

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Commonwealth Bank of Australia

CBA48QW: (a) Do you have any case studies highlighting where responsible lending obligations are inhibiting the provision of credit to individuals, households, or small and medium enterprises? If so, can you provide them to the committee?

(b) Have you estimated the cost of applying the responsible lending obligations? Has it increased the fees and charges for customers? If so, please provide information on how much the average and median fees and charges to customers have increased for the following products:

- (i) new mortgages;
- (ii) refinancing internal mortgages;
- (iii) refinancing transferred mortgages;
- (iv) new small and medium enterprise credit;
- (v) refinancing and/or rollover internal small and medium enterprise credit; and
- (vi) refinancing and/or rollover external small and medium enterprise credit.

(c) Have you estimated the impact of applying the responsible lending obligations on the amount of processing time required from the receipt of an application to approval? Has the required processing time increased? If so, please provide information on how much the average and median processing times have increased for the following products:

- (i) new mortgages;
- (ii) refinancing internal mortgages;
- (iii) refinancing transferred mortgages;
- (iv) new small and medium enterprise credit;
- (v) refinancing and/or rollover internal small and medium enterprise credit; and
- (vi) refinancing and/or rollover external small and medium enterprise credit.

Answer: (a) We do not have any case studies of this kind.

We believe average times to apply for loans across the industry have increased, and the nature of investigations have become more extensive. We understand that some customers find this level of inquiry and validation to be disproportionate relative to its objectives,

and that in some cases they do not feel it is the best way to help them make informed decisions about loans.

(b) (i)-(vi) As noted in our answer to 47(a)(ii), we have not quantified the direct cost to customers. We can confirm that no fees were introduced or increased as a result of the introduction of responsible lending obligations.

(c) (i)-(vi) We acknowledge that across the industry under current arrangements the average time required for customers to compile applications has increased, as has the average time for lenders to process those applications.

CBA has invested to maximise customer convenience within current responsible lending obligations. This has been with a view to making the process as convenient as possible, while also giving the customer the support they need to make informed decisions about borrowing.

We note Government's intention to legislate in this area and we will participate in consultation on these proposed changes. We remain committed to ensuring we provide timely and convenient access to credit, while supporting customers to make informed decisions.