

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS (FOURTH REPORT)

#### Westpac Banking Corporation

**WBC19QW:** Your organisation has made a number of commitments to change its practices regarding small business lending, including changes recommended by this Committee, the Small Business & Family Enterprise Ombudsman, ASIC and others. Are there any commitments regarding small business lending practices where your organisation has failed to make the required changes, or failed to make the required changes in the timeframe committed to?

**Answer:** In April 2017 the ABA submitted recommendations to the ASBFEO which included, among other things, the rollout of new plain-English small business standard form contracts for loans below \$5 million and the removal of financial covenants and Material Adverse Change clauses by December 2017.

In November 2017, Westpac issued a waiver to remove relevant financial covenants, remove material adverse change defaults and limit unilateral variation rights (among other things) from our new and existing small business contracts covered by Unfair Contract Terms legislation.

Since that time, Westpac has rolled out new plain-English Business Finance Agreements for core business lending products under our Westpac and St.George brands (St.George, Bank of Melbourne and BankSA) with remaining small business lending contracts to be rolled out progressively ahead of the commencement date of the new Banking Code of Practice in July 2019. The new Banking Code of Practice is consistent with, and builds on the ASBFEO recommendations, introducing enhanced protections for small business borrowers.

Westpac has been in regular contact with ASIC in relation to our progress on the updates to our small business lending contracts.