Financial Wellbeing in Action

How Banks Reimagined Support Post-COVID

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Executive Summary

In the wake of COVID-19, Australian banks shifted from emergency relief toward proactive financial wellbeing support for customers. During the pandemic's peak in 2020, banks (Commonwealth Bank, ANZ, NAB, Westpac) offered unprecedented relief – deferring loan repayments, waiving fees, and expanding hardship programs – to help Australians weather job losses and income shocks. In the post-COVID period, these banks evolved their approach: from reactive crisis measures to long-term initiatives that empower customers to manage money better. Major banks launched digital tools (e.g. CommBank's Benefits Finder, ANZ's Financial Wellbeing Score, NAB's budgeting features) and partnered with financial counselors and community programs to improve financial literacy. The case study examines how the Big Four and selected neobanks (like Up) supported customers' financial wellbeing after COVID, including tailored services for vulnerable groups, innovative savings tools, and hybrid digital-human assistance models. It also discusses ongoing challenges (such as digital exclusion and rising cost-of-living stress) and recommendations for further enhancing customer financial health. Overall, Australian banks have broadened their role from simply lenders to financial wellbeing partners, using the pandemic as a catalyst to invest in customer-centric strategies for long-term resilience.

Background & Context

COVID-19's Financial Impact: The pandemic delivered a sharp economic shock to Australia in 2020. Employment plummeted as lockdowns hit businesses – nearly 600,000 jobs were lost in April 2020 alone, driving unemployment from 5.2% to 6.2% within a month. By mid-2020, the jobless rate peaked around 7.5% (over 820,000 unemployed) and underemployment spiked above 13%. Overall, 2.3 million people either lost jobs or had hours reduced in April–May 2020. Household incomes dropped, and many Australians struggled with debt and housing stress. Even before COVID, Australia had one of the highest household debt-to-income ratios and about 1.4 million Australians were in mortgage stress. The sudden income shock meant that roughly 53% of Australians were "just making ends meet or worse" by early 2023, with 60% of younger adults (18–44) under financial stress. Many households lacked emergency savings (30% had under one month's income saved, and 1 in 8 couldn't raise $2,000 in a crisis). The pandemic also exacerbated housing insecurity – about one-third of renters were in housing stress pre-COVID, a situation worsened by job losses. In summary, COVID-19 left many Australians facing reduced income, higher bills, and significant financial anxiety, prompting urgent support from banks and government.

Immediate Bank Responses (2020): Australian banks moved quickly in March 2020 with emergency relief measures. All major banks, coordinated by the Australian Banking Association (ABA), announced six-month loan repayment deferrals for customers in hardship. This initially focused on small businesses (ABA's Small Business Relief Package on 20 March 2020) and soon extended to home mortgage customers. Banks also waived certain fees, paused foreclosures, and offered temporary overdraft increases. The relief was massive in scale: at the peak of the pandemic, over 900,000 loans were deferred, including ~803,000 loans across the seven largest banks. Mortgage deferrals alone reached about 493,000 in June 2020 – roughly 11% of all housing loans were on hold.

- **2020 (Mar–Jun):** Emergency measures roll out. By June, deferrals peak – e.g. Commonwealth Bank (CBA) had ~125,000 home loans deferred, Westpac ~146,000, NAB ~110,000, and ANZ ~95,000. Banks also cut interest rates on loans, and the government's JobKeeper and supplement payments provide additional income support.
- **2020 (Jul–Dec):** Economic conditions stabilize somewhat. New deferrals slow and many customers resume payments as shutdowns ease. By November 2020, 70% of deferred loans had resumed repayment. Total active deferrals fell to ~280,000 (from 803,000 in June). Banks begin case-by-case extensions for hardest-hit customers for up to 4 more months (not automatic).

