



Australian Banking  
Association

Australian  
Banking  
Association  
**Annual Report**  
**2020**

**900,000+**

Loans Deferred  
during COVID-19



Deposits

**\$2.4  
trillion**



**250,000**

New Business Loans  
during COVID-19

## 2020 By the Numbers

**\$250  
billion**



Business Loans  
during COVID-19

**6 million**

Total Home Loans  
with Banks



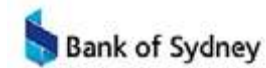
More than

**\$50  
billion**

SME Lending



# ABA Members



CommonwealthBank



# Associate Members

2020 completes the first full year of our associate member program. The program will continue to grow in 2021, adding to the Australian banking ecosystem.



# Chair's Report



This year the ABA has played its part in helping Australia's response to the biggest economic, health and social crisis that Australia and the world has faced in modern times.

Although there have been great challenges this year, many of which still remain with us, one of the highlights of 2020 has been fostering a constructive relationship across our member banks, regulators and government in the interests of our customers and the wider Australian community.

As the pandemic quickly changed the way all of us lived our lives, the ABA Council worked to develop an aligned and committed industry-wide response. Across all banks, large and small, we saw a joint

determination to support customers, businesses and communities through the most difficult days as the nation took the necessary steps to limit transmission.

In reflecting on the past 12 months, it's clear that at this stage Australia has performed better than most of the rest of the world in managing the virus and its economic impact.

I know that this sense of collaboration in the interests of those we serve will continue. This is not only a credit to the industry but also the team at the ABA, headed by Anna Bligh, which has worked tirelessly on our members' behalf to coordinate our response and provide reassurance and confidence to the country.

Despite all the challenges we've experienced, we will end the year in a strong position and enter the new year with a more optimistic outlook of Australia's economic recovery.

A handwritten signature in black ink that reads "Matt Comyn". The script is fluid and cursive.

Matt Comyn

# Deputy Chair's report



In a year that has had a profound impact on all of us in different ways, the resilience of Australia's communities and the small business sector has really shone through in how they responded and adapted to the exceptional challenges presented throughout 2020.

COVID-19 has reminded us of the importance of community and knowing our neighbours, of supporting local businesses and those more vulnerable members of our society.

The performance and resilience of our regions has been a highlight. Whilst much of regional Australia was affected by devastating bushfires, they successfully escaped the worst of the health impacts of COVID-19 and showed us that

successful careers and big businesses don't have to revolve around capital cities and that regions and small businesses are well placed to play a significant part in the nation's recovery.

This year, the Australian banking industry quickly rallied together with Government and regulators and mobilised support for customers, staff and all Australians as they've faced - and continue to face - their own unique pandemic challenges.

It's been a privilege to be a part of the ABA and the industry as we've remained committed to supporting customers and the wider economy through this difficult period. Applying the collective knowledge gained from both the positives and the challenges from this year will be critical to driving Australia's recovery and our national prosperity into the future.

A handwritten signature in black ink that reads "Marnie Baker". The script is fluid and cursive.

Marnie Baker

# CEO's Report



2020 is a year none of us will ever forget. It began under a haze of smoke, and ended in the grip of a global pandemic that's left more than a million dead.

But thankfully – times of crisis bring us together as a nation and this year is no exception.

The phrase “Team Australia” can sometimes elicit a cringe in response – no one wants to boil a crisis down to a moment of parochialism.

But 2020 has shown us the substance behind the statement.

Faced with an enormous public health crisis and an economic tidal wave, business, government, regulators, community organisations and ordinary Australians worked together to overcome.

For Australian banks, the decision to defer repayments on almost a million loans was the most significant positive action ever taken collectively by the industry.

It was possible for two reasons. First, Australia's banks had the financial firepower they needed to step in and carry the burden of the economic storm. Second, there was a collective determination to act in the interests of customers and do the right thing. The lessons of the Royal Commission had hit home.

For that reason, I view 2020 as a turning point for Australia's banks. When called upon, they responded.

It was also a year in which banks took significant steps forward in giving their customers what they need – such as the benefits of Open Banking.

