

News & Views

ANZ grabs all of ING

ANZ announced it has reached agreement with ING Group to acquire ING Group's 51% shareholdings in the ANZ-ING wealth management and life insurance joint ventures in Australia and New Zealand for A\$1,760 million. The deal strengthens ANZ's position in wealth management and life insurance. ANZ/ING now claim the #3 position in life insurance in Australia, #5 position in retail funds management in Australia and a leading position in New Zealand. Total funds under management amounts to A\$45 billion as at 31 July 2009. ANZ now have complete ownership of a strong distribution network with around 1,700 aligned financial advisers in Australia, relationships with non-aligned planners and existing distribution through the ANZ network.

Auction frenzy as grants phase out

A record number of auctions were held in Sydney on the weekend, the last weekend of the first home owner's boost. The boost will reduce to \$3,500 on top of the first home owner's grant of \$7,000 on October 1. The boost will longer be available after 31 December 2009. The \$7,000 grant will continue. 153,000 people have applied for the boost and the grant since the boost was introduced last October by the federal government to prop up the housing market. Agents said while the boost was an important factor in improving auction results, improving confidence about job security, lower interest rates and the belief the market is on its way up again are all driving interest in real estate.

77,000 new customers for Suncorp

Suncorp reported growth in deposits over the financial year of 13 per cent, and even opened 77,000 new accounts. The growth in deposits comes after a difficult period for Suncorp. In the group's annual report, published on Friday, Suncorp confirmed that "events of 2008/09" had caused significant deposit outflows in September 2008 as investors shifted funds from regional banks and credit unions to AA-rated banks. This episode in the weeks following the crash of Lehman Brothers, was a serious one. In the past Suncorp has denied this run even took place. Suncorp was saved ultimately by the Australian government guarantee announced in mid October 2008.

Rates could rise next week

The Reserve Bank board meets next week for its October meeting and could lift rates say economists. If there is no rate rise in October, many economists believe that the RBA will raise rates by the end of 2009. The Reserve Bank governor Glenn Stevens said yesterday that unemployment is expected to peak soon, at a much lower rate than previously feared. Mr Stevens comments have been widely interpreted as meaning that the central bank is preparing to raise rates soon. Mr Stevens told a Senate inquiry into the economic stimulus that interest rates would need to rise to prevent unsustainable increases in house prices or other assets.

National Market Ranges

Home Loans

Standard Variable	4.79 - 6.20%
Basic Variable	4.78 - 5.69%
1 Yr Intro	3.67 - 6.04%
3 Yr Fixed	6.49 - 7.69%
Investment Variable	4.79 - 6.20%

Deposit Accounts

Cash Mgmt \$10,000	0.01 - 4.00%
Cash Mgmt \$50,000+	0.25 - 4.00%
Online Savings >\$5,000	0.01 - 5.21%
Savings >\$2,000	0.01 - 5.00%

Investment Accounts

Interest paid at maturity or per annum

\$10,000, 90 Days	1.00 - 4.80%
\$10,000, 1 Year	2.00 - 5.25%
\$10,000, 3 Years	2.06 - 6.50%

Rates are dangerously low says RBA

The Reserve Bank governor, Glenn Stevens, told the Senate economics committee in Sydney yesterday that interest rates were now at unusually low levels to fight the economic slump. Mr Stevens said it would be dangerous to leave them there as the economy recovered. The RBA will revise its economic forecasts again later this month and is expected to lift the outlook for economy, putting additional pressure on rates. Mr Stevens conceded that the government's economic stimulus may put pressure on interest rates because it raised total demand in the economy. Cutting the stimulus would tend to hold down interest rates, he said, but only because it would cut future growth.

Variable rate mortgages going up

While the major lenders have so far held off raising rates, a couple of small regional lenders have not been able to hold their standard variable mortgage rates down any longer. Tasmanian building society B&E Limited has joined Heritage Building Society in bumping up rates on their standard variable home loan product. Chief executive officer Paul Ranson says he tried to hold off as long as possible but eventually was forced to raise rates by ten basis points. "We have had our rates under review for a while and we didn't adjust when the CBA did; we held off then but the rising cost of retail deposits in particular has meant that we couldn't really avoid this move. Still we have still kept our rates in the competitive range - we are sitting in the middle of the big four." B&E's standard variable mortgage rate is now set at 5.77 per cent, with a discounted rate set at 5.19 per cent for loans over \$250,000.