- **2021:** Transition from blanket deferrals to targeted hardship support. When the nationwide deferral program formally ended on 31 March 2021, banks moved to the "next phase" of support. About 91% of deferred customers had restarted repayments by Feb 2021. Banks expanded hardship teams to work one-on-one with those still struggling (e.g. offering restructuring, interest-only periods, etc.). Another COVID outbreak (Delta, mid-2021) saw banks offering short-term deferrals again, but with a more tailored approach – ANZ noted in Aug 2021 that deferrals should be a "last resort" and encouraged options like reduced payments or offset account usage first.
- **2022:** Economic recovery mixed with new challenges. With lockdowns over, most COVID-specific relief wound down. Most COVID-era hardship cases had resolved – for example, NAB reported assisting ~22,900 customers with hardship in 2021, which dropped to ~12,947 in 2022 as customers recovered. However, rising inflation and interest rates in 2022 led to a cost-of-living crunch. Banks began focusing on long-term financial wellness tools (budgeting apps, savings programs) and cost-of-living support hubs (CBA launched a dedicated Cost of Living Support Hub in 2022). Neobanks and digital platforms gained users seeking better control of finances.
- **2023:** Proactive financial wellbeing initiatives take center stage. Banks embed more financial guidance into digital banking – e.g. personalized spending insights, alerts, and "financial health" scores – aiming to prevent hardship before it occurs. Virtual services introduced during COVID (like video banking) remain popular. At the same time, high inflation and 12 consecutive interest rate rises (2022–2023) push some households back into stress, reminding banks that hardship support is still crucial. Banks increasingly emphasize financial empowerment, helping customers build savings buffers and financial resilience for the future.

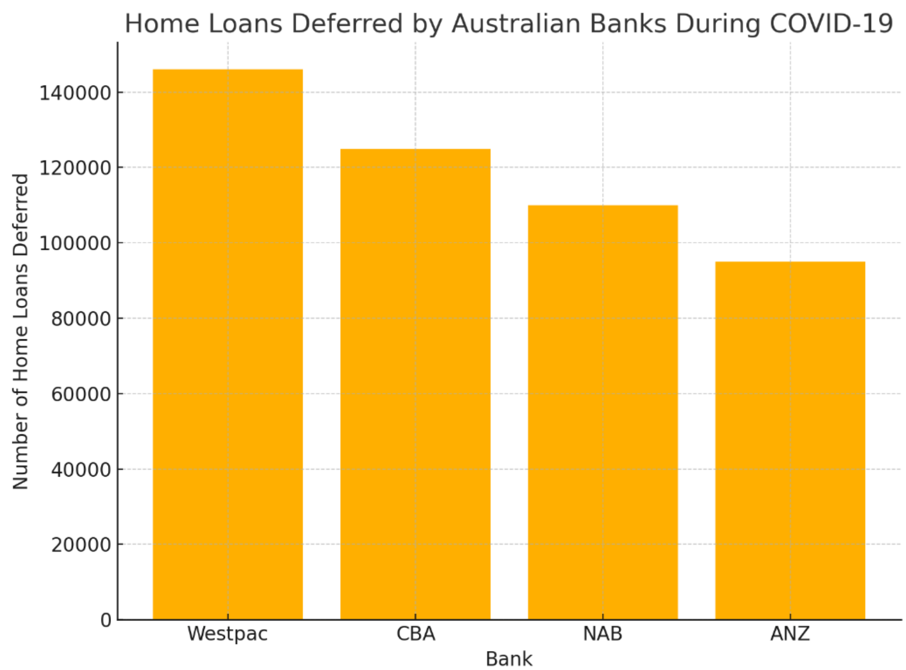

Figure 1: Mortgage repayment deferrals at peak (mid-2020) across major Australian banks. This unprecedented relief carried many borrowers through the worst of the pandemic downturn.

Post-COVID Support Measures

After the emergency phase, banks shifted focus from short-term crisis relief to long-term financial wellbeing support. The goal was to move from reactive assistance (like deferrals) to proactive tools and programs that help customers manage money, repay debts, and build resilience in the post-pandemic environment. Key post-COVID support measures included:

- **Digital Budgeting & Planning Tools:** Banks rolled out and enhanced app features to assist with day-to-day money management. For example, NAB introduced in-app expense trackers and budgeting tools that categorize spending and help set savings goals (leveraging tech from its 86 400 neobank acquisition). ANZ launched a new ANZ Plus app in 2022 with built-in spending insights and cashflow forecasts to encourage saving. Commonwealth Bank expanded its app's Money dashboard with a Spend Tracker, goal setting, and cash flow graphs, empowering customers to understand and control their finances. These tools represented a pivot to enabling self-service financial health checks. By 2022, CBA had 7.7 million users on its app, indicating the broad reach of digital features. Banks saw these platforms to embed financial guidance into everyday banking – for instance, sending alerts for upcoming bills or when spending is above average, and nudging users to save during higher-income periods.

