

Notification of further relief package

Background to notification

On 14 August 2020, the ACCC granted authorisation (number: AA1000482) to the ABA and its member banks to enable member banks to discuss, agree, and give effect to any contract, arrangement or understanding between them to benefit their customers that has the purpose of:

- deferring or varying loan facilities for customers in any sector of the economy or any customer segment impacted by COVID-19;
- supporting government initiatives to provide emergency fiscal stimulus and cost relief for individuals and businesses; or
- ensuring continued high levels of customer service and access to banking services across the broadest possible range of times and locations,

(authorisation).

Under the authorisation, the ABA is required to notify the ACCC of any financial relief programs or other arrangements that are agreed between member banks (and their agents or suppliers where relevant) not less than 1 business day before the arrangement is implemented, or otherwise given effect to.

The ABA has notified the following three support packages and debit card program under the authorisation:

- small business relief package: continued implementation by certain member banks of deferrals of loan repayments to customers under a small business relief package that were granted during the period of operation of a previous interim authorisation granted by the ACCC, and an agreement between member banks to implement the small business relief package going forward;
- supplementary business relief package: an agreement between certain member banks to implement supplementary support measures, including loan repayment deferrals for a broader group of Australian businesses affected by COVID-19;
- Phase Two customer assistance measures: as customers approached the end of their six-month loan repayment deferral period under the small business relief package and supplementary business relief package, assistance measures to facilitate COVID-19 impacted borrowers to a sustainable financial position while ensuring systemic stability within the financial system; and
- debit card program: a decision by certain member banks to implement a program to fast track the issuing of scheme or dual network debit cards to isolated and vulnerable customers in the Australian community for purposes of ensuring accessibility to banking services.

Certain member banks also individually and independently elected to offer non-business customers the option to defer mortgage and other loan repayments for up to six months.

By 30 June 2020, member banks had deferred over 779,000 loans with a total value of \$236 billion.

The continued global prevalence of COVID-19 and the emergence of new variants of the disease have resulted in sudden and extended lock downs in various States and Territories in Australia in the last 6 months. While the Australian economy has shown strong recovery during 2021, lockdowns have continued to have a significant impact on small business and individuals across the country.

Description of conduct notified

The ABA notifies the ACCC under the authorisation of an agreement between participating member banks to implement a further relief package to the benefit of individual and business customers for the following purposes contemplated in the authorisation:

- deferring or varying loan facilities for customers in any sector of the economy or any customer segment impacted by COVID-19; and
- supporting Government initiatives to provide emergency fiscal stimulus and cost relief for individuals and businesses,

(further relief package).

A list of participating member banks is set out in Appendix 1 (**participating member banks**).

The further relief package includes the following support measures designed to assist customers who have experienced significant impact as a result of current lockdowns, or recovery from recent lockdowns:

1. A deferral of principal and interest repayments for term loans of a small business customer in any State or Territory and in any sector of the economy for up to 3 months;
2. Refunds of merchant terminal fees for small business customers for up to three months;
3. Waiving fees and notice periods on cash deposit and farm management deposit accounts for small business customers for up to 3 months;
4. A range of home loan support measures to individual and business customers, including deferrals on a month-by-month basis; and
5. Specialised targeted support for larger business customers.

In implementing the further relief package, participating member banks will apply the following definitions and criteria:

- A small business customer is a customer that has less than \$3million total debt to all credit providers and a turnover of less than \$5million (which includes the significant majority of small business customers);
- In relation to repayment deferrals, the customer's repayments must be up to date or the customer must be engaged in a payment program with their member bank;
- Any deferrals will be provided on an opt-in basis, meaning that customers will be required to contact participating member banks to indicate that they would like repayments to be deferred;
- Interest on deferred loans will be capitalised, meaning that participating member banks will, based on existing loan terms in the context of customers' requirements, either:
 - extend the term of the loan repayment to account for the interest incurred during the deferral period and keep the level of repayments following the deferral the same as that the customer had paid prior to deferral; or
 - increase the level of the loan repayments to account for the interest incurred during the deferral period, but keep the term of the loan repayment the same as if the deferral had not occurred.

For the avoidance of doubt, participating member banks will not apply or require a payment of the capitalised interest in a lump sum at the end of the deferral period.

- In relation to the home loan support measures and specialised targeted support for larger business customers, banks will individually decide on specific relief measures to be provided.



The further business relief package will be implemented on the next business day following notification to the ACCC.

The further business relief package is intended to provide for the minimum level of relief to be offered to customers by the member banks who elect to implement it. Some member banks may independently elect to implement more extensive relief measures.

For the avoidance of doubt, any customer of a participating member bank that is entitled to relief under each participating member bank's existing hardship programs, retains that entitlement, in addition to any entitlement under the further business relief package.

Appendix 1 – Participating member banks

- AMP Bank
- Arab Bank
- Australia and New Zealand Banking Group Limited
- Bank Australia
- Bank of Queensland Limited
- Bendigo and Adelaide Bank Limited
- Citigroup Pty Ltd
- Commonwealth Bank of Australia
- ING
- Macquarie Bank
- MyState
- National Australia Bank Limited
- Suncorp Bank
- Westpac Banking Corporation