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Firstmac Limited, ACN 094 145 963, Australian Credit Licensee number 290600 makes the following submissions in response to Consultation Paper 209:

1. Financial position enquiries/scalability

When determining the level of financial position enquiries, the customer type and credit contract type should be a considered variable in determining the level of enquiry and verification conducted (ie scalability).

2. Verification of Income and Expenses

With regards to income and liabilities, verification of these is generally readily available and easy to complete, however verification of discretionary expenses is likely to be less precise and possibly irrelevant to the extent they can be reduced or eliminated once new credit is obtained. As such, to what extent is a lender able to rely on an applicant's statement that they are able to reduce or forego certain discretionary expense items prior to new credit being obtained.

3. Household Expenditure Measure

Should the use of an expenditure benchmark such as HEM be considered an absolute floor? For example, if a licensee verifies actual expenditure that is less than HEM, should the licensee adopt the higher HEM as a floor?

4. Buffer interest rates

As noted in Report 445, there is substantial variation in the floor rates used by lending market participants. ASIC notes that the purpose of the floor is to safeguard against the risk of both an increase in interest rates and greater living expense expenditure. In the current low interest rate environment, the gap between the 7% floor and the actual interest rate may be unnecessarily high.



Firstmac would like to thank the Australian Securities and Investments Commission for the opportunity to be included in the consultation process and look forward to the completion of the updated guidance of RG 209 in due course.

Should you have any questions in relation to this submission, please do not hesitate to contact me via email or by telephone on (07) 3013 8683.

Kind regards,

A handwritten signature in black ink, appearing to read "Adria", with a long, sweeping horizontal line extending to the right.

Adria Cunningham
Audit and Compliance Manager
Firstmac Limited