- **"Financial Wellbeing" Scores & Coaching:** Banks also developed programs to gauge and improve customers' overall financial wellness. ANZ, for instance, created a Financial Wellbeing Check-In tool – a short quiz yielding a score out of 100 – to help customers benchmark their financial health and get tailored tips. (The average Australian's score was 64/100 in 2021, highlighting room for improvement.) Users can see how they compare to peers and receive suggestions to boost saving habits or reduce debt. Similarly, Westpac incorporated a "financial fitness" assessment into its mobile banking, and NAB's app features MyCoach, which uses personalized insights and suggestions (e.g. nudging users to set aside funds). These initiatives mark a transition to proactive advice: instead of waiting until customers miss payments, banks try to coach them in real-time to avoid financial trouble.
- **Benefits Finder and Entitlement Tools:** A standout innovation is CBA's Benefits Finder. Launched in late 2019, this digital feature helps customers identify government rebates, grants and concessions they might be eligible for – a capability especially valuable post-COVID as many sought cost-of-living relief. By early 2023, CBA reported Benefits Finder had connected customers to $1 billion in grants and benefits since launch. More than 2.2 million claims have been initiated through the tool (e.g. unclaimed money, disaster payments, utility rebates). During the pandemic, popular claims included COVID-19 disaster payments and state government vouchers. This not only puts money back in customers' pockets but also builds trust that the bank is looking out for their welfare. Other banks implemented similar tools (Westpac's "Cost of Living Support" portal, NAB's online rebate guides), but CBA's Benefits Finder is a leading example of using data to proactively aid customers. Commonwealth Bank's AI-driven Customer Engagement Engine even messages customers likely to benefit from certain support (e.g. contacting 1.86 million customers in disaster-affected areas with relevant relief info).
- **Flexible Repayment Programs:** As the blanket deferrals ended, banks introduced more nuanced repayment assistance options. These include targeted loan restructuring plans (extending loan terms or switching to interest-only for a period), debt consolidation loans at lower rates, and tools for customers to model different

repayment scenarios. For instance, ANZ and Westpac developed online hardship portals where customers could self-service options like changing payment dates or applying for reduced payments, making it easier to seek help early. Banks also committed to not report COVID-era repayment arrangements as defaults to credit bureaus, to avoid penalizing customers who accepted help. This phase was about transitioning customers off deferrals smoothly: by Nov 2020, 67% of deferred home loans had resumed payments, and those still in difficulty were supported individually (e.g. ANZ's hardship team helped remaining borrowers find tailored solutions rather than a "one size fits all" deferral).

