HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON01: Mr HAMILTON: But on this issue, **if your policies are reducing the number of gas sources that Australia can open up, have you guys modelled the impact that will have on gas prices? If you reduce the supply and demand stays the same, you will drive prices up. Have you modelled that?**

Mr Comyn: Part of our economics team specifically looks at some of these areas. Obviously, the spot price for gas is set on the global market. There is no question that some of the costs associated with these projects would have increased. I would have to take that on notice.

Answer: Research from CBA's economics team shows east-coast gas prices began aligning with international LNG prices around the time that Queensland's LNG exports began in late 2014. These price linkages with international energy markets have continued today. Given these global supply and demand forces, and the relative immateriality of CBA's lending to the sector compared to global balances, we do not believe that CBA's lending decisions have any impact on global gas prices. That said, our Environmental & Social Framework recognises that Australia having a secure energy platform is essential.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON02: Mr LAXALE: The surcharging goes to small business to pay your merchant fees.

Mr Comyn: To offset the costs that they no longer pay in the context of cash. And I understand I deal with businesses every day. I know how challenging the current economic climate is, and inflation, particularly for smaller businesses. I certainly have a lot of empathy and understanding of that. **But I think some of the facts that are often furnished are either grossly exaggerated or inaccurate, including the cost which has this been reported at $4 billion. That number is simply wrong. We're happy to show you the workings and calculations of why we believe that's overstated by three times, at least.** It is a complex area between interchange, issuing as a card provider, merchants—which is merchant acquiring, where you effectively tap—LCR, NPP, all of the alternative payment mechanisms, the chargeback liability regime, and how disputes work. It is probably one of the more complex areas of banking. I'm happy to provide as much information as you'd like. We will work closely with the RBA. Ultimately, they will govern it. It's not lost on me that one of the things we mentioned in the opening is the PSRA, the Payment Systems (Regulation) Act, amendments—that act hasn't been amended since 1998. We're very happy to contribute to an ongoing review, but I think it's critically important that some of these payment providers, which are imposing a more significant impact on the payments industry, are urgently reviewed and the RBA are given the powers that they've been seeking for some time.

Answer: It is not possible for CBA to definitely know the precise level of merchant surcharging in the economy however it is possible to estimate using reasonable assumptions.

The total value of debit and credit card transactions in Australia in 2023 was approximately $950 billion.

The RBA have estimated that around 7% of debit and credit card payments by value are surcharged. This might be as high as 10%. The RBA is collecting data to determine the current extent of surcharging.

A common range for surcharging would be between 1 and 1.5%.

These simple calculations imply a total value of merchant surcharging in the economy in a range between $665 million and $1.425 billion.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON03: Mr LAXALE: I'd just want to understand your relationship with MasterCard. It seems to be that there is some sort of exclusivity. Do you get paid for that exclusivity? Do you benefit from—

Mr Comyn: We have a commercial relationship with them. We have a commercial relationship with Visa. Yes, we are paid. I couldn't give you the—

Mr LAXALE: How are you paid? In what way?

Mr Comyn: In a variety of different ways, but, effectively, a proportion of the interchange that is charged, which clearly has come down significantly over time. That's the simplest way to describe it. There are more complex elements to it as well; it depends on what the card mix is. There's a whole range of different factors that drive it. Obviously, you get a proportion of the total interchange.

Mr LAXALE: **What revenue do you make from that relationship with MasterCard?**

Mr Comyn: **I'd have to come back to you with precise information**. I would say two things: firstly, our merchant acquiring business—which is where you see the merchant effectively tapping—loses money. It lost money last year and the year before. If you're interested, I'm happy to go through the economics of that separately. On the issuing side, you have to think about it in terms of what the gross money that we receive from the issuer is—in this case it's MasterCard, but it could easily be Visa. Secondly, what are the costs? Just like in many other markets, some proportion—it's more than 90 per cent of the economics that we're receiving on the interchange side—we basically give back to the customer in the context of points, often through the purchase of frequent flyer points; it could be Qantas, or it could be others. It depends again whether its gross or net. **The margins, I suspect, aren't as large as you might anticipate. I wouldn't like to hazard a guess, but I'm happy to—**

Mr LAXALE: **Would you be able to provide that information on notice?**

Mr Comyn: **I'm sure we would.**

Answer: Since 2018, RBA regulation has been in place that prevents issuing banks from receiving any net compensation (revenue) from card schemes such as through arrangements involving non-interchange payments or other incentives.

