PRESS RELEASE

For immediate release
2 October, 2017

Farewell bank fees: Experts vote account-keeping fee is next to go

- All 31 members of the finder.com.au RBA survey expect the cash rate to stay at 1.5% for October
- Following the removal of ATM fees, one third (6/18) think account-keeping fees are next to go
- Tips: How to avoid bank fees on savings accounts

2 October 2017, Sydney, Australia – Following the abolishment of ATM withdrawal fees among the Big Four, experts and economists believe account-keeping fees will be next on the chopping block, while no cash rate change is expected tomorrow (03/10/17), according to finder.com.au, the site that compares virtually everything.

In the latest finder.com.au RBA Survey, the largest of its kind in Australia, respondents gave a cash rate prediction for October 2017, and all 31 members predicted no change.

If the Reserve Bank of Australia holds the cash rate at the board meeting tomorrow, this will mark the 13th consecutive month of no change.

The longest the Bank has gone without making a move was 17 consecutive months which occurred from February 1995 through to July 1996, where the cash rate was held steady at 7.50%.

Eighty five per cent of experts and economists think the next move will be up, while a small remainder forecast a cash rate fall.

The survey found 11 of 26 economists forecast a rate rise in the coming financial year.

Graham Cooke, Insights Manager at finder.com.au, says mortgage holders may feel the pinch financially.

"Any increase in the cash rate could see homeowners squeezed by higher mortgage repayments if they don't have surplus cash up their sleeve," he says.

When predicting how low the rate will fall this cycle, 2 in 26 respondents think it will slide to 1.25% — justifying one more rate cut, — while a further 2 panellists think two or more rate cuts are in the pipeline.

Mr Cooke says a rate cut could come sooner than expected.

“While in the minority, the handful of experts and economists predicting a rate cut think it will happen sooner rather than later, and as early as February or March next year,” he says.

After the big four removed ATM withdrawal fees for non-customers, one third of respondents (6 of 18) believe account-keeping fees may be next in line.

However, Mr Cooke says monthly account-keeping fees can be avoided on bank accounts.

“It’s possible to find savings accounts with no account-keeping fees, so if you’re currently forking out for this fee, it may be time to switch.

“Some banks also waive monthly fees if you’re a full-time student or if you receive a disability pension,” he says.

Sixty three per cent of panellists (12 of 19) believe banks are moving in the right direction.

“Eliminating ATM withdrawal fees is a sign of good faith, and shows some of the big players are trying to win over customers despite their bottom line taking a hit.

“We’re likely to see similar initiatives rolled out by the banks as they attempt to provide greater transparency and a better overall banking experience,” Mr Cooke says.

Interestingly, two thirds of panellists believe a Royal Commission into the banking industry is not required (13 of 19). However, the majority think a Royal Commission may still go ahead.

Here’s what our experts had to say:

Jordan Eliseo, ABC Bullion (Hold): "The RBA has made it clear that it is in no rush to move on rates. They would be fairly pleased with what they are seeing take place in the economy, though a stubbornly high AUD, the persistent lack of wage growth, and elevated levels of household debt remain major concerns."

Tim Nelson, AGL Energy (Hold): "Nothing substantial has changed from the previous month."

Shane Oliver, AMP Capital (Hold): "Strong business conditions and jobs growth along with the RBA's own forecasts for a rise in growth and inflation point to an eventual rise in interest rates but slowing housing construction, risks around consumer spending including record low wages growth, low inflation and a too high Australian dollar indicate that it's too early to start raising rates now. So the RBA is likely to leave rates on hold for the 14th month in a row."

Alison Booth, ANI (Hold): "The fundamentals of the Australian economy do not currently warrant any change."

john hewson, ANU (Hold): "Insufficient evidence to change - mounting risks and constraints."

Richard Robinson, BIS oxford Economics (Hold): "Although the RBA may want to cut to take pressure off the A$, which is too high, and also because inflation and wages growth is low, it is still concerned that a rate cut would stoke housing markets, which are already overpriced due to poor policies regarding negative gearing and capital gains taxes."

Paul Dales, Capital Economics (Hold): "The outlook for economic growth and inflation has improved in recent months, but not by enough to prompt the RBA to raise interest rates. In fact, I believe that rate hikes are a story for 2019 and not 2017 or 2018."

