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RACQ Bank to cut interest rates

RACQ Bank has announced it would pass on an interest rate cut of 15 basis points to Queenslanders following yesterday's Reserve Bank of Australia cash rate reduction.

The new variable home loan comparison rate of 3.04 percent per annum would come into effect from Tuesday 8 October and follows RACQ passing on the full rate cuts by the RBA earlier in the year.

RACQ spokesperson Paul Turner said the bank had moved to pass on as much of the rate cut as it could to help ease cost of living pressures for its members.

"Rates have never been lower, and we've again cut ours because we want to do the best by our members – that's always been our purpose," Mr Turner said.

"It's great news for Queenslanders looking to buy property – there are fantastic deals around they can take advantage of, and hopefully pay off their mortgages sooner.

"However, new mortgagees need to be careful not to borrow too much now while rates are low – you must be able to make your payments when the rates start going up again as well."

Mr Turner said RACQ Bank would pass on reductions across both variable and fixed lending, and deposit products.

"We've carefully considered both our members who have lending products, as well as the members who rely on the interest income from their deposit products," he said.

"While we passed on the full 25 basis point reductions in both June and July, we have to ensure our members who hold deposits are being looked after too.

"That's why we'll pass on 15 basis points to our loan customers and for most deposit holders, we'll only reduce interest rates by 15 basis points."

Mr Turner added small banks continued to suffer due to increased regulatory fees and were frustrated the big four had escaped unscathed with smaller increases.

"As we see rates come down to these historic lows, it puts more and more pressure on our business and on other small banks. If smaller banks are to keep pushing for better competition for consumers, then we need the Federal Government to step in and even the playing field."

Media inquiries: RACQ Manager Corporate Affairs Lucinda Ross 0447 196 258.

RACQ is Queensland's largest club and peak independent motoring organisation. We were formed in 1905 to represent the interests of the State's first motorists and today campaign for safer drivers, vehicles and roads on behalf of the 1.7 million members who own the Club. We offer those members a vast range of motoring, insurance, banking, entertainment and travel services and benefits, and each year respond to more than a million calls for roadside assistance.