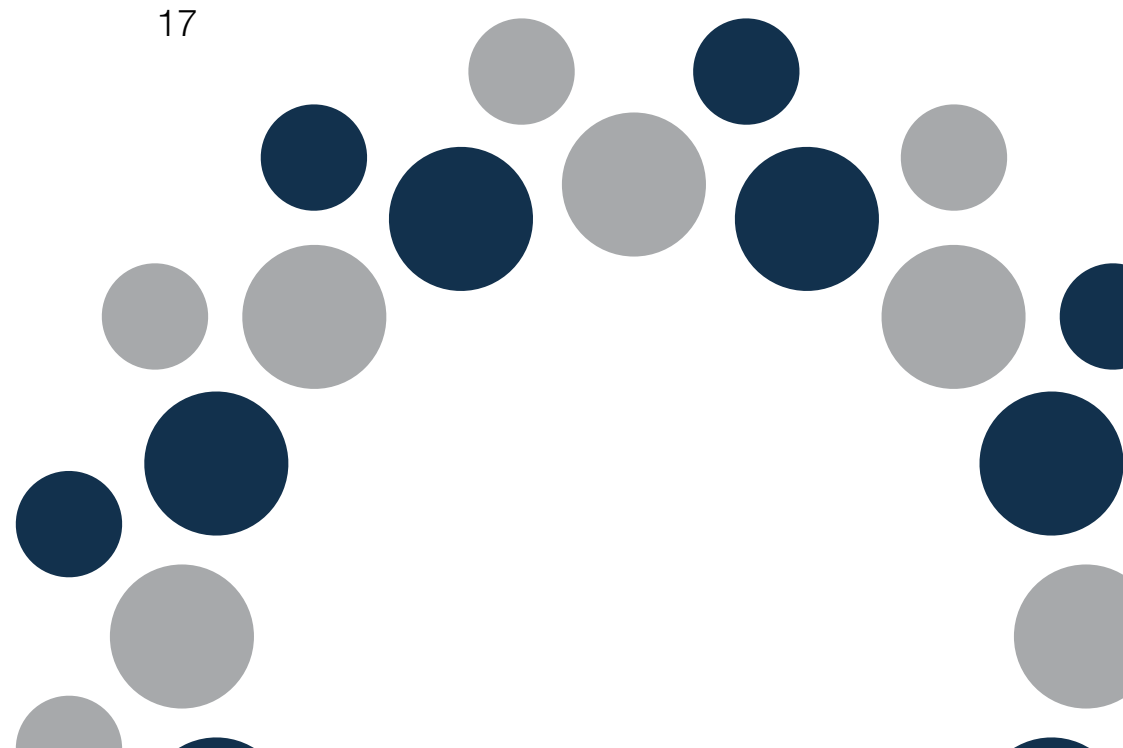
While there are many challenges ahead as Australia navigates the recovery, Australia's banking sector has proven it is up to the task.

A handwritten signature in blue ink that reads 'Anna Bligh'.

