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**From:** [REDACTED]  
**Sent:** Monday, 27 March 2023 4:26 PM  
**To:** Financial Services Competition  
**Subject:** Retail deposits inquiry 2023  
**Attachments:** Apr 2013 Day to Day Interest.png; 2011 Change Name copy.jpg; Jun 2011 copy.jpg; Flexisaver copy.jpg

[REDACTED] [REDACTED]

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Dear ACCC,

**Submission**

I provide this submission in relation to the **Retail deposits inquiry 2023 (Inquiry)**.

I note that the Ministerial direction pursuant to the *Competition and Consumer (Price Inquiry— Retail Deposit Products) Direction 2023 (Direction)* which states under the relevant sections

- 6(a)(iv):  
...the Commission is directed to take into consideration ...the rates of interest paid on amounts deposited or held in retail deposit products, including with reference to any differences in rates of interest... between those publicly advertised and those actually paid to customers... and
- 6(d):  
supplier decisions relating to terms and conditions (including interest rates) on which retail deposit products are supplied in light of changes in the Reserve Bank of Australia's target for the cash rate (which is the overnight money market interest rate)... and
- 6(e)(iii):  
factors that affect customers switching to alternative retail deposit products, including the extent and existence of supplier practices and strategies, consumer behaviour, and the availability of information on products...

Where sections are provided below, it refers to the relevant sections of the **Direction**. A case description is provided below to illustrate the issues. It is unlikely to be unique, and may provide insight relevant for legislative reform contemplated by the Minister initiating this **Inquiry**.

**Case Description**

The *authorised deposit-taking institution* case example is HSBC Bank (**HSBC**).

- Original Product

The *retail deposit product* was originally called "Online Savings Account" (**OSA**). The **OSA** was publicly advertised in 2003 as a high interest, online only, savings account. The interest rate was originally around 5-6% and was higher than other savings accounts on offer.

- First Amendment

In and around Apr/May 2011, **HSBC** renamed the **OSA** to "Day-to-Day" account (**D2D**) (see **attached**: 2011 Change Name copy.jpg). **HSBC** did not change any other terms for the *retail deposit*

product beyond the name change. **HSBC** issued a product disclosure statement (PDS) at that time confirming this. The PDS stated:

"From 2 May 2011, in accordance to this Notice of Change the HSBC Online Savings Account will be referred to as the HSBC Day to Day Account Please be advised there have been no other changes made to the account."

The account continued to pay a high interest rate as originally advertised.

- Second Amendment

In June 2011 the **D2D** account suddenly became classified as a transaction account (see **attached: Jun 2011 copy.jpg**). **HSBC** had not informed nor sought consent from the customer of this material change in the *retail deposit product* from a savings to a transaction account.

When **HSBC** was contacted, two different responses were provided to the same question posed on two different occasions.

The first response was:

"We do not convert accounts/upgrade accounts without the consent of a customer. We leave it up to the customer to change products if they wish".

The second response was:

"Due to the fact that the Day to Day Account allows customers to transact on the account anytime without penalty, it is commonly recognised as a transactional account".

- Third Amendment

Around early 2013, a new product called "Flexi saver" was created which replicated the same banking features and comparable interest rates as the original **OSA** (see **attached: Flexisaver copy.jpg**).

The *retail deposit product*, now a transaction account, began to reflect its interest as such [initially <1% (see **attached: Apr 2013 Day to Day Interest.png**), then shortly thereafter, no interest payable].

The new PDS included the following clause which **HSBC** relied on (**Unfair Term**):

**7 Changes to these Terms and Conditions and the PDS**

7.1 We have the right to change any part of these Terms and Conditions or the PDS, including the booklet *Personal financial services charges – your guide*. For example, we may:

- (a) change any applicable interest rate or rates (except the rate applying to a Term Deposit Account during its term) and the tier to which an interest rate applies;
- (b) change the minimum opening deposit and minimum Account balance;
- (c) change the fees and charges; and
- (d) introduce new fees and charges.

All these changes can be made without your consent.

## Issues from the Case relevant for the Inquiry

1. **HSBC** had publicly advertised a *retail deposit product* as a high interest, savings account. By making amendments in three separate steps over time, it justified eventually paying zero interest on the ostensibly same *retail deposit product*. This means what was publicly advertised (high interest, savings) and those actually paid (zero interest, transaction) to customers were different [s 6(a)(iv)].
2. An **Unfair Term** relating to terms and conditions (including interest rates) exists within the *retail deposit product* that does not merely allow the *authorised deposit-taking institution* to vary the interest paid in light of changes to the RBA's decisions [s 6(d)], but, it seems, to also fundamentally alter the character of the *retail deposit product* itself: from a high interest savings account to a zero interest transaction account.

