



## 2017–18 ASIC business plan summary by sector

### Deposit takers, credit and insurers

Key projects	Project status	Focus
<b>Stakeholder engagement</b>		
Stakeholder liaison and engagement	Ongoing	<ul style="list-style-type: none"> <li>◆ 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 our work discussed below, including for example, improvements to address the risk of mis-selling (e.g. consumer leases and funeral and life insurance products), loan fraud, and irresponsible lending</li> <li>◆ Engaging with consumer groups and external stakeholders to identify and address exploitative practices identified through the surveillances below.</li> </ul>
Indigenous Outreach Program	Ongoing	Working with industry to promote access to appropriate products and services for Indigenous Australians via targeted outreach work. We have recently created an Indigenous Superannuation Working Group and enhanced our monitoring of direct life insurance sales to Indigenous consumers.
<b>Education</b>		
Financial literacy and consumer education	Ongoing	<ul style="list-style-type: none"> <li>◆ Using financial literacy resources and behavioural insights to develop consumer education messages, campaigns and resources (e.g. reverse mortgage calculator, first home buyer tips, life insurance needs online, and life insurance data tool)</li> <li>◆ New resources for Indigenous Australians using appropriate communication and delivery channels (including through the Indigenous Outreach Program)</li> <li>◆ Reviewing and updating the MoneySmart website in response to our surveillance findings and new products, issues and initiatives in the market.</li> </ul>
<b>Guidance</b>		
Facilitating emerging business models while maintaining protections for investors in innovative products and services	Ongoing	<ul style="list-style-type: none"> <li>◆ Supporting ASIC's Innovation Hub by assisting new businesses (such as non-ADI lenders and non-cash payment providers) to navigate the regulatory framework</li> <li>◆ Monitoring how industry is using new and emerging technologies and promotional methods, delivery channels and business models to support responsible lending or pricing when launching new insurance models.</li> </ul>
Messages to industry about compliance	Ongoing	Updating regulatory guidance and publishing reports on our surveillance outcomes and thematic reviews (for the projects outlined under 'Surveillance' below) to articulate standards and expectations.
<b>Surveillance—Credit</b>		
Mis-selling to vulnerable	Continuing project	◆ Sale of potentially inappropriate credit products to Indigenous



consumers	from 2015–16	communities, such as consumer leases and sale of goods by instalment ◆ Reviewing advertising materials to identify issues such as misleading or deceptive conduct.
Mortgage broker remuneration	Continuing project from 2015–16	Effect of remuneration structures on the quality of consumer outcomes in the mortgage broking market. This builds on our findings in Report 516 <i>Review of mortgage broker remuneration</i> and including a shadow shop of brokers. We will release a public report in 2018.
Interest-only home loans	Continuing project from 2015–16	Responsible lending practices among brokers and lenders with high proportions of interest-only loans. We will release a public report by the end of 2017.
Home loans	Continuing project from 2016–17	Responsible lending and borrower financial hardship practices of home loan providers, including reasonable inquiries into borrowers' financial position and repayment capacity.
Loan fraud	Continuing project from 2016–17	Loan fraud, particularly in the home loan market, to improve industry practices.
Car finance	Continuing project from 2016–17	Compliance with responsible lending obligations in the car finance market, following our enforceable undertaking with BMW Finance.
Credit card issuers	Continuing project from 2016–17	The effect of credit card product design and use on borrower debt levels through time. We will release a public report in the final quarter of 2017–18.
Breach reporting practices in banking groups <i>This is a cross-sector project</i>	Continuing project from 2016–17	Culture and conduct in banking groups in relation to compliance with obligations to identify and report significant breaches under their Australian Financial Services licences. We will release a public report on our findings in the second half of 2018.
Reverse mortgages	New project	Reverse mortgage selling practices to older Australians and those approaching retirement. Includes testing compliance with responsible lending obligations and measuring consumer understanding of the products (See: 'Older Australians' summary business plan for further information). A public report will be released in March quarter 2018.
Unfair contract terms in small business loans	New project	Reducing the extent to which small business loan contracts contain potentially unfair contract terms, in partnership with the Australian Small Business and Family Enterprise Ombudsman. Covers entire agreement clauses, indemnification clauses, special events of default and non-monetary covenants.

### Surveillance—Insurance

Mis-selling to vulnerable consumers	Continuing project from 2015–16	Sale of potentially inappropriate insurance products to Indigenous communities, such as funeral insurance and life insurance.
Total and permanent disability (TPD) claims	Continuing project from 2016–17	Claims handling practices (e.g. timeframes and evidence) for TPD insurance products with high proportion of claims declined or withdrawn claims, building on our findings in Report 498 <i>Life insurance claims: An industry review</i> .
Direct sale of life insurance	Continuing project	Culture and conduct in direct sales and distribution of life insurance. We will



from 2016–17 release a public report on our findings in the first half of 2018.

Sale of add-on insurance products through car dealerships	Continuing project from 2016–17	Sale of low-value high-cost financial products sold as an 'add-on' to the purchase or financing of a motor vehicle. We will drive changes to the design and distribution of add-on products through engagement with industry and consult on the introduction of a pause or break in the sales process to improve consumer decision-making.
Sale of consumer credit insurance by ADIs	New project	Review of ADIs' compliance with the recommendations of REP 256 <i>Consumer credit insurance: A review of sales practices by authorised deposit taking institutions</i> . We will work with industry on enhanced standards for disclosure and sales processes, including a deferred sales period for credit card CCI in branches and by phone.
Investigation practices of insurers	New project	Insurers' surveillance and investigation practices when assessing potentially fraudulent claims to address practices that may be unfair and unreasonable.

### Enforcement

Investigating and taking administrative, civil, criminal or other action	Ongoing	Investigating and taking action, where appropriate, in relation to misconduct identified through our surveillances and in response to reports of misconduct including: <ul style="list-style-type: none"> <li>◆ Failure to comply with responsible lending obligations</li> <li>◆ Sale of inappropriate products to consumers</li> <li>◆ Loan fraud.</li> </ul>
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### Policy advice

Supporting the development and implementation of Government law reforms and initiatives	Ongoing	We will contribute to reforms and Government initiatives, including: <ul style="list-style-type: none"> <li>◆ Financial System Inquiry recommendations: <ul style="list-style-type: none"> <li>– product intervention powers and distribution obligations</li> <li>– non-cash payment facilities e.g. ePayments code</li> </ul> </li> <li>◆ Regulation of consumer leases and payday loans</li> <li>◆ Additional protections for credit card holders</li> <li>◆ Dispute resolution and unfair contract terms in small business loans (together with the Australian Small Business and Family Enterprise Ombudsman)</li> <li>◆ Initiatives arising from Report 498 <i>Life insurance claims: An industry review</i>.</li> </ul>
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