

## **ACCC retail deposits inquiry 2023**

13 May 2023

### **Submission re Self Managed Super Fund interest rates**

Financial institutions are providing significantly lower deposit interest rates and charging significantly higher mortgage interest rates to SMSF customers.

This is a significant issue. According to the ATO there were over 603,000 SMSFs holding \$869 billion in assets, with more than 1.1 million SMSF members, as at 30 June 2022.

It appears financial institutions are unfairly targeting / taking advantage of / profiteering from SMSF customers.

Could you please look into this issue.

Anything you could do to improve this issue by increasing the deposit rates being provided to SMSF customers, reducing the mortgage rates they are being charged, and increasing the availability of savings accounts and mortgage loans to SMSF customers would be appreciated.

This would provide a clear benefit for consumers and clear public benefit because of the amount of money which is involved and the number of consumers who are adversely affected.

Further details are below.

### **Deposit interest rates**

SMSF deposit rates are always significantly lower than the rates being offered to non-SMSF customers, and financial institutions are much slower to increase SMSF deposit rates.

There is no valid reason for this - SMSF depositors are low risk customers.

Many financial institutions (eg AMP and UBank) don't even offer savings accounts to SMSF customers.

Some examples – two of the highest SMSF deposit rates I can see on [www.canstar.com.au](http://www.canstar.com.au) at the moment (excluding limited time offers and offers that limit the number of withdrawals) are:

Australian Military Bank – 3.65%

Geelong Bank – 3.45%

These rates are significantly lower than the rates being offered to non-SMSF customers. For example, AMP currently offers 4.8% to non-SMSF customers, and UBank offers them 4.6%. This is a big difference.

Most SMSF deposit rates are significantly lower than the two I mentioned above. They go as low as 0.5%!

Also financial institutions are very slow to increase the SMSF deposit rates.

### **Mortgage interest rates**

Also, many financial institutions are not offering mortgage loans to SMSF customers or are charging them significantly higher mortgage interest rates.

For example, AMP is currently charging my SMSF a mortgage interest rate of 9.65%. This is far too high given the current state of the market, and much higher than the mortgage rate they are charging non-SMSF customers (this is currently 5.39%).

There is no valid reason for this because my SMSF is a low risk customer.

Please don't hesitate to contact me if you have any questions.

John McLaughlin

