

RBA Changes – What Does This Mean For You?

FAQs: RACQ Bank's response to the RBA cash rate change

What is the RBA Official Cash Rate (OCR)?

The cash rate is the interest rate on unsecured overnight loans between banks and other lenders. The cash rate is set by the Reserve Bank of Australia (RBA) and affects the interest rates banks charge their customers, as well as the rates of interest paid on savings accounts and term deposits.

The RBA meets throughout the year to decide whether the cash rate should go up, down or remain the same. Information on when the RBA meets and how they decide on the cash rate target can be found on the [RBA website](#).

How often does the RBA Official Cash Rate change?

The RBA meets eight times per year and considers the impacts of inflation, unemployment, wage growth and other economic factors when deciding on the official cash rate.

How does the RBA cash rate affect financial products?

Changes to the OCR often lead to changes in interest rates from banks and other financial institutions. A rising OCR often leads to increasing interest rates, and cuts to the cash rate may see interest rates decrease.

These changes can also affect deposit products, such as savings accounts. If interest rates rise, account holders may be able to earn more interest from their savings. If interest rates are cut, account holders may not earn as much interest on their savings.

Keep in mind that while changes to the cash rate can affect interest rates, it is not the only factor in play. Banks and financial institutions regularly review interest rates considering various internal and external factors and may choose to raise or lower their interest rates out of cycle from the RBA.

Will RACQ Bank pass on the RBA cash rate change?

RACQ Bank will always try to offer our members the best rate we can, but market conditions must be taken into consideration when making decisions on changing rates. Once RACQ Bank decides on the response to the RBA official cash rate changes, we will communicate with our members and public. More information can be found on our [RACQ Bank Announcement](#) page.

Deposit interest rate information

What options do I have if I am looking for an account I can put some savings into that earn interest?

RACQ Bank has several competitive savings offerings. You may like to lock away your money in a Term Deposit, be rewarded for regular savings, or prefer more freedom and access to your funds. More information can be found on our [RACQ Bank accounts](#) page.

If my Term Deposit coming up for maturity/rollover, what rate will apply to the new term?

Interest rates are subject to change. The interest rate applied to the Term Deposit is the rate as of the maturity date and is locked in for the agreed term. Current rates apply until the term deposit maturity date and new rates apply to all renewed term deposits. More information can be found on our [RACQ Bank Term Deposit](#) page.

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Lending interest rate information

What rate will I receive if I have an application currently in progress, but not yet funded?

Variable: All in-flight applications will have the rate of the day applied, therefore loans funded on or after the effective day of the rate change will have the new interest rates applied.

Fixed: All in-flight applications will have the rate of the day applied, therefore loans funded on or after the effective day of the rate change will have the new interest rates applied. The only exception to this is if you have chosen to lock in the fixed rate via the fixed rate lock-in process. This means that if fixed rates were to increase before the loan funds, you would still get the fixed rate you locked in.

Why is my variable rate different to the advertised rate for new customers?

The variable rate for your home loan depends on the type of loan, when you took it out, and any discounts or special offers available at the time. You can check your home loan contract for details about your interest rate or contact us to find out more information by calling 13 1905.

When will my minimum monthly repayment amount change?

Your minimum repayment will be changed for the repayment that is due the month after the interest rate change has occurred, on the basis that the repayment is at least one full calendar month after the rate change.

Example 1:

- Interest rate change is effective 17 May and members' monthly repayment is due 26 May. The repayment due on 26 June will reflect the new minimum monthly amount.

Example 2:

- Interest rate change is effective 17 May and members' monthly repayment is due 14 May. The repayment due 14 June will be the current amount and the repayment on 14 July will be the new minimum monthly amount.

Example 3:

- If your repayment is due on the 27th of each month and your rate changes on 26th August, your 27th August and 27th September repayments will stay the same. Your new repayment amount will start from 27th October. However, even though your repayment doesn't change right away, the new interest rate still applies from 26th August.

In the case of a decrease, interest will be calculated at the new rate from the effective date, resulting in a reduction in the amount of interest payable. The revised minimum repayment will be adjusted accordingly and reflected in line with your scheduled repayment due date once updated.

How will I know what my new interest rate and repayment amount will be?

New advertised interest rates will be published in the newspaper, the Australian, on the day of the change and the Loan Rate Schedule will be available on the [RACQ Bank website](#) from the day of change. For members that use internet banking the loan account will display with the new interest rate from the day after the effective date, but the new loan repayment will display after the next scheduled repayment.

Letters will be sent to all existing RACQ Bank home loan members affected by the rate increase/decrease no later than the effective date. These letters will outline the new annual interest rate, the new repayment amount, the frequency, and the new repayment effective date.

If I haven't yet received my letter after the effective date of the change and want to know what my new repayment amount will be, how can I find out?

Call our team on 13 1905 to discuss your new repayment amount.

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How do I adjust my repayments?

This will depend how your existing repayment is currently set up.

- Internet Banking: If you manually make your repayments or have an automatic transfer in place you can make changes to this via your Internet Banking or Banking app where the payment originates from.
- Loan Control (Bank automated): If you have an interest only loan with a loan control in place your repayments will be automatically adjusted in line with the date of the new repayment required.
- Direct Debit: If you have a direct debit in place, you will need to call our team on 13 1905 for existing home loans where we can assist you.

Do rate changes apply to all home loans?

Rate changes typically apply to variable rate home loans. Fixed rate loans remain unchanged for the duration of the fixed term. If you're unsure which type of loan you have, or how a change might affect you, we're here to help. You can locate the details of your loan, including your current interest rate via Internet Banking or contact us on 13 1905.

Where can I find the current interest rate for my loan on internet banking?

You can find your interest rate by logging into online or mobile banking, go to the 'Accounts and Cards' section, click on the loan account number/balance and the information will display on this page. If you are on the mobile banking app, you can select your loan account and click on 'Account Details' to display their current 'Interest Rate.'

If you are looking for your new interest rate on the day of the rate change effective date, the interest rate will be available to view the following day.

My loan is split between a fixed and variable home loan. What does that mean?

Only the variable portion of the loan will be affected if RACQ chooses to pass on a change to existing loans, and the interest rate will increase/decrease in line with this decision. There are no changes to the fixed home loan.

If the RBA change the Official Cash Rate again, will RACQ Bank adjust their home loan rates?

RACQ Bank will continue to review our rates and will consider the implications of any changes in the Official Cash Rate.

Once RACQ Bank decides on the response to the RBA official cash rate changes, we will communicate with our members and public. More information can be found on our [RACQ Bank Announcement](#) page.

I am having difficulty making repayments, can I speak to someone about this?

For information on ways RACQ Bank can assist, please visit [Vulnerability and Hardship](#) webpage or call 13 1905.

I am not happy with the interest rate change; how can I lodge my dissatisfaction?

Our specialists in the Home Lending Retention and Maintenance team can assist in navigating changes in your credit obligations, please call 13 1905. Alternatively, please visit our [Feedback and complaints](#) page.

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