

Have high interest rates and fees in 2022 eroded our trust in the banks?

A Money Transfer Comparison Study

November 2022



**MONEY TRANSFER
COMPARISON**

October 2022

About the study

Even before the RBA began raising interest rates in May 2022, banks were increasing fixed-rate loans in anticipation of ongoing cash rate increases. Loan interest rates are sitting 4-5 per cent higher than the RBA cash rate. Banks also charge wire fees of up to \$40 for international money transfers and higher exchange rates than specialist online money transfer platforms. Missed payment charges on bank loans and credit cards incur fees of up to \$15.

Money Transfer Comparison commissioned an survey of an independent panel of 1009 Australians to gauge whether their high interest rates and fees have caused us to lose faith in the banks. Respondents were also asked whether they would look for cheaper, trustworthy online services if they felt their bank's fees were too high.

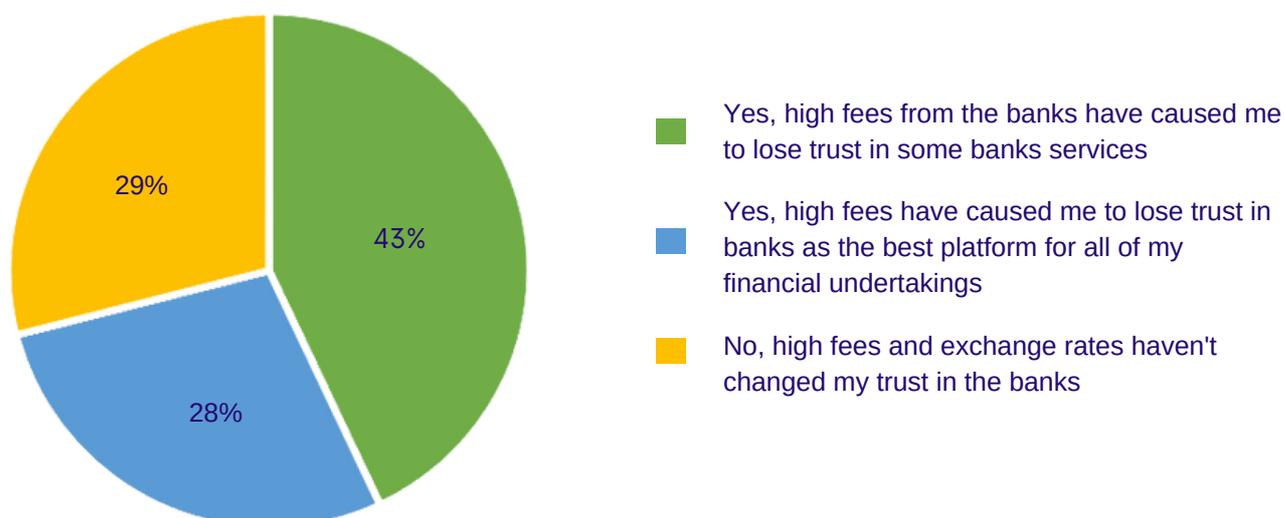
The survey respondents cover a geographical and population spread that is reflective of the Australian population.

Have high interest rates and increased fees caused Australians to lose faith in the banks?

Money Transfer Comparison asked respondents to share whether high rates and fees caused them to lose trust in the banks in some services only, or for all their financial undertakings.

The results revealed that 72 per cent had lost trust in some or all bank services. Specifically, 43 per cent of respondents lost trust some bank services, while 28 per cent don't trust all of their banking with the banks.

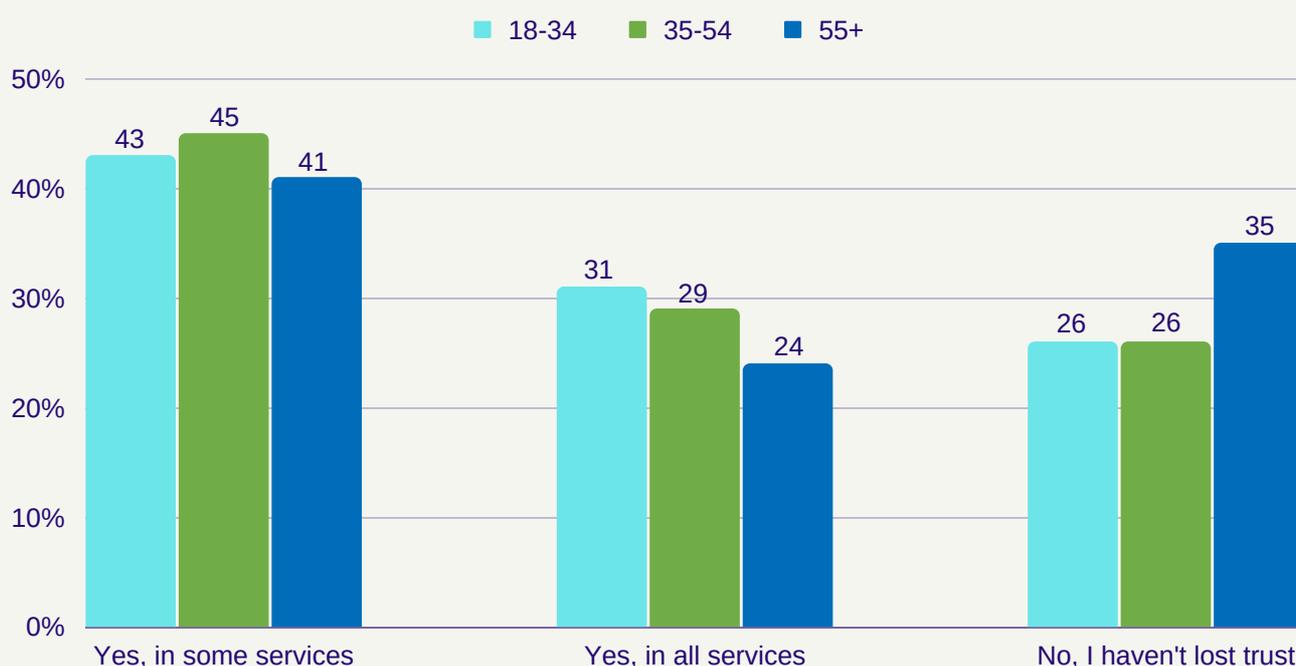
Have disproportionately high interest rates and increased fees caused you to lose faith in the banks?



