

Lazy bank customers cost themselves billions

By Online business reporter Michael Janda

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A new report has found Australians are costing themselves up to \$6.1 billion a year by not seeking the best value banking options.

The report by analysts InfoChoice examines the cost difference between mortgage, car loan, credit card and savings products offered by the big four banks and the four most competitive products offered by other financial institutions.

It reveals Australian consumers could save \$5.4 billion on their home loans, \$257 million on credit cards and \$482 on other personal lending if they shopped around for the lowest interest rates and fees.

"When looking at the complete cost of banking, including things such as service and transaction fees, ATM fees and interest rates, the major banks come out far more expensive than other, smaller lenders," said InfoChoice chief executive Shaun Cornelius.

"By simply moving to the lowest priced products in each category, a big four customer could save more than 19 per cent, or \$3,800, on their annual banking costs."

That saving is based on a customer with a \$300,000 mortgage, a \$25,000 car loan, a bit over \$2,000 in credit card debt and a typical transaction account.

It echoes a recent survey that found Australians could have earned a lot more in savings interest if they looked beyond the major banks for the best deal.

Mr Cornelius says consumers shopping around for the best deal would also put more pressure on the big banks to lift their game.

"By shopping around for better deals and looking outside the majors, Australians can ensure competition remains in the sector and push the cost of banking down even further," he said.

The InfoChoice research shows home loans are the area where the biggest savings can be made, due to their size.

The survey revealed that the average big four home loan was 5.78 per cent per annum as at September 30, whereas the cheapest four products on the market averaged a rate of 4.92 per cent.

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A new report has found that customers are losing billions by sticking with the big four banks (ABC News: Giulio Saggin, file photo)

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