



15 July 2019

Senate Manager, Financial Services Group  
Australian Securities and Investments Commission  
Level 7, 120 Collins Street  
Melbourne VIC 3000

**By email:** [product.regulation@asic.gov.au](mailto:product.regulation@asic.gov.au)

Dear Sir

**ASIC Consultation Paper 316 – Using the product intervention power: Short term credit - Cash Converters Submission**

We refer to Consultation Paper 316 and make the following submission.

*C1Q1 Do you consider that the short term lending model causes detriment to consumers and that this detriment is significant?*

Yes

*C1Q2 Do you consider that the short term lending model does or might cause detriment other than that identified by ASIC, or to a greater or lesser extent? If additional or greater, how should the proposed product intervention order be expanded to address this significant detriment?*

Cash Converters considers that the model contemplated by Consultation Paper 316 does cause detriment. That detriment may extend beyond the detriment inflicted by those lenders operating under the model. It has the potential to prevent other lenders, such as Cash Converters, from assisting the consumer in a regulated and responsible manner.

Lenders, such as Cash Converters, adhere to the responsible lending requirements under the National Credit Act. It is that adherence to responsible lending obligations which impacts Cash Converters ability to assist a consumer, who may be experiencing detriment due to a lack of affordability brought about by the excessive charges levied by lenders under the model.

*C1Q3 Do you agree with our proposal to make an intervention order by way of legislative intervention prohibiting credit providers and their associates from providing short term credit and collateral services except in accordance with a condition which limits the total fees that can be charged? Please provide details of why, or why not.*

Yes. The identified model is clearly designed to circumvent responsible lending obligations, which should apply under the National Credit Act. Cash Converters fully support the intervention powers which will allow ASIC to eliminate any avoidance of responsible lending obligations. This will ensure all lenders operate within the guidelines of the National Credit Act.

*C1Q4 What alternative approaches (including Options 2 and 3) could ASIC take that would achieve our objectives of preventing the consumer detriment identified in this paper?*

Cash Converters fully support Option 1. We agree with ASIC's position that the model identified can and, on the evidence available to us, does cause significant consumer detriment.

Cash Converters agrees with the assertion this is because the total cost payable under the credit contract and services agreement is significantly higher than the maximum charges permitted by the National Credit Act; which imposes caps on the costs payable for short term and small amount lending. Consumers who default are also charged high fees, again in excess of the maximum amount that can be charged for loans regulated by the National Credit Act.

Your sincerely



Sam Budiselk  
Chief Operating Officer