

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

NAB89QW:

At the last round of hearings your bank stated that it could devise a product that utilises superannuation as a form of security to enable Australians to purchase a first home. To do so, please advise what legislative change would be required to enable you to do so?

Answer

The *Superannuation Industry (Supervision) Act 1993* underpins the regulation and management of the superannuation system. It includes safeguards to protect superannuation funds against action from third parties. There is a range of factors a financial institution would need to consider in developing any product utilising superannuation as a form of security against a loan, if this was Government policy. These range from legislative and regulatory to commercial risk settings and prudent lending considerations. These would need to include addressing the right of recourse to the payment stream or funds in the superannuation fund if the customer defaulted on the loan.