3. Deposit customers of an *authorised deposit-taking institution* are "sticky": the existence of various direct debit/General Interbank Recurring Order (GIRO), or credit payment into the account (e.g. salary), make switching to alternative *retail deposit products* a hassle [s 6(e)(iii)]. The existence of a **personalised financial ID** option that automatically ports all automated, periodic transactions (both credit and debit) that exist for a customer for a particular bank account may assist in this regard. Instead of providing a creditor or debtor their bank account details, the bank customer provides their **personalised financial ID** and this **personalised financial ID** follows the customer to whichever bank they move to.
4. The consumer behaviour of an *authorised deposit-taking institution* deposit customer is such that they do not always keep track of the changes to the terms of their *retail deposit product*. It is unrealistic to believe that a prudent but busy savings deposit customer would periodically and actively check with their bank for any new changes to their products. Such savings products tend to be "set and forget". There should be strict liability penalties for a bank's failure to notify a customer of a fundamental change to their product. Better communication in a lay-friendly delivery medium or format is also needed: in brightly coloured enlarged fonts, if necessary, especially for unusual changes.
5. As noted, even when a customer keeps track of the terms amendments, and where a change of *retail deposit product* might have been contemplated or actioned, customers will only do so if they are informed of key changes to their *retail deposit product*. Where there is a lack of availability of information on products, for example no notification of a change from a high interest savings to a no interest transaction account, no contemplation nor action would be taken. This is because the customer would be unaware of the *authorised deposit-taking institution's* practices and strategies, for example, them relying on an **Unfair Term** to covertly alter the very character of the *retail deposit product* the customer signed up for [s 6(e)(iii)].

I hope this submission is useful for the Commission's Inquiry. I am available for clarification of any detail as necessary.

Yours,  
Dr Ben Koh

Name Change

Everyday and Savings

- ▶ [Online Savings](#)
- ▶ Serious Saver
- ▶ Combined Savings and Everyday Banking
- ▶ Term Deposits
- ▶ Cash Management
- ▶ Savings Cheque
- ▶ Visa Debit Card

Compare Accounts

- ▶ Compare Savings and Everyday Accounts
- ▶ Compare Foreign Currency Accounts

Foreign Currency

- ▶ Multi Currency
- ▶ Foreign Currency
- ▶ Foreign Exchange

Other Information

## Online Savings Account

High Interest

Everyday accounts can make life and saving easier. With no monthly account keeping fees, high interest rates, great features and a range of everyday banking options and easy online access, you'll wonder how you ever lived without it.

▶ **Apply online now**

It takes just 10 minutes or less from start to finish.



Your Online Savings Account is ideal for everyday banking

Online savings and everyday bank account rolled into one

Banking options

- \$0 monthly account keeping fee
- Banking options within Australia<sup>#</sup> with no charge including online transactions
- Unlimited ATM transactions without incurring an ATM Operator Fee at almost 2,700 **HSBC Bank, Westpac, St. George and BankSA™** ATMs nationally
- **HSBC Visa Debit Card** for secure access to your own money for purchases over the internet, phone or mail, plus over 1.4 million ATMs and 30 million EFTPOS locations worldwide

Apply for an Online Savings Account

- ▶ [Apply Online Now](#)
- ▶ [Email Us](#)
- ▶ Call us on 1300 308 880
- ▶ [Apply at a branch](#)

Forms

- ▶ [Customer Identification - Authorised Referee](#)
- ▶ [Client Signature](#)
- ▶ [Privacy Consent](#)

More Information

- ▶ [Financial Services Guide](#)
- ▶ [Product Disclosure Statement](#)
- ▶ [Fees and Charges](#)
- ▶ [Interest Rates](#)

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Name Change

Everyday and Savings

- ▶ [Day to Day Account](#)
- ▶ Serious Saver
- ▶ Combined Savings and Everyday Banking
- ▶ Term Deposits
- ▶ Cash Management
- ▶ Savings Cheque
- ▶ Visa Debit Card

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- ▶ Compare Savings and Everyday Accounts
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Foreign Currency

- ▶ Multi Currency

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It takes just 10 minutes or less from start to finish.



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Rates

Australian Dollar

Interest Rates

Currency

Business Interest

Corporate Interest

Personal Interest

How

## Personal Australian Dollar Deposit Interest Rates

18-Mar-13

### Day to Day Account [\(more info\)](#)

Up to \$4,999	0.00% p.a
\$5,000 - \$19,999	0.05% p.a
\$20,000 - \$49,999	0.05% p.a
\$50,000 - \$499,999	0.05% p.a
\$500,000 plus	1.35% p.a

### HSBC Serious Saver [\(more info\)](#) #

\$1 - \$1,000,000	3.40% p.a
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# Interest will not be payable in any month where you have either made a withdrawal or closed your HSBC Serious Saver.

