

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (THIRD REPORT)

Commonwealth Bank of Australia

CBA03QON: [58]

Mr HOGAN: You had one of the most extensive broker networks in the country. Brokers, as well as customers, tell me it's obviously in the broker's interest to get the customer to borrow the maximum amount of money they can get them to borrow—they get remunerated that way—even though they might not need that much money. And then they open an offset account and put the money they don't need in that account; but they have drawn down the maximum amount of money they can borrow. Have you noticed a big difference in the number of customers who open an offset account, with money put in it straightaway, between the broker network and your branch network?

Mr Narev: I would need to take that on notice in terms of the specific numbers.

Answer: For new home loans approved by Commonwealth Bank during the 2017 financial year, those originated through broker channels were six percentage points more likely to be linked to offset accounts, in comparison to those originated through Commonwealth Bank's proprietary channels.

The variance reflects differences between the types of loans originated via the different channels; for instance, a higher level of Interest Only and Investor loans are originated through the broker channel. We have not seen evidence of a material difference in the number of customers who open an offset account and put money in straightaway between the broker and branch network.