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AUSTRALIAN FINANCE INDUSTRY ASSOCATION

Global pandemic – are we still in crisis or recovery?

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- What happened - role of lenders as 'shock absorbers' and role of governments as 'safety net'
- What happened – impact on lenders and customers
- What are our future challenges – role of lenders as 'pistons of recovery'

Finance as a 'shock absorber'

- Preparedness – collaboration, coordination and cooperation between governments, business and community

- Government economic stimulus packages supported business activity and jobs, put a floor under the economy, and cushioned business and consumer confidence

- Central bank and financial regulators – liquidity and market interventions, regulatory actions

- Lenders kept people in their homes and SMEs operating = 'hibernation strategy'

- Australian banks' 'unquestionably strong' status pre-crisis positioned them to support customers and allowed regulatory forbearance

- Lessons and hindsight – crisis (i.e. GFC, prudential rules) and recessions (i.e. interest rates, consumer behaviour)

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What happened for lenders and customers?

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Immediately
- Finance industry shifted quickly
- Financial hardship applications spiked in April and May
- Finance industry engaged with governments on 'roadmaps'
- Acceleration of digitisation
- Rational and emotional consumer behaviour

Now
- Lenders now seeing reductions in the amount of deferred loans
- Low interest rates is seeing customers shop around for refinancing deals
- Emerging issues for lenders, customers, governments, policy and regulatory debates, financial markets, economy

'Shock absorber' to 'pistons of recovery'

- Access to credit is critical to economic recovery – enabling investment and supporting jobs and growth

- Challenges in the system – Australia, globally

- Additional government initiatives are necessary but not sufficient for enabling investment – finance is the key

- Diverse sector – large and small lenders will optimise recovery

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