The regulation applies to Visa, Mastercard and eftpos.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON04: Mr LAXALE: **Even though Mastercard debit costs consumers more than EFTPOS debit?**

Mr Comyn: **Depending on the transaction—I don't think that's true of all transactions. I'm very happy to provide that.** I'm certainly not a lickspittle for Mastercard. I'm sure they're capable of representing themselves as well.

Answer: The RBA published data in September 2022 that showed that eftpos costs merchants an average of 0.3% of the transaction value compared with 0.5% for Mastercard and Visa debit card transactions. The RBA noted however, that these average price differences do not mean that eftpos is cheaper for any given merchant. For merchants with low average transaction sizes, eftpos may be more expensive, because acquirers often charge cents-based fees per transaction for eftpos (but percentage fees for other networks).

https://www.rba.gov.au/publications/bulletin/2022/sep/the-cost-of-card-payments-for-merchants.html

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON05: You co-own Australian Payments Plus (APP). Please describe your co-ownership arrangements in detail, including any history you can provide.

Answer: AP+ was formed in 2022 by the amalgamation of BPAY Group, eftpos and New Payments Platform Australia (NPPA) following ACCC authorisation. Information about the amalgamation and ACCC authorisation are available on the ACCC Merger Authorisation Public Register.

CBA is one of 25 AP+ shareholders, appoints one director, and has one vote in a general meeting of the company.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON06: Does your bank fund APP? If so, how.

Answer: As a member of each of the schemes that AP+ operates (BPAY, eftpos and NPP), CBA pays the fees set by each of these schemes.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON07: Do you add a margin on fees charged by APP for the use of their scheme? If so, what is it? Please outline per APP product (BPAY, EFTPOS, Osko, etc).

Answer: We provide a range of pricing options which vary depending on customer needs.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON08: NAB have switched to opt-out Low Cost Routing (LCR) for new merchants. Will you do the same? If so when? If not, why not?

Answer: LCR is available to 97% of CBA card present merchant customers. We allow merchants to choose if they want to enable LCR or not, and to select the most appropriate product option for their business.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA’S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON09: In a blended rate environment, does the merchant get the net benefit of LCR, or does it go to you?

Answer: In providing a single rate to customers, CBA will manage overs and unders which will vary depending on a range of factors, including the sales mix of the merchant. The benefit of this approach flows to the merchant who receive a single simple rate of 1.1%, which is among the most competitive in the market and has not increased since we introduced it in 2021.

A blended rate was introduced in response to feedback from customers who wanted a simple to understand, low rate, single price across payments. For merchants who prefer to actively manage their choice of payment rails other options are available.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON10: Why have you not enabled LCR for all merchants?

Answer: LCR has been made available to 97% of CBA card present merchant customers.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON11: Do you have commercial arrangements that would financially have an impact on you, should you enable LCR for all merchants? If so, please outline them.

Answer: Our commercial arrangements with all the card schemes are regulated by the RBA Net Compensation Standards.

Our roll out of LCR has not been driven by commercial drivers, but rather by limitations relating to technology development and customer experience.

HOUSE OF REPRESENTATIVES STANDING COMM ITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON12: Do you have a minimum transaction volume or dollar value agreements with the major card providers? If so, what are they?

Answer: Details of these agreements are commercial in confidence.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON13: Are you incentivised to issue more Visa/Mastercard products or put more turnover through these schemes? If so, how?

Answer: The RBA requires all large and medium-sized card issuers to issue 'dual-network' debit cards (DNDCs), which allow domestic debit payments to be processed via either the domestic scheme (eftpos) or one of the international debit networks (Debit Mastercard or Visa Debit). LCR allows merchants to route eligible transactions between international and domestic schemes.

We are also bound by the RBA Net Compensation Standards for Debit and Credit Cards.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON14: Do Visa/Mastercard debit transactions count towards minimum turnover/volume arrangements?

Answer: As above we are bound by the RBA Net Compensation Standards for Debit and Credit Cards.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON15: Would 100% LCR enabled for merchants reduce revenue to your company?

Answer: LCR only influences part of the fees paid by merchants. Due to a number of other variables such as the individual commercial plan selected by the merchant and the different impacts on our acquiring business compared to our issuing business we are not able to accurately determine the overall impact to CBA revenue if LCR was 100% enabled.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON16: Would 100% LCR enabled for merchants reduce your volume with international card providers?

Answer: Not necessarily. Routing can reduce volume or increase volume with international card providers depending on the transaction mix of the merchant.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON17: What would a reduction in volume with international card providers cost your organisation?

