

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

NAB

NAB38QW:

#	Member	Question
NAB38QW	Wilson	<p>Westpac has publicly stated that it will defer repayments on credit cards for COVID-19 affected customers (Westpac Freezes Credit Card Charges for COVID-19 hit customers, <i>The Age</i>, 24 April 2020). Therefore, can you please advise:</p> <p>(a) What processes do you have in place to identify credit card customers who have been impacted by the COVID-19 pandemic?</p> <p>(b) How many credit card customers have requested deferrals of repayments related to the COVID-19 pandemic?</p> <p>(c) How many credit card customers have you identified as impacted by the COVID-19 pandemic?</p> <p>(d) For those credit card customers that you have identified as impacted by the COVID-19 pandemic:</p> <p style="padding-left: 40px;">(i) What is the accumulated value of the credit card debt?</p> <p style="padding-left: 40px;">(ii) What is the average value of the credit card debt?</p> <p style="padding-left: 40px;">(iii) What is the accumulated value of the credit card limit?</p> <p style="padding-left: 40px;">(iv) What is the average value of the credit card limit?</p> <p style="padding-left: 40px;">(v) What is the accumulated value of the credit card monthly repayments?</p> <p style="padding-left: 40px;">(vi) What is the average value of the credit card monthly repayments?</p> <p>(e) What deferral options are available for credit card customers that you have identified as impacted by the COVID-19 pandemic?</p> <p style="padding-left: 40px;">(i) If none, do you intend on doing so?</p>

Answer:

(a) What processes do you have in place to identify credit card customers who have been impacted by the COVID-19 pandemic?

NAB has implemented proactive measures to support all credit card customers through this unprecedented time. The proactive nature of the changes is aimed at making it as easy as possible for customers to receive cashflow relief without contacting NAB during a period of significantly higher call volumes and longer wait times. The changes include lowering the interest rate on the NAB Low Rate Classic Card, temporarily waiving late payment fees and temporarily reducing the minimum monthly payment (MMP). Business credit card customers can also access payment deferrals for up to 6 months where existing facilities have been in order for at least 90 days prior. These measures are in addition to NAB's existing portfolio monitoring activities such as debt management and problematic debt, which adopt pro-active customer contact strategies.

NAB customers can also seek further financial assistance by contacting the Customer Care team on 1800 701 599 (Mon-Fri 8am - 8pm or Sat 9am-1pm AEST/AEDT) or online via the Financial Hardship Assistance Form (nab.com.au/financialhardship). Credit card customers who are seeking financial assistance as a result of COVID-19 are tagged in NAB's systems with a hardship reason of 'Pandemic'.

(b) How many credit card customers have requested deferrals of repayments related to the COVID-19 pandemic?

As at 3 June 2020, across NAB's business and consumer customers:

- 2,123 credit cards have had a repayment pause applied. A repayment pause allows the customer to skip repayments for a certain period of time, with interest charges to continue during the period. At the end of the repayment pause period, the customer's repayments are calculated using the new outstanding balance.
- 5,570 credit cards have had a moratorium on repayments applied. Moratoriums differ to a repayment pause in that customers are expected to catch-up their missed monthly repayments at the end of the moratorium period.

(c) How many credit card customers have you identified as impacted by the COVID 19 pandemic?

As at 3 June 2020, the following have been identified through either having repayment pauses or moratoriums applied as above in (b) or being offered support via NAB's standard hardship assistance team:

- 7,473 impacted consumer credit card customers, and
- 2,008 impacted business credit card customers.

(d) For those credit card customers that you have identified as impacted by the COVID-19 pandemic:

(i) What is the accumulated value of the credit card debt?

As at 3 June 2020 the:

- total debt of impacted consumer credit card customers is \$71,108,420, and
- total debt of impacted business credit card customers is \$27,649,621.

(ii) What is the average value of the credit card debt?

As at 3 June 2020 the:

- average debt of impacted consumer credit card customers is \$9,515, and
- average debt of impacted business credit card customers is \$13,770.

(iii) What is the accumulated value of the credit card limit?

As at 3 June 2020 the:

- total credit limit of impacted consumer credit card customers is \$89,247,359, and
- total credit limit of impacted business credit card customers is \$43,713,600.

(iv) What is the average value of the credit card limit?

As at 3 June 2020 the:

- average credit limit of impacted consumer credit card customers is \$11,943, and
- average credit limit of impacted business credit card customers is \$21,835.

(v) What is the accumulated value of the credit card monthly repayments?

As at 3 June 2020 the:

- total monthly repayments of impacted consumer credit card customers is \$356,499, and
- total monthly repayments of impacted business credit card customers is \$138,726.

(vi) What is the average value of the credit card monthly repayments?

As at 3 June 2020 the:

- average monthly repayment of impacted consumer credit card customers is \$47, and
- average monthly repayment of impacted business credit card customers is \$69.

(e) What deferral options are available for credit card customers that you have identified as impacted by the COVID-19 pandemic?

- Business credit card customers are able to defer their credit card repayments for up to six months where existing facilities have been in order for at least 90 days prior to requesting the relief.

- In addition to NAB's pro-active COVID-19 support measures implemented for credit card customers, NAB provides a variety of hardship support measures, which include:
 - Interest and fee reversals;
 - Payment moratoriums;
 - Repayment arrangements;
 - Partial Debt Waivers in extreme circumstances;
 - Debt restructures;
 - Capitalisation of arrears; and
 - Referrals to community organisations for further support.

(i) If none, do you intend on doing so?

NAB continues to assess and review the effectiveness of its hardship support strategies and may consider introducing additional measures, such as additional payment deferrals.