

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

#### Commonwealth Bank of Australia

- CBA47QW:**
- (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)-(ii) As per evidence to the Committee on 4 September 2020, the Commonwealth Bank has invested tens of millions of dollars to ensure we continue to make lending decisions in a timely manner for customers.

While we have not quantified the direct cost to customers, the responsible lending obligations have increased the information customers are required to provide and, as a result, the time taken for customers to complete the credit application, as well as to provide detailed information to verify their application.

(b) (i)-(ii) We have made adjustments to our credit processes over the past six months in response to the pandemic and the needs of our customers to simplify the application process. We have not relied on the exemption specifically, but the additional clarity it provided was welcome.

(c) The market for SME lending is highly competitive and customers move among suppliers depending on offers in market and the

customers' needs and preferences. We continually seek to maximise flexibility and convenience for our SME customers, and during the pandemic, flexibility has meant providing deferrals as well as extending new loans.