Answer: It is not possible to quantify the cost impact based on this question.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON18: What is your cost of use of EFTPOS debit on a $100 transaction?

Answer: For eftpos debit on a $100 transaction, CBA pays an acquiring scheme fee and issuing scheme fee to AP+. AP+ scheme fees are not publicly available. CBA acquiring also pays an interchange fee to the card issuer. Eftpos interchange fees are published here: https://www.auspayplus.com.au/brands/eftpos-interchange-fees The interchange fee will vary depending on the type of transaction (in person, online, mobile, DNDC or eftpos proprietary card).

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON19: On that same transaction, what do you charge customers?

Answer: The cost will vary according to the commercial plan chosen by the merchant including the type of terminal which have different fees.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON20: You co-own APP. Is the cost of a $100 EFTPOS transaction to APP, the same as the cost of a $1000 EFTPOS transaction to APP?

Answer: CBA does not have visibility of the operational costs to process an eftpos transaction.

However when considering risk and chargebacks, any payment provider (including eftpos) would be taking a higher level of risk and loss by processing a $1000 transaction.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON21: Do you have an incentive for issuing/volume for EFTPOS debit? If so, what are they?

Answer: We are bound by the RBA Net Compensation Standards for Debit and Credit Cards.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON22: Evidence was given in the Committee hearings that EFTPOS doesn't issue chargebacks. Is this accurate?

Answer: No.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON23: Ms SPENDER: Australia loses more per capita to scams than comparative countries. I think we're losing about $100 a head and the figure I've got from the UK is about $34 a head. In the US, it's $45 a head. **Why are Australians losing more money to scams here than in other countries?**

Mr Comyn: In terms of scams, particularly versus the UK, again, it's a little difficult to do the like-for-like comparison. I can run you through what the numbers are. The way the UK scheme has been established is that it only covers a proportion of the scams. It excludes some of the scams that are prevented, so the like-for-like comparison is much higher for Australia than would otherwise be reported. As I mentioned, what we can see, though, and agree with—it was published in some of the most recent reporting—is that our losses to customers in the last 12 months, or in our financial year, were down just over 50 per cent. Of course, a dollar being lost to a scammer is a dollar too much. If we look across the industry, I think it was down 13 per cent. The UK is only down five per cent.

Notwithstanding that, I mentioned in my opening that we're spending $800 million in cyber scams, fraud and other financial crime. We will invest more than $130 million in scams alone. It is extremely important that the other sectors—because more than 70 per cent of scams originate either on social media, on a tech platform or with a telco—are brought in too and we are able to work constructively and rapidly, or we simply won't be able to reduce it. This is the evidence that's come out of the UK. Even UK Finance, in their most recent report, have said they think it's inequitable and it's not effective. It's often reported in Australia—I'm not suggesting you're saying this, Ms Spender—that the scams policy that's in place in the UK has been really successful. It has not. Scams have not reduced. The company that introduced that, while I'm sure that was a noble cause, has been an adverse selector. I think it's been a disaster for them and for their owners. One of the more important things in the opening is that we're making as much progress as we can. The commitment is shared across all of the institutions. This is a regular topic of conversation at the ABA. We cannot do it alone. We need the regulations, the legislation and the code to come into effect. We know that that will come with greater liability. We think that that's appropriate. It is the most effective way to make Australia a less desirable nation for scammers

...

Ms SPENDER: I'd love to have t**he data points you're saying regarding comparisons** because the figures I've seen show Australia loses more per capita than other countries and I want to understand the difference.

Answer: Comparing scam attempts, scam prevention and scam losses between any two jurisdictions can be very challenging – whether that is due to, for example, definitional differences, under-reporting or double counting.

Starting with under-reporting there are complexities with victims not wishing to report being scammed due to shame, for cultural reasons, or not knowing where or how to report the scam.

There are also challenges in relation to the potential duplication of scam data. The National Anti-Scam Centre's (NASC) *Targeting Scams Annual Report 2023* (the NASC Report) notes that it is based on data "*from Scamwatch, ReportCyber, Australian Financial Crimes Exchange (AFCX), IDCARE, and the Australian Securities and Investments Commission (ASIC)*".[1] As a result, if a consumer reports a scam to their bank, Scamwatch, IDCARE and ReportCyber, this potentially results in the multiple counting of the same individual scam.

In the UK, the UK Finance *Annual Fraud Report 2024* (UK Finance Report)[2] outlines that data is provided directly by the banks and is therefore less susceptible to duplication.

