



01 February 2022

[REDACTED]
[REDACTED]
Australian Securities and Investments Commission

Dear [REDACTED]

ASIC relief for simple arrangements following a hardship notice

The Australian Banking Association (**ABA**) welcomes the opportunity to provide feedback to the consultation on simple arrangements following a hardship notice, being conducted by the Australian Securities and Investments Commission (**ASIC**).

Our position

It is important that the hardship provided by credit providers is responsive and appropriate to the customer's personal circumstances. Credit providers often find that it would be beneficial to offer a 'temporary financial hardship arrangement' (described in paragraph 8A.2 of the proposed Credit Reporting Code Version 2.1) to a customer in the first instance. This type of arrangement does not involve a change to the credit contract, but rather provides temporary relief or deferral of credit obligations.

The ABA requests confirmation from ASIC that a temporary financial hardship arrangement agreed under the Credit Reporting Code does not require a credit provider to send a 'rejection notice' under section 72(4)(b) of the National Credit Code. This confirmation should be provided by way of class order or, if ASIC does not consider this to be allowable, by change to section 72(4).

If ASIC is broadly comfortable with the framework set out in paragraph 8A.2 of the Credit Reporting Code Version 2.1, we consider that there is no real need for the continuation of the simple arrangement exemption in its current form. It is our understanding that most ABA members do not rely on the current exemption to conduct their ordinary collections processes.

More broadly, the ABA requests that ASIC and Treasury continue to consider ways in which the provision of the written confirmation under section 72(4) can be provided in a more timely, efficient and effective manner. This may involve better allowances for the electronic provision of such notices.

If you have any queries in relation to this matter, please do not hesitate to get in contact.

Kind regards

[REDACTED]
Jess Boddington
Policy Director, Australian Banking Association
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Australian Banking Association

About the ABA

The Australian Banking Association advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers.

We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.