



31 August 2020

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
REVIEW OF THE FOUR MAJOR BANKS
NAB Response to the Committee's Request on COVID-19**

Question:

The committee requests that you provide a written update (to be published on the committee's website) outlining the measures that NAB has taken in response to the COVID-19 pandemic. The first update is due by 30 April 2020 and ongoing updates should be provided at the end of every month thereafter until the next hearing.

Answer:

31 August 2020

The COVID-19 pandemic continues to challenge our customers and our bank, with varied impacts across industries and communities. NAB is continuing to support customers via a number of measures as they deal with the ongoing impacts of COVID-19. This response provides the Committee with an update on actions NAB has taken to support our customers both for the month of August, and also includes a summary of NAB's support to date for customers since the pandemic began.

As a Melbourne-headquartered bank, we are acutely conscious of the impact of the second wave of the pandemic in Victoria on our colleagues and customers. We continue to support and adapt to government restrictions and as different States move through different stages, and government restrictions ease in some areas but tighten in others, we will adapt our planning for our workforce accordingly. We continue to prioritise the safety and wellbeing of all our colleagues. Our approach will continue to be grounded in the Australian Government's 3-Step Framework for a COVIDSafe Australia.

Attached for the Committee's information are NAB's latest surveys and research including:

- NAB Economic Commentary: State Economic Overview (released 25 August).
- NAB Economics Data Insights (week ending 15 August).

Customer support

The NAB Assist team is helping customers through the unprecedented events relating to COVID-19, events which often leave customers financially vulnerable, including some for the first time. NAB Assist mobilised swiftly at the start of the pandemic to provide support to our customers.

As part of our overall pandemic response NAB has provided extensive support to customers impacted by COVID-19 through a range of measures:

- Deferred mortgage and business loan repayments (see below for more detail).
- Provided 6,087 loans under the Federal Government's Coronavirus SME Guarantee Scheme.
- Supported NAB customers accessing JobKeeper via a dedicated hotline (1800 JOB KEEPER) and a dedicated overdraft facility.
- Provided access to superannuation via the Government's Early Release Superannuation Scheme.
- Moved 1000 colleagues into our customer-facing teams to assist with the loan deferral check-in conversations and support customers.
- Provided support for credit card customers by reducing the minimum monthly payment on 27 April from 2% to 0.5% of the closing balance or \$5 (whichever is greater) from 27 April 2020 to 25 September and waiving late payment fees from 3 April 2020 to 25 September. NAB also reduced the rate on the NAB Low Rate card by 100 basis point to 12.99% p.a. from 27 April.
- Assisted around 3,000 customers with passbook accounts (which cannot make electronic transactions) to apply for their first debit card (nearly 80% of these customers were aged over 75).
- Automatically waived terminal rental fees or monthly package fees for over 101,000 merchant customers across Australia (from 1 April to 31 July 2020). To support Victorian merchant customers, we've extended the automatic waiver of terminal rental or monthly package fees until the end of September 2020.
- Lowered fixed home loan interest rates; customers currently have access to fixed home loan rates of 2.29% p.a. for 1 year; 2.19% p.a. for 2 years and 2.29% p.a. for 3 years.
- Following the RBA reduction in the cash rate to 0.25% on 18 March, NAB cut 200 basis points from the rate on new loans and all overdrafts on flagship digital business product QuickBiz effective 30 March. NAB also reduced rates on small Business Options loans by 100 basis points.
- Establishing COVID-19 support pages on the NAB website which are currently receiving around 20,000 visits per week, having peaked at 200,000 visits per week in March.
- Continued support for Government COVID-19 related policies aimed at supporting economic recovery in key industries, such as the HomeBuilder and ShowStarter Loan Schemes.

Further detail on specific initiatives is provided below.

Loan repayment deferrals

Loan repayment deferrals are providing vital assistance for customers.

As at 5 August 2020, NAB had \$35 billion in home loan balances deferred, across a total of ~86,000 accounts. This represents 12% of NAB's total home lending. Since 30 June 2020:

- ~4,000 accounts have cancelled their deferrals including as part of check-in calls; and
- ~6,000 have had their deferral expire where the customer was on a deferral for less than 6 months.

