

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

#### Westpac

**Westpac38QW:** Could you please provide the committee with figures and percentages of your customer switching rates, either for their customer base as a whole or, preferably, across the major product lines (mortgages, credit cards, small business loans etc.) over the past 3 years.

**Answer:** It is difficult for us to provide precise data on switching rates because we do not always know when a customer is switching to or away from Westpac.

Previous estimates, provided by APCA and Choice to the Senate Economics Committee Inquiry into Competition within the Australian Banking Sector in 2011, suggested switching across the banking sector may be around 8-10 per cent per annum for transaction accounts.

Based on Westpac data for financial years 2015, 2016 and year to date 2017, we make the following observations:

- Across credit cards, transaction accounts and personal loans in our Consumer Bank, on average, we have opened or closed over 1.8 million accounts per annum; and
- On average, over 80,000 mortgage customers per annum have either refinanced to Westpac or from Westpac to another lender.

A small percentage of customers use the industry transaction account switching process. This involves the customer approaching the new bank and requesting a switch from the old bank. The new bank seeks a copy of the "Regular Payments List (RPL)" from the customer's old bank. The RPL contains the last 13 months of direct debit, direct credit and periodical payments on the customer's transaction account/s. The RPL is provided to the customer who can then request the new bank to transfer payments or cancel payments. Since 1 January 2015, on average:

- Approximately 430 new to Westpac Group customers per annum have asked us to request a RPL from their old bank; and
- We have received approximately 500 requests per annum from another bank for a RPL i.e. a Westpac Group customer is moving to another institution.