

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

MOBILE PAYMENT AND DIGITAL WALLET FINANCIAL SERVICES

Commonwealth Bank of Australia

WQoN002-01: Could you please provide an overview of CBA's policy of assessing Buy Now Pay Later (BNPL) and credit cards as part of an applicants' eligibility for a home loan?

Answer: To determine an applicant's eligibility for a home loan, in accordance with its responsible lending obligations, the Commonwealth Bank of Australia (CBA) undertakes reasonable inquiries about a customer's financial situation and to verify the information provided.

This process includes capturing an applicant's monthly living expenses as well as ongoing financial commitments, including fixed commitment repayments (e.g. loans) or credit limit facilities (e.g. credit cards). The information captured during this process helps to inform an assessment of a consumer's ability to service a loan.

An individual's use of buy now, pay later (BNPL) products, which do not incur interest and have no establishment fees, is included in the servicing assessment as a monthly, living expense. These products are typically used for everyday spending.

Some BNPL products have been set up as credit facilities with reusable set credit limits, paid over extended periods, and incurring interest and fees. These BNPL products are treated the same way as a credit card, i.e. as an ongoing, line of credit commitment, in the servicing assessment.