FLEXIBILITY IS TOP PRIORITY FOR HOMEOWNERS AMID ECONOMIC UNCERTAINTY

Australian homeowners are keeping their options open with flexible home loan products amid current economic uncertainty according to new research released today by Gateway Credit Union.

The research has found that, contrary to the popular view that most borrowers lock in the lowest interest rate in uncertain times, almost half of all borrowers (46%) report that they are more likely to choose a flexible product that can adapt to changes in their personal circumstances with the ability to redraw, overpay or offset against other accounts. This compares to just 18% who would rather forgo flexibility for the lowest possible rate.

Ahead of the Reserve Bank’s decision today, the research also found that a large proportion of people (36%) make decisions about their home loan independent of the economic outlook, uninfluenced by the economic indicators such as likely rate movements in the cash rate, employment growth and GDP.

Paul Thomas, CEO of Gateway expanded, “Every day there are new economic indicators released and it can be difficult for homeowners to form a clear and consistent view on what the impact is likely to be for their own personal circumstances. He continued, “This seems to have one of two effects on people – either the information overload leads to them disregarding these factors when making decisions on their home loan or alternatively they believe the uncertainty requires them to have more flexibility and control.”

Finally, the research found that the younger age groups are more likely to be seeking flexibility in their home loans with 61% of survey respondents aged between 22 and 36 years reporting that they are more likely to choose a flexible loan in times of economic uncertainty. This falls away to just 35% of those borrowers aged between 52 and 70 years.

Mr Thomas concluded, “I think a number of factors contribute to this trend. It is likely a reflection on younger generations having grown up in an age where customers expect an immediate response to their change in requirements. As this demographic are more likely to change jobs and start a family, they want the ability to overpay or redraw money for spending on renovations or education, so flexibility to adapt is key.”

Notes to editors:

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About Gateway Credit Union

● As a leading Australian Credit Union, Gateway Credit Union has been proudly looking after Australians and their family’s banking needs for sixty years.
Today Gateway Credit Union remains as focused as ever on providing real choice and value to financially help people achieve their hopes and dreams, be it buying their own home or building their wealth to retire comfortably.

Synonymous with trust, value and personal service, while an ADI, unlike the ‘big banks’, Gateway Credit Union is fully owned by its Members and every Member is a customer with one equal share. This means everyone benefits equally from the commitment to exceptional service and great value. Everyone can join Gateway and everyone should, so to find out more visit www.gatewaycu.com.au