

News Release

For release: 8 May 2019

ANZ home loan rates further reduced after OCR cut

ANZ today announced it will lower the interest rates on its Floating and Flexible home loans by 0.10%, and reduce its leading fixed-term rates 0.06% to 0.14% following today's Official Cash Rate cut.

The new rates will take effect from 13 May for Fixed rate home loans and new ANZ Floating and Flexible rate home loans, and 27 May for existing Floating and Flexible rate home loans.

"As New Zealand's largest home lender, we're committed to helping Kiwis into their own homes," said Antonia Watson, ANZ Managing Director Retail and Business Banking.

"Since the last OCR cut in 2016, fixed home loan rates have fallen steadily independent of any cash rate change. For example, in March 2017 ANZ's 1-year fixed-rate special was 4.39%, while the new special 1-year rate will be 3.89%.

"We'll be reducing both Floating and Fixed rate loans so the greatest number of customers will benefit from lower loan rates. More than 80% of our home loans are fixed rate.

"The current extreme low interest rate environment not only represents an opportunity for new home buyers to enter the market, but for existing home loan customers to pay off as much of their debt as possible."

ANZ will reduce interest rates on term deposits between 0.15% (90-Day) and 0.25% (60 and 120-day). ANZ's Serious Saver will be reviewed at a later date.

"It's important that people maintain healthy savings, but a lower cash rate will impact on deposit interest rates. We're concerned that savers might seek higher interest rates through riskier investments and savings options," Ms Watson said.

"Lower deposit interest rates will also be a concern for the elderly who rely on interest income in retirement."

Ms Watson said that while the OCR cut was expected, it might prove less effective in stimulating the economy than in the past.

"Capacity constraints and rising costs for businesses, and low interest rates globally might take some of the edge off the OCR's effectiveness."

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