

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Commonwealth Bank of Australia

**CBA59QON:** Ms HAMMOND: To what extent do you seek personal guarantees, particularly from young people, from family members or from others as a condition of providing people with loans?

Mr Comyn: I couldn't give you the specific proportion in terms of the number of home loans that we'd make where someone would offer a guarantee. Guarantees are a high-risk area from the bank's perspective. There have been examples in the past where people don't adequately understand the risks of providing the guarantee. We've definitely improved the process, the controls and the checks in place. Unfortunately, sometimes that can manifest itself where perhaps a parent may not have fully understood the documentation their child was providing to them and they don't understand the recourse that's available to an institution when you do provide a guarantee. I'd be happy to look into the exact numbers. I suspect it has reduced, and it's been an area of real focus for us and I think the broader industry over the last several years.

**Answer:** In the 2019/20 Financial Year, CBA approved 87,000 Owner Occupied home loan applications for customers aged less than 35 years. Of these, 6.6 per cent provided a guarantee as a condition of approving their loan, including from family members.

We have developed a Guarantor Guide to outline the important information and risks to consider before becoming a guarantor. The guide is available online via our Home Loan Guarantor Support webpage: <https://www.commbank.com.au/home-loans/guarantor-support.html>