

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

NAB

NAB20QON:

CHAIR: Just to build on that—noting that you're obviously very proud of the work that you do in that space and that you say that, when people fall into a position of stress, within 90 days they're back on their feet—has there been analysis that's been done looking at the risks of people relapsing into similar circumstances?

Mr Chronican: Again, I'd have to take that on notice. I'm not aware. I think usually it's episodic for customers.

Answer:

In NAB's experience, instances of financial stress are almost always episodic or situational, with 98% of customers who contact our hardship assistance team telling us it is due to a life event. Typically, this includes events such as

- injury or illness
- unemployment or underemployment
- increased expenses
- relationship separation
- domestic violence/financial abuse
- natural disasters
- loss of a loved one, death in the family

Approximately 1.2 million accounts enter NAB Assist per year. For customers with unsecured lending products, our analysis indicates that approximately 59% of those customers have entered NAB Assist more than once. NAB has not conducted analysis for accounts with secured products (i.e. mortgages), which form approximately 10% of accounts entering NAB Assist.

NAB also seeks to understand a customer's individual circumstances to ensure that a sustainable solution is reached with the customer. For those customers facing longer term difficulty, NAB will refer the case to NAB's Customer Solutions team for individual case management.

Separately, NAB undertakes analysis to identify consumer lending customers at-risk of falling into financial difficulty. NAB's specialist team proactively reaches out to these customers to raise awareness around financial difficulty assistance available. NAB has contacted 4015 customers to date and is looking to contact over 3000 customers monthly from November 2019. NAB launched its financial difficulty predictive campaign in October 2019.