

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Westpac Banking Corporation

WBC42QW: Some banks have recently changed the default payment amount for mortgage holders, so that borrowers pay only the minimum amount.

- (a) Have you done this?
- (b) If so, how many borrowers does it affect?
- (c) If not, why have you decided not to take this approach?

Answer:

- (a) No. Across our multi-brands:

Westpac, St.George, Bank of Melbourne and BankSA

- Customers have the flexibility of choosing to meet minimum repayments on their home loan or setting a regular amount above the minimum to help get ahead of repayments.
- There are 3 repayment options available for customers who opt for direct debit payments (note, not all customers are on direct debit):
 1. Minimum repayment
 2. Minimum repayment + nominated amount
 3. Set repayment
- When we adjust customers' repayments following interest rate changes, customers continue to pay according to their repayment option preference (i.e. minimum only, set repayment, or nominated amount above minimum).

RAMS

- RAMS has not made any amendments.
- The default setting is for customers to pay the minimum payment amount, which is recalculated after each SVR movement.
- Customers also have the option of picking a set repayment amount, that will only increase if the minimum payment amount is greater than the customer chosen repayment amount.

- (b) No borrowers are impacted as we have not changed the default payment for mortgage holders.

(c) Our direct debit authority provides that we will debit the higher of the customer's nominated amount or the minimum repayment amount. We want to support our customers who want to set their repayment above the minimum to pay more off their mortgage faster. Customers can contact us at any time to change their mortgage repayment option