There are further differences between NASC reporting and UK Finance that would not assist with an accurate comparison. For example, differences in the data definitions:

- <u>Investment scams</u>:
  - In the UK Finance Report, it considers an authorised push payment scam as "*Authorised push payment (APP) fraud occurs when a victim is tricked into sending money directly from their account to an account which [is] <u>controlled by a fraudster</u>.*" This means that investment scams, where the victim transfers money into their own crypto wallet, are not included in this number.
  - We observe that ~80% of investment scams involve transfers to crypto wallets that are in the name of the victim (and have been opened by the victim). This reflects that many local digital currency exchanges use inbound name matching before allowing deposits into a customer's wallet (i.e. the wallet must be in the same name as the bank account).

[1] https://www.accc.gov.au/system/files/targeting-scams-report-activity-2023.pdf
[2] https://www.ukfinance.org.uk/system/files/2024-06/UK%20Finance%20Annual%20Fraud%20report%202024.pdf

        - As a result, it is probable that a large proportion of investment scams in the UK are not reported to UK Finance, as there is no change of beneficial ownership due to both the bank account and crypto wallet being in the name and control of the genuine customer.
    - Remote access scams:
        - The NASC 2023 report notes remote access scams accounted for $256 million out of $2.74 billion in losses, representing 9.3% of scam losses.
        - Comparatively, this would be absent from the UK Finance scam or authorised push payment figures, as the UK does not consider this typology to be an APP scam.
    - SMS phishing scams:
        - The NASC 2023 report outlines phishing scams accounted for $137.4 million out of $2.74 billion, representing 5% of scam losses.
        - In comparison, this would be absent from the UK Finance scam and authorised push payment figures, as the UK does not consider this typology to be an APP scam.

We suggest a better comparison between jurisdictions is in relation to the change in scam losses over time (as measurement errors will at least be like for like). On this measure, Australia has reduced scam losses by 13%,[3] whereas the UK has reduced scam losses by 5%.[4]

[3] https://www.accc.gov.au/system/files/targeting-scams-report-activity-2023.pdf
[4] https://www.ukfinance.org.uk/system/files/2024-06/UK%20Finance%20Annual%20Fraud%20report%202024.pdf

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON24: Ms PAYNE: I've certainly had constituents who have had very large amounts of money stolen. In most of the examples they've raised, it has involved mule accounts. Obviously scammers often use genuine accounts that were opened legitimately to transfer stolen money into these mule accounts. **Are you able to provide the number of mule accounts that were opened and saw traffic during the last financial year**.

Mr Comyn: I couldn't off the top of my head. **I could undertake to provide that to you separately.**

Answer: 'Mule accounts' is a broad term covering diverse situations and activity, but at a high level, a mule account is the account receiving the proceeds of a scam, a fraud or for money laundering. There are a range of mule account types (refer below) and the variability in these accounts is one of the factors that can make it difficult for banks to identify mules.

<u>Types of mules as defined by CBA</u>

'Complicit mules' are highly knowledgeable criminals who deliberately subvert controls.

'Witting mules' ignore red flags and effectively turn a blind eye to their muling activities and are paid for their participation.

'Unwitting mules' are by far the largest share of mule accounts. These people have been scammed themselves and do not know they are facilitating scams. They may have responded to an online job advertisement or unknowingly fallen prey to a romance scam. They are then scammed into conducting banking transactions under the guise of the job or romance but are in fact moving scam proceeds. Because these accounts are genuine and often longstanding, it is harder for banks to detect. We look at a range of behaviours that are consistent with muling, and we share intelligence via the Australian Financial Crime Exchange (AFCX) on accounts being used to move scam funds where relevant.

By far the smallest type of mules are 'identity takeover' accounts, where stolen identity documents are used to open accounts. At CBA, the number of these accounts is very low and further declining given the range of fraud checks, including biometric, used to check identities at account opening.

Initiatives like the AFCX mule data catalogue enables banks to share and receive intelligence about known mule accounts so these accounts can be closed. This information is also available to law enforcement.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON25: Mr Comyn: We have. The most specific example would be our Goal Saver product, in which to attract or receive the bonus rate—the total would be approximately five per cent—you have to have deposited, in this case, $1 in the month. It is covered in our financial results. At the start of the year, I believe 76 per cent of customers were getting the full bonus rate. We've changed, enhanced, deepened or increased the level of alerting to customers. That increased the number to 86 per cent. Of course, that has a negative impact on us, but it is better for customers. I couldn't speak as succinctly on every single deposit product, but that's a very good example of us being alert to that and doing everything that we can to give customers every available opportunity to make sure they're aware of the conditions of the product to qualify for the additional rate.

