

Customer owned banking sector supporting customers through COVID-19

Customers always come first for customer owned banking institutions.

Our sector is in a strong position to cope with the disruption caused by COVID-19 and the 64 mutual banks, credit unions and building societies are supporting their customers in a variety of ways, including:

- repayment holidays
- fee waivers
- debt consolidation
- loan restructuring
- converting repayments to interest only
- reducing loan repayments
- redraw facilities
- early redemption of term deposits, and/or
- tailored options for business customers, including access to low-interest Government-back loans.

Any customer whose financial situation is affected by this crisis should not hesitate to contact their lender to discuss hardship assistance.

COBA's 64 members are tailoring their own assistance packages for customers based on their diverse needs and circumstances. The following measures are examples of assistance offered for home loan customers by some of COBA's members.

Credit Union Australia

- Repayment relief for up to six months. The loan term can be extended by the same length of time to minimise disruption upon resumption
- Flexibility to change from Principal and Interest to Interest Only
- Waiving late payment fees
- Fee free redraw and offset
- A reduction of 0.55% pa on fixed home loan rates for owner-occupiers, applies to new and existing customers

Newcastle Permanent

- Repayment relief for up to six months. The loan term can be extended by the same length of time to minimise disruption upon resumption (interest is capitalised)
- Accessing advance loan repayments
- Lowering repayments by converting to interest-only

Heritage Bank

- Deferral of loan repayments
- Waiving loan restructure fees
- Waiving late payment fees

People's Choice Credit Union

- Pause of loan repayments for up to six months, with a three-month review
- Accessing redraw or advance, even for fixed rate home loans
- Waiving fees for restructuring

- Repayment reductions

Teacher's Mutual Bank

- Repayment reductions for variable home loans without extending loan term
- Access to redraw and offset facilities

Bank Australia

- Deferral of loan repayments for 3 months, with a further 3-month deferral available after a review
- Reduction of interest rate for new fixed rate home loans by up to 1.05% p.a for 1, 2, and 3-year loans for owner occupiers and investors with Principal and Interest repayment terms (available to new and existing customers)
- Accessing offset accounts or redraw facilities to access funds

Beyond Bank

- Defer loan repayments for up to 6 months. Interest will be capitalised to the loan amount. Loan term to be extended by 6 months
- Convert principal and interest loan repayments to interest-only obligations

Greater Bank

- Flexible repayments options on home and personal loans. Deferrals are capitalised

P&N Bank (and BCU)

- All eligible members can apply for a repayment pause on their home loan, for up to 6 months. This applies to both owner-occupied and investment loans for principal and interest or interest only repayment terms
- Interest will be capitalised during the repayment pause. The loan term will remain the same

IMB Bank

- Restructuring or suspension of payments for a period
- Waiving of fees and charges across a range of products and services

Qudos Bank

- Home loan repayment pauses

Bank First

- Temporary reduction of repayments
- Temporary deferral of repayments

Defence Bank

- Pause on home loan repayments
- Interest-only loan options
- Reduction of repayment amount or access redraw for customers ahead of repayments

Queensland Country Bank

- Deferred repayments on loans for up to six months
- Placing loans on an interest-only basis for a period of time
- Restructuring loans to reduce scheduled repayments
- Debt consolidation to help make repayments more manageable

Police Bank

- Pausing or deferring repayments
- Reduce minimum repayments
- Lowered home loan rates

Australian Mutual Bank (Sydney Mutual Bank & Endeavour Mutual Bank)

- Deferment of loan repayments, for up to six months (with a three month checkpoint) for members in need. For the duration of the support period no repayments are required (interest capitalised)
- Accessing additional money available for redraw (for eligible loans)
- Reducing the repayments to the minimum amount
- Accessing offset savings

Regional Australia Bank

- 0.36%p.a. decrease on home loans effective from 1 April, 2020
- 0.50%p.a. decrease on commercial loans effective from 1 April, 2020

Australian Military Bank

- Pause home loan or personal loan repayments for up to 6 months
- Reduce loan repayments, including to interest-only
- Increase loan to provide additional funds during the crisis
- Re-draw on any accelerated payments

Unity Bank

- Assistance extends to all personal loans, cars loans, overdrafts and credit cards
- Scheduled loan repayments can be deferred (with any interest capitalised and with the underlying loan term extended as required) for an initial 3 month period and with potential for a further 3 month deferral

To learn more about hardship provisions offered by COBA members, visit <http://www.customerownedbanking.asn.au/consumers/key-issues> or contact Sally Mackenzie, Director – Strategy & Stakeholders on smackenzie@coba.asn.au or 0412721663.

About COBA

COBA is the industry association for Australia's customer owned banking institutions (mutual banks, credit unions and building societies). Collectively, our sector has \$128 billion in assets, 10 per cent of the household deposits market and more than 4 million customers. Customer owned banking institutions account for around three quarters of the total number of domestic Authorised Deposit-taking Institutions (ADIs) and deliver competition and market leading levels of customer satisfaction in the retail banking market.