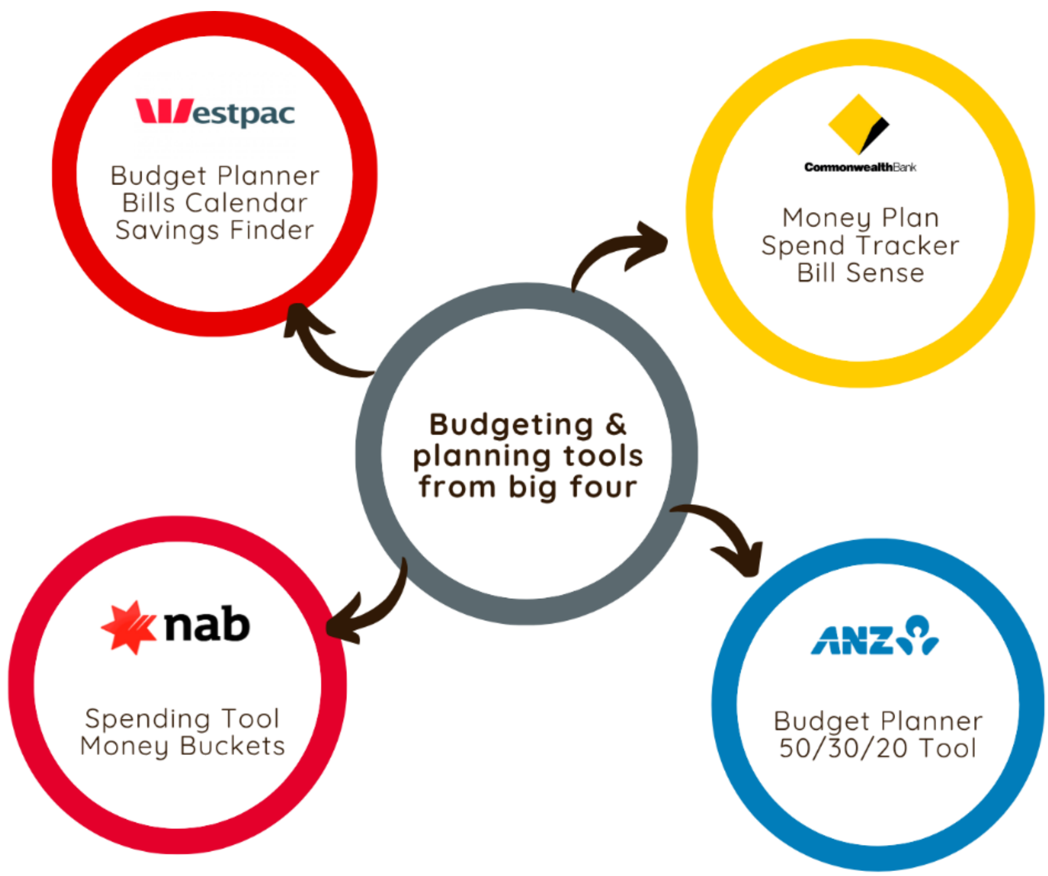

Figure 2: Selected digital budgeting and planning tools introduced or enhanced by Australia's Big Four banks in response to the COVID-19 pandemic

Customer-Focused Initiatives

In the post-COVID period, banks recognized that different customer segments have unique needs. They developed tailored support initiatives for groups particularly vulnerable to financial hardship, ensuring a more inclusive recovery:

- **Indigenous and Remote Communities:** Indigenous Australians and those in remote areas face barriers to banking (e.g. lack of ID documents, limited branch access). Banks implemented measures under the Banking Code to assist – for instance, accepting alternative ID verification (like community referee statements) for Aboriginal customers. Many banks set up dedicated Indigenous customer support lines. Westpac and NAB deployed Indigenous banking teams to remote regions, offering culturally appropriate financial education and mobile bankers who travel to communities. These teams help with basic transactions, setting up accounts, and navigating government benefits. During COVID, banks also worked with agencies to ensure stimulus payments (like Super withdrawals or Disaster Payments) reached remote Indigenous clients, sometimes arranging fee-free accounts for this purpose. Such efforts continue post-COVID, focusing on bridging the financial inclusion gap for First Nations peoples.
- **Youth and Students:** Young people were hit hard by job losses (employment fell ~12% for workers in their 20s early in the pandemic). Banks launched youth-focused tools to build good financial habits. For example, round-up savings features – automatically rounding purchases up and saving the change – have been promoted to young customers across multiple banks. CBA's app allows round-ups into savings accounts, and Up Bank pioneered quirky prompts encouraging millennials to save (using emojis and gamified challenges). ANZ introduced a student banking package with free budget coaching webinars. Additionally, banks have supported programs in schools: CBA's long-running Start Smart financial literacy program pivoted to virtual workshops, teaching budgeting to tens of thousands of students. By engaging youth early with interactive apps and education, banks aim to improve this generation's financial resilience.
- **Older Australians:** Senior citizens faced the dual challenge of health risks and adapting to digital banking when branches were locked down. In response, banks and government partnered on initiatives to increase digital literacy among seniors. For instance, the federal Be Connected program (with ABA support) launched a course in July 2020 to help older Australians bank online safely. This included a

simulated banking app ("Squirrel Bank") for practice, and content on avoiding scams – crucial since 75% of seniors had concerns about online banking security. Banks also kept phone banking support robust for older clients and, when branches reopened, many designated "seniors hours" or gave priority service to help them catch up on postponed in-person banking. Research in 2022 showed encouraging trends: 81% of Australians over 65 now use internet banking, although only 26% use mobile apps (preferring larger-screen web interfaces). Recognizing that older customers value consistency, banks have tried to minimize disruptive changes in online platforms and have improved accessibility (e.g. adjustable font sizes, high-contrast modes in apps). The goal is to ensure seniors aren't left behind in the digital shift.

