

Online loans could save borrowers \$2,000 each year

Mozo Experts Choice Awards name top 10 Home Loans

- Borrowers could save over \$2,000/year by going online
- Eight out of ten best value home loans from online lenders
- Aussies “don’t know enough” to buy home loans online

Sydney, 27 July 2014 – Australian borrowers could be saving more than \$2,000 each year by choosing online lenders instead of the big banks, according to research by Mozo.com.au for its 2014 Home Loan Experts Choice Awards.

Mozo looked at 368 products from 75 lenders to identify Australia’s best value home loans, and found that online lenders are streets ahead of most traditional lenders in the value stakes with eight out of the top ten best value loans now from online lenders.

Australia’s Best Value Home Loans

Award	Provider	Product	5 Year Cost	Comparison rate	Lender Type
Gold	loans.com.au	Dream Home Loan Variable	\$65,029	4.56%	Online
Silver	UBank	UHomeLoan	\$65,382	4.62%	Online
Bronze	bankmecu	Basic Home Loan Special	\$66,659	4.69%	Traditional
4	iMortgage	Essential Home Loan	\$66,984	4.71%	Online
5	State Custodians	Peak Performance Offset	\$67,419	4.93%	Online
6	eMoney	Prime Full Doc 80	\$68,422	5.00%	Online
7	iMortgage	Fusion 80	\$68,422	4.80%	Online
8	The Rock	Essentials Home Loan	\$68,457	4.81%	Traditional
9	iMortgage	Fusion 80 (ProPack)	\$68,604	5.02%	Online
10	Homeloans	Classic	\$68,762	4.85%	Online

Mozo assessed the cost of each loan over 5 years by totalling the minimum monthly repayments and all mandatory upfront, ongoing and discharge fees. Repayments based on a \$350,000 loan over 25 years.

Data correct as at 14 July.

When surveyed*, most Australians said they weren’t comfortable buying a home loan online (62%) because they didn’t know enough about online lenders. But when asked about the benefits of an online loan provider, 59% cited lower rates and lower fees as the draw card.

The products we’re most comfortable to buy online are car insurance and savings accounts, with 57% of Australians saying they would consider applying for car insurance online versus just 24% for home loans.

Mozo Director, Kirsty Lamont says she’s surprised to see three in four Australians shunning online lenders for traditional lenders, despite what could be saved.

Mozo found that online lenders are on average 0.52% cheaper than the Big 4 Banks for a typical loan of \$350,000 over 25 years. Choosing this year’s gold medal winning loan from loans.com.au instead of the average Big 4 Bank loan would save \$2,256 a year - which equates to a whopping \$56,400 over the life of the loan.

“When you look at just how much can be saved, Australians really should open their eyes to other providers beyond the traditional bricks and mortar lender or mortgage broker.”

“Many online lenders are able to offer better deals because they simply have less overheads than their bank branch counterparts and they’re keen to compete,” said Lamont.

One of the other reasons people avoid shopping online for their home loan is to receive face to face service from an expert and although Lamont believes this can be a valuable service, it might come at a price.

“When homebuyers are looking at loans through a mortgage broker or bank, they might not be seeing the full spectrum of offers available, including what might be a better deal, online,” said Lamont.

87% of Australians surveyed by Mozo were unaware that mortgage brokers generally do not offer access to loans from online lenders, despite the incredibly competitive rates on offer from these providers.

For the full list of Mozo Experts Choice Awards 2014 Home Loan winners across all categories, visit <http://mozo.com.au/expertschoice/top-3-home-loans>

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*Mozo commissioned Pureprofile to conduct a nationally representative online survey of 1,006 adult Australians in July 2014.

About the Mozo Experts Choice Awards

More information on the methodology and home loan awards criteria can be found in the Mozo Experts Choice Research Report [here](#) (pdf).

About Mozo.com.au

Mozo is Australia's leading online financial comparison and reviews site. Our database covers more than 1,800 products from 180 banking, insurance and investment providers, and our award-winning comparison tools help more than 300,000 Australians find a better banking or insurance deal each month. Mozo powers the "Compare, Ditch & Switch" service for Choice and has partnerships with some of Australia's largest publishers.

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