Younger Australians are more likely to have lost at least some level of trust in traditional banking: 74 per cent of 18-54-year-olds, compared with 65 per cent of over-55s respondents.

Additionally, the likelihood of Aussies losing trust in all banking services decreased with age: 31 per cent of 18-34-year-old respondents said they have lost trust in all traditional banking services, followed by 29 per cent of 35-54-year-olds and 24 per cent of over-55s.

Have high interest rates and increased fees caused you to lose trust in the banks?



Money Transfer Comparison analysed responses across States. A higher proportion of NSW and Victorian residents (an equal 72 per cent) as well as West Australians and Queenslanders (an equal 71 per cent) are most likely to have lost at least some level of trust in traditional banks. This compares with just 61 per cent of ACT residents and 60 per cent of South Australians.

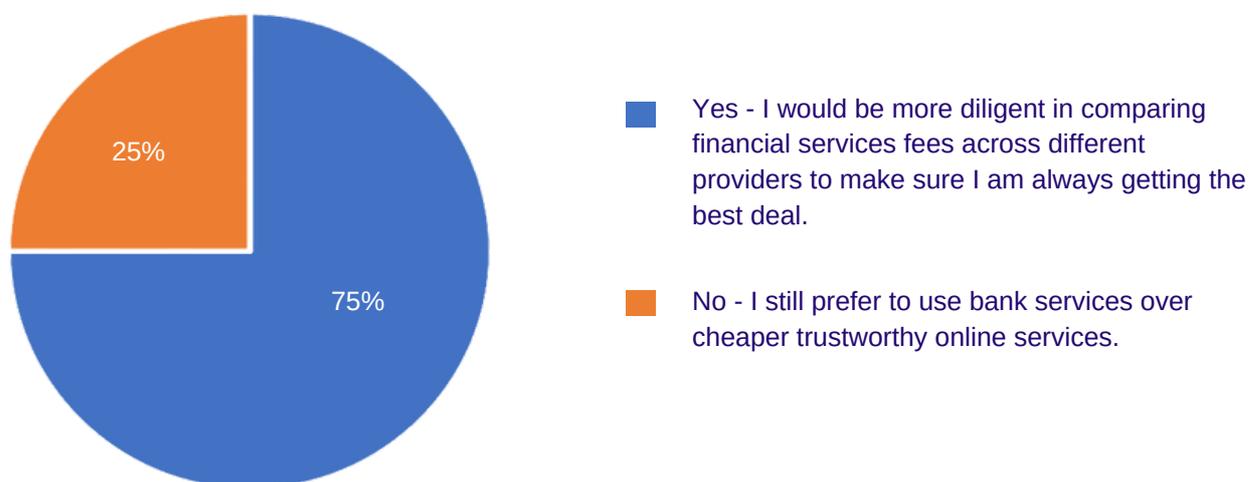
| Response | By State (%) | | | | | |
|---|--------------|-----|-----|----|----|-----|
| | NSW | VIC | QLD | SA | WA | ACT |
| Yes, high fees from the banks have caused me to lose trust in some banks' services. | 45 | 38 | 47 | 36 | 49 | 33 |
| Yes, high fees have caused me to lose trust in the banks as the best platform for all of my financial undertakings. | 27 | 34 | 24 | 25 | 22 | 28 |
| No, high fees and exchange rates haven't changed my trust in the banks. | 28 | 28 | 29 | 40 | 29 | 39 |

What percentage of Australians would look to cheaper trustworthy online services if they felt their bank's fees were too high?

Money Transfer Comparison also sought to discover whether Australians would be more diligent in comparing financial services fees across different providers to make sure they are always getting the best deal. Furthermore, would Australians look to cheaper trustworthy online services if they felt their bank's service fees were too high?

