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Mr CRAIG KELLY: Taking the example of the person I gave—someone with a \$1,000 limit you have set, \$500 outstanding and a \$25 monthly fee—if they were late with that \$25, what do you believe the cost to the bank would be?

Mr Hartzler: So the \$25—

Mr CRAIG KELLY: The \$25 is the monthly minimum repayment fee. If they miss that \$25—

Mr Hartzler: I just want to make sure I answer your question right. When you say 'a \$25 minimum repayment fee', are you talking about the repayment of the balance?

Mr CRAIG KELLY: No, the monthly minimum that they have on their credit card statement would be \$25.

Mr Hartzler: That is not a fee. That is a repayment of—

Mr CRAIG KELLY: Sorry, I meant 'repayment'. If they missed that payment, what would the cost—

Mr Hartzler: \$9.

Mr CRAIG KELLY: No, that is what the bank would charge them. But what would the actual cost to the bank be?

Mr Hartzler: I do not have that number handy.

Mr King: It depends. The three sources of the cost will include credit costs. As Brian said, in a lot of cases it is an indicator of credit challenges. In some cases people have just missed the date and repaid pretty quickly. There are additional capital costs. When you go into default, there is a different level of capital requirement for that particular product. There are also administrative costs around that. We have not put out a number on that.

Mr CRAIG KELLY: Perhaps you could take that on notice for us.

**Answer:** Westpac has not calculated with precision the costs that it incurs in relation to any particular credit card late payment event. However, we note that in the recent class action against ANZ Bank in relation to its credit card late payment fee, ANZ gave evidence (and the High Court accepted) that the average financial cost incurred by ANZ in respect of each credit card late payment event is in the range of \$33 to \$55. We expect that the categories of cost incurred by Westpac in respect of late payment events are similar to those outlined by ANZ. The costs that would actually be incurred in relation to any particular late payment event would depend, in part, upon the level of collections activity that was required to be undertaken in respect of the late payment.