

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:

29 May 2020

NAB's priority is to support our customers as they deal with the ongoing impacts of COVID-19. We are very aware of the human cost this crisis is having on our customers and their families. The measures we are taking as an organisation are about supporting them through this unprecedented economic crisis.

This response provides NAB's update for May on actions to support retail customers, business customers and MLC Wealth customers.

Summary

NAB welcomes the National Cabinet's plan to gradually restart the economy and reopen the doors of businesses across the country.

We support the National Cabinet's safe and steady approach to getting jobs and businesses back on track. We look forward to continuing to hear from the State and Territory Governments on their timing of measures to implement the National Cabinet's three step plan.

We appreciate there is a long way to go in the economic recovery process and we want to assure our customers NAB will be there for them. Balancing the reopening of the economy with preserving the gains made on the health front will be crucial.

The local and global economic situation remains unpredictable and NAB continues to closely monitor the environment and act accordingly.

We attach for the Committee's information:

- NAB Economics Data Insights for the week of 18-24 May; and
- Australian GDP Preview dated 29 May.

Governments continue to respond significantly to the crisis and we continue to work closely with them to support our customers and the community.

NAB supports the use of the COVIDSafe app and has been encouraging staff to download it. Further development of the app, and more testing of anyone with symptoms will be

important to providing the confidence to slowly loosen restrictions while preserving progress on the health front.

Support for Retail Customers

NAB's commitment to supporting individual customers impacted by the pandemic is ongoing and continues to be multi-faceted; pausing repayments, providing access to redraw facilities, reducing repayments or accessing new fixed home loan rates.

- There have been around 2.26m visits to COVID-19 support pages to 25 May.
- NAB has sent more than 9 million emails and 200,000 text messages to our customers with details of support measures.
- Our digital adoption campaign activity resulted in a 32% increase in new Internet banking registrations in March & April.
- We launched our first ever NAB WhatsApp channel as well as Apple Business Chat to give customers more ways to contact us for assistance.
- We have proactively called around 25,000 passbook customers and have set up approximately 2,800 of these customers with their first debit card.
- As at 22 May, NAB has approved 98,874 home loan deferrals with a balance of \$39.08bn. Application volumes are down around 40% compared to the first half of March.

NAB is adding 500 employees, including more than 400 external hires, to our customer support team as NAB starts checking-in with customers who have received a repayment pause to their home loans to help them through the impact of COVID-19.

In the coming weeks NAB bankers will be calling as many customers as possible to have a conversation and gain a deeper understanding of their situation.

This is an opportunity for us to speak to customers who have requested a payment pause and check how they are doing.

Deferrals have provided some immediate and much-needed relief, but if customers are able to make payments again, we will be encouraging them to do so. We don't want customers to be in debt any longer than they need to be. We want customers to choose what is best for them.

Some customers have already proactively contacted us to reverse their home loan deferrals and resume making payments because they felt ready to do so.

NAB's dedicated support team will outline the current position of the customer's home loan, the future impact of the repayment pause on their loan balance and discuss customers' plans for the months ahead.

NAB continues to offer home loan customers options about their repayments.

NAB has reduced direct debits in line with new minimum repayments if the customer opted to pay the minimum at the time the direct debit is set up and is still paying the current minimum.

NAB will not reduce direct debit repayments for customers who did not opt to pay the minimum, or initially opted to pay the minimum but have subsequently increased their direct debit to pay more than the minimum. This is to ensure that customers who have consciously opted to pay ahead are not penalised. These customers have the option to opt in to reduce their direct debit repayments via the NAB app.

This approach ensures that for customers currently paying ahead, the time taken to pay off their loan stays the same, unless they decide otherwise.

Support for Business Customers

NAB recognises this is a very difficult time for many of our business customers.

We continue to work with the Government on support for Australian businesses. In partnership with the Government, through the Coronavirus SME Guarantee Scheme, we have 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 22 May, NAB has approved 4,841 Business Support Loans under the Government's Scheme.

Support from the Federal Government and regulators has laid the foundations to keep the economy moving and keep as many people in jobs as possible.

