



2016–17 ASIC business plan summary by sector

Deposit takers, credit and insurance

Key projects	Project status	Focus
Stakeholder engagement		
Indigenous Outreach Program	Ongoing	Working with industry to promote access to appropriate products and services for Indigenous Australians via targeted outreach work
Stakeholder liaison and engagement	Ongoing	Through: <ul style="list-style-type: none"> ◆ Initiatives that seek to improve standards or encourage the adoption of best practice requirements within an industry or market sector. This would arise from much of the work discussed below, including, for example, improvements to address the risk of mis-selling, loan fraud, and irresponsible lending ◆ engaging regularly with consumer groups to identify and address exploitative practices
Guidance		
Facilitating emerging business models, while maintaining protections for investors in innovative products and services	Ongoing	Contributing to the work of the Innovation Hub, including assisting new businesses (such as marketplace lenders and non-cash payment providers) to navigate the regulatory framework
Messages to industry about compliance with obligations	Ongoing	<ul style="list-style-type: none"> ◆ Updating regulatory guidance and publishing reports on surveillance outcomes and thematic reviews to articulate standards and expectations ◆ Developing messages for industry regarding compliance with obligations that have been the focus of surveillance, including ongoing issues or areas of concern for ASIC (e.g. through press and industry articles). This could include guidance for industry arising from current law reform processes in relation to payday loans and consumer leases, and credit cards
Education		
Financial literacy and consumer education	Ongoing	<ul style="list-style-type: none"> ◆ Utilising financial literacy expertise and behavioural economics insights to develop consumer education messages, campaigns and resources ◆ New resources for Indigenous Australians using appropriate communication and delivery channels (e.g. the "Take a minute with your money" videos for Indigenous Australians in relation to buying a car and renting household goods that were



released on the ASIC MoneySmart website in August 2016)

Surveillance		
Interest only loans	Continuing project from 2015–16	Responsible lending practices among brokers and lenders; follow-up work with lenders and brokers to ensure ASIC's concerns with responsible lending practices identified in ASIC reports have been addressed
High risk lending products	Continuing project from 2015–16	Responsible lending practices for payday loans and consumer leases
Credit card issuers*	New project	Marketing practices and compliance with responsible lending obligations; anticipated to continue into 2017–18
Loan fraud*	New project	Concerns relating to loan fraud, particularly in the home loan market; anticipated to continue into 2017–18
Flex-commissions in the car finance market	Continuing project from 2015–16	Review of commission arrangements with unfair outcomes for consumers in the car finance market
Mortgage broker remuneration structures	Continuing project from 2015–16 (expanded scope*)	The effect of mortgage broker remuneration structures on the quality of consumer outcomes. In 2016–17, we will provide a report to Government on our findings. We may undertake follow-up work in 2017–18
Mis-selling to vulnerable consumers	Continuing projects from 2015–16	<ul style="list-style-type: none"> ◆ Sale of consumer leases and sale of goods by instalments to indigenous communities ◆ Inappropriate sale of funeral and life insurance products to indigenous communities
Add-on products	Continuing project from 2015-2016 (expanded scope*)	Improvements to consumer outcomes in the market for add-on insurance products sold through car dealerships; follow up work to Report 470: <i>Buying add-on insurance in car yards: Why it can be hard to say no</i> , Report 471: <i>The sale of life insurance through car dealers: Taking consumers for a ride</i> , and Report 492: <i>A market that is failing consumers: The sale of add-on insurance through car dealers</i> . Project anticipated to continue into 2017–18
Life insurance industry claims handling practices	Continuing project from 2015–16 (expanded scope*)	Report 498 <i>Life insurance claims: An industry review</i> was published in October 2016; follow-up work from Report 498 will continue in 2016–20, including our work on life insurance sold without personal advice (i.e. 'direct' life insurance)
Direct sale of life insurance*	New project	Product development, sale and distribution and claims handling practices; anticipated to continue into 2017–18



Breach reporting practices within financial services providers*	New project	Reviewing current practices and compliance with financial services breach reporting obligations; this is a cross-team project within ASIC
Monitoring industry trends and developments	Ongoing	<ul style="list-style-type: none">◆ Monitor how industry is using new and emerging technologies to assist with responsible lending compliance and pricing◆ Monitor emerging promotional methods, delivery channels and business models (e.g. the use of social media for advertising, group buying sites, comparison websites and peer to peer business models)

Enforcement

Investigate and where appropriate take administrative, civil, criminal or other action	Ongoing	Investigating and taking action in relation to misconduct identified through surveillances and in response to reports of misconduct, including those relating to: <ul style="list-style-type: none">◆ failure to comply with responsible lending obligations e.g. interest only loans and payday loans◆ sale of inappropriate products to consumers◆ loan fraud◆ poor insurance claims handling practices
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Policy advice

Support development and implementation of key Government law reforms, and provide input to Government inquiries	Ongoing	Contributing to key reforms and Government initiatives, including: <ul style="list-style-type: none">◆ Financial System Inquiry recommendations:<ul style="list-style-type: none">– product and distribution obligations– non-cash payment facilities, including the mandating of the ePayments Code– ASIC powers and penalties◆ regulation of consumer leases and payday loans◆ dispute resolution and small business lending◆ review of the Australian Consumer Law◆ initiatives arising from Report 498 on life insurance claims handling
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* Funded as part of the 'Improving Consumer Outcomes in Financial Services' New Policy Proposal. In April 2016, the Government announced additional funding support over four years for deepening ASIC's surveillance and enforcement capability.

Projects that will be subject to NPP funding are planned to be undertaken over four years to 2019–20, and may include follow-up work, such as enforcement.