As at 5 August 2020, NAB had contacted around 24,000 or 40% of home loan deferral customers and approximately 16% of customers contacted have recommenced repayments. Check-in activity has accelerated over August.

At the conclusion of a customer's deferral period, the option to extend the deferral period for up to four months will be considered on a case-by-case basis. Other options for customers could include extending a loan term, converting to interest only for a period, consolidation of debt, hardship assistance or a combination of these measures. Where it makes sense, NAB will provide further support, although we have been consistent in external statements that providing further credit to some customers will not always be the right thing to do.

As at 31 July 2020, NAB has \$20 billion in business loan balances deferred across ~38,000 accounts. 47% of business loan deferral customers are receiving JobKeeper (based on those businesses with a NAB transaction account). From late July NAB business bankers, with support from NAB Assist for some small business customers, have commenced check-ins with deferral customers. As with home loan deferral customers, customers will have a number of options at the end of their deferral period.

NAB will provide the Committee with an update on loan repayment deferrals numbers at its appearance on 11 September.

<i>NAB loan repayment deferrals</i>	Number of Accounts	Value of total loan balance which has been deferred
Total business loan deferrals as at 31 July 2020¹	37,557	\$20.0bn
Total home loan deferrals as at 5 August 2020²	85,762	\$35.2bn

¹ Includes NAB Business & Private Bank and NAB Corporate business accounts. Customers may have a number of accounts.

² Includes all NAB and Advantedge accounts.

Coronavirus SME Guarantee Scheme

Under the Coronavirus SME Guarantee Scheme, NAB has continued to provide eligible businesses with unsecured loans of up to \$250,000 over three years at 4.5% p.a. with no repayments required in the first six months. From its launch on 28 March to 14 August, NAB has approved 6,087 Business Support Loans under the Government's Scheme. Loans under the scheme have been an important source of support for NAB's business customers, alongside loan deferrals and the Government's JobKeeper scheme.

NAB is also preparing to offer loans under phase two of the scheme from 1 October and is engaging with the Government on the detail of this new phase. NAB welcomes the Government's expansion and extension of the SME Guarantee Scheme until 30 June 2021 with loans available for up to \$1 million per borrower for a term of up to five years and for a wider range of loan purposes. The changes will make the Scheme available to more businesses for longer and will help these businesses to rebuild.

Support for Vulnerable Customers

NAB has implemented a range of ongoing initiatives to support customers experiencing vulnerability and to improve access to our products and services. Whilst much of this capability existed prior to COVID it has been a critical and meaningful component of the support NAB has provided for our customers and the community at this time.

Central to support for customers experiencing vulnerability is NAB's **Customer Support Hub** that assists people through challenging times and provides support for issues relating to elder abuse, family violence, gambling or other addictions. This support has included access to counselling and referrals to social workers to deal with critical items. These items include family violence, emergency grants, addictions and gambling concerns, financial counselling and emergency housing support.

The **Indigenous Customer Service Line** is a dedicated service to assist customers in Indigenous communities including those living in remote locations. This support has included balance enquiries, internet and telephone banking set up and use, lost and stolen cards, cancelling direct debits, identification and authentication, and opening bank accounts.

NAB's partnership with **Good Shepherd** to provide access to No and Low Interest Loans continues to support the community. In addition to NAB's ongoing support for the No Interest Loans Scheme, which saw 27,086 loans written in the year ending 30 June 2020, NAB is also supporting the Household Relief Loans initiative. This COVID-19 support initiative was launched on 16 June 2020 and is backed by the Federal Government. It provides access to no interest loans to those impacted by COVID-19 worth up to \$3,000 for rent, bond and utilities.

Support for MLC Wealth Customers

We continue to process requests for access to Early Release superannuation, processing more than 95 per cent of requests within five days. As at 23 August MLC's superannuation trustee has received 156,033 requests for early release payments, amounting to \$1.226 billion. The volume of those applying for access in the second round has been lower than in the first round and a significant number of those also accessed their money in the first round.

Recognising the important role advisers are playing in helping clients in financial distress through this pandemic, we have prioritised activities that support advisers in assisting their clients. This has included webinars on investment strategies and regular communications including details of Government support initiatives. During this period, we also helped with promoting Lifeline's Crisis Support line.