Anna Bligh

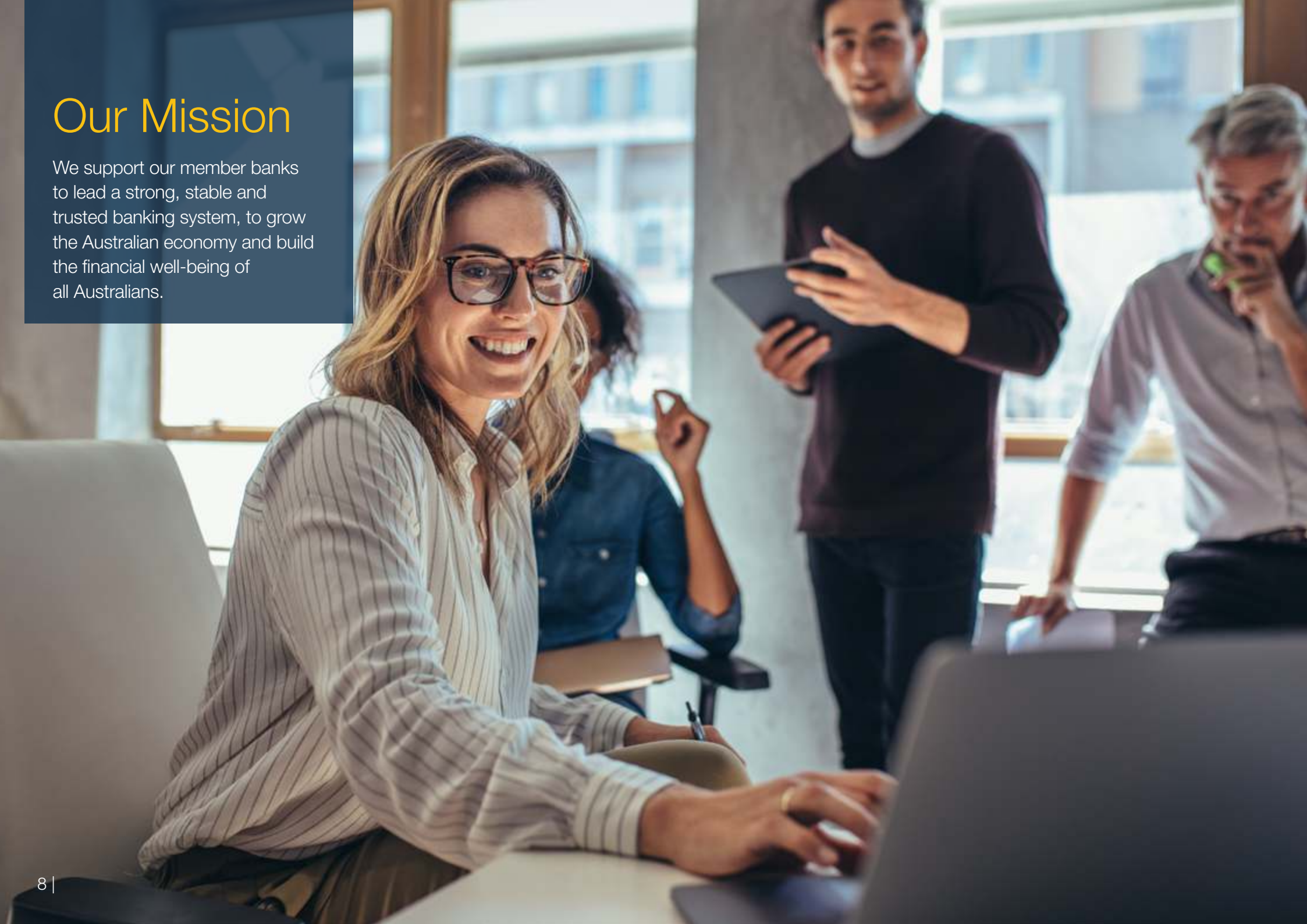
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# Our Mission

We support our member banks to lead a strong, stable and trusted banking system, to grow the Australian economy and build the financial well-being of all Australians.





# ABA in 2020

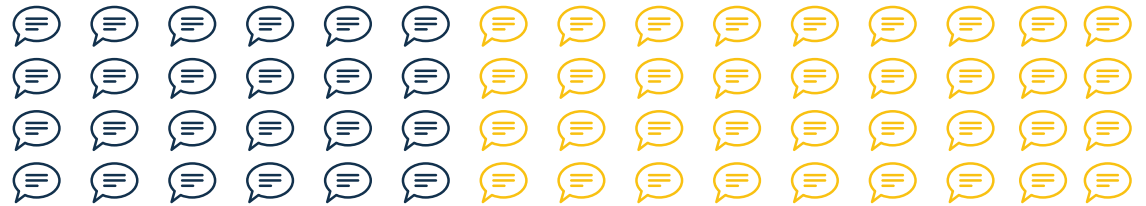
145  
Submissions



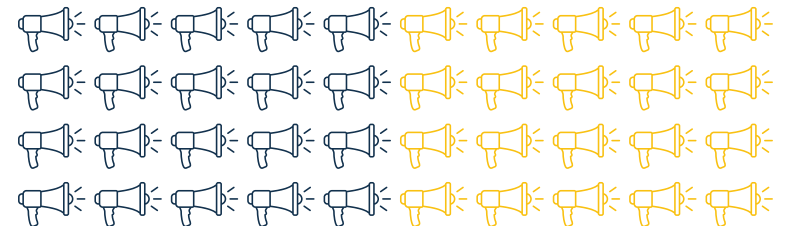
20,146  
Media mentions



60  
Speeches



40  
ABA media Releases



# Our Priorities

The Australian Banking Association advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.

