What the 2025 rate cuts meant for your loans | Natloans

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Published 24 March 2025 by Mary Nebotakis, Managing Director (B. Eco, Dip. Financial Services). This article reflects the economic context at its publication date and is general information only — not financial advice or a credit assessment. Rates, forecasts and lender conditions change; confirm current details with us before making any borrowing decisions.

The RBA reduced its cash rate target to 4.10% on 18 February 2025. In this March 2025 article, we explained what a lower cash rate could mean for home, car, personal and business borrowing. That is historical context: we compare today's available loan terms when you contact us, rather than treating the 2025 outlook as a guide to the next decision.

The honest answer is that no single move suits everyone. What we can do is walk you through what a rate-cut environment tends to mean for each type of borrowing, and what's worth reviewing before any further decisions are made.

How the cash rate flows through to your loans

The cash rate influences lending rates, but it is not the rate on your loan. Lenders decide how and when to change their pricing. An existing variable rate may move; an agreed fixed rate normally stays fixed for its specified period. Some fixed personal and car loans are fixed for the entire loan term and finish at maturity, rather than switching to a variable rate.

Different lenders can price similar loans differently. We compare the offers available for your loan purpose, deposit or equity, income and credit position, then check the fees and features as well as the rate.

Home loans: what to think about

If you're on a variable rate

A variable rate loan may adjust when your lender passes on a rate change, but lenders are not required to pass on the full movement. If your lender does pass it on, the reduction in your monthly repayment depends on your remaining balance and term — a smaller loan or a loan near the end of its life will see a smaller dollar saving than a large loan with many years remaining. The more useful number to look at is total interest over the life of the loan, not just the monthly figure.

If you're on a fixed rate approaching expiry

This is often the moment borrowers are most exposed to a rate change in either direction. If your fixed period is ending soon, it's worth comparing what your current lender will offer on rollover against what's available on our panel. Don't assume your lender's rollover rate is competitive — it may not be.

Before switching, check the discharge fee on your current loan, any application fee on the new one, and whether your equity position means lender's mortgage insurance could apply. ASIC's Moneysmart switching guide notes that LMI can outweigh the interest saving if you hold less than 20% equity. Also confirm the term: refinancing into a new 30-year loan when you have 20 years remaining will likely cost you more in total interest even at a lower rate, unless you maintain higher repayments.

If you're planning to buy

If a lender reduces its assessment rate, your borrowing capacity may change, but the cash rate alone does not determine it. Income, expenses, other debts, lender policy and the property also matter. We can help you seek conditional pre-approval before you shop. It gives you a planning guide, not an assured budget or permission to bid without checking finance and contract risks.

Car loans and personal loans: what changes and what doesn't

Car loans can be fixed or variable, secured or unsecured, and may include a balloon payment at the end. Each of those features affects how a rate environment change flows through to your cost.

A fixed-rate car loan taken before a cut won't benefit from further RBA moves. A variable-rate car loan might, depending on your lender's pricing decisions. If you're considering a new loan, comparing the comparison rate — which includes the interest rate and standard fees in a single figure — across lenders on our panel is more meaningful than comparing headline rates alone. Just make sure you're comparing the same loan amount and term, as ASIC's Moneysmart guidance on car loans notes; comparison rates shift when those inputs change.

If you've held a car or personal loan for some time and your financial position has improved — steadier income, a better credit history, more equity — it may be worth exploring whether a lower rate is available. That's not guaranteed, and the payout amount, any early exit fees, the remaining term and any balloon obligation all need to be factored into a genuine like-for-like comparison. Extending a term to reduce monthly repayments can cost more overall even at a lower rate.

For unsecured personal loans, rates are generally higher than secured lending because the lender has no asset to fall back on. If you're consolidating short-term debts into a longer-term loan — even a home loan — be careful: you may reduce the monthly payment but significantly increase the total interest paid, and you may be putting your home at risk for what was previously unsecured debt.

Business finance: cash flow and asset decisions

For business owners, a rate-cut environment tends to make two things worth reviewing: the cost of existing debt, and the timing of planned asset purchases.

Existing business debt

If you're carrying a business loan, line of credit or overdraft at a rate that made sense two years ago, it's reasonable to ask whether better terms are available now. Refinancing can improve working capital, but the outcome depends on your loan structure, any break or exit costs, and what lenders are currently pricing for your business type and risk profile. We can run through your current facilities and give you a realistic picture of what's achievable.

Asset finance and equipment

Equipment loans, chattel mortgages and finance leases are common ways to fund vehicles, machinery and technology for business use. The distinction matters: under a chattel mortgage, your business

owns the asset subject to the lender's security interest; under a finance lease, the financier typically retains ownership and you make lease payments. The tax treatment of each differs — whether payments or depreciation are deductible, and how GST applies, depends on your business structure, the asset's use and your eligibility. We'd always recommend confirming the tax implications with your accountant rather than assuming a particular outcome.

If you have asset purchases planned for the financial year, reviewing the available finance options now — rather than at the last minute — gives you time to compare products properly and understand the total cost, including any residual or balloon at the end of the term.

EOFY timing

The approach to end of financial year is a natural point to review your business finance structure. Whether a rate environment makes that timing particularly advantageous depends on your specific situation and tax position — a rate cut alone doesn't create a deduction or meet an asset-use deadline. Talk with your accountant about what actually needs to happen before 30 June and work backwards from there.

A practical review checklist

Regardless of what the RBA does next, the following steps are useful for any borrower wanting a clear picture of where they stand:

List your current facilities — balance, rate type (fixed or variable), remaining term, monthly repayment, fixed expiry date if applicable, and any balloon or residual.

Check your rate type and expiry dates — variable rates depend on lender decisions; fixed rates follow the agreed fixed period, and a whole-term fixed loan may simply reach its final repayment.

Ask your existing lender for their best rate — especially if you have meaningful equity or a strong repayment history. This costs nothing and gives you a baseline.

Compare on total cost, not just monthly repayment — a lower repayment from extending the term often means paying more overall.

Account for switching costs — discharge fees, application fees, LMI if applicable, and any fixed-rate break costs.

Consider conditional pre-approval before buying — then check the property, conditions, expiry date and contract obligations before committing.

How we can help

We help individuals and business owners compare home, car, personal and business finance from our lender panel. We explain the options, prepare the application and follow up with the lender. Approval and final terms remain subject to the lender’s assessment of your circumstances.

If you'd like to talk through your current loans or what a rate change might mean for a purchase you're planning, call us on 1300 955 791 or book a free consultation. We're available Monday to Friday, 9.00am to 5.30pm, excluding public holidays.

Further reading

Your Guide to Smarter Car Loans and Asset Finance

How a Personal Loan Can Help You Get Ahead

ASIC Moneysmart: Switching home loans

ASIC Moneysmart: Car loans

This article is general information only. Loan approval and terms depend on lender assessment of your individual circumstances. We will clarify applicable fees and our remuneration before you proceed.

RBA February 2025 rate decision