### Savings Cheque Account [\(more info\)](#)

\$0-\$4,999	0.05% p.a
\$5,000-\$19,999	0.05% p.a
\$20,000-\$99,999	0.05% p.a
Over \$100,000	0.05% p.a

### HSBC Premier Cash Management Account

\$0 - \$19,999	0.50% p.a
\$20,000 - \$49,999	0.50% p.a
\$50,000 +	2.00% p.a

- Transaction Accounts**
  - Day to Day Account
  - Visa Debit Card
- Savings Accounts**
  - Flexi Saver**
  - Serious Saver
  - AUD Term Deposits
- Foreign Currency**
  - Multi Currency
  - Term Deposit
- Tools and Calculators**
  - Compare Accounts
  - Account Selector
  - Savings Calculators
  - Account Switching
  - Savings Forms
  - Interest Rates

## Flexi Saver Account

Saving just got more flexible and more rewarding. With the HSBC Flexi Saver account you get the best of both worlds: a competitive variable interest rate, and easy online access to your savings when you need it.

[Apply now](#)

- Overview
- Features
- Rates & Fees

### Flexi Saver Account

- A savings account with the benefit of easy access to your money at any time
- Competitive variable interest rate of 2.75% p.a.\* on balances up to \$5,000,000
- Instant transfers to any HSBC account
- Transfer money to any Australian bank account
- Also available in major foreign currencies
- Access your account how you want, online or via Branch, Phone, Internet or Mobile Banking
- No minimum opening or ongoing balance requirements

### How to apply

[Apply now](#)

- Visit an [HSBC Australia Branch](#)
- Call us on **1300 308 021**

### Apply for a Flexi Saver Account

- [Apply online now](#)
- [Retrieve application](#)
- [Enquire online](#)
- Call us on 1300 308 008
- [Visit a branch](#)

### Forms

- [Customer Identification - Authorised Referee](#)
- [Client Signature](#)
- [Privacy Consent](#)

### More Information

- [Financial Services Guide](#)
- [Product Disclosure Statement \(PDS\)](#)
- [Fees and Charges](#)
- [Interest Rates](#)

INTERNET ARCHIVE <http://www.hsbc.com.au:80/1/2/personal/savings/flexi-saver> Go JUN JUL AUG  
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- Transaction Accounts**
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  - Visa Debit Card
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[Apply now](#)

- Overview
- Features
- Rates & Fees

### Fees and Charges

- No monthly account fee
- No fees for branch withdrawals and transfers
- No fees for Phone Banking

Fees apply for other account services. Please refer to our [fees and charges guide](#) for full details.

### Flexi Saver Account Interest Rate

Up to \$5,000,000

2.75% p.a.\*

### Flexi Saver FCY Interest Rates<sup>†</sup>

Currency

\$1 - \$5,000,000 (AUD Equivalent)

### Apply for a Flexi Saver Account

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- Transaction
  - Day to Day Account
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  - Savings Cheque
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- Savings
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- Foreign Currency
  - Multi Currency
  - Cash Management
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  - Term Deposit
  - Compare Foreign Currency Accounts
- Other Information

## Bank Accounts

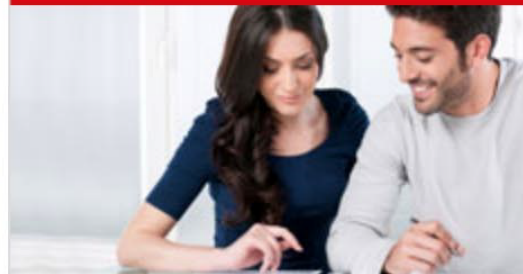
Everyone has different financial needs and goals. Find a range of transaction and savings accounts to suit yours.

### Transaction Accounts



- ▶ [Day to Day Account](#)
- ▶ [Cash Management Account](#)
- ▶ [Savings Cheque Account](#)
- ▶ [Visa Debit Card](#)

### Savings Accounts



- ▶ [Serious Saver Account](#)
- ▶ [Australian Dollar Term Deposits](#)
- ▶ [Combined Account](#)

### Foreign Currency



- ▶ [Multi Currency Account](#)
- ▶ [Foreign Currency Cash Management](#)
- ▶ [Foreign Currency Savings Account](#)
- ▶ [Foreign Currency Term Deposits](#)




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