

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Westpac Banking Corporation

WBC46QW: 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, *The Age*, 24 April 2020). Therefore, can you please advise:

- (a) What processes do you have in place to identify credit card customers who have been impacted by the COVID-19 pandemic?
- (b) How many credit card customers have requested deferrals of repayments related to the COVID-19 pandemic?
- (c) How many credit card customers have you identified as impacted by the COVID-19 pandemic?
- (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?
 - (ii) What is the average value of the credit card debt?
 - (iii) What is the accumulated value of the credit card limit?
 - (iv) What is the average value of the credit card limit?
 - (v) What is the accumulated value of the credit card monthly repayments?
 - (vi) What is the average value of the credit card monthly repayments?
- (e) What deferral options are available for credit card customers that you have identified as impacted by the COVID-19 pandemic?
 - (i) If none, do you intend on doing so?

Answer:

(a) Consumer credit cards

Customers who were impacted by COVID-19 began calling Westpac's Customer Care and Assist teams in March 2020. To help manage call volumes, Westpac launched a digital form on its public website for customers to request financial

support for their consumer credit products, including credit cards. Westpac commenced accepting applications for consumer credit card COVID-19 support on 21 March 2020 and published details of the nature of the support that would be offered on 14 April (the details of which are covered in our response to question (e) below). This package remains available to customers who have not already applied for the support package.

This support package was widely covered in the press and further details, including a link to an application form, are set out on the websites of each of our brands:

<https://www.westpac.com.au/help/disaster-relief/coronavirus/credit-cards/>

<https://www.stgeorge.com.au/about/sustainability-and-community/disaster-relief/covid-19/credit-cards>

<https://www.bankofmelbourne.com.au/about/community-support/disaster-relief/covid-19/credit-cards>

<https://www.banksa.com.au/about/community-support/disaster-relief/covid-19/credit-cards>

Consistent with Australian Banking Association guidance, we have asked customers to self-assess if their financial situation has been impacted by COVID-19, including loss of employment or reduction of income. Customers could first access an online application form to request support via the Westpac, St. George, Bank of Melbourne and BankSA public websites, calling our Customer Care or Assist teams directly, or visiting a branch where bankers could help them with the online form. The application form is now also available through our secure online banking platform.

Business credit cards

On 11 February 2020 Westpac devised and announced an initial support package for its business customers being financially impacted by COVID-19 (<https://www.westpac.com.au/about-westpac/media/media-releases/2020/11-february/>). The suite of measures included deferred payments for business credit cards and the announcement included contact details across the Westpac Group brands.

Subsequently, on 30 March 2020, we announced support for the Australian Banking Association Business Support Package, again detailing business credit card support through a repayment deferral period.

On 17 April 2020, further relief support was offered for credit cards, the culmination of these measures is that eligible customers can defer repayments for business credit cards up to six months. These customers will also receive an interest rate reduction to 9.46% per annum on new and outstanding purchases and cash balances during the deferred repayment period. Interest will be capitalised to the account monthly unless the closing monthly statement balance is paid in full.

The customer eligibility criteria aligns to the Australian Bankers Association (ABA) package which applies to all Business Lending COVID-19 repayment deferral relief.

The reduced rate of 9.46% is our current standard unsecured business overdraft lending rate, noting that we have offered a lower rate for unsecured loans backed by the SME Government Guarantee Scheme.

(b) This data has been provided to the Committee on a confidential basis.

(c) This data has been provided to the Committee on a confidential basis.

(d) This data has been provided to the Committee on a confidential basis.

(e) Consumer credit cards

Westpac introduced a COVID-19 customer support package to assist customers whose financial situation has been impacted by COVID-19. For eligible consumer credit card customers, the package applies for a period of three statement cycles. Under the package, customers:

- Will not be charged or accrue any interest on new card purchases or cash advances;
- Will not be charged or accrue any interest on any existing amounts owing on their card;
- Will not be required to make any repayments; and
- Will be recorded as up-to-date on their repayment history for credit reporting purposes.

Eligible customers are those who:

1. Held their credit card account on 1 January 2020 and have not applied for hardship assistance on that account, and the account is not currently under a hardship assistance;
2. Have been up-to-date with minimum repayments at some point during the 90 days prior to their application date; and
3. Have had their financial situation impacted by COVID-19, including loss of employment or reduced income (as self-identified by the customer in the application form).

Customers on this relief package can continue to use the available credit on their credit cards up to their applicable limit.

As an alternative, or for those not eligible for the COVID-19 support package, our usual hardship processes are available. Hardship assistance includes options tailored to the individual customer's situation. This may include debt waiver (partial or full), reduced interest rates and support periods of reduced or no payment. In cases where customers are receiving hardship assistance, they cannot continue to spend on their credit card.

Business credit cards

For business customers, as described above in (a), eligible customers can apply to defer repayments for business credit cards up to six months. Customers who wish to apply for this temporary assistance must 'opt in' using an online application form. Eligible customers will also receive an interest rate reduction to 9.46% per annum on new and outstanding purchases and cash balances during the deferred repayment period. The customer eligibility criteria are outlined below:

- The deferred payment period applies to eligible business customers impacted by the COVID-19 pandemic:
 - i. with total business lending exposure to the Westpac Group of less than \$10 million per customer group (i.e. the customer and its related entities);
 - ii. includes commercial property customers who confirm, for the deferred repayment period, that they will not terminate leases or evict tenants on the basis of non-payment of rent as a direct result of the COVID-19 pandemic;
 - iii. where the business is operated in Australia with less than 20% foreign ownership; and
 - iv. for those customers above \$3 million total business exposure, facilities must be current and not in arrears in the last 90 days.

The reduced rate of 9.46% is our current standard unsecured overdraft business lending rate noting that we have offered a lower rate for unsecured loans backed by the SME Government Guarantee Scheme. In addition, ordinary hardship processes continue to apply where relevant. As with the Support Package for personal credit cards, as an alternative, or for those not eligible for the Business Credit Card repayment deferrals package, our ordinary hardship processes are available.