. Currently transactions are completed in ‘batches’ rather than as they happen. Commonwealth Bank’s executive general manager core banking modernisation Dave Curran said at a briefing yesterday that “the main set of retail deposit and transactions accounts will be switched over in the next calendar year so that’s obviously where the bulk of our customers will start to notice real time and what that means.” Currently first home saver accounts, Colonial First State term deposits and staff savings accounts are on the new system allowing customers using these products to conduct transactions in real time.

### Sydney auction results improving

The auction clearance rate in Sydney topped seventy per cent for the second week in a row. 70.1 per cent of 326 residential properties put up for auction on Saturday were sold on the day. Last week 72 per cent of 318 properties sold at auction. Those results compare well with the same weekend last year, when 45 per cent of 258 properties listed for auction were sold on the day. Melbourne auction results continue their outstanding run with 76 per cent of 606 properties put up for auction on Saturday selling on the day. On the corresponding weekend last year, 81 per cent of 582 properties sold at auction. Final results from last week show that 81 per cent of 694 properties sold at auction in Melbourne.

## Feature Article

### First home buyers pass the baton to upgraders

The big worry for lenders in the housing finance market has been that when the strong push from first home buyers came to an end the market would lose its momentum and be back in the doldrums.

Housing finance figures released by the Australian Bureau of Statistics this week suggest that first home buyer demand has indeed peaked. After rising steadily in response to low rates and government stimulus first, home buyer share of all dwellings financed peaked at 28.5 per cent in May and fell back to 27.1 per cent in June and 25.7 per cent in July.

Overall, the housing finance market softened in July. Total dwelling finance of \$22.5 billion in July was down 2.3 per cent on the previous month.

However, there were positive signs. Westpac senior economist Andrew Hanlan pointed out in a note on the figures that “upgraders” continue to strengthen. Lending to so-called upgraders increased by 1.7 per cent in July and has climbed 26 per cent so far in 2009.

Upgraders are not a group identified in the official figures; Westpac calculates upgraders by removing refinancing from the ABS owner-occupied group.

The bank’s commentary says: “First home buyers responded to government incentives quickly and in large numbers – so much so that a reversal is now underway from unsustainable highs.

“Upgraders continue to respond to extremely expansionary monetary policy, with variable mortgage rates at their lowest since 1968.

“While the RBA has signalled an intention to lift rates from current lows, policy will remain expansionary for some time, with rates a long way below average levels.”

The consensus among big bank economists is that rates will start to rise in the first quarter next year but there is a wide range of expectations

as to how far rates will have risen by the end of 2010.

ANZ predicts that the official cash rate will move from its current level of three per cent up to 3.75 by September next year. Westpac predicts that the cash rate will start to move in the March quarter next year and will reach four per cent by the end of the year.

The most bearish of the big banks on rates is Commonwealth Bank, which says it expects rates to remain on hold until the first quarter of next year but then rise quickly to 4.75 per cent by the end of the year.

The economists have not ruled out a rate rise before the end of the year. ANZ’s commentary says: “The probability of monetary policy tightening before the end of the year is rising. At this stage, we believe the RBA will need to see further evidence on how the household sector performs to make this decision. Should retail sales and employment data continue to hold firm in the coming months, then there is a serious probability that rate hikes could commence from November.”

## Next Week’s Announcements

|     |        |  |
|-----|--------|--|
| Mon | 14 Sep | Aust Lending Finance (July)  |
| Tue | 15 Sep | Aust Dwelling Commencements (2nd Quarter)<br>RBA Board Minutes for September |
| Wed | 16 Sep | Aust MI / WBC Leading Index (July)   |
| Thu | 17 Sep | Aust RBA Bulletin (August)   |
| Fri | 18 Sep | -  |

## Infochoice Online Calculator Updates

InfoChoice have been developing online financial calculators for over 10 years with a standard suite of home loan and savings online calculators. Our range of calculators are used on over 100 financial institutions websites.