CHAIR: **Would you be able to give the figures on rates of compliance with conditions before and after that change?**

Mr Comyn: Yes. That's 76-86.

CHAIR: Sorry. I missed that bit.

Mr Comyn: I think it was 84 at the end of the half and then it got to 86 by 30 June. **We are very happy to provide that in writing.**

Answer: Proactive alerts have helped deliver bonus interest to >80% of our customer GoalSaver balances.

In January 2023, 75% of our customer Goal Saver balances received bonus interest, this had increased to over 83% in June 2024.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON26: Please indicate how many individual cases involving compensation or disputes from the time of the Royal Commission remain unresolved.

Answer: Cases received between December 2017 and February 2019 are recorded within the Group's complaint management system as having been closed. This data does not include instances where a customer may have subsequently commenced legal proceedings against the bank.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON27: For each of the past five years, how many legal cases has your bank been involved with? How many were instigated by the bank?

Answer: As a banking group that operates in several jurisdictions, active in multiple business lines with approximately 17.6 million customers and over 53,000 employees (as at 30 June 2024), the CBA Group receives complaints and claims from its customers, employees, suppliers and other third parties from time to time. Some of these matters may result in Court proceedings, a number of which are resolved prior to trial. Where proceedings go to trial, there may be findings or orders made against CBA, or the proceedings may be dismissed.

Types of legal proceedings against the CBA Group (including former subsidiaries) over the last 5 years include:

- 12 class actions brought on behalf of shareholders or current or former customers, 7 of which remain on foot;
- 12 concluded regulatory proceedings, a number of which CBA had not defended or in which it made admissions of liability, and three which were dismissed. There are currently no ongoing regulatory proceedings against the CBA Group.
- Disputes with employees, most commonly where employees, either individually or through a union, make claims against CBA.
- Claims brought by customers or third parties, the scale and nature of which can vary considerably. CBA has published model litigant principles which apply to claims brought by or against retail and small business customers: 2020-June18-Model-litigant-principles.pdf (commbank.com.au).

CBA may instigate legal proceedings to exercise its rights in relation to impaired loans to retail, business and institutional customers. However, CBA endeavors to avoid legal proceedings including by offering flexible options to customers facing financial hardship. We do not generally report on the total number of these proceedings, the scale and nature of which vary, and which are cyclical over time. For example, we commenced fewer enforcement matters during 2020 and 2021, when as part of its COVID response, CBA placed moratoriums on taking enforcement action for eligible home loan customers and provided increased support to business customers through extensions and waivers.

We refer to page 209 of our Annual Report for details of some of the main litigated claims involving the CBA Group.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON28: For each of the past five years, how many cases has the bank had at AFCA? What is the proportion of cases that were resolved in the bank's favour, and what proportion in the consumer's favour?

Answer: Complaints data relates to CBA Group including Bankwest, excluded Group super.

Financial year	*Complaints received by AFCA*
1 November 2018 – 30 June 2019	4,551
1 July 2019 – 30 June 2020	7,693
1 July 2020 – 30 June 2021	6,736
1 July 2021 – 30 June 2022	6,982
1 July 2022 – 30 June 2023	9,290
1 July 2023 – 30 June 2024	11,108

The below table shows the proportion of complaints resolved in bank's favour/customer's favour for all complaints resolved at preliminary view and decision stages

Financial Year	***Complaints closed at Decision (%)****		
	In favour of complainant	***In favour of bank***	***Other***
1 November 2018 – 30 June 2019	27%	63%	10%
1 July 2019 – 30 June 2020	17%	70%	13%
1 July 2020 – 30 June 2021	18%	70%	12%
1 July 2021 – 30 June 2022	12%	74%	15%
1 July 2022 – 30 June 2023	17%	72%	11%
1 July 2023 – 30 June 2024	18%	72%	11%

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

Commonwealth Bank of Australia (CBA)

QON29: How many staff are now eligible for bonus payments above 50% of the base rate? How much have total bonus payments for this cohort increased over the past three years?

Answer: As of 1 September 2024, 1,831 Home Lenders are now eligible to earn greater than 50% of base pay if they outperform. In prior periods around 15 to 20% of these lenders reached the 50% cap.

The total Short Term Variable Remuneration (STVR) for FY24 (before the introduction of the new arrangements on 1 July 2024) was 4.2% higher for this cohort compared to FY22.