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Australia Banks Cut Savings Rates Following RBA Move

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Australia's major banks and financial institutions have reduced savings rates in the days following the Reserve Bank of Australia's (RBA) latest interest rate decision.

Seven financial institutions announced rate cuts this week, impacting savers across multiple account types. NAB reduced rates on its Reward Saver and iSaver accounts. Reward Saver accounts will now offer a maximum rate of 4.10 per cent, while iSaver accounts will provide up to 4.40 per cent for the first four months before reverting to 1.25 per cent. NAB's changes come ten days ahead of adjustments to variable mortgage rates.

BOQ's Future Saver account, aimed at young adults aged 14 to 35, has been reduced from 5.00 per cent to 4.85 per cent. Macquarie Bank has also lowered rates for both savings and mortgage accounts, with savings accounts now offering a maximum of 4.25 per cent, while transaction accounts will receive 2 per cent going forward. Other banks implementing cuts this week include AMP, Great Southern Bank, ME Bank, and Hume Bank.

The moves follow the RBA's announcement on Tuesday of a 25-basis-point reduction in the official cash rate, bringing it to 3.60 per cent. Canstar data insights director Sally Tindall noted that the RBA's decision is already affecting savings rates.

Tindall said, "We expect additional savings rates could adjust following this RBA cut, although banks may not publicly highlight all changes."

Following the RBA's decision, the Commonwealth Bank (CBA) was the first major bank to announce it would pass on the full rate cut to variable-rate home loan customers, effective August 22. Westpac confirmed it would pass on the cut to both savers and variable-rate borrowers, with savers seeing lower interest from August 22 and mortgage holders receiving adjustments four days later.

ANZ announced similar terms for borrowers, reducing variable rates by 25 basis points, effective August 22. Meanwhile, CBA and ANZ savings rates remain under review, though Canstar reported that historical trends indicate some savings rates could be adjusted next Friday. NAB has indicated it will lower standard variable home loan rates by 0.25 per cent from Monday, August 25.

Australian savers will experience lower returns, while borrowers may receive rate adjustments in the coming weeks. The RBA's decision continues to influence both household savings and borrowing costs, demonstrating the effect of central bank policy on financial products and market interest rates.