

27<sup>th</sup> June 2022

By email: [policy.submissions@asic.gov.au](mailto:policy.submissions@asic.gov.au)

Please find a submission from Cash Converters in response to the **Cost Recovery Implementation Statement (CRIS) consultation paper (June 2022)**.

Cash Converters has experienced a significant increase year on year of the ASIC Cost Recovery Levy to credit licensees, including small and medium amount credit providers (please refer to Table 1 on the following page).

As you would be aware, licensees received their industry funding levy statements for financial year 2021 at which point we became very concerned about the continued increase in the annual ASIC levy - at a time when Cash Converters and many licensees are experiencing softer demand for small loans.

The latest increase for all licensees represents a 147% increase from \$15.14 per \$10,000 of credit provided in 2019/20 year, to \$37.41 Per \$10,000 of credit provided in 2020/21 year. The overall levy paid by Cash Converters in 2021 has more than tripled from 2019 - and more than doubled from 2020.

Cash Converters provide regulated products which have fixed fees and interest rate caps which give no capacity to pass on any increased costs to consumers. With the very significant changes to the consumer credit market brought about by the advent of BNPL and early wage access products, the small amount credit contract (SACC) market in particular has seen a significant decline in volumes and users, at the expense of lower margin regulated loan products that as a business we must now absorb these substantial cost increases.

I am seeking your urgent consideration to review the increase in the industry levy for small credit providers where the increased costs are not able to be passed on to consumers, for a sector that remains highly compliant. To be clear, we do not believe that regulated SACC providers such as Cash Converters, should bear the costs for work undertaken in relation to unlicensed credit providers, and non-compliance and enforcement.

Cash Converters welcomes the consultation opportunity and would be willing to discuss further if required.

Yours sincerely,

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Managing Director

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