

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

ME Bank

ME26QW: 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 have been impacted by the COVID-19 pandemic?
- d. What is the accumulated value of the credit card debt of customers you have identified have been impacted by the COVID-19 pandemic?
- e. What is the average value of the credit card debt of customers you have identified have been impacted by the COVID-19 pandemic?
- f. What is the accumulated value of the credit card limit of customers you have identified have been impacted by the COVID-19 pandemic?
- g. What is the average value of the credit card limit of customers you have identified have been impacted by the COVID-19 pandemic?
- h. What is the accumulated value of the credit card monthly repayments of customers you have identified have been impacted by the COVID-19 pandemic?
- i. What is the average value of the credit card monthly repayments of customers you have identified have been impacted by the COVID-19 pandemic?
- j. What deferral options are available for customers you have identified have been impacted by the COVID-19 pandemic?
- k. If none, do you intend on doing so?

Answer:

- a) ME Bank monitors the performance of its credit card customers on an ongoing basis. When a customer falls into arrears, ME Bank contacts that customer in accordance with its standard collections process to discuss options. The options can include making repayments to bring the account back to current status or to provide further assistance if required.

ME Bank has also made support information available for all customers via its COVID-19 support page, which can be accessed at: <https://www.mebank.com.au/support/coronavirus-information/>. From this page, customers impacted by COVID-19 and requiring support are able to contact ME Bank via a call centre or an online form to request a three month pause on credit card repayments.

- b) As at 31 May 2020, a total of 435 credit card customers have requested and been granted deferrals of repayments related to the COVID-19 pandemic (**COVID-Impacted Customers**). 43 of the COVID-Impacted Customers have since voluntarily contacted ME Bank to have their repayment pause cancelled.

- c) See ME26QW(a) and (b).
- d) As at 31 May 2020, the total accumulated value of the credit card debt of the COVID-Impacted Customers was \$2,650,615.
- e) As at 31 May 2020, the average value of the credit card debt of the COVID-Impacted Customers was \$6,093.
- f) As at 31 May 2020, the accumulated value of the credit card limit of the COVID-Impacted Customers was \$3,067,200.
- g) As at 31 May 2020, the average value of the credit card limit of the COVID-Impacted Customers was \$7,051.
- h) Based on the minimum payment due, which is calculated as 3% of the closing monthly balance (plus any amount overdue or over the credit limit), the accumulated value of the credit card minimum monthly repayments due for the COVID-Impacted Customers was \$124,742 in March 2020, \$155,439 in April 2020 and \$178,679 in May 2020.
- i) The average value of the credit card minimum monthly repayments due for the COVID-Impacted Customers was \$287 in March 2020, \$357 in April 2020 and \$411 in May 2020.
- j) See ME26QW(a).
- k) Not applicable.