





Following the Reserve Bank of Australia's (RBA) meeting on 19 March 2020, we have collated the key points and a quick snapshot of the reaction by the Big 4 banks. Although we have initially looked at the offerings from the Big 4 banks, we encourage all borrowers (be it leasing or loans) to speak with whichever bank/lender they are with to confirm details specific to their circumstances.

BANK	ANNOUNCEMENTS	COMMENTARY
 <p>Commonwealth Bank</p>	<ul style="list-style-type: none"> • Option to pause home loan repayments for up to 6 months • 0.70% reduction to 1, 2 and 3 year fixed home loan rates • 0.60% increase for 12 month term deposits to 1.70% p.a. • 1.00% reduction to all existing cash-linked small business loans • 1.00% reduction to business loans • Multiple fee waivers for business customers • Automatic enrolment of 76,000 businesses into loan deferral arrangements for up to 6 months 	<p>Not long after the RBA's announcement, CBA announced a host of changes to products for both businesses and households. Most notably, the big bank made the surprise decision to cut 1, 2 and 3 year fixed home loan rates by 0.70%. The changes will apply for both new and existing customers, and will see rates across all three terms drop to 2.29% p.a. The bank has not announced plans to reduce variable rates.</p> <p>To that end, CBA will be rolling out a range of measures to help businesses keep their lights on, including a reduction of 1.00% to business loan rates as of 3 April 2020. CBA will also lend support to business customers facing financial hardship by allowing for deferred repayments on vehicle and equipment finance loans.</p> <p>Struggling businesses can also receive waivers on merchant terminal fees, redraw fees, early redraw fees on business term deposit accounts, and establishment fees and excess interest on Temporary Excess products.</p>
 <p>nab</p>	<ul style="list-style-type: none"> • Option to pause home loan repayments for up to 6 months • 0.60% reduction to 1, 2 and 3 year fixed home loan rates • Introduction of 10-month term deposit offering 1.75% p.a. • 1.00% reduction on variable rates for small business loans • 2.00% reduction to new loans and all overdrafts on QuickBiz • Option to defer business credit card repayments • Option to defer business loan repayments for up to 6 months 	<p>One day after the RBA's out-of-cycle decision to lower official interest rates, NAB also announced changes across its product suite. Fixed home loan rates will see reductions of 0.60%, effective 25 March 2020. Once in place, owner occupiers making principal and interest repayments will be able to access rates as low as 2.39% p.a. for 1 year terms, 2.29% p.a. for 2 and 3 year terms, and 2.79% p.a. for 5 year terms. According to NAB, variable home loan rates will remain unchanged.</p> <p>The bank will also roll out a 10 month term deposit rate of 1.75% p.a. on 24 March 2020. It will be accessible to personal customers only, and should offer some relief to savers who have been hurt by plummeting rates.</p> <p>As for businesses, they'll receive support in the form of a 1.00% reduction on variable rates for small business loans. NAB's digital business loan, QuickBiz, will also see a 2.00% reduction on new loans and all overdrafts.</p>
 <p>Westpac</p>	<ul style="list-style-type: none"> • Introduction of a 2.29% p.a. fixed rate home loan for 1, 2 and 3 years • 3-6 month deferral of mortgage repayments for anyone who has lost their job or suffered loss of income as a result of COVID-19 • Introduction of 12 month term deposit offering 1.70% p.a. • Introduction of 8 month term deposit offering 2.00% p.a. for Australians aged 65 and over • 2.00% reduction to overdrafts for new and existing business customers • 1.00% reduction to variable interest rates on small business cash-based loans • Option to defer business loan repayments for 6 months 	<p>Mirroring CBA's move, Westpac will also be dropping fixed rates for 1, 2 and 3-year terms to 2.29% p.a. This will come into effect 27 March 2020, and will apply to owner occupiers making principal and interest repayments on the Premier Advantage Package.</p> <p>While the big bank will not be cutting variable rates, it has said it will be offering relief to Australians who have suffered financially as a result of the current crisis. Mortgage customers who have lost their jobs or income because of the coronavirus outbreak will be able to apply for a 3 month deferral on their repayments, with an extension of another 3 months available after review. Savers will also be happy to hear that Westpac will be bumping up term deposit rates. 12 month investment options will now offer rates of 1.70% p.a., while a special 8 month term available to those aged 65 and above will offer 2.00% p.a.</p> <p>As for business customers, they will be receiving much-needed support in the form of a 2.00% reduction on overdrafts and a 1.00% reduction on small business cash-based loans. Both will come into effect 6 April 2020. What's more, struggling businesses will be able to defer business credit card payments by up to 3 months, terminate a term deposit without being penalised, access a fee free redraw, and access restructuring and consolidation loans.</p>
 <p>ANZ</p>	<ul style="list-style-type: none"> • 0.15% reduction to variable home loan rates • Introduction of a 2.19% p.a. 2 year fixed rate home loan • Option to defer loan repayments for 3-6 months • 0.25% reduction to variable interest small business loan rates • Option to defer business loan repayments for 6 months • Temporary increases in overdraft facilities for 12 months • Introduction of 2.59% p.a. fixed rate secured small business loan for 2 and 3 years (up to \$1 million) 	<p>The last to move was ANZ, but unlike the other three major banks, it has made clear its support package will extend to variable rate customers. A 0.15% reduction will be applied to ANZ's range of variable home loan rates, effective 27 March 2020.</p> <p>It will also bring 2-year fixed rates to 2.19% p.a. — the lowest currently offered by any of the big banks. Business customers will see 0.25% decreases to small business loan variable rates, effective 27 March 2020. Fixed rates will also be reduced, with 2 and 3-year options for fixed small business loans (secured) now offering 2.59% p.a.</p> <p>Further help will be made available to business customers via a 6 month deferral on loan repayments, with interest capitalised. For businesses paying off loans of \$1 million, this will free up \$40,000 to \$50,000 of working capital.</p>