

PUBLIC REGISTER VERSION
Restriction of publication claimed in part

ABA – APPLICATION FOR AUTHORISATION (AA1000482)

SUBMISSION TO THE ACCC

May 2020

OVERVIEW

1. ANZ welcomes the opportunity to provide comments on how the interim authorisation (the **authorisation**) has been working to date.
2. ANZ's understanding is that the authorisation authorises it to make and give effect to agreements with other ABA Member Banks (and third party suppliers and/or agents) subject to certain conditions in order to benefit customers in respect of the following three broad categories of conduct:
 1. *Deferral or varying of loan facility terms for customers, including business customers* – this category authorises coordination between the ABA Member Banks to set the 'minimum terms' of lending relief packages for business customers for those ABA Member Banks that choose to participate.
 2. *Supporting government initiatives to provide emergency fiscal stimulus/cost relief for individuals and businesses* – this category authorises coordination between the ABA Member Banks to discuss how to best implement government-initiated plans and would also cover – if relevant – bank industry initiated ideas for the government to take to further support the economy.
 3. *Ensuring continued high levels of customer service and access* – this category authorises coordination to ensure high levels of customer service and access to banking services. For example, this would allow for the "optimisation" of operations at branches. As it has become increasingly difficult for staff to attend work because of illness or home schooling, the authorisation would enable several banks to operate out of a single branch with reduced staff, should that become necessary (subject to additional approvals as required by the authorisation) (**Conduct**).
3. The authorisation is subject to two conditions. First, conduct that involves suppliers or agents requires ACCC approval. Secondly, all other relevant conduct must be notified to the ACCC 24 hours before engaging in the conduct.

ANZ'S RELIEF PACKAGES

4. To date, ANZ has implemented a number of relief packages and support measures to support its customers during the COVID-19 crisis.
5. Pursuant to category 1 of the authorisation, ANZ announced its Commercial COVID-19 relief package on 20 March.¹ This package allows eligible business customers to defer their loans for a

¹ This package is currently provided pursuant to the notifications for the small business relief package and the supplementary business relief package.

6 month period, with interest to be capitalised. To be eligible, a business customer must be 'current' and must not be a self-managed superannuation fund.²

6. Pursuant to category 3 of the authorisation, ANZ implemented the debit card program to issue scheme or dual network credit cards to isolated and vulnerable customers.
7. In addition, ANZ has independently offered its customers other support measures during the COVID-19 crisis including:
 - six month deferrals on home loans, personal loans and credit cards;
 - overdraft limit increases for small business customers;
 - overdraft for customers eligible for JobKeeper to assist them with cashflow prior to the ATO payments becoming available; and
 - loans under the Coronavirus SME Guarantee Scheme (under which the Government will guarantee 50% of new loans issued to eligible customers).
8. As at 24 April 2020, ANZ had received assistance requests for around 105,000 home loan and 42,000 business loan repayment deferrals (table 1 and figure 1).³ To meet the demand for assistance, ANZ has had to redeploy staff and take other steps to process applications more quickly, such as introducing processes to allow home loan customers to accept assistance offers online.
9. As at 24 April 2020, ANZ estimates that approximately **[RESTRICTION OF PUBLICATION CLAIMED]** customers had been provided a business loan repayment deferral.⁴ This represents around **[RESTRICTION OF PUBLICATION CLAIMED]**% of material customers in the portfolio.⁵

Table 1 Summary of ANZ COVID-19 relief packages (as at 24 April 2020)

Home loans	
Requests for repayment deferral ⁽¹⁾	105,000
Lending value of assistance	\$36b
Average dynamic LVR	66%
Business loans	
Requests for repayment deferral ⁽²⁾	42,000
Lending value of repayment deferrals	\$7.5b

(1) Includes all requests for assistance by COVID-19 impacted customers. (2) Business loans as at 20 April 2020

² Offering financial relief to a self-managed superannuation fund would be prohibited under the *Superannuation Industry (Supervision) Act 1993* (Cth).

³ Note that requests are by number of customer accounts.

⁴ At this time, approximately **[RESTRICTION OF PUBLICATION CLAIMED]**

⁵ Those with funds under management greater than \$5000.

Figure 1

**ANZ COVID-19 Business relief packages
(% of lending exposure by industry)**



SIGNIFICANT PUBLIC BENEFITS

10. There is no question that the ACCC authorisation has resulted in significant public benefits and no competitive detriment.
11. First and foremost, the ability to offer relief packages to business customers that have agreed 'minimum terms' has been of significant value to ANZ and its customers. In these unprecedented times, a consistent message to customers has made it easier for them to understand what the relief package is and what it will mean for them in the immediate term and once the deferral period has concluded.
12. Secondly, the industry-wide discussions and communications about the packages have also benefited ANZ. ANZ was able to act more quickly to provide the relief packages to its customers than it would have been able to, had it been acting independently.
13. Thirdly, there are a number of benefits that flow from any additional arrangements that could be pursued under categories 2 and 3 of the authorisation.
14. For example, the authorisation enabled the Member Banks to work together to develop a program to fast track the issuing of scheme or dual network credit cards to isolated and vulnerable customers. Following ACCC notification, this was quickly implemented by a number of ABA Member Banks, including ANZ, which enabled customers to be able to access their funds using their new card.
15. While additional arrangements have not yet been fully considered, enabling several ABA Member Banks to operate out of a 'multi-branch' would ensure customers continued to have the ability to bank at a branch and would also allow the ABA Member Banks to realise efficiencies and cost savings.

CONCLUSION

16. As there is no competitive detriment and significant public benefits arising from the authorisation, the ACCC should grant final authorisation for the Conduct. This will enable ANZ and other ABA Member Banks to continue to provide the industry-wide relief packages and other measures to customers for the duration of the COVID-19 period.

17. ANZ would welcome any questions from the ACCC on the points made in this submission.