

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Westpac

WBC94QW: Lending practices and coercive control

- (a) What elements of the loan application process are in place to identify and mitigate the risk that the bank is party to coercive control practices?
- (b) Does the bank seek specific information from potential borrowers to identify signs of coercive control practices or financial abuse?

Answer: We have a Group Customer Vulnerability Policy and a Customer Vulnerability Standard that is used to assist lenders in identifying vulnerable customers (including vulnerable customers that may be subject to coercive control or financial abuse).

- (a) Our credit policies and associated processes include specific reference to the identification and treatment of vulnerable customers (including borrowers or guarantors who appear to be under coercion). Through discussions with our customers in relation to their specific circumstances, our lenders are trained to identify customers that we suspect/or may be vulnerable.
- (b) Various tools, support functions and escalation pathways are available to lenders where vulnerability is identified to determine whether a loan is still appropriate to proceed. The standard policy directive in the case of financial abuse and coercion being identified is that the application should not proceed. Westpac primarily relies on the customer interview process to identify signs of financial abuse and coercion - lenders are trained to look for a variety of indicators during discussions and interactions with customers of potential financial abuse, as well as relying on any disclosure of vulnerability.

As an additional protection for co-borrowers, we also comply with the Banking Code of Practice substantive benefit requirements, taking additional measures to satisfy ourselves there is no financial abuse should we assess each co-borrower is not receiving a substantial benefit under the loan.

To assess whether each co-borrower is getting a real and tangible benefit arising out of the underlying transaction we consider the information the customers provide us during the course of the loan application. However, further clarification is sought from the customers should any information they provide conflict with other information disclosed in the application form.