Michael Blythe, CBA (Hold): "Economy needs no further rates assistance but low inflation means little pressure to lift rates either."

Dr Andrew Wilson, Domain Group (Hold): "Longer-term stable view by RBA reinforced by better jobs data, improved federal budget position and fading Sydney house price growth. Stagnant incomes growth, subdued inflation and over-inflated currency remain the jokers in the pack. Not out of the woods yet."

Peter Gilmore, Gateway Credit Union (Hold): "Whilst Sydney and Melbourne property prices show some moderation, other key fundamentals for full recovery are still fragile, so the RBA will hold again."

Peter Haller, Heritage Bank (Hold): "The recent flow of economic data does not warrant any change to current interest rate settings."

Shane Garrett, Housing Industry Association (Hold): "The balance between growth and inflationary pressures does not require intervention at this point."

Paul Bloxham, HSBC (Hold): "Waiting for CPI [inflation] numbers."

Alex Joiner, IFM Investors (Hold): "No reason to hike on economic grounds."

Michael Witts, ING (Hold): "The economy is heading in the right direction and there is no need for RBA action at this stage."

Leanne Pilkington, Laing+Simmons (Hold): "The situation from month to month remains relatively unchanged. The RBA may be optimistic about the outlook for household income and expenditure, but there are other factors with the potential to temper this optimism. In any event, we see the steady rate environment holding for the remainder of the year and into Q1 2018."

Nicholas Gruen, Lateral Economics (Hold): "They're waiting for a reason to hike the rate but don't yet have it."

Stephen Koukoulas, Market Economics (Hold): "It has signalled it will hold until it sees evidence to make it change its mind."

John Caelli, ME (Hold): "The RBA has clearly signalled that the next move will be up."

Michael Yardney, Metropole (Hold): "Australia's economy is still operating below its potential with economic growth not strong enough to justify an interest rate increase. The positive improvements of falling unemployment and rises in full-time employment are offset by slow growth in household income."

Mark Crosby, Monash Business School (Hold): "Despite signs of a strengthening economy the global rates outlook is still some way from normalising, and the RBA will sit for a while longer before raising."

Jessica Darnbrough, Mortgage Choice (Hold): "The economy is tracking along quite well at the moment, so there is no real need for the Reserve Bank to adjust their current stance on monetary policy. It is clear the Board believe that the current plan of attack is consistent with achieving the inflation target over time."

Saul Eslake, Economist (Hold): "RBA has made it clear it has no appetite for lowering rates any further; but conversely nor is it in any hurry to start raising them. RBA will have drawn some comfort from data releases since the last meeting, but will see them as supporting its current set of forecasts rather than warranting upward revisions to them."

Jonathan Chancellor, Property Observer (Hold): "The economy is only inching its way closer to where the central banks desires."

Matthew Peter, QIC (Hold): "Growth and inflation outlook are still too soft for the RBA to consider hiking rates. Persistent house-market pressure preclude rate cuts."

Noel Whittaker, QUT (Hold): "I don't think they're ready to move just yet. The Aussie dollar is down a little."

Nerida Conisbee, realestate.com.au (Hold): "The economy is too weak to increase rates and the housing market is too sensitive to cuts to decrease them. It is likely the next move is up but it is unlikely to happen soon."

Christine Williams, Smarter Property Investing Pty Ltd (Hold): "From last month to this month our GDP has not moved. Unemployment has leveled out in most states. With some states noting a slight reduction in unemployment."

Brian Parker, Sunsuper (Hold): "Nothing happened in the last month to force them to change policy."

Clement Tisdell, UQ-School of Economics (Hold): "Bank statements [is what we are waiting on]."

Bill Evans, Westpac (Hold): "We still expect the RBA to keep the cash rate on hold through the remainder of 2017; 2018 and to the middle of 2019, predicated on our central call of “flat” house price growth through next year and 2019."

###

We now have a news feed on Twitter! Follow us for the latest updates or drop us a line to say hi: @finder_news.

For further information:

Bessie Hassan
Head of PR
& Money Expert
+61402 567 568
+61 1300 FINDER (346 337)
Bessie@finder.com.au