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Australian Securities and Investments Commission

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Cash Converters – Consultation Paper 330 Submission

Cash Converters thanks ASIC for the opportunity to contribute to the consultation paper 330. Cash Converters has responded to the specific questions provided by ASIC in CP 330 and we welcome the opportunity to discuss further if required.

D1Q1 Do you consider that continuing credit contracts, when issued to retail clients in the way described in paragraphs 16–22, have resulted in, or will or are likely to result in, significant detriment to retail clients? If so, please provide any relevant evidence which supports your views.

Cash Converters is supportive of ASICs view that the current continuing credit contracts issued to retail clients will likely result in significant customer detriment without satisfactory controls and oversight in place. Cash Converters is of the view that retail clients should be afforded consumer protections under the National Credit Act, for example controls inclusive of unsuitable contract, protected earnings amount and presumption of hardship.

D1Q2 Do you consider that continuing credit contracts, when issued to retail clients in the way described in paragraphs 16–22, have resulted in, or will or are likely to result in, significant detriment other than, or to a greater or lesser extent than, that identified by ASIC? If other or greater detriment, how should the proposed product intervention order be expanded to address this detriment? Please provide any evidence which supports your views.

Cash Converters is of the view that loans issued to retail client's that have not been originated in line with requirements underpinned within ASICs Regulatory Guide 209 Credit Licensing: Responsible lending conduct will likely result in significant detriment. Cash Converters supports this type of continuing credit contract lending being governed by regulatory bodies inclusive of customer advocates. When assessing loans, Cash Converters treats any Cigno and BHFS debts as a Small Amount Credit Contract debt and thus is included within protected earning amount calculations, as this is deemed a responsible approach and in the best interest of retail clients.

D1Q3 Are you aware of entities other than Cigno and BHFS that are issuing, or likely to issue, continuing credit contracts in the way described in paragraphs 16–22?

Cash Converters is not currently aware of any other entities that are issuing similar continuing credit contracts in the way described in paragraphs 16–22.

D1Q4 Do you agree with our proposal to make an intervention order by legislative instrument prohibiting credit providers and their associates (including directors of such entities) from issuing continuing credit contracts in circumstances where total fees exceed the maximum permitted under the continuing credit exemption and reg 51 of the National Credit Regulations? Please provide details of why, or why not

Cash Converters is supportive of ASICs proposal. Cash Converters agrees that excessive fees can cause retail clients considerable detriment. Cash Converters is of the belief excessive fees can lead to detriment inclusive of debt spirals.

D1Q5 What alternative approaches could ASIC take that would achieve our objectives of preventing the detriment to retail clients identified in this paper?

Cash Converters believes ASICs proposed intervention is the most appropriate approach.

Please Contact [REDACTED] by email [REDACTED] if you would like any further information

[REDACTED]
Chief Risk Officer