

Australia and New Zealand Banking Group Limited

Response to Questions on Notice following 5 October 2016 House of Representatives Economics Committee Hearing

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Question

Mr EVANS: Just lastly, you talked a little bit earlier about your financial hardship arrangements. The feedback I get from my constituents is that those arrangements often work quite well for those who foresee financial hardship but are not yet in it but do not work well for those who suddenly get into it through illness or unemployment or so on. The allegation is that options like interest-only periods are only available, because of bank policy, once you have got on top of any arrears that have accumulated, which is obviously the hardest time to get on top of any arrears. Is that how it works in ANZ?

Mr Hodges: I could not be sure about the policy—we can obviously come back on that—but my judgement in terms of working around that would be that, if people were already in arrears, that would be taken into account in terms of working out what the customer could do and how we would best reset that. So, often that might mean you have a period where you give people no payments for a period to try to help them through a period of immediate stress and then work out how they reset their family expenses, essentially, around what is occurring in their lives to make sure that they can meet the normal needs of servicing the debt that they do have and meet their other bills. That becomes a process of working that through and then trying to set up a plan for getting people back into the normal part of the bank where they are not in hardship.

Mr Elliott: I think it is fair to say that our experience is that, unfortunately, more Australians are experiencing some level of financial stress. As I said, some of that is to do with the downturn in certain industries et cetera, but it is a fact. It is in our interest to deal with those people professionally and as quickly as we can to avoid them getting into a position of real stress. We have got to do a better job of making those options known to people. As Graham said, we are trying to do that through technology and other things, but we have got to do a better job making sure people know that they have that option.

Mr EVANS: I would like to know a little bit more about that, so we might chase that up—

Answer

Hardship assistance offered by ANZ includes payment moratoriums, mortgage debt restructuring, pay down plans, debt consolidation, temporarily reducing payments, debt waiver, referral to a financial counsellor and information in relation to budgeting and financial literacy. Customers have access to a financial counselling hotline and an independent financial counsellor.

There is no policy that interest only periods are only offered where a customer is no longer in arrears. Interest only periods (a form of temporarily reduced payments) can be an effective tool for managing hardship. Interest only periods may not however be in the customer's best interests as an interest only repayment structure will typically increase total costs over the life of a loan. We are currently reviewing the use of interest only periods to make sure they are being used in a way that supports the customer's best interests.

All customers that request hardship assistance will receive a short term period of assistance at a minimum (three months). If the nature of their hardship requires a longer period of assistance, we will work with the customer to understand what the best outcome is for them and develop an appropriate arrangement.

Customers can access ANZ's hardship program irrespective of whether they are current or in arrears on their payment obligations.

We seek to treat our customers with respect when they advise us of payment difficulties. Our customer hardship team, Customer Connect, receives specialised training enabling them to deal effectively and empathetically with customers experiencing hardship. This year, training has focused on family violence and elder abuse.

ANZ has a dedicated hardship website (<http://www.anz.com/hardship>). The website includes simple to understand animated guides, self-help tools and 'next step' instructions. Customers can lodge a request for assistance online or call the dedicated Customer Connect team. An important tool offered to customers in hardship is the ANZ MoneyMinded financial literacy program.

ANZ works closely with financial counsellors, the Financial Ombudsman Service and other stakeholders on its hardship program. We participate in regular meetings with these groups and seek their advice, for example on developing new options for assisting customers.