

2.35 QW: For a customer with a credit card with your bank - that has a \$5,000 limit, a \$4,300 outstanding debt and a \$86 minimum month repayment - if the customer failed to make the monthly minimum repayment on time (as per the terms and conditions of the credit card) - what is the total damages incurred by the bank?

Answer

If a credit card customer misses a monthly minimum repayment for the first time, it would unclear if this represents a default and ultimately full loss, or a situation which may result in a full recovery. In this circumstance, the costs incurred by NAB would include:

- The cost of card collection function.
- Increases in collective provision.

The total amount would change in future months depending on the customer's subsequent actions. In the circumstances, NAB is not in a position to provide an accurate answer to the question.