

# HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

## REVIEW OF THE FOUR MAJOR BANKS

### Commonwealth Bank of Australia

**CBA22QW:** Of existing customers who switch to better lending arrangements within your bank, could you share any broad data you have regarding the size of their loan (at the time of changing), the duration of their loan up to that point, their income bracket, their location, and their age?

Alternatively, could you indicate if the customers who change tend to share a particular demographic profile? If that information could be provided overall, but also separately depending on whether the customer changed their lending arrangements after unsolicited contact from the bank (after a rate change for example) or as a result of contact they initiated with the bank, it would be appreciated.

**Answer:** CBA home loans offer flexibility for our customers to switch loans or adjust their terms to meet their changing needs. As an example, this may involve customers choosing to move to a home loan product with more features, such as an offset account, or changing from a variable to a fixed rate.

While we do not maintain data on a customer's primary motivation for changing their product or arrangements, there is a range of factors that can influence a customer's decision to change their lending arrangements, for example:

- Changing customer preferences relating to product features, such as requiring an offset account or changing to a fixed or variable rate home loan;
- Responding to an advertised offer;
- Changes in personal circumstance that impact the customer's capacity to make repayments, including an increase in earning capacity, a change to or from full-time or part-time employment, or the addition of a dependant;
- A change in a customer's repayments due to, for example, reaching the end of the period for which their rate was fixed.

Over the past 12 months, we assisted around 100,000 home loan accounts (excluding lines of credit) to change their lending arrangements. The average balance of these accounts is \$278,000.