

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

People's Choice Credit Union

PCC01QW:

Westpac has publicly stated that it will defer repayments on credit cards for COVID-19 affected customers (Westpac Freezes Credit Card Charges for COVID-19 hit customers, *The Age*, 24 April 2020). Therefore, can you please advise:

- (a) What processes do you have in place to identify credit card customers who have been impacted by the COVID-19 pandemic?
- (b) How many credit card customers have requested deferrals of repayments related to the COVID-19 pandemic?
- (c) How many credit card customers have you identified as impacted by the COVID-19 pandemic?
- (d) For those credit card customers that you have identified as impacted by the COVID-19 pandemic:
 - (i) What is the accumulated value of the credit card debt?
 - (ii) What is the average value of the credit card debt?
 - (iii) What is the accumulated value of the credit card limit?
 - (iv) What is the average value of the credit card limit?
 - (v) What is the accumulated value of the credit card monthly repayments?
 - (vi) What is the average value of the credit card monthly repayments?
- (e) What deferral options are available for credit card customers that you have identified as impacted by the COVID-19 pandemic?
 - (i) If none, do you intend on doing so?

Answers

(a) What processes do you have in place to identify credit card customers who have been impacted by the COVID-19 pandemic?

We may identify a credit card member as being impacted by the COVID-19 pandemic when the member contacts us to discuss relief options or a change in the member's circumstances as a result of COVID-19 pandemic. A member may also be identified as being impacted by the COVID-19 pandemic by the credit management team during the process following the member's failure to make a required payment.

(b) How many credit card customers have requested deferrals of repayments related to the COVID-19 pandemic?

As at 11 June 2020, 74 members have requested and been granted deferrals of repayments in respect of their credit card arrangements as a result of being impacted by the COVID-19 pandemic.

(c) How many credit card customers have you identified as impacted by the COVID-19 pandemic?

As identified above, as at 11 June 2020 there are 74 members who have been granted relief in respect of credit card payments. There are a further 475 credit card holders who have been granted relief in respect of obligations relating to another product, for example, a home loan. Accordingly, there are 549 credit card holding members who have been identified as being impacted by the COVID-19 pandemic (**Impacted Cardholders**).

(d) For those credit card customers that you have identified as impacted by the COVID-19 pandemic:

(i) What is the accumulated value of the credit card debt?

As at 11 June 2020, the accumulated value of the credit card debt (i.e. the balance owing) of the Impacted Cardholders is \$1,666,858.

(ii) What is the average value of the credit card debt?

As at 11 June 2020, the average value of the credit card debt of the Impacted Cardholders is \$3,036.

(iii) What is the accumulated value of the credit card limit?

As at 11 June 2020, the accumulated value of the credit card limit of the Impacted Cardholders is \$2,951,800.

(iv) What is the average value of the credit card limit?

As at 11 June 2020, the average value of the credit card limit of the Impacted Cardholders is \$5,376.

(v) What is the accumulated value of the credit card monthly repayments?

As at 11 June 2020, the accumulated value of the required credit card monthly repayments (had no deferral repayments relief been provided) in respect of the Impacted Cardholders is \$50,365.

(vi) What is the average value of the credit card monthly repayments?

As at 11 June 2020, the average value of the credit card monthly repayments (had no deferral repayments relief been provided) of the Impacted Cardholders is \$113.

(e) What deferral options are available for credit card customers that you have identified as impacted by the COVID-19 pandemic?

The nature of the relief provided by People's Choice in respect of credit card payments includes the following for a 6-month period:

- (i) We will not require repayments to be made during the relevant 6-month period;
- (ii) We will reduce the interest rate payable to 5.99% p.a. for the relevant 6-month period (unless the member already had the benefit of a lower interest rate, for example an 'introductory rate'); and
- (iii) We will waive credit card fees during the relevant 6-month period.

It is noted that during the relevant 6-month period, the member may continue to access credit up to their credit limit and may make voluntary payments in respect of their credit card debt should they wish to do so.

(i) If none, do you intend on doing so?

Not applicable.