

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

ANZ

ANZ48QW:

- (a) Have you completed a cost estimation of the impact of implementing responsible lending obligations for:
 - (i) Your institution? If so, please provide this estimation.
 - (ii) Your customers? If so, please provide this estimation.
- (b) Since the exemption from the responsible lending obligations for small and medium enterprises has been in place:
 - (i) Have you adjusted your internal processes to assess credit approvals?
 - (ii) What impact has the exemption had on the bank's capacity to lend?
 - (iii) If the exemption has had no effect, why?
- (c) Have you seen small and medium enterprises turn to other lines of credit during the coronavirus pandemic? If so, why?

Answer:

- (a)
 - (i) We have not estimated the cost of implementing the entire set of responsible lending obligations for ANZ.
 - (ii) We have not estimated the cost of implementing the entire set of responsible lending obligations for our customers.
- (b)
 - (i) While we welcome the Government's initiatives to improve credit availability, we have not adjusted our internal processes specifically in response to the exemption. This is because the relevant processes are needed to comply with our other lending obligations, including under the Banking Code of Practice and the standards of the Australian Prudential Regulation Authority.

We also note that there are other obligations under the *National Consumer Credit Protection Act 2009* (Cth) that continue to apply to lending to consumers where part of the purpose is for small business. These include disclosure obligations and certain obligations under the National Credit Code.

However, we note that the exemption may become useful over time as we consider what other changes we can make to our processes. We also note that the Government has announced that where a proportion of an application for credit is for a business purpose, irrespective of the proportion, the new lending regulatory framework will not apply.

- (ii) For the reasons given to question ANZQW48(b)(i), this not applicable to us.
 - (iii) As noted above, we have not adjusted our processes as they are needed to comply with other obligations.
- (c) We do not have particular insight into SMEs turning to non-bank lines of credit during the coronavirus pandemic. We note that the September *Bulletin* from the Reserve Bank of Australia observed that '[t]he use of non-traditional finance has increased but from a low level'.¹

¹ Reserve Bank of Australia *Bulletin* (September 2020) 62.