



Australian
**Small Business and
Family Enterprise**
Ombudsman

MEDIA STATEMENT

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NAB steps up on definition of small business loan facility

The Australian Small Business and Family Enterprise Ombudsman, Kate Carnell, has congratulated the National Australia Bank's lead in expanding its definition of small business to capture total lending of up to \$5 million; higher than the aggregate \$3 million in the Banking Code of Practice 2019.

"It's definitely a step in the right direction, although we continue to call on the Australian Banking Authority (ABA) to adopt the Hayne recommendation in full, which is:

Recommendation 1.10 – Definition of 'small business'

The ABA should amend the definition of 'small business' in the Banking Code so that the Code applies to any business or group employing fewer than 100 full-time equivalent employees, where the loan applied for is less than \$5 million.

"We feel up to \$5 million is appropriate for many small businesses especially capital intensive businesses and family enterprises, such as farms and manufacturers.

"Anything below \$5 million is clearly out-of-date and does not represent the true lending picture of Australia's small businesses.

"Small businesses are the engine room of the Australian economy and it's vital they are able to grow and to employ.

"I applaud NAB for taking a leadership position and urge other banks to follow.

"The ABA should immediately accept the Haynes Recommendation 1.10 and amend the Banking Code to ensure more small businesses are covered."

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