This year, helping customers through the pandemic has been added to our four priority areas.



**Earning**  
Back Your Trust



**Every**  
Customer Counts



**COVID-19**



**Grow**  
the Economy



**Imagine**  
the Future

# Helping Customers During COVID-19

The response to COVID-19 has been the ABA's highest priority this year.

In addition to loan deferrals, significant measures have been taken in collaboration with regulators to help millions of Australians navigate the crisis.



## Loan Deferrals

More than 900K loans deferred. As of 1 November, repayments had resumed on the majority of deferred loans.



## Financial Difficulty

- Help with credit card repayments
- Credit rating protection
- Landlord and tenant support
- Thousands of additional staff appointed to deal with the spike in demand from customers



## Digital Economy

The ABA helped convince governments across Australia of the need to update laws on virtual AGMs, electronic signatures and mortgages.



## Banking as an Essential Service

Keeping bank branches open during lockdown.



## Helping Isolated and Vulnerable Customers

- Access to financial counsellors
- Highlighting scams and e-safety
- Issuing debit cards for passbook customers



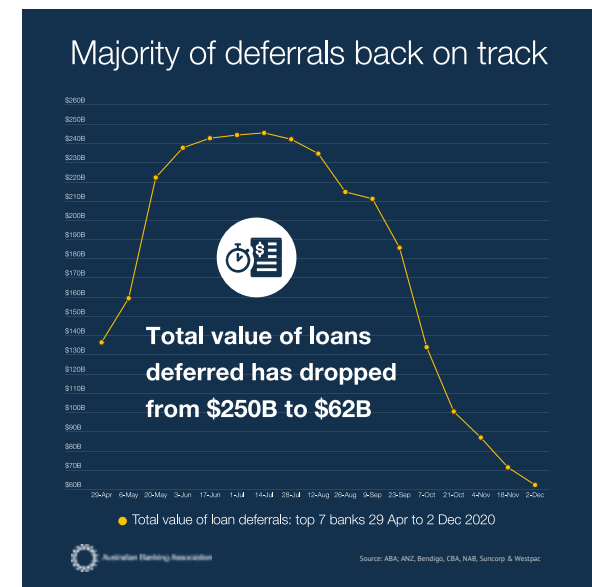
## Working with Regulators

ABA worked with ACCC, ASIC, APRA, Treasury, the RBA and the Attorney-General's Department to help customers through the pandemic.