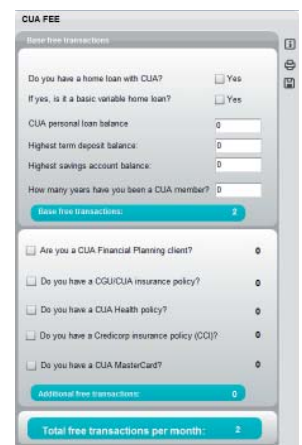
In addition to our standard suite, InfoChoice works with financial institutions to develop customised calculators that can be developed based on their requirements. Examples of recent calculators include:

### CUA Fee Calculator

The CUA Fee Calculator allows consumers to calculate the benefit of having multiple products with CUA by calculating how many free transactions they are entitled to each month.

Fees form a common part of banking and consumers can save money by bundling products and services from one financial institution.

This Calculator makes it easier for consumers to take control of their banking.



For more information on calculators, please contact Amanda March on 02 8507 7162 or amanda.march@infochoice.com.au

Sources: InfoChoice, Daily Telegraph, The Australian

## This Week's Rate Movements

### Home Loans - 1 Year Fixed Rates

| Institution                    | Product                              | Old Value | New Value | Date of Change | Change Value |
|--------------------------------|--------------------------------------|-----------|-----------|----------------|--------------|
| Victoria Teachers Credit Union | Standard Home Loan (with fixed rate) | 5.29      | 5.45      | 09-09-2009     | 0.16         |

Key: (OO) - Owner Occupied (I) - Investment (B) - Both

### Home Loans - 2 Year Fixed Rates

| Institution                    | Product   | Old Value | New Value | Date of Change | Change Value |
|--------------------------------|-----------|-----------|-----------|----------------|--------------|
| Cairns Penny Savings and Loans | Home Loan | 6.00      | 6.40      | 07-09-2009     | 0.40         |

Key: (OO) - Owner Occupied (I) - Investment (B) - Both

### Home Loans - 3 Year Fixed Rates

| Institution                    | Product                              | Old Value | New Value | Date of Change | Change Value |
|--------------------------------|--------------------------------------|-----------|-----------|----------------|--------------|
| Cairns Penny Savings and Loans | Home Loan                            | 6.60      | 6.95      | 07-09-2009     | 0.35         |
| Community CPS Australia        | Home & Investment Loan               | 6.99      | 6.89      | 08-09-2009     | -0.10        |
| United Community               | Home & Investment Loan               | 6.99      | 6.89      | 08-09-2009     | -0.10        |
| Victoria Teachers Credit Union | Standard Home Loan (with fixed rate) | 6.29      | 6.99      | 09-09-2009     | 0.70         |

Key: (OO) - Owner Occupied (I) - Investment (B) - Both

### Home Loans - 4 Year Fixed Rates

| Institution             | Product                | Old Value | New Value | Date of Change | Change Value |
|-------------------------|------------------------|-----------|-----------|----------------|--------------|
| Community CPS Australia | Home & Investment Loan | 7.49      | 7.59      | 08-09-2009     | 0.10         |
| United Community        | Home & Investment Loan | 7.49      | 7.59      | 08-09-2009     | 0.10         |

Key: (OO) - Owner Occupied (I) - Investment (B) - Both

### Home Loans - 5 Year Fixed Rates

| Institution                    | Product                              | Old Value | New Value | Date of Change | Change Value |
|--------------------------------|--------------------------------------|-----------|-----------|----------------|--------------|
| Community CPS Australia        | Home & Investment Loan               | 7.59      | 7.69      | 08-09-2009     | 0.10         |
| United Community               | Home & Investment Loan               | 7.59      | 7.69      | 08-09-2009     | 0.10         |
| Victoria Teachers Credit Union | Standard Home Loan (with fixed rate) | 7.19      | 7.74      | 09-09-2009     | 0.55         |

Key: (OO) - Owner Occupied (I) - Investment (B) - Both

### Credit Cards - Purchase Rates

| Institution                              | Product                              | Old Value | New Value | Date of Change | Change Value |
|--|--------------------------------------|-----------|-----------|----------------|--------------|
| Police Department Employees Credit Union | Police Credit Union Visa Credit Card | 11.20     | 10.96     | 07-09-2009     | -0.24        |

### Online Savings Accounts - All Amounts

| Institution | Product                          | Old Value | New Value | Date of Change | Change Value |
|-------------|----------------------------------|-----------|-----------|----------------|--------------|
| Suncorp     | Everyday Options Savings Account | 3.50      | 3.25      | 07-09-2009     | -0.25        |