

BIG FOUR HOME LOAN CUSTOMERS PAY \$2.7 BILLION MORE

Research from financial comparison experts InfoChoice.com.au shows that the reluctance of Australian consumers to shop around for the best deal is costing them \$2.7 billion in excess mortgage repayments each year.

Despite the major banks continuing to offer significantly higher interest rates than other smaller competitors in the marketplace, 90 per cent of new home loans are currently being provided by the Big Four.

The InfoChoice research found that as a result this week's latest rate rises from the major banks, more than 60 home lenders currently offer better mortgage rates than the CBA, Westpac, ANZ and NAB.

"Australian consumers are usually pretty savvy when it comes to their finances, and yet they continue to miss significant opportunities for savings when it comes to home loans," said InfoChoice CEO Shaun Cornelius.

"The current reluctance from consumers to look beyond the majors is not doing anyone, least of all themselves, any favours," he said.

"Rather than sit back and simply cop this latest round of rate rises, Australians should fight back and shop around for a better deal."

The latest InfoChoice Rate Tracker research shows that following this week's round of interest rate rises, the average Standard Variable Rate on offer from the majors is 5.78 per cent, more than half a percent more than the best Credit Union rate available.

According to the research, the discrepancy in mortgage rates between the Big Four banks and smaller, more competitive credit unions and building societies can now add up to three years onto the life span of the average home loan.

"Given most Australians are currently being forced to tighten their financial belts, it is baffling that so many new homeowners refuse to look beyond the big banks and take advantage of lower rates on offer from more competitive institutions," said Mr Cornelius.

"With all credit unions and building societies required to follow the same APRA standards as the major banks, there is no risk for consumers taking out a mortgage product with one of these providers," he said.

"Your loan is secure, you're being charged less interest and independent industry research also verifies that the level of customer service offered is far superior."

According to the InfoChoice.com.au study, Australian homeowners taking out a loan with a more competitive credit union, building society or non-bank lender than the Big Four could reduce their annual interest bill by almost \$1,500. In addition, consumers that reinvest the money saved back into their mortgage can cut the total cost of their loan by up to \$32,000.

"Although the current perceived 'flight to quality' has made it easier for the majors to raise rates without the risk of losing customers, this discrepancy in rates is not a recent phenomenon," said Mr Cornelius.

"Historically, Credit Unions and Building Societies have always offered competitive interest rates for home loans as they member-owned and not simply in the business to maximise profits for its shareholders," he said.

"Claims that consumers have little choice but to go with the Big Four are wide of the mark," said Mr Cornelius.

"There is competition in the marketplace, it's now up to the consumers to take responsibility for researching and locking in the best possible deal for themselves."

"By using an independent comparison site like infochoice.com.au consumers can easily compare interest rates from a range of financial institutions to ensure their money stretches as far as possible," he said.

Standard Variable Home Loan rate*

Financial Institution	Interest Rate
CBA, NAB	5.74%
Westpac, ANZ	5.81%
MECU	5.09%
CUA	5.27%
Heritage Building Society	5.30%
State Custodians Mortgage Company*	4.83%
QuickDirect**	4.89%

3-year fixed Home Loan rate*

Financial Institution	Interest Rate
CBA	6.69%
ANZ	6.34%
Westpac	6.59%
NAB	6.49%
Community first Credit Union	5.39%
Newcastle Permanent Building Society	5.79%
MECU	5.79%
CUA	5.89%
RAMS Home loans**	5.89%

5 year fixed Home Loan rate*

Financial Institution	Interest Rate
CBA	7.34%
ANZ	7.19%
Westpac	6.69%
NAB	7.19%
Newcastle Permanent Building Society	6.29%
IMB Building Society	6.59%
Savings & Loans Credit Union	6.59%
CUA	6,69%
RAMS Home Loans**	6.59%

* Data as at 16 June 2009

**Non bank lenders

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