

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Commonwealth Bank of Australia

CBA50QON: CHAIR: Alright. I look forward to getting that data. Thank you; that's useful. Banks are obviously going to be a critical part of economic recovery, particularly around SME lending and SME facilities that you have available and backed up by the government. Why is it that you chose to defer the loans of your small business customers on an opt-out basis at the start of the pandemic?

Mr Comyn: Firstly, that was prior to the announcement of JobKeeper. But, in effect, what we were trying to do was make sure that we could reach as many customers as possible and put them in a position such that they could have their repayment deferred from their April repayment, and then, of course, we contacted all of those customers to let them know what we had done, and it made it easy for them to opt back out of that.

CHAIR: In terms of the volume of SME lending under the facility, how many SME customers have actually onboarded recently?

Mr Comyn: From the SME loan guarantees—

CHAIR: Yes.

Mr Comyn: or repayments?

CHAIR: Guarantees.

Mr Comyn: There was \$850 million of lending, which is about 50 per cent. I think the average loan size, because it's mostly working capital—many of the customers that we funded were wanting to participate in JobKeeper and needed the funds to be able to pay their employees—was about \$85,000. Again, I don't have the specifics, but it will be in that order.

CHAIR: Sorry, say that again.

Mr Comyn: \$850 million. The average loan size was \$85,000. I know we messaged about 250,000 customers to let them know about the SME loan guarantee scheme. We had approximately 750 people working over the Anzac Day weekend fulfilling requests for customers. So it's certainly in the tens of thousands.

CHAIR: How many have applied versus the number that have been approved?

Mr Comyn: I'd have to get you the exact numbers. Overall, I think the decisioning rate was reasonably high and, I'd say, appropriate given the circumstances. The rate is quite low—it's about 4½ per cent. There certainly would have been some customers that were declined, but, given the circumstances in March and April and the need for customers to be able to pay their employees and then be able to participate in JobKeeper, we certainly tried to facilitate as many of those as we could.

Answer:

CBA has received approximately 27,200 applications for loans under the SME Guarantee Scheme. Less than 5 per cent of these applications have been declined by CBA. In addition to these, a number of applications have either been withdrawn by customers, or are currently awaiting customer action, for example provision of relevant business documents or return of signed contracts. CBA has approved over \$850m in loans under the SME Guarantee Scheme, which represents approximately 50 per cent of total approvals under the Scheme.