

[REDACTED]

From: [REDACTED]
Sent: Wednesday, 17 May 2023 3:54 PM
To: Financial Services Competition
Subject: Retail Bank Deposit enquiry

[REDACTED] [REDACTED]

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Good afternoon,

I recently heard that the ACCC wanted to hear from people who have had issues with the level of interest, etc. paid on bank accounts. This is an issue which has concerned me greatly, although the banks appear to be improving slightly. However, IO have prepared a document on this matter for submission as follows:

REPORT

I am an ancient customer (actually [REDACTED] but have only just retired!) of the Commonwealth Bank of Australia. I've been with them since I was four years' old when my parents took out a trust account for me. I am trying to maximise my finances

There have been issues for quite some time.

For example, I had a Platinum MasterCard and then a few years ago was offered a Diamond MasterCard. I refused it as it was too expensive. However, the bank still offered me the Diamond card at the Platinum lower rate. However, there were further issues. For example, they took the American Express card benefits away (greater number of points than earned with MasterCard) due to an ASIC directive. Unfortunately, we still paid the same annual fee although they did not provide us with a relatable and viable alternative. They simply said travel insurance, etc. were viable alternatives but those "awards" were already in place.

Since then the issues have become worse. For example, I have three accounts:

Complete Access, Goal Saver and MasterCard.

The Complete Access account is where I receive any payments and use it to pay my accounts. Currently I have just over \$3,000 in the account. Occasionally this can rise to about \$6,000. However, no interest is paid.

NetBank Saver Account. I could open this account which pays interest of 4.50% p.a. variable introductory rate which apparently changes after the first five months. However, you can only use it for deposits between the NetBank Saver Account and other CBA accounts. Not really worth it. Each time I would have to pay an account not related to the MasterCard, account I would have to transfer from the NetBank Saver Account to the Complete Access account. For me this condition really says "look we've offered an everyday account which pays interest" but the trap is its use is very limited.

The GoalSaver account operates on the basis that I must make a monthly deposit.

Previously it had to be a deposit of \$200 each month. However, the conditions now state:

***Make a deposit each calendar month into your account, and
Have a higher account balance at the end of the month compared to the account balance at the start of the month (excluding interest and bank-initiated transactions) If I withdraw any month, then on the first day of the following month I do not receive any bonus interest. This happened early this year when I took out \$50,000 to invest in a better investment.***

Therefore any withdrawal results in no bonus interest being paid.

They have been dragged kicking and screaming to increase the interest. Sample changes as follows:

On 01 Jun 2022 I had \$190,000 in my GoalSaver account. My bonus (?!) interest paid that day was \$32.24. My credit interest was \$8.06!!

Finally in July I 2022 I started to receive a slightly higher amount, \$68.02 Bonus Interest and \$7.85 Credit Interest based on a deposit of \$190,000.00

01 May 2023 based on a deposit of \$157,703.34 I received a monthly bonus Interest of \$484.38 and a monthly credit interest \$51.67.

I could take a term deposit but they only pay the interest at the end of the term. They would have my money to invest in the short-term money market and I would have to wait to receive any benefit!

I can take a Classic Notice Account deposit with La Trobe currently at 4.45%. I am able to take money out of the account with a two-day possible redemption. Yes, the interest might change but it would also change in the bank. As a non-bank investment, I do not have the government guarantee.

La Trobe Finance is not Government guaranteed but my funds with the bank would be government guaranteed up to \$250,000.00.

This leads me to what I consider to be the core issue with investing with the banks. They know the Government guarantees up to \$250,000. Therefore, I feel they keep the small investor hostage.... "You want guarantees then pay for it with strict conditions on your deposits". I would be interested to see what the banks would do if the Government guarantee were withdrawn.

Frankly, this is all about the bank holding us hostage. They are playing on the government guarantee, taking the attitude that because the deposits are protected people will be too scared to invest elsewhere.

Kind regards

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