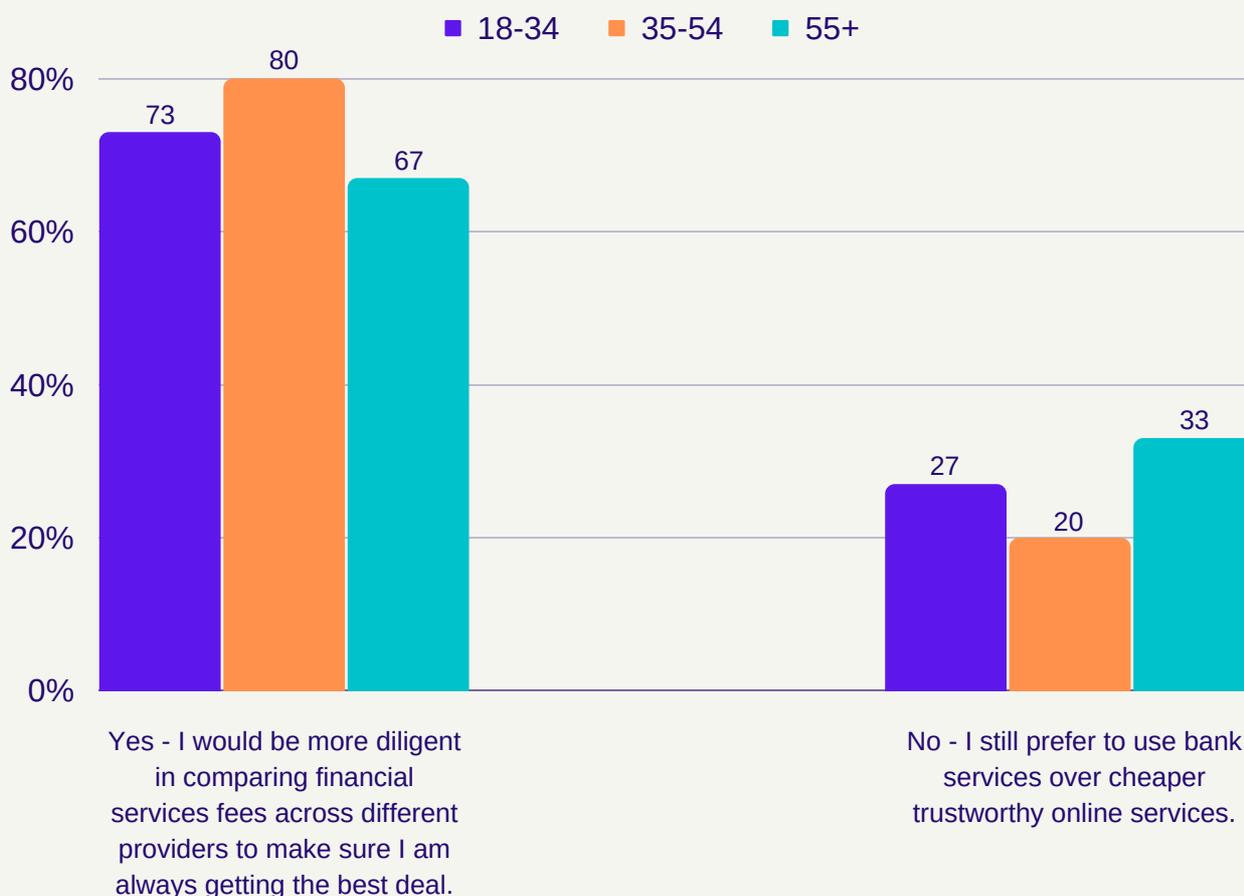
Three quarters (75 per cent) of respondents said they would be willing to research beyond traditional banking services if their fees were too high and switch to cheaper online services.

Would you look to cheaper trustworthy online services if you felt your banks fees were too high?



Money Transfer Comparison analysed age-based responses. The highest proportion of respondents likely to look for cheaper financial services elsewhere are in the 35-54-year age bracket (80 per cent). This was followed by 73 per cent of 18-34-year-olds and only 67 per cent of over-55 respondents.

Would you look to cheaper trustworthy online services if you felt your bank's fees were too high? (By age.)



Across the States, South Australians were found to be the most diligent in comparing financial service fees across different providers to make sure they were getting the best deal: 82 per cent of SA respondents said yes, followed by 78 per cent of West Australians, 76 per cent of Victorians, 75 per cent of NSW residents, 74 per cent of ACT residents and only 67 per cent of Queenslanders.

| Response | By State (%) | | | | | |
|--|--------------|-----|-----|----|----|-----|
| | NSW | VIC | QLD | SA | WA | ACT |
| Yes – I would be more diligent in comparing financial services fees across different providers to make sure I am always getting the best deal. | 75 | 76 | 67 | 82 | 78 | 74 |
| No – I still prefer to use bank services over cheaper trustworthy online services. | 24 | 33 | 18 | 22 | 26 | 28 |