



FREE RATE REVIEW KIT . DOCUMENT 2 OF 4

The Cashback Intelligence Map

How Australian refinance cashback offers actually work, what the real value test is, and the four traps to avoid before you sign anything.

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A note before you read this

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The cashback game, explained without the spin

In any given month, several Australian lenders are paying cashback to homeowners who refinance to them. The amount varies, the conditions vary, and the trade-off against rate varies. Most homeowners have no idea this market exists. Many borrowers who do know about it grab the biggest cashback they can see and miss a much better deal a few hundred basis points away.

This document explains how cashback works, why lenders offer it, what to actually look at, and which traps to avoid. It does not list specific offers because those change weekly. In your strategy call, Kunga can tell you which lenders are paying what right now.

Why lenders pay you to switch

Cashback is a customer acquisition cost the lender is willing to absorb in order to win you onto their loan book. The maths makes sense for them because the average refinanced mortgage stays on the new lender for several years, and the interest margin over that period more than recovers the cashback they paid upfront. It is real money, but it is not generosity. It is marketing spend with your name on it.

Typical cashback structures you will see

- dot Flat rebate on settlement.** The most common form. A fixed dollar amount paid into your account a few weeks after the loan settles.
- dot Tiered by loan size.** Larger loans get larger rebates. The lender wants the bigger interest stream so they pay more to attract it.
- dot Conditional rebate.** Triggered by meeting certain conditions, for example consolidating debt at the same time or making the new property your primary residence.
- dot Promotional rate plus rebate.** A discounted introductory rate combined with cashback. Often expires after a fixed period.

How to read a cashback offer like a broker

Step 1. Look at the rate, not just the cash

A \$4,000 cashback on a loan priced 0.40% above the market is not a \$4,000 win. On a \$700,000 loan, 0.40% is roughly \$2,800 a year in extra interest. The cashback is gone in about 18 months and you keep paying the higher rate every year after that. The illustrative maths varies by balance and term, but the principle is constant.

Step 2. Read the clawback clause

Most cashback offers come with a clawback period, typically 2 to 4 years. If you refinance away from that lender inside the clawback window, they reclaim the cashback in full. That is not a deal-breaker, but it locks in your decision so make sure the lender you are switching to is still going to be competitive two or three years from now.

Step 3. Cost in the switching fees

Cashback is the gross figure. Net it down by the discharge fee on your current loan (typically \$300 to \$400), the new lender application fees (often waived for a brokered loan), state government mortgage registration fees (about \$200 depending on the state), and any break costs if you exit a fixed term early.

Step 4. Check the offer applies to brokered loans

A small number of cashback offers are only available through a lender's direct channel, not through brokers. Most are broker-available. Always confirm before committing to a structure.

The honest cashback test

A real-value cashback offer is one where the lender's underlying rate is still competitive over the clawback window, and the net cash in your hand after switching fees is materially positive. If either of those is not true, the cashback is a distraction.

Common cashback traps to avoid

Trap 1. The bait-and-rate-rise

Lender advertises a sharp introductory rate plus cashback. After the intro period ends, the loan reverts to a much higher standard variable rate. If you do not refinance again at that point, the savings evaporate quickly.

Trap 2. The packaged loan with ongoing fees

Some cashback offers are bundled into a "professional package" that comes with an annual fee of \$300 to \$400. Over a 25-year loan, those fees alone can exceed the original cashback by a multiple.

Trap 3. The conditional clawback

A small number of offers have clawback triggers beyond just refinancing away, for example if you increase the loan within the first 12 months. Read the fine print before applying.

Trap 4. The fixed-rate cashback lock-in

Some cashback offers are only available when you fix part or all of your loan. Fixed rates have break costs if you exit early, and breaking a fixed loan can cost tens of thousands of dollars depending on movements in the swap rate. Make sure you understand the lock-in before accepting the cashback.

How KTD uses cashback in your review

Kunga checks the live cashback market on the day of your review. If a cashback is real value for your situation, you will see exactly how it nets out against the rate. If the cashback is a distraction from a better non-cashback option, you will see that too. The point is informed choice, not chasing a number.