- **Financial Abuse and Vulnerable Women:** During COVID lockdowns, reports of financial abuse (e.g. economic control in domestic violence situations) rose. Banks responded with specialized support for at-risk customers. All big four banks rolled out new policies for family violence: for example, NAB trained staff to recognize abuse signs and created a process to fast-track access to money for affected customers; CBA's Next Chapter program provided one-on-one case managers for survivors of domestic abuse, and enabled discreet ways to alert the bank of abuse. Banks also removed certain joint account features that could be misused by perpetrators (like alerts that could reveal a victim's new safe location). These initiatives, though not directly pandemic-related, were accelerated by the heightened awareness of vulnerability during COVID. They form part of banks' broader customer wellbeing agenda.
- **Hybrid Digital-Human Services:** While digital tools expanded, banks learned the importance of human touch, especially for complex issues. Post-COVID, a hybrid service model has emerged. For everyday queries, AI chatbots (like CBA's Ceba or Westpac's Wendy) handle basic questions 24/7, but seamlessly hand off to live agents for complex problems. For more personalized help, banks launched video banking options. In 2023 NAB rolled out Meet Now, a service connecting customers to a home loan specialist via video within 15 minutes. This effectively extends branch advice into the home – a practice born of necessity in lockdown but now a convenient feature. NAB noted that "virtual appointments exploded in popularity during the pandemic and are here to stay," with customers in all corners of Australia now meeting bankers by video at flexible times. Similarly, Westpac's mortgage customers can opt for Zoom consultations rather than visiting a branch. Banks have also begun offering virtual financial coaching: ANZ, for example, set up free "Money Coach" sessions by video for customers to get budgeting help. The combination of

digital convenience and human empathy defines these hybrid services, catering to customers' desire for on-demand support and personal understanding.

Ongoing Challenges

Despite substantial progress, banks and the community face ongoing challenges in bolstering financial wellbeing:

- **Digital Exclusion:** Not everyone has benefited equally from digital banking innovations. A segment of the population – including some elderly, low-income, and remote rural customers – still lack reliable internet access or digital literacy. For example, while older Australians' uptake of online banking has grown, nearly half of over-65s still used a bank branch in the past year (45%, vs 33% for under-64s), highlighting continued reliance on face-to-face service. In remote Indigenous communities, internet and mobile coverage can be sparse, making online tools less effective. Banks must continue offering inclusive options (like telephone banking, interpreter services, and Australia Post Bank@Post access) so that those who are offline or less tech-savvy are not left behind. Mobile literacy programs are vital – expanding initiatives like Be Connected to cover more languages and communities could help more customers confidently use digital finance. Banks might sponsor tech literacy workshops at community centers and libraries, ensuring the move to cashless banking doesn't marginalize anyone.
- **Rural and Regional Access:** The closure of many regional bank branches (a trend accelerated during COVID) has raised concerns about equitable access. Cash is still important for regional businesses and older residents. Banks need to balance digital offerings with on-the-ground presence. Mobile banking vans, pop-up branches at town halls on market days, or partnerships with local post offices (to offer basic deposit/withdrawal services) are potential solutions. Community outreach will be key – for instance, banks could deploy outreach teams periodically to remote towns to provide in-person financial advice and help customers set up digital services. Such trust-building exercises can ensure regional customers feel supported in managing their finances, even without a permanent branch.
- **Financial Stress and Cost of Living:** As of 2024, high inflation and rising interest rates are straining household budgets anew. More than 34% of Australians in early 2024 reported finding it difficult to get by on their current income. Many are dipping into savings or accruing debt to cover essentials. Banks face the challenge of identifying and assisting these customers before they hit crisis. This may involve

more advanced data analytics to flag signs of stress (e.g. a customer regularly missing bill payments or overdrawing accounts) and intervening with offers of help. At the same time, banks should advocate for systemic solutions (like improved income support or housing affordability measures) since macroeconomic forces drive much financial stress. Gamified saving incentives could help counter some pressures – e.g. apps that reward users for hitting savings milestones or provide cashback for spending less than budgeted. Such behavioral tools can motivate customers to build buffers even during tough times.

- **Trust and Engagement:** Some customers remain skeptical of seeking help from their bank, due to fear of judgment or past negative experiences. It's a challenge to ensure those who could benefit from financial counseling or hardship programs actually come forward. Banks must continue the cultural shift towards viewing customer wellbeing as core business. This includes training frontline staff in empathy and confidentiality, simplifying the process to request assistance, and publicizing success stories (for example, highlighting how thousands of families avoided foreclosure through timely loan deferral arrangements). Maintaining trust also means robust privacy and security – as more personal financial data is used to provide tailored advice, banks need to protect this data and use it transparently. Regular community feedback loops (surveys, customer panels) can help banks learn where gaps persist in their support offerings.

Recommendations from an Aspiring Banker

As a future banker, I'm inspired by how Australian banks supported communities post-COVID and driven to take that further. I believe the next phase of banking must blend innovation with empathy – supporting financial wellbeing in practical, inclusive ways. These are the ideas I would personally champion to help move the industry forward.