Deferral of repayments

NAB supports the industry-wide Small Business Relief Package announced by the ABA on 20 March which will apply to more than \$100bn of existing small business loans. That package is facilitating the deferral of principal and interest repayments for loans to small businesses, in all sectors, impacted by the COVID-19 pandemic.

NAB also strongly supports the ABA's subsequent announcement extending the six-month deferral of loans, building on the Small Business Relief Package, to all businesses with up to \$10 million in total loan facilities. This has extended the availability of support to 98% of all businesses in Australia. At the end of the deferral period businesses will not be required to pay the deferred interest in a lump sum. Either the term of the loan will be extended, or the level of loan repayments will be increased.

NAB has provided 40,208 business loan deferrals with a balance of \$22bn as at 22 May.

JobKeeper Payment

NAB strongly supports the Government's JobKeeper program. It will be critical to efforts to keep people employed throughout this crisis. NAB is supporting our customers by providing temporary access to funds ahead of government JobKeeper payments.

In total, since JobKeeper was announced (30 March) NAB has approved 4,788 facilities (such as temporary excesses) to support JobKeeper payments.

On 12 May NAB launched a dedicated overdraft facility to support Job Keeper, with the ability to receive a short-term temporary excess available to manage any timing difference between paying wages and receiving the JobKeeper payment from the ATO. Customers will be able to draw upon the JobKeeper overdraft to make salary payments and then pay back the overdraft each month after they receive the JobKeeper payment from the Government.

NAB has a dedicated hotline for customers to access NAB's support for the JobKeeper payment for business customers (1800 JOB KEEPER).

NAB Staff returning to work

We are adopting a careful and cautious approach to how we re-enter our buildings, taking the time to ensure we do this in the safest possible way for our colleagues, as well as our customers and the community.

From a survey of our 34,000 colleagues in May we know that the overwhelming majority (80 per cent) of those currently working from home want to continue to have the flexibility to work remotely in the future.

We also know there are some staff who want to return to the office for a range of reasons, so we're providing flexibility in the first instance, to re-enter our buildings at a maximum of 20 per cent capacity.

We are introducing a range of additional measures to ensure we do this in a safe manner, including:

- An on-site nurses station.
 - Thermal cameras installed to measure body temperatures upon entry to buildings.
 - Lifts re-programmed so capacity is limited to two people.
 - No more hot-desking. Instead colleagues will be able to book dedicated desks via an app.
 - Blocking off spaces between desks to provide a safe physical distance between workstations.
 - Meeting rooms will be closed, along with collaboration and communal spaces.
 - Touchless water taps, removal of communal crockery and cutlery from kitchens.
 - Availability of PPE and hand sanitizer for those entering buildings.
- Extensive deep cleans of buildings, including individual workspaces.

Support for MLC Wealth Customers

MLC remains committed to supporting individuals and businesses affected by the pandemic and the resulting local and global market volatility impacting the retirement savings of all Australians.

We continue to monitor the liquidity and asset allocation of our funds as requests for early release of super payments continue. Our funds have sufficient liquidity to meet early release

payments and are well positioned to take advantage of market opportunities. As at 24 May, NULIS, MLC's superannuation trustee, has received 61,210 requests for early release payments, amounting to \$461m.

MLC is pleased to have been able to assist with promoting Lifeline's Crisis Support line in this difficult time. We have donated a tranche of 30 second television commercial spots as part of a campaign to highlight the fact Lifeline is taking a crisis call every 30 seconds, a huge uplift in volume.

A national study of adviser sentiment conducted by MLC Wealth Research revealed the top three topics between advisers and clients are investment and market performance, the importance of staying the course in the face of volatility, and Government support packages. MLC has been focussed on helping advisers meet client needs at this extraordinary time and has established a dedicated website with regularly updated information on the coronavirus in three main areas: market commentary, policy response and educational materials to use with clients.

Plans have commenced for the phased return of select employees to work premises. Re-entry will begin from Monday 15 June for a small portion of our workforce (up to but not exceeding 20%) and we are currently preparing our offices for a safe return.