

# **THE IRISH TIMES**

Note : Below are extracts from an article published The Irish Times (15<sup>th</sup> October 2022) as referenced below.

## **Bank of Ireland and Permanent TSB will not be far behind AIB on rates**

The Irish Times(2022) outlines how AIB may have learnt from previous recent PR blunders and public reaction to certain proposals to change business practices, and look certain to allow borrowers time to close deals at existing rates as further mortgage-rate rises loom:

AIB, chastened by public uproar about its short-lived plan in July to turn 70 of its branches into cashless outlets, seems to be learning from PR blunders elsewhere of late, too. It may have been prepared yesterday to end a standoff among the mainstream Irish banks on who would move first to raise interest rates after the European Central Bank (ECB) had hiked its main rates twice in the past three months. But it clearly took note of non-bank lender Finance Ireland's embarrassing U-turn earlier this week over how long customers with loan offers have to draw down their mortgage before new higher rates apply.

Finance Ireland initially gave customers only five days to finalise deals on previously agreed rates, but it was forced to come out on Monday to extend the timeframe to four weeks. AIB, in moving to increase the annual cost of all fixed-rate products across its AIB, EBS and Haven brands by half a percentage point, has decided to give those with existing loan offers a month to close their property purchase. The increase is less than half the 1.25 point increases pushed through by the ECB since late July — with another 0.75 of a point on the cards when the Frankfurt-based organisation's governing council meets next month.

But Irish banks – awash with tens of billions of euro of excess deposits – have already received an earnings boost from the ECB's recent rates moves, which also lifted the rate applied to banks for their surplus deposits out of negative territory.

(Irish Times 2022)

The Irish Times(2022) further informs that the other pillar banks in the Irish market may follow suit and increase rates:

The AIB move raises the annual cost of all new fixed-rate loans. For instance, a five-year fixed-rate loan with a loan-to-value of between 50 and 80 per cent will climb to 2.95 per cent. AIB, for now, has left its standard variable rate unchanged but it's only a matter of time before that is also increased. Bank of Ireland and Permanent TSB won't be too far behind.

The rising rates environment will likely further stoke mortgage switching in the market, according to Trevor Grant, chairman of the Association of Irish Mortgage Advisors:

“Switching has been gathering pace for some time now, with a huge increase in the volume of mortgage switching so far this year,” he said. “Reviewing your rate options is important for all customers at this time.”

(Irish Times 2022)

## References

Irish Times (2022) *Bank of Ireland and Permanent TSB will not be far behind AIB on rates.* October 15<sup>th</sup>. Available at: <https://www.irishtimes.com/your-money/2022/10/15/bank-of-ireland-and-permanent-tsb-will-not-be-far-behind-aib-on-rates/> . (Accessed 15 October 2022).

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