

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**  
**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS**

**Commonwealth Bank of Australia**

**CBA91QW: Home loan approval timeframes**

For all home loan applications you have received in the quarter ending 31 March 2021 (regardless of whether the application was settled):

(a) What is the average and median time from receipt of application by the bank to final approval, for applications received directly through your branch network?

(b) What is the average and median time from receipt of application by the bank to final approval, for applications received through a mortgage broker?

(c) If there is a difference in average and median time from receipt by the bank to approval for applications received through the branch network compared to those received through a mortgage broker:

(i) What is the reason for the difference?

(ii) How might this impact the competitiveness of mortgage brokers?

(iii) What is the bank doing to equalise the difference in times?

(d) Is an application received through the branch network processed differently from an application received through a mortgage broker? If so:

(i) What is the reason for the difference?

(ii) Is this difference informed by bank policy? If so, why?

**Answer:** (a) For CBA's branch network (proprietary), the average time to approval was 2 calendar days and the median time to approval was 1.7 calendar days, for the period January 2021 to March 2021.

(b) For CBA's broker network, the average time to approval was 16 calendar days and the median time to approval was 14.7 calendar days, for the period January 2021 to March 2021.

(c) (i) The difference in turnaround times is a result of processes, application complexity and the current lending environment, whereby CBA has experienced a 30 per cent increase in application volumes in our broker channel since May last year.

In relation to applications, those submitted via the broker channel tend to have higher levels of rework due to the number of financial institution policies

that brokers need to be across; they tend also to be more complex; and require customer verification activities. For example, 40 per cent of broker applicants are new applicants to the bank compared to 10 per cent in CBA's proprietary channel.

(ii) Generally, a customer's choice to go to a broker is based on trust, referral, and the broker's ability to find a suitable lender that meets the specific needs of the customer. Where the turnaround time of a credit decision is a factor for the customer, a broker may help them find an appropriate financial institution. To assist in these circumstances, CBA's turnaround times are published and visible to brokers on our CommBroker site and are transparently shared with all of the Broker Head Groups and Aggregators where CBA is a panel lender. We also actively manage and review channel operations to ensure we continue to service the needs of brokers.

(iii) CBA is focused on reducing the difference in turnaround times, with work and investment underway in relation to our operating model, broker application system and processes aimed at improving data quality, the efficiency of credit officers and the processes and systems that support the broker channel.

(d) (i) The main difference in how an application is processed between the channels is a result of the information available to each party, their interaction with a customer, whether they can act on behalf of the bank, and the systems that can be utilised. As an example, brokers cannot act on a bank's behalf in relation to verifying that certain regulatory obligations have been met, such as Know Your Customer requirements. As such, all broker applications are referred to a CBA operations team for verification purposes.

(ii) CBA's credit policies and pricing are applied consistently across channels; however, due to regulatory requirements and policies relating to access to internal systems there are some differences in how applications between broker and proprietary channels are processed.