

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

MOBILE PAYMENT AND DIGITAL WALLET FINANCIAL SERVICES

Commonwealth Bank of Australia

Mr HILL: My question is probably one to take on notice. In terms of transactions declined from personal accounts, the bank would presumably be able to collate data on when someone seeks to make a withdrawal and it's declined. Would you be able to take on notice what percentage come from BNPL providers in personal accounts?

Mr Comyn: I would be happy to.

Mr HILL: Thank you. Could you provide any kind of breakdown in colour and movement about that? You get the point about our curiosity and what we're trying to collect.

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Mr HILL: I asked you a specific question on BNPL data, and I think [inaudible] of the question. Also in your responses to Mr Georganas and Senator O'Neill you offered to provide some more colour and movement and insights, if you like, into the impact of BNPL on your customers. I won't try to paraphrase the remarks you made. I want to confirm that we would like you to provide that data and whatever insights you can. We're interested in receiving that. Just to be clear, that's also a question on notice. Thank you for the offer. I look forward to it. Thank you.

Answer: The Commonwealth Bank's analysis of customer transactions in FY2021 shows that 19.3 per cent of attempted buy now, pay later (BNPL) transactions were unsuccessful due to insufficient funds.

In comparison, 11.2 per cent of attempted non-BNPL transactions were unsuccessful due to insufficient funds (in FY2021).

These findings are consistent with FY2020 and are based on CBA's analysis of its 'card not present' consumer (i.e. non-business/corporate) Mastercard debit and credit card authorisation attempts. To note, these figures include instances where merchants make 'repeated attempts' on the same transaction.

As previously submitted to the House Economics Committee, the Commonwealth Bank has undertaken analysis of BNPL use by customers during the Financial Year 2020/21. The analysis shows that compared to customers with similar age distribution, customers that use BNPL products are one-and-a-half to two times more likely to:

- overdraw their transaction account (7.2 per cent vs 3.9 per cent); or
- fall behind on repayments (4.8 per cent vs 2.8 per cent).

Further, customers that used BNPL products were also more likely to be in financial hardship (6.4 per cent vs 4.9 per cent).

In August 2021, the Commonwealth Bank launched its BNPL product, StepPay, which is available to eligible CBA customers, on the basis they:

- show evidence of a regular income/deposits into a CBA account;
- can cover repayment instalments; and
- are subject to internal and external credit checks.