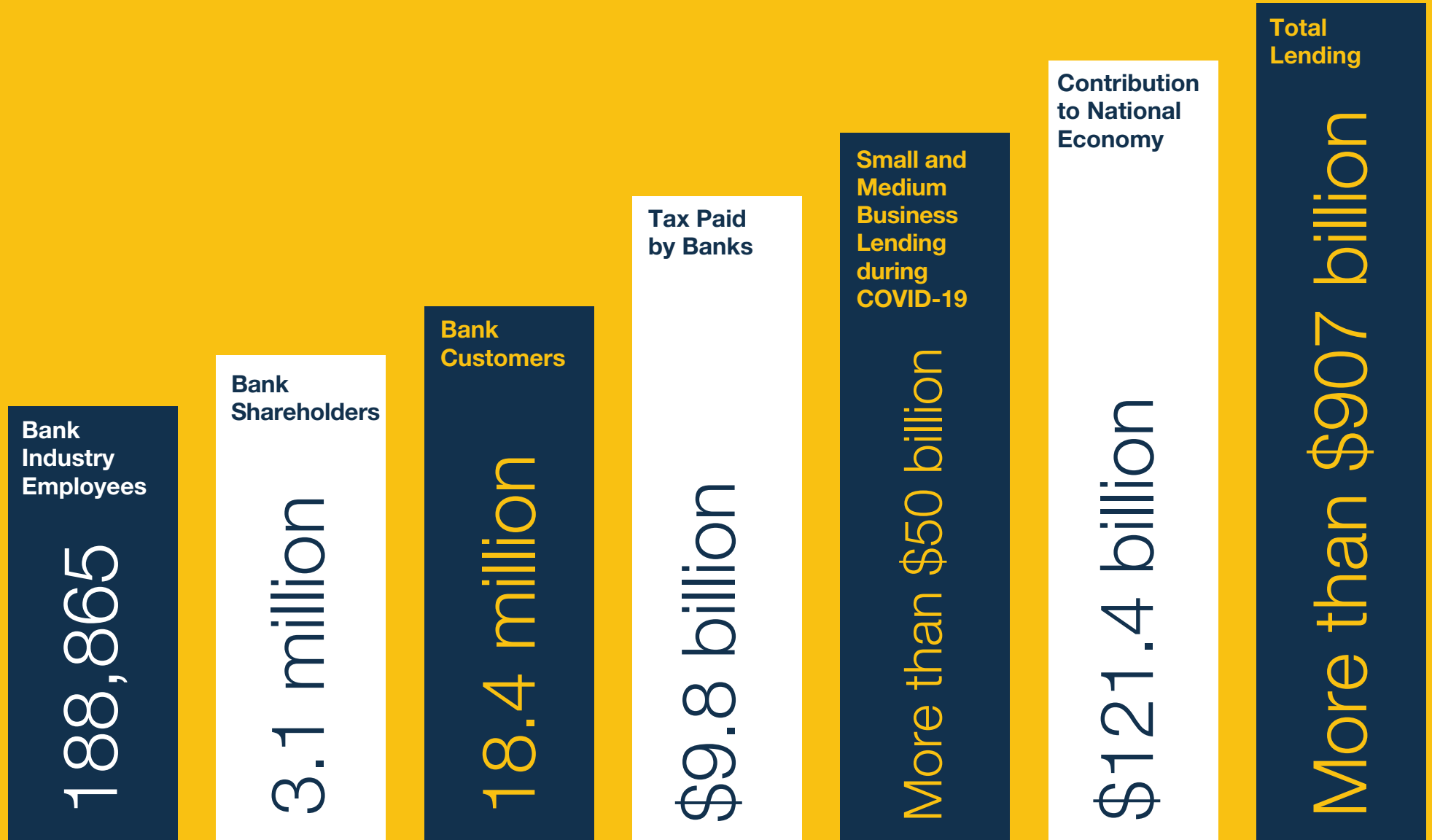


## Data Collection

Real-time updates to government on deferrals, new lending, JobKeeper & SME loan guarantee schemes.



# Grow Australia's Economy



# Every Customer Counts



## Helping Customers Most in Need

As the nation recovers from COVID-19, the ABA has developed an industry-wide approach to hardship, ensuring customers in financial difficulty know what to expect from their bank. The initiative will be launched in early 2021.



## Preventing Elder Financial Abuse

The ABA continued its campaign advocating for nationally consistent laws on elder abuse and a national register for power of attorney instruments. The Council of Commonwealth and State Attorneys-General has agreed to establish the national register.



