

In relation to responsible lending:

- a) What is CBA's criteria for responsible lending and how is it applied?***
- b) How does the CBA's criteria for responsible lending apply to an interaction with a staff member and a customer who appears to have a gambling problem based on their transaction history?***

- a) Commonwealth Bank complies with responsible lending obligations prescribed by the National Consumer Credit Protection Act, including the following obligations:
 - to make reasonable enquiries about a consumer's requirements and objectives and their financial situation;
 - to take reasonable steps to verify the consumer's financial situation; and
 - based on this information, to assess whether a credit contract is not unsuitable for the consumer.

In line with ASIC guidance, Commonwealth Bank applies a scalable approach to these obligations, so that what constitutes reasonable enquiries and verification will vary, depending on the circumstances. Relevant factors include the complexity of the credit contract, the potential impact on the consumer if the contract is unsuitable and whether the consumer is an existing customer.

For example, what Commonwealth Bank will do to meet its obligations in relation to establishing a 30 year home loan for a new customer may be different to the steps taken in relation to a small increase to a personal loan for an existing customer.

- b) Customers may experience financial difficulty due to a range of life events and circumstances.

Commonwealth Bank uses an approach to responsible lending that takes into account any financial strain the customer may be facing regardless of the cause.

To meet Commonwealth Bank's responsible lending obligations a lender will enquire about the consumer's expenses and their existing debts and liabilities, including obtaining and reviewing the customer's credit history provided by a credit reporting agency.

This information is taken into account when making a decision on the suitability of a loan for the consumer, and whether they can afford it.

Where a customer's gambling problem has resulted in existing debts or a poor credit rating, or where their expenses are high relative to income, this would be taken into account in assessing the customer's capacity to repay the loan. If this assessment did not demonstrate that the loan would be affordable, their application would be declined.