Mortgage brokers run off their feet

More than forty per cent of all home loan borrowers sourced their loan through a mortgage broker in June, up from 30 per cent in 2005, according to a report by mortgage insurer Genworth. Brokers wrote and settled \$18.3 billion in new home loans in the June quarter, according to figures from independent consultants Market Intelligence Strategy Centre (MISC), an 18 per cent increase on the same period a year ago. "Many brokers and lenders were run off their feet with surging demand ... not just for first home buyers but also investors," said the MISC report. ANZ has the highest amount of loans sourced through brokers, at around 50 per cent of their total loans sold according to Mortgage Choice.

Commonwealth blinded Storm with bad data

Commonwealth Bank subsidiary, Colonial Geared Investments, provided inaccurate loan and margin information to Storm Financial said Storm co-founder Julie Cassimatis. Cassimatis took the stand at a Federal Court hearing in Brisbane yesterday and said Storm was 'blind' to the true state of its clients' investments late last year because the bank was providing faulty data. Commonwealth Bank's business and private banking group manager, Ian Narev, told the parliamentary inquiry investigating the collapse of Storm Financial that the bank may have provided inaccurate data to Storm Financial but only in "isolated cases"

Banks developing mobile banking

Mobile phone banking is potentially safer for customers away from home than internet banking because the customer is using their own device. NAB is introducing a new mobile phone banking service from next month that will allow customers to log on to their internet banking, pay bills and transfer money. "Anything you can do on the website you will be able to do via your mobile phone, said Warren Shaw, manager of NAB retail banking. Westpac is planning a new iPhone service to be launched later this year. CBA's mobile service is compatible with iPhone and other 3G handsets. St George has an iPhone service and will soon roll out a mobile service that will be compatible with another five handsets. ANZ's mobile service allows customers with standard mobile phone handsets to check their last ten transactions

Featured Article

Small financial institutions still competitive

The official figures may show that the big banks have a strong grip on key market segments, such as home loans and deposits, but the smaller institutions have not lost their capacity to innovate or their desire to compete.

This week ING Direct launched a new transaction account, Orange Everyday, and RaboPlus put a new bonus saver account into the market.

ING Direct's online transaction account, Orange Everyday, comes with an offer to rebate ATM direct charges (anywhere from \$1.50 to \$2) at any ATM the customer uses as long as the withdrawal is more than \$200.

The rebate applies only to withdrawals, not balance inquiries or other ATM transactions.

ING Direct does not own an ATM fleet and rather than join one of the

networks, such as rediATM, it decided to make all ATMs available to its customers.

ING Direct executive director savings, Brett Morgan, says: "Our decision not to join an ATM network was taken because we think our customers should have access to every ATM in the country."

But ING Direct is hoping to encourage customers to change their behaviour and use cash-out at point of sale terminals to make withdrawals. It will put 50 cents into the customer's account each time the customer takes out cash of more than \$200 using Eftpos.

The account is fee-free and offers unlimited transactions. The Infochoice database shows that there are several other financial institutions offering fee-free transaction accounts. They include BankWest and Heritage Building Society. BankWest has a \$2,000 minimum monthly deposit requirement.

Newcastle Permanent Building Society and CUA do not charge monthly fees but they have transaction charges.

National Australian Bank waives the monthly fee of \$5 on its NAB Classic Banking account if a minimum deposit requirement of \$3,500 is met. Westpac waives the \$5 monthly fee on its Choice account if a minimum of \$2,000 is deposited each month and St George has the same condition on its Complete Freedom account.

Orange Everyday pays no interest. Morgan says interest on transaction accounts produces very little return for most people. The bank's view is that people would rather avoid fees than earn a small amount of interest.

There is no cheque facility and no credit card offer. The payment card is Visa debit. Customers can use Australia Post for deposits and withdrawals.

RaboPlus has added a bonus saver account to its product portfolio. It will pay five per cent interest to customers who increase their balance by at least \$200 a month. The online account offers unlimited transactions.

The offer is also open to business customers but they will have to increase their balance by \$2,000 a month to earn 4.75 per cent. Customers who do not qualify for the bonus rate will earn three per cent on their savings.

