

## **HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

### **REVIEW OF THE FOUR MAJOR BANKS**

#### **Australia and New Zealand Banking Group**

#### **ANZ06QW: REGARDING GOODS AND SERVICES PAYMENT TERMS**

**Question: With reference to the bank's payment term policy or policies that the bank applies to its suppliers of goods and services, and customers of its goods and services:**

**(a) whether they are consistent between the purchase and sale of goods and services?**

**(b) in reference to (a), if not, why not?**

**(c) in reference to (a), if not, will the bank bring them into consistency?**

(a), (b) This question appears directed at whether ANZ applies the same payment term policies as "supplier" of good/services as it does when ANZ acts as "acquirer" of goods/services.

ANZ is a supplier of financial services and acquires a broad range of goods and services in order to provide these services.

As set out in our response to ANZ05QW, ANZ's standard payment term policy is that we pay suppliers within 30 days of receipt of a correctly rendered valid tax invoice, or alternatively through agreement with the supplier as approved by ANZ procurement.

The standard payment term policy does not generally apply to banking services acquired by ANZ (for example, when ANZ purchases services in wholesale banking markets).

The payment term for a banking services will vary according to product characteristics, the particular market and other factors such as credit risk, and be in accordance with applicable laws, regulatory guidelines, and industry practices and standards.

Banking services have characteristics that are reflected in payment terms. A loan is generally provided over a long period (or revolving basis). The key terms include those that apply to interest payments due with interest generally calculated in arrears.

For a typical ANZ Business Loan, interest is calculated daily and charged periodically as set out in the Letter of Offer, a customer generally has up to 15 years to repay their loan and the customer is able to make additional repayments to help pay off their loan faster (and reduce the interest charged).

In relation to banking and financial services, where we both supply and acquire services, payment terms generally reflect the particular characteristics of the banking and financial product or service and are based on a specific agreement rather than a general procurement policy.

In relation to goods and non-financial services, ANZ has no role as a supplier and we have no basis to compare "acquirer" with "supplier" payment terms.

(c) Not applicable.