



Response to ACCC request for update - 22 May 2020

Background

The ABA was granted interim authorisation (number AA1000482) by the ACCC on 30 March 2020. As a condition of the interim authorisation, the ABA (on behalf of member banks) is required to notify the ACCC of any financial relief program or other arrangement arising from conduct that is the subject of the interim authorisation, prior to conduct being implemented, or otherwise given effect to.

To date the ABA has provided three notifications to the ACCC:

- **Small business relief package:** the continued implementation by member banks of deferrals of loan repayments to customers under a small business relief package 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 COVID19
- **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.

Operation of the conduct subject to authorisation

The ABA's understanding is that the conduct notified to the ACCC is operating as described in the notifications, subject to the updates to the eligibility requirement in relation to the small business relief package and supplementary business relief package notified to the ACCC on 29 April 2020.

The updates to the eligibility requirements were required following APRA's letter to ADIs dated 25 March 2020 which outlined the capital treatment for loans with repayment deferrals, provided that the customer is less than 90 days past due in terms of their repayments at the beginning of the payment deferral. The date to assess eligibility under the small business relief package was initially set at 1 January 2020, prior to the guidance in APRA's letter. The ABA also updated the wording of the eligibility requirements under the supplementary business relief package for consistency.

Impact of the business relief packages and debit card programs

The interim authorisation granted by the ACCC has given Member Banks the opportunity to implement relief packages and support programs to customers across Australia that would not otherwise have been possible.

Member banks have experienced significant uptake of the small business relief program and supplementary business relief packages and are in the process of issuing hundreds of thousands of debit cards to vulnerable and isolated Australians, at a time when the financial impact of COVID-19 is rapidly increasing and evolving.

As at 13 May 2020, Member Banks have issued 205,787 loan deferrals under the small and supplementary business relief packages to the value of \$56,700,871,324.

ABA members are also collecting data on the number of debit cards issued and activated under the debit card program and will provide this to the ACCC in the coming weeks when available.