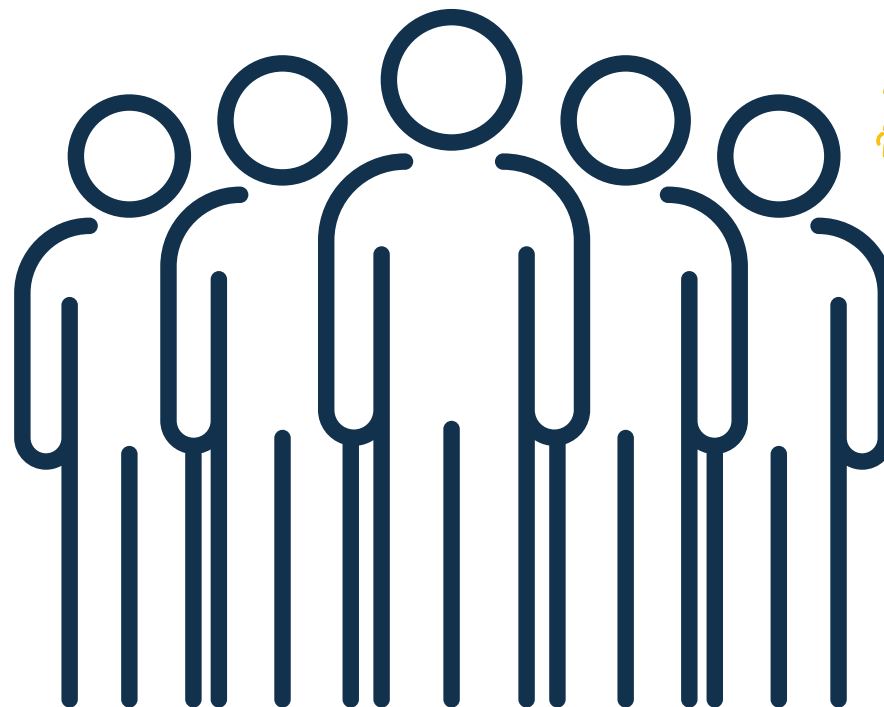
## Natural Disasters

The ABA developed a new protocol to improve the industry's response to bushfire and other disasters. The guidelines will ensure Australians receive clear and immediate information on banking services during natural disasters.



## ATMs in Remote Communities

Banks updated and enhanced their program supporting fee-free ATMs in remote parts of Australia. The program continues to provide fee-free cash withdrawals and balance inquiries in remote communities where access to banking services would otherwise be limited.



## Combatting Financial Abuse and Family and Domestic Violence

The ABA worked with AUSTRAC to make it easier for victims of domestic violence to access banking services. The change amended anti-money laundering laws to enable customers to use alternative identification such as a letter from a GP or shelter. ABA is also working with members to prevent abuse and harassment in the description fields of banking transfers, after the issue was first identified and fixed by CBA.

# Banks and Bushfires

The summer bushfires of 2019/20 were unprecedented in scale and severity.

Millions of hectares of land, wildlife, homes and human life were lost. It was a once in a generation tragedy.

As disaster struck, Australian banks moved fast to place dedicated hardship bankers in affected communities and set up emergency hotlines and access to cash.

By the beginning of March 2020, the major banks had provided bushfire assistance grants totalling \$7.6 million to more than 4,000 customers across Australia. Australian banks also raised more than \$42 million in donations to help devastated communities, while assisting an additional 3,500 customers with financial relief packages.

Many measures were deployed to help customers; deferring scheduled loan repayments, restructuring loans, waiving fees and securing new lines of credit.

As weather-related disasters become more frequent, banks are acting to ensure they are ready to respond.



**\$7.6 million**  
to more  
than **4,000**  
customers

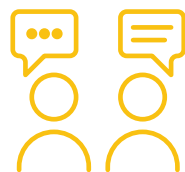
# Earning Back Your Trust



## Royal Commission

Acting on the recommendations of the Royal Commission remains a key priority for Australian banks. The ABA has been working with government on the next stage of reform due to begin in 2021.

The ABA has also assisted in implementing the Sedgwick Remuneration recommendations and engaging with APRA on a remuneration prudential standard. Recommended changes to the Banking Code of Practice have also been implemented.



## Design and Distribution Obligations

New measures to ensure customers receive the right services will commence in October 2021. ABA has been assisting members to prepare for the changes.



## Complaint and Dispute Resolution

Australian banks have agreed to share best practice in complaint resolution in order to meet new ASIC guidelines for a 30-day response.



## Banking Code of Practice Update

2021 will be a key year in which the ABA reviews the Banking Code of Practice and work has begun in preparation for the update, including seeking ASIC approval for changes to the definition of small business.



## Small Business Definition Review

After an independent review the ABA agreed to update its definition of small business. The change will mean an extra 10,000 businesses will be protected by the Banking Code of Practice.



# Imagining the Future



## Payment System Review

The ABA is focused on both the Government's and the RBA's reviews of the Australian payments system. Ensuring the system remains fit for purpose and can support continued innovation is critical for the economy, business, and consumers.



## Electronic Signatures and Mortgages

Working with governments to modernise banking services, the ABA secured important changes to allow the use of electronic signatures and mortgages. Some states have now made this reform permanent.



## Climate Risk

The ABA has been helping banks respond to climate risk concerns raised by APRA. The industry is also working on a submission to the IFRS foundation on a standardised framework for global sustainability reporting.



## Open Banking

In 2020, the four major banks went live with the Consumer Data Right. This major reform known as 'Open Banking' enables consumers to share their banking data so that they can access new and different services. The ABA has led the industry's preparation and in 2021 will focus on on-boarding the non-major banks.



