

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

CBA

CBA08QON: Dr MULINO: Thanks for your previous answer. Just to clarify: was the 28 per cent you mentioned of the marginal additional dollars that would be spent, rather than a 28 per cent increase in spending per se?

Mr Comyn: My recollection of the analysis that was done is that there was an examination of the expenditure across those accounts pre the tax change and an examination of the expenditure post the change, and the delta between the two was 28 per cent. That's an average; obviously there would have been some variation across that population.

Dr MULINO: Are you able to share any of that analysis?

Mr Comyn: Yes.

Answer: Commonwealth Bank completed a high-level, indicative analysis of changes in spending for a subset of customers who received a tax refund from the Australian Government relating to the 2018-19 financial year.

We identified 1.6m customers who were recipients of a tax refund, where the customer's main account for daily spending was deemed to be held with the Commonwealth Bank. We took the point at which the customer received the refund and analysed the three months prior and one month post to understand changes in spending behaviour. Spending was defined as cash, cheque, debit card and credit card spend. Transfers to other financial institutions were considered separately, and not included in the spend change analysis.

We took the median monthly spend from the three months prior and one month post refund for these customers, and saw an increase in median spend from \$1,702 to \$2,193, or 28.8%. The median observed refund was ~\$1.7k.

This is one high-level indication of a change in spend behaviour that may have resulted in part from recent changes to income tax rates. In this analysis no attempt was made to identify the subset of taxpayers whose FY19 refund was in part or wholly due to recently legislated changes to the income tax framework. Nor did the analysis seek to

take account of seasonality, or to compare spending patterns against customers who did not receive a tax refund.