Next Week's Announcements

Mon	5 Oct	AU CBA-AiGroup PSI AU ANZ Job ads
Tue	6 Oct	AU Trade balance AU RBA Cash rate
Wed	7 Oct	AU Housing finance Value of all loans, No. of own-occupiers AU AiGroup PCI,
Thur	8 Oct	AU Labour force, employment, 'unemployment rate, participation rate,
Fri	9 Oct	AU Tsy Sec Ken Henry Senate appearance

This Week's Rate Movements

Home Loans - Standard Variable Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
QuickDirect	Variable	5.00	5.05	29-09-2009	0.05

Home Loans - 1 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Arab Bank	Fixed Rate Home Loan	5.45	5.85	28-09-2009	0.40
Australian Central Credit Union	Fixed Rate Home Loan	5.79	6.09	28-09-2009	0.30
Bank of Queensland	Fixed Loan	5.64	5.94	02-10-2009	0.30
Commonwealth Bank	Complete Home Loan Standard	5.69	6.19	28-09-2009	0.50
HomeSide Lending	Homeside Reducible Mortgage - Standard Fixed	5.69	5.89	25-09-2009	0.20
mecu	Fixed Home Loan	5.29	5.49	29-09-2009	0.20
NAB	NAB Tailored Home Loan - Fixed Rate	5.79	5.99	28-09-2009	0.20
Newcastle Permanent Building Society	Fixed Rate Home Loan	5.39	5.44	02-10-2009	0.05

Home Loans -2 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Arab Bank	Fixed Rate Home Loan	6.35	6.75	28-09-2009	0.40
Australian Central Credit Union	Fixed Rate Home Loan	6.59	6.69	28-09-2009	0.10
Bank of Queensland	Fixed Loan	6.44	6.64	02-10-2009	0.20
Commonwealth Bank	Complete Home Loan Standard	6.54	6.84	28-09-2009	0.30
HomeSide Lending	Homeside Reducible Mortgage - Standard Fixed	6.39	6.59	25-09-2009	0.20
NAB	NAB Tailored Home Loan - Fixed Rate	6.49	6.69	28-09-2009	0.20
Newcastle Permanent Building Society	Fixed Rate Home Loan	6.39	6.44	02-10-2009	0.05

Home Loans - 3 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Arab Bank	Fixed Rate Home Loan	6.99	7.39	28-09-2009	0.40
Australian Central Credit Union	Fixed Rate Home Loan	7.09	7.19	28-09-2009	0.10
Commonwealth Bank	Complete Home Loan Standard	7.14	7.29	28-09-2009	0.15
mecu	Fixed Home Loan	6.49	6.69	29-09-2009	0.20

Home Loans - 4 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Arab Bank	Fixed Rate Home Loan	7.39	7.79	28-09-2009	0.40
Commonwealth Bank	Complete Home Loan Standard	7.59	7.69	28-09-2009	0.10
HomeSide Lending	Homeside Reducible Mortgage - Standard Fixed	7.29	7.39	25-09-2009	0.10
ING DIRECT	Fixed Rate Loan	7.74	7.49	02-10-2009	-0.25
Newcastle Permanent Building Society	Fixed Rate Home Loan	7.29	7.39	25-09-2009	0.10

Home Loans - 5 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Arab Bank	Fixed Rate Home Loan	7.59	7.99	28-09-2009	0.40
HomeSide Lending	Homeside Reducible Mortgage - Standard Fixed	7.09	7.59	25-09-2009	0.50
ING DIRECT	Fixed Rate Loan	7.74	7.49	02-10-2009	-0.25
Newcastle Permanent Building Society	Fixed Rate Home Loan	7.39	7.59	25-09-2009	0.20

Personal Loans - 1 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Bank of Queensland	Car Loan	11.64	11.49	02-10-2009	-0.15
Commonwealth Bank	Fixed Rate Secured Loan	10.80	11.30	28-09-2009	0.50

Personal Loans - 2 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Bank of Queensland	Car Loan	11.64	11.49	02-10-2009	-0.15
Commonwealth Bank	Fixed Rate Secured Loan	10.80	11.30	28-09-2009	0.50

Personal Loans - 3 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Bank of Queensland	Car Loan	11.64	11.49	02-10-2009	-0.15
Commonwealth Bank	Fixed Rate Secured Loan	10.80	11.30	28-09-2009	0.50

Personal Loans - 4 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Bank of Queensland	Car Loan	11.64	11.49	02-10-2009	-0.15
Commonwealth Bank	Fixed Rate Secured Loan	10.80	11.30	28-09-2009	0.50

Personal Loans - 5 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Bank of Queensland	Car Loan	11.64	11.49	02-10-2009	-0.15
Commonwealth Bank	Fixed Rate Secured Loan	10.80	11.30	28-09-2009	0.50

Personal Loans - 6 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Bank of Queensland	Car Loan	11.64	11.49	02-10-2009	-0.15

Personal Loans - 7 Year Fixed Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Bank of Queensland	Car Loan	11.64	11.49	02-10-2009	-0.15

Personal Loans - Variable Rates

Institution	Product	Old Value	New Value	Date of Change	Change Value
Bank of Queensland	Car Loan	12.28	12.18	02-10-2009	-0.10

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