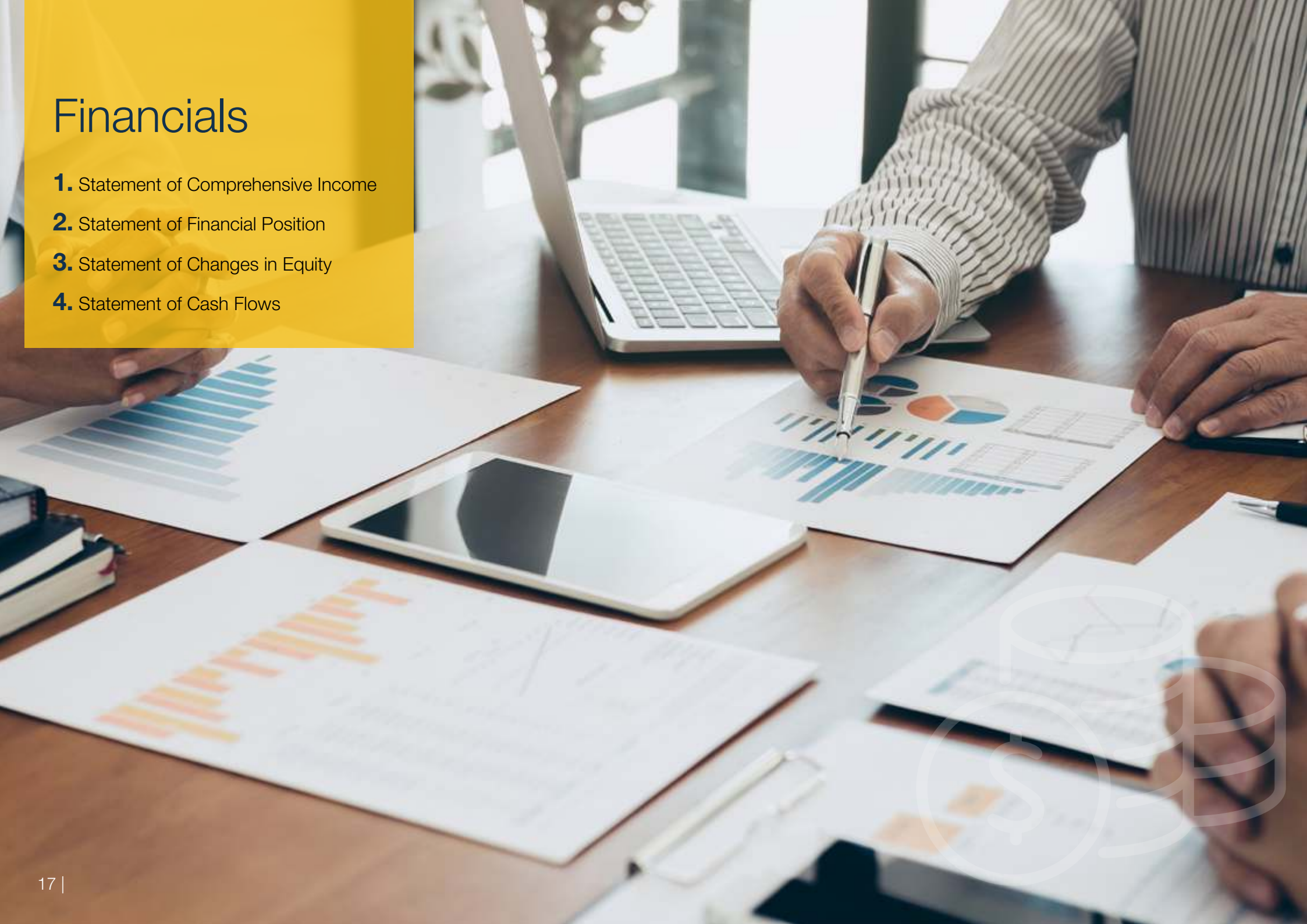
## Tackling Modern Slavery

Identifying risks in the banking industry's supply chain is a key priority. The ABA has organised a working group of experts on financial crime, procurement and corporate social responsibility to create an industry standard of red flags to identify victims and perpetrators of modern slavery.



