

Payday Lending Position Statement.

August 2023

Purpose

This statement outlines Westpac Group's approach to customers who provide payday loans to consumers.

Scope

This statement applies to:

- Lending to institutional and commercial customers who provide payday loans to consumers, regardless of the size or materiality of those activities relative to its operations¹; and
- Westpac Group Australia and New Zealand operating locations.

Usual aggregation requirements apply. Where the entity offering payday lending products is a separate business, all businesses will be captured by this position statement where they would be aggregated for the purposes of assessing credit risk.

Our position

We seek to not lend to customers we identify as providing payday loans or who are providing payday lending products within their product offering.

¹ For Westpac Group Australia customers 'Payday loans' include Small Amount Credit Contracts under the *National Consumer Credit Protection Act 2009* (Cth), defined as:

- (a) *the contract is not a continuing credit contract; and*
- (b) *the credit provider under the contract is not an authorised deposit-taking institution (ADI); and*
- (c) *the credit limit of the contract is \$2,000 (or such other amount as is prescribed by the regulations) or less; and*
- d) *the term of the contract is at least 16 days but not longer than 1 year (or such other number of years as is prescribed by the regulations); and*
- (e) *the debtor's obligations under the contract are not, and will not be, secured; and*
- (f) *the contract meets any other requirements prescribed by the regulations.*

For WNZL customers, the definition of 'payday' lending applied is:

- the contract is not a continuing credit contract; and
- the lender is not first or second tier lender; and
- the credit limit of the contract is \$2,000 or less; and
- the term of the contract is not longer than one year; and
- the borrower's obligations under the contract are not, and will not be, secured; and
- the annual interest rate under the borrowing exceeds 35%.

OR

the lending is offered to a significant number of potential borrowers who may reasonably be considered "vulnerable" in the context of the NZ Responsible Lending Code. This includes providers of payday loans and mobile traders ("mobile lending trucks", "clothing trucks").

Our approach

Where a business or business activity appears to involve 'payday lending' but may not meet the legal definitions noted in footnote 1, assessment of risk should consider relevant material risks such as those below. Following that assessment, where residual risk is assessed as high (likely to cause major or severe social or environmental impacts) then we may consider whether application of conditions will sufficiently manage the risks, otherwise we may decline the transaction:

- **Compliance with applicable laws and regulations**, such as [ASIC rules](#) in relation to loans and credit cards and compliance with relevant requirements under the *National Consumer Credit Protection Act 2009* (Cth) relating to responsible lending practices.
- **Any regulatory action** undertaken against a business, for example by ASIC using Product Intervention Orders.
- **Hardship policies and provisions** in place to address those who may be vulnerable – such as those in situations of family or domestic violence or financial abuse.
- **Transparency and adequacy of information about the credit offering** including interest rates, fees, and repayment terms.
- **Fair debt collection practices**, which may include reasonable repayment arrangements; any predatory practices of those to whom debts are on-sold to.
- **Provision of dispute resolution processes**, and membership of an external dispute resolution scheme, such as the [Australian Financial Complaints Authority](#) (AFCA).
- **Management of personal and financial information** in compliance with privacy laws.
- **Promotion of financial literacy** to help borrowers make informed financial decisions.

Applying our positions

Westpac's Sustainability Risk Management Framework sets out our approach to managing sustainability risk including use of position statements.

This framework is approved by the Board Risk Committee. Management of our sustainability approach is delegated by the CEO to Group Executives and senior management across the Group.

We continue work to operationalise our position statements and improve our risk management.

See [Approach to Sustainability Risk Management](#) for more information.