

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (FIFTH HEARINGS)

Australia and New Zealand Banking Group Limited

ANZ09QON: Hansard p. 28

Expenditure calculation models – HEM and Triex

Mr JOSH WILSON: I just want to ask a couple of questions about the Household Expenditure Method. I understand that the ANZ is seeking to move away from the use of it or decrease the use of it. You were up around three-quarters of loans relying on some reference to that, and you've dropped down to the mid-50s as a percentage and you're on track to get to about a third. As part of that, you're introducing, or making use of, a new means of assessment called Triex or something. I'm interested if you could answer: are you on track with your ambitions to get down to a third of loans relying on the HEM; and can you take on notice and provide to the committee some information about the on-average or aggregate outcomes—particularly, the sorts of differences in outcome—that you're seeing through the application of the Triex method in comparison to the HEM?

ANSWER

ANZ is continuing to work on reducing its reliance on HEM through a range of measures including: capturing an expanded set of expense categories in customer interview guides during the home loan application process, rolling out additional lender and broker training on capturing accurate living expenses and enhancing internal governance activities related to HEM use. As noted at the hearing, ANZ has made a commitment to reduce use of HEM. The proportion of applications employing the HEM method is now in the mid-50s and trending lower. The TRIEX method is not currently operational for expenses and therefore we cannot comment on the differences in outcome through the application of the TRIEX method in comparison to HEM.