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**From:** Heather Jordan [REDACTED]  
**Sent:** Saturday, 22 April 2023 3:17 PM  
**To:** Financial Services Competition  
**Subject:** Interest Rates and ADI's

[REDACTED] [REDACTED]

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Hi

Re: Interest Rates

For the past 10 years I have held between \$10k >\$240k in cash savings.

At no time was it part of my savings strategy to hold it in a retail deposit account simply because of the awful interest rates.

As a mortgage holder, I held it in redraw because, obviously, the value was always higher against a loan product than against savings HOWEVER obviously the liquidity of those funds are at greater risk which is a BARRIER to using it as a superior form of savings. The problem is that the bank holds a contract that states it can draw down on offset or redraw at any time.

The Australian Banking System is disgraceful, however the sheer number of ADI's does provide some ability for competition EXCEPT when the RBA is focused on making the banks RICH at the cost of those who own the funds and the loans. Nothing makes sense about this.

Whilst inflation in Australia was increasing, it was not through new or current availability of funds in the market. That would be the appropriate time to increase interest rates to encourage savings, SOMETHING COMPLETELY LOST ON THE BANKING SYSTEM – INCREASING CASH RATE IS CURRENTLY ABOUT PUNISHING LOAN HOLDERS.

With the record savings Australian's had from pilfering super and the cash handouts during covid, mixed with the retention of tourism dollars in this country, it was evident that Australian's had cash reserves available to withstand the inflation caused by EXTERNAL factors such as increasing oil prices from the war in Ukraine, low availability for building materials, creating HIGH DEMAND and pushing prices upwards etc.

With the cash reserves, which everyone wanted as they realised that being part of a country that has one of the highest personal debt levels in the world, is problematic in times like covid – so we hoarded for a future time. As prices and therefore inflation increased, financial reserves were used to pay to keep going YET the RBA decided to push inflation rates to the point where we have builders collapsing, families living in tents, small business is shutting doors, and the ONLY ones getting RICH out of this is the banks. There's something very flawed about this. It was obvious that households were going to run out of available funding and were going to have to adjust living – WHY would they push the interest rates so high, so quickly, without taking a pause? It was like they didn't want to miss the chance of the BANKS MAKING money. NOW further to deposit holdings – the VERY people who own the money being loaned out ARE PENALISED as the banks do not start paying higher savings interest rates when they start collecting from higher loan interest rates.

HOWEVER, depositing cash at a commercial for-profit bank is only one way to protect wealth and perhaps it's time that people start putting their money elsewhere rather than at commercial, for-profit banks who do not deserve it.

From a competition perspective, the availability of lending and marketing budgets of large commercial for-profit banks means that the commercial banks often get the greatest attention but really, if all Australians knew what other options are out there, they wouldn't be banking with them at all. So is it actually a competitive marketplace? It's certainly not an equitable one.

With regards to the RBA – the last thing we need is another Enquiry that goes nowhere – but they should be investigated as to why they pushed straight to interest rate rises rather than look at alternative options for slowing the real reasons for the current inflation... it is nefarious, to say the least.

All the best with your review.

Heather Jordan

