HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

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ANZ99QON: **Mr FALINSKI:** Let me ask you a question to test how good you really are, Mr Elliott. Do you know how many small business loans you issue are not secured by real property—in particular, the home of the director or the business owner?

Mr Elliott: I'm clearly going to fail on this one! No, I don't know off the top of my head. What I can tell you is that we have about a half a million small business customers and about 150,000 of them borrow from us. If you sit down with most of them, they'll tell you that the most effective way for them to borrow at a decent rate is to de-risk the loan by using their home as security, or perhaps the premises or some other asset. I think that's just a reasonable outcome. So, yes, it's unsurprising that many small-business people use the equity in their home to secure lower-rate finance rather than seek unsecured finance, which by definition will be a lot more expensive. So that's a decision for those small businesses, but I think generally it works out in a pretty balanced way.

Mr FALINSKI: Would it be unreasonable for me to ask you that question on notice? Is that going to take a lot of time?

Mr Elliott: I'd say it's highly unreasonable! But given it's you, Mr Falinski, I will certainly do my best. I will get you that data.

Answer: As at 30 September 2021, of loans we classify as 'small business loans' (generally up to $1m in lending and excluding asset finance), 68% of these loans are not secured by real property.

Of the other 32% of loans which are secured by real property: 39% are secured by commercial property; 51% by residential property only; and 10% by a combination of residential and commercial property.

Percentages are based on the number of loan accounts.