# Financials

1. Statement of Comprehensive Income
2. Statement of Financial Position
3. Statement of Changes in Equity
4. Statement of Cash Flows



<b>Statement of Comprehensive Income</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Income from ordinary activities</b>		
Members contributions	11,830,005	11,248,885
Other income	38,293	58,994
Special projects income	3,273,612	5,265,652
<b>Total income from ordinary activities</b>	<b>15,141,910</b>	<b>16,573,531</b>
<b>Expenses from ordinary activities</b>		
Consultancies	366,750	513,176
Depreciation and amortisation expenses	787,756	151,029
Operating expenses	3,396,266	2,292,236
Premises	87,452	657,858
Special projects expenses	3,256,623	5,265,652
Staff costs	7,042,392	7,834,538
Finance costs	144,809	-
<b>Total expenses from ordinary activities</b>	<b>15,082,048</b>	<b>16,714,489</b>
<b>Surplus income / (loss) from ordinary activities</b>	<b>59,862</b>	<b>(140,958)</b>
Income tax expense	-	-
<b>Surplus income / (loss) after tax</b>	<b>59,862</b>	<b>(140,958)</b>
Other comprehensive income for the year, net of tax	-	-
<b>Total other comprehensive income / (loss)</b>	<b>59,862</b>	<b>(140,958)</b>

<b>Statement of Financial Position</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash and cash equivalents	1,987,042	3,298,088
Trade and other receivables	807,631	870,998
<b>Total current assets</b>	<b>2,794,673</b>	<b>4,169,086</b>
<b>Non-current assets</b>		
Property, plant and equipment	388,928	510,187
Right-of-use assets	2,484,956	-
<b>Total non-current assets</b>	<b>2,873,884</b>	<b>510,187</b>
<b>Total assets</b>	<b>5,668,557</b>	<b>4,679,273</b>
<b>Current liabilities</b>		
Accruals, provisions and other liabilities	1,853,502	3,506,500
Trade and other payables	101,760	121,964
Lease Liability	530,230	-
<b>Total current liabilities</b>	<b>2,485,492</b>	<b>3,628,464</b>

<b>Statement of Financial Position Cont..</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current liabilities</b>		
Lease liability	2,434,280	428,338
Provisions	256,669	190,217
<b>Total non-current liabilities</b>	<b>2,690,949</b>	<b>618,555</b>
<b>Total liabilities</b>	<b>5,176,441</b>	<b>4,247,019</b>
<b>Net assets / (liabilities)</b>	<b>492,116</b>	<b>432,254</b>
<b>Equity</b>		
Retained earnings	492,116	432,254
<b>Total equity</b>	<b>492,116</b>	<b>432,254</b>

<b>Statement of Changes in Equity</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>
<b>2019</b>		
<b>Balance as at 1 July 2018</b>	<b>573,212</b>	<b>573,212</b>
Surplus / (loss) from ordinary activities	(140,958)	(140,958)
<b>Balance as at 30 June 2019</b>	<b>432,254</b>	<b>432,254</b>
<b>2020</b>		
<b>Balance as at 1 July 2019</b>	<b>432,254</b>	<b>432,254</b>
Surplus / (loss) from ordinary activities	59,862	59,862
<b>Balance as at 30 June 2020</b>	<b>492,116</b>	<b>492,116</b>

## Statement of Cash Flows

	2020 \$	2019 \$
<b>Cash flows from operating activities</b>		
Receipts from members and associate members (including GST)	14,993,189	19,438,252
Payments to suppliers and employees (including GST)	(15,510,846)	(17,996,677)
Finance costs (leases)	(144,809)	–
Interest received	38,293	58,994
<b>Net cash provided / (used) by operating activities</b>	<b>(624,173)</b>	<b>1,500,569</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(132,340)	(32,138)
<b>Net cash (used) in investing activities</b>	<b>(132,340)</b>	<b>(32,138)</b>
<b>Cash flows from financing activities</b>		
Payments for leases	(554,533)	(670,018)
<b>Net cash (used) in financing activities</b>	<b>(554,533)</b>	<b>(670,018)</b>
Net increase / (decrease) in cash and cash equivalents	(1,311,046)	798,413
Cash and cash equivalents at beginning of financial year	3,298,088	2,499,675
<b>Cash and cash equivalents at end of financial year</b>	<b>1,987,042</b>	<b>3,298,088</b>