- **Empower Every Customer with Mobile Banking Literacy:** I would advocate for expanding digital literacy programs so that no customer is left behind. The post-COVID shift to online banking has been dramatic – around 99% of transactions now occur through apps or online platforms. During my time in fintech client support, I saw firsthand how easily digital tools can empower some users while leaving others behind. Less tech-savvy customers – like an older family friend of mine – often struggled just to navigate basic features of a banking app. Personally, I'd prioritize hands-on workshops and in-app guidance to help people of all ages feel confident managing their finances digitally. For example, banks could host community "Phone Banking 101" sessions or create simplified app interfaces tailored to beginners. By making mobile banking more accessible, we not only support those overwhelmed by technology but also build trust – showing customers that we're here to guide them through the digital shift.
- **Show Up in the Community with On-the-Ground Support:** I believe banks need to step out of headquarters and be seen in the communities they serve, especially after COVID. Many neighborhoods are still recovering financially, yet bank branches have been closing rapidly, sometimes leaving towns without a local branch. During my internship, I noticed people often turn to community centers or local charities for financial help because they don't realize their bank can assist. As a newcomer eager to make a difference, I would push for more community engagement initiatives – like pop-up financial clinics at libraries, mobile banking vans for rural areas, or partnerships with local nonprofits to offer budgeting classes. If a small business owner or a family in a remote town sees our bank setting up a weekly help desk at the town hall, they'll feel we're in this together. By being present and proactive where customers live and work, we can bridge gaps in access and make financial recovery truly inclusive.
- **Make Saving and Budgeting Rewarding through Gamification.** I'm a big believer that managing money shouldn't just be a chore – it can be engaging and motivating. Many of my peers use apps that turn budgeting into a game, and I've seen how a simple reward or fun challenge can spur someone to save more. I would champion rewarding good financial habits within our banking services. For example, imagine an in-app savings challenge where customers earn badges or small perks for hitting

a 3-month savings goal – it's a small touch that makes a big difference. In fact, gamification can help people do "hard things" like making regular deposits by making the process more enjoyable. I was inspired when I read that a major Australian bank even hired game designers to create a money-saving app for kids – it shows how serious the industry is about this idea. As a new banker, I'd personally advocate for similar creativity: whether it's celebrating milestones (like paying off a credit card) or giving tangible rewards (like a slight bonus interest for consistent savers). By making positive habits feel exciting and appreciated, we empower customers to improve their financial wellbeing in the long run.

Conclusion

The post-COVID period has seen Australian banks evolve from emergency responders to proactive partners in their customers' financial wellbeing. In the initial crisis, banks' reactive measures – rapid loan deferrals, fee waivers, and hardship relief – were critical in averting mass defaults and providing breathing room to nearly a million borrowers. Building on that, banks shifted strategy to address the underlying financial vulnerability exposed by the pandemic. Through investments in digital innovation and community programs, they have embraced a more customer-centric role: not only helping Australians recover but empowering them to thrive financially. Banks now routinely talk about concepts like financial resilience, stress testing customers' ability to handle shocks, and helping customers "feel secure for the future" – language that was rare in banking a decade ago.

Commonwealth Bank, ANZ, NAB, and Westpac – along with agile neobanks – have each contributed to this landscape with unique initiatives, but a common theme is clear: when customers do well, banks do well. This alignment of interests has spurred products like budgeting apps and savings incentives that genuinely seek to improve customers' financial habits, not just push more credit.

Of course, the journey is ongoing. Economic uncertainties persist, and not all customers have benefited equally from improvements – banks must continue refining their support to reach the most vulnerable. Challenges such as digital exclusion, cost-of-living pressures, and rebuilding trust will require sustained effort and creativity. However, the experience post-COVID has shown banks what is possible when they proactively engage: for many Australians, the bank is no longer just where their money is kept, but a source of guidance, education, and solutions in trying times.

In summary, Australian banks' response to the pandemic has accelerated a paradigm shift in banking – from a reactive, transactional model towards a forward-looking, empowering model. They have expanded beyond the traditional remit of lending and saving, to champion financial wellbeing and customer empowerment as core objectives. This case study demonstrates that banks, by evolving their services and mindset, can play a pivotal role in building their customers' financial confidence and resilience, not only in crisis recovery, but for the long run. The lessons learned post-COVID will likely shape banking strategies in the years ahead, as institutions continue to innovate for a financially healthier Australia.

This case study highlights a curated selection of initiatives and does not capture every program or tool introduced by Australian banks during this period

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