

For immediate release
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Gap between personal loan rate and official cash rate peaks to highest level on record

- ➔ New research indicates unsecured fixed loan rates have remained relatively stable since 2012
- ➔ The gap between cash rate and personal loan rate sits at 12.40%
- ➔ Competitive personal loans available on finder.com.au

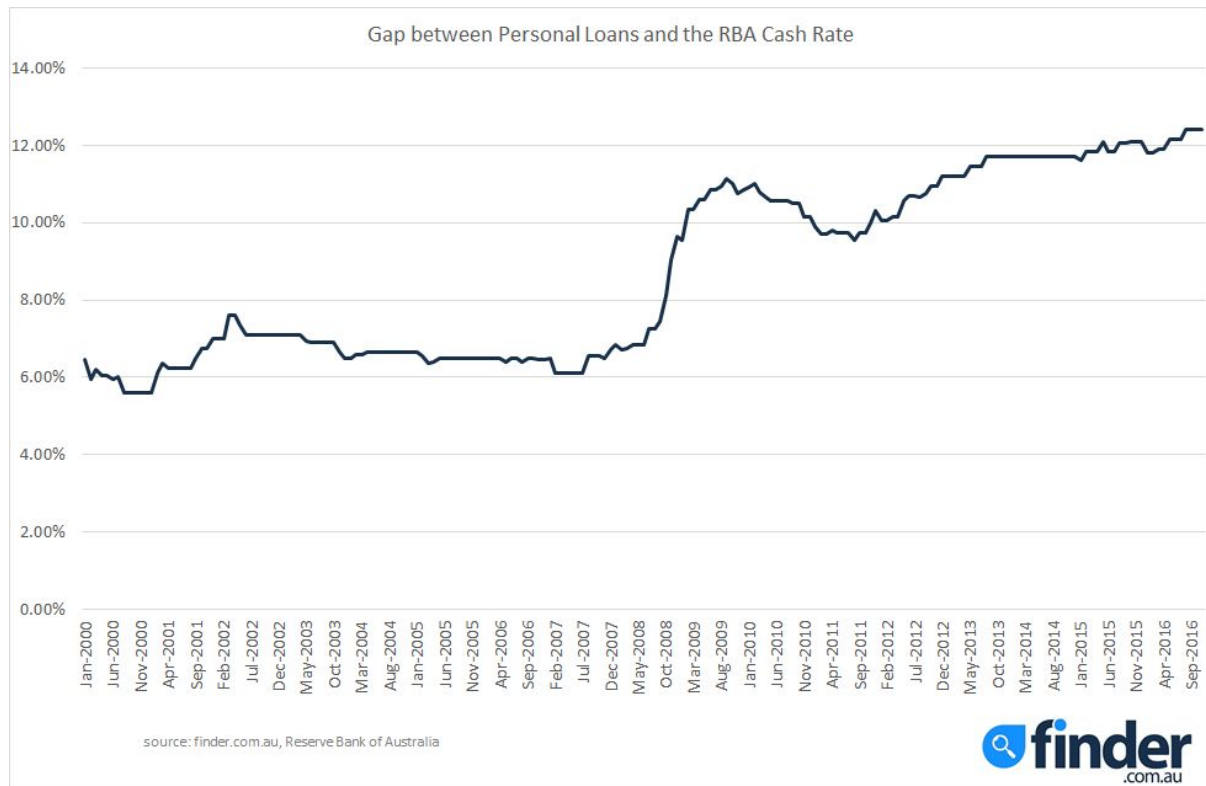
8 February, 2017, Sydney, Australia – The disparity between unsecured fixed personal loan rates and the Reserve Bank's official cash rate has reached its highest point on record, according to finder.com.au, Australia's most visited comparison site¹.

The finder.com.au analysis of Reserve Bank of Australia (RBA) data shows personal loan rates have remained largely unchanged since 2012, while the cash rate has fallen consistently during this time.

Interestingly, the gap between these rates was between six and seven percent from 2000 to 2009, however it climbed to around 10.0% during the Global Financial Crisis (GFC) in 2008, and now the gap exceeds 12.0%.

Currently the RBA cash rate sits at 1.50%, while the average unsecured fixed personal loan rate is 13.90%, which represents a 12.40% difference.

¹ Experian Hitwise 2015



Bessie Hassan, Money Expert at finder.com.au, says the research highlights the stagnant nature of unsecured fixed rates.

“While market analysts are hinting the next cash rate move may be up, before now, the cash rate was on the decline, so it’s surprising personal loan rates haven’t echoed this trend.

“The gap between unsecured fixed loan rates and the cash rate suggests personal loan lenders may not be passing on savings to loan customers,” she says.

Ms Hassan encourages borrowers to review their options to make sure they’re getting the best possible loan rate.

“An unsecured loan can be an effective tool to consolidate debt so your repayments are in one place. They also enable you to borrow funds without using an asset as collateral, like property.

“However, unsecured fixed loans do come with higher interest rates and fees, such as an establishment or late payment fee, as the lender takes on a greater degree of risk.

“On the contrary, variable rate personal loans are generally more flexible with repayment terms. With a variable rate loan, you’re usually allowed to repay early without penalty and you can make extra repayments, but these features are rarely offered with a fixed rate loan,” she says.

“Looking into different product types, fees and features will ensure you find a suitable product, and it will prevent you coughing up excessive interest or account-keeping charges,” she says.

How to compare unsecured fixed loans:

- **Check the interest rate.** Use a comparison table to weigh up your options and to [effectively compare loan rates](#). Fixed rates can vary from around 7.99% to 14.99%, so keep this in mind when determining whether a rate is competitive. During your research, check the comparison rate as this reflects the true cost of the loan.
- **Consider the fees and charges.** Like any loan, you may be charged both upfront and ongoing fees with an unsecured personal loan. Carefully review the product charges, including the establishment fee, additional repayment fees, and annual fees, so you know exactly what you’ll be paying. It’s important to note that fixed personal loans often charge an early repayment fee, so avoid taking out a longer term than what you need.
- **Assess the product features.** Unsecured fixed loans may come with fewer features compared to unsecured variable loans. You’ll need to decide whether the features on offer complement your borrowing needs. For instance, fixed rate loans don’t normally come with a redraw facility or the ability to make additional repayments. Read the fine print to see what features come with the product.

Personal loans available on finder.com.au

Personal Loan	Interest Rate	Application Fee	Monthly Repayment*
MoneyPlace P2P Loan	From 8.90% (fixed)	0% to 5% of loan amount	\$207.10
HSBC Personal Loan	From 9.50% (fixed)	\$150	\$218.17
NOW FINANCE Personal Loan	From 9.95% (fixed)	\$395	\$220.61
Bank of Melbourne Unsecured Personal Loan	From 12.99% (variable)	\$195	\$240.92
BankSA Unsecured Personal Loan	From 12.99% (variable)	\$195	\$240.92
ANZ Fixed Rate Personal Loan	From 13.95% (fixed)	\$150	\$245.91

Source: finder.com.au. *Based on a \$10,000 personal loan over a 5 year term available on finder.com.au as at 07/02/2017.



