

Monday, 24 November 2014

**To: ASIC**

**Re: CP 224 Facilitating electronic financial services disclosure**

Thank you for the opportunity to comment on *Consultation Paper 224*. As one of Australia's major mortgage brokers, these changes have the potential to impact us and our clients so we would like to be involved in the feedback process.

#### **Overall comments**

Our feedback will focus on Section D regarding the disclosure requirement of credit assistance providers, in particular, mortgage brokers.

#### **Questions in CP224**

**D1Q1** Do you agree we should align the treatment of financial services disclosures and credit disclosures? Please give reasons for your answer.

Yes this simplifies our disclosure requirements, reduces our compliance costs and does not materially detriment borrowers.

**D1Q2** Have you encountered barriers to the electronic provision of credit disclosures? If so, what are those barriers?

The NCCP Act allows for some disclosure documents to be provided electronically. The first barrier is that this is not clearly specified in the NCCP Act leading to confusion in our industry.

For example NCCP Act Chapter 3, Part 3, Division 2 states that, "The licensee must give the consumer the licensee's credit guide in the manner (if any) prescribed by the regulations." When we contact ASIC for guidance we are often told to refer to the legislation which is unclear. Clarifying this requirement will reduce confusion in our industry and promote electronic disclosure.

There is no guidance regarding documents that require a borrower's signature, such as the credit quote. NCCP Act Chapter 3, Part 3, Division 3, (e) states that, "...the consumer has signed and dated that quote or otherwise indicated the consumer's acceptance of it (and the day that happens) in the manner (if any) prescribed by the regulations." However nowhere in the legislation does it clarify if clicking accept on an online form or verbally agreeing over the phone is acceptable. The advice we have received is that this has not been tested in court and that although other methods appear acceptable it would not be wise for us to be the first to test this out.



**D1Q3** Please estimate any compliance cost savings you would expect to realise if provisions for credit disclosures were aligned with our proposals for financial services disclosures.

We would not have a significant cost saving with the current proposals. However if customers could accept a credit quote electronically then this would significantly improve our operational efficiencies and allow us to provide credit assistance within a few hours of first speaking to a customer. We could not accurately put a dollar figure on the cost saving.

**Our recommendations**

Clarify that the following documents can be provided electronically:

- Credit Guide
- Credit Quote (where applicable)
- Preliminary Assessment (where applicable)
- Credit Proposal Disclosure Document

Clarify that the following documents can be accepted by a borrower electronically:

- Credit Quote

Sincerely,

**Otto Dargan**

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[Home Loan Experts](http://www.homeloanexperts.com.au)

