

Australia's "best" bank packaged home loans shown to be more expensive

Posted by [LC Team](#), Friday, January 23, 2009

The latest Canstar Cannex packaged home [loan](#) star ratings has listed the Commonwealth Bank of Australia (CBA) as the number one [home loan](#) deal in the country with a [mortgage rate](#) of 6.04% despite the loan's huge annual fees of \$350.

It has been revealed today that online home loan lender MyRate.com.au is not only offering a cheaper interest rate than the leading star-rated lenders - but it is doing so without the heavy annual fee or any upfront fees on standard applications.

Managing Director of MyRate.com.au, Kevin Sherman said: "If families paid the typical \$350 packaged loan annual fee into a MyRate.com.au loan instead, they'd shave almost two years off their loan*! That's two years less of struggling and stress, and two more of enjoying their very own dream home."

* based on a loan of \$300,000 over the course of 25 years

The Canstar Cannex Media Release has been reproduced below for your perusal:

If you're in the market for a home loan, real savings can be made by upsizing to a package loan with its free [credit card](#) and transaction account included in the deal.

Releasing its latest package banking star ratings, CANSTAR CANNEX compared 57 packages from 29 institutions to award five-star packages to three types of borrowers – home buyers, property investors and the self-employed.

With 9 out of 10 home loans now written by banks and almost 60% of banks' new loans taken as part of a package, it's easy to see the bank's dominance continuing to ramp up.

"Traditionally, non-bank lenders offered the [lowest mortgage rate](#) but the unstable funding environment has thrown up an opportunity for banks to steal market share from non-banks by selling more loans with a lower margin," CANSTAR CANNEX Financial Analyst Frank Lopez said.

"Banks are grabbing this opportunity with both hands and concentrating heavily on package banking as a major component of their new business."

According to CANSTAR CANNEX data, the Commonwealth Bank now offers the lowest [mortgage](#) package rate – 6.04% for a \$250k loan.

Packaged banking offers value for money and convenience for those who like to do all their banking with the one institution and save money at the same time.

The major drawcard of a loan package is the home loan itself with its discounted interest rate. This discount applies for the life of the loan, as opposed to an introductory rate which applies only for a certain period.

The package deal is sweetened with the addition of a free transaction account and a [free credit card](#). "This all comes for an annual fee of between \$195 and \$750, fairly steep but tempered largely by the home loan discount," Mr Lopez said.

"There's no doubt the simplicity of paying one annual fee to cover most of your everyday banking needs works for most borrowers. It is wise, however, to do the sums before signing up to ascertain exactly how much better off you would be with a package loan compared to stand-alone banking products."

More information can be found directly at the [Canstar Cannex Website here](#).

4 Comments

Graeme Kluck [January 23, 2009](#)

CBA staff tell me that the 6.04% rate is a one-off special and won't be available in the market for much longer.

It's a pity that Cannex don't research in depth. There are packages in the market that are more cost effective than the standard CBA plans. The article does not give a fair overview of the permanent market packages.

Kylie McCue [January 23, 2009](#)

I believe that Graeme Kluck (23 Jan 2009) Has been given the incorrect information. The product that Cannex is referring to is the Standard Variable Rate Home Loan with the MAV package. The MAV package entitles the client to .7% discount off the standard variable rate on loans over \$250000 which is currently 6.74%. There has been no indication that the CBA is considering pulling this product and, this has been the same product that they have been offering for over 15 years.

BBB [January 23, 2009](#)

OK I am a regional broker , many of our client don't reach the 250000 package minimum.

I could not recommend the CBA in any form,Cannex,brokers and any one else writing home loan should be forced to go into a bank and complete an over the counter transaction, as clients taking a package deal at some stage will have to do ,you would never recommend a client to bank with the CBA once you had done this. It is not just the rate that equals value , it is everything about that bank or non Bank that counts. That is where so called "awards" are simply wrong.

Paul [January 23, 2009](#)

Kylie McCue: CBA offering 0.7% MAV package discount off SVR for \$250K loans for 15 years???????

Not in the universe I'm living in.

They only started offering this sort of pricing since earlier this decade, once mortgage managers, non banks and brokers alike forced them to discount pricing. Events of late have significantly reduced the competition. Much of the remaining competition has been bought out.

Ask yourself, what's one of the remaining main driver of competition in the home loan market? Brokers. What are the big players attempting to do to the broking industry at present? Wipe it out with unreasonable commission cuts and condition changes. Aggregators need to draw a line in the sand and move against any lender who makes any further opportunistic commission cuts against modestly compensated brokers. Brokers are not greedy fat cats making a killing. We offer a great service to customers and force healthy competition amongst lenders all for very modest salaries.