



Notification of small business relief package compared to description of conduct in the application for interim authorisation

The ABA has notified the ACCC under the interim authorisation (number AA1000482) granted to the ABA and its member banks on 30 March 2020, of:

- the continued implementation by member banks of relief to customers under the small business relief package granted during the period of operation of the first interim authorisation; and
- an agreement between member banks to implement the small business relief package going forward for the currency of the interim authorisation, and final authorisation if granted, on the terms set out below,

to assist small businesses to remain viable and continue to contribute to the Australian economy, while taking care that they should not be in a worse position longer term than they currently are.

The small business relief package will continue to operate under this notification in substantively the same way as under the first interim authorisation, subject to a change to the customer's currency requirements for new applicants as a result of subsequent conditions advised by APRA. Customers who have already received relief under the small business relief package will not be impacted by the conversion.

Set out below is a mark-up of the small business relief package described in the ABA's application for authorisation, which was granted on an interim basis on 20 March 2020.

Description of conduct notified marked up against description of conduct in application for authorisation

~~The ABA seeks ACCC authorisation for Member Banks to agree and implement a support package for small business customers experiencing financial difficulties as a result of COVID-19 (small business relief package), to assist small businesses to remain viable and continue to contribute to the Australian economy, while taking care that they should not be in a worse position longer term than they currently are. The small business relief package is intended to provide for the minimum level of relief to be offered to small business customers by the Member Banks who elect to implement it. Some Member Banks may independently elect to implement more extensive relief measures.~~

The small business relief package:

- includes a deferral of principal and interest repayments for all term loans and retail loans of a **small business customer** for up to 6 months (interest will be **capitalised**); and
- will be open to all **current small business customers** of a Participating Member Bank, where the customer has advised that its business is affected by COVID-19, in all sectors of the economy, and on an **opt-in basis**.

The small business relief package is intended to provide for the minimum level of relief to be offered to small business customers by the Member Banks who elect to implement it. Some Member Banks may independently elect to implement more extensive relief measures.

~~The small business relief package will be available to customers as soon as Member Banks have indicated to their customers that their internal programs and systems to offer the package have been put in place.~~



For the avoidance of doubt, any customer of a Participating Member Bank that is entitled to relief under each Participating Member Bank's existing hardship programs, retains that entitlement, in addition to any entitlement under the small business relief package.

In implementing the small business relief package, Participating Member Banks will apply all of the following definitions and criteria:

- the definition of "small business" will draw on the definition in the Banking Code of Practice (as authorised by the ACCC), amended for context. A business qualifies as a "small business" if, at the time of applying for the relief it has less than \$3 million total debt to all credit providers including:
 - any undrawn amounts under existing loans;
 - any loan being applied for; and
 - the debt of all its related entities that are businesses;
- "current small business customer" means small businesses who have an existing indebtedness with the Participating Member Bank and who ~~are current in terms~~ were less than 90 days past due in terms of their repayments on their existing facilities at ~~1 January 2020~~ the beginning of the repayment deferral;
- "opt-in basis" means that small business customers will be required to contact Participating Member Banks to indicate that they would like their term and retail loan account principal and interest repayments to be deferred on application from the customer;
- customers will self-assess whether their businesses have been impacted by COVID-19 and no further verification will be required – if the other criteria mentioned above are met customers will be entitled to relief under the small business relief package on application; and
- "capitalising the interest" means that Participating Member Banks will, based on existing loan terms in the context of customers' requirements, either:
 - extend the term of the loan repayment to account for the interest incurred during the deferral period and keep the level of repayments following the deferral the same as that the customer had paid prior to deferral; or
 - increase the level of the loan repayments to account for the interest incurred during the deferral period, but keep the term of the loan repayment the same as if the deferral had not occurred.

For the avoidance of doubt, Participating Member Banks will not apply or require a payment of the capitalised interest in a lump sum at the end of the deferral period.