



CRIS: ASIC INDUSTRY FUNDING MODEL (2022–23)

This document is part of [ASIC's 2022–23 CRIS](#). It should be read in conjunction with the other documents that make up the CRIS, including the key terms.

C Deposit taking and credit sector

Key points

This document outlines:

- our work during 2022–23 to regulate the deposit taking and credit sector—for our ongoing regulatory activities, see paragraphs 1–2, and our strategic work, see Table 1;
- the estimated levies to recover our costs—for a summary of the estimated levies for each subsector, see Table 2; and
- more detailed breakdowns of estimated costs for each subsector—see paragraphs 11–16.

The estimated levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2022–23.

Overview of the deposit taking and credit sector

- 1 The deposit taking and credit sector consists of:
 - (a) credit providers;
 - (b) small and medium amount credit providers;
 - (c) credit intermediaries;
 - (d) deposit product providers;
 - (e) payment product providers; and
 - (f) margin lenders.

Ongoing regulatory work

- 2 We administer Australia's consumer credit laws to improve consumer outcomes. We do this by ensuring credit licensees, such as lenders and brokers, comply with their conduct and disclosure obligations. These

obligations include general conduct requirements—such as the obligation to engage in credit activities efficiently, honestly and fairly—and specific requirements intended to reduce the extent to which consumers are sold products that do not meet their needs. The consumer credit laws also contain requirements that relate to conduct and consumer outcomes after a loan has been taken out.

- 3 We also monitor AFS licensees’ (e.g. authorised deposit takers and payment product providers) compliance with their obligations and other requirements under the Corporations Act. When we identify a potential harm or breach of the law, we determine the most appropriate response.
- 4 We use the full suite of our regulatory tools to promote integrity in this sector to bring about sound consumer outcomes. We assess and respond to compliance and misconduct issues through proactive or reactive surveillances. Where appropriate, we take enforcement action to address misconduct (such as predatory credit or debt collection misconduct). This action may span several years. We use our product intervention power when there is a risk of significant consumer detriment, and apply intensive supervision to institutions with the greatest potential impact on consumers and markets.
- 5 The level of our regulatory activity in each subsector of the deposit taking and credit sector depends on the nature of the services offered as well as the scale of operations. For example, those with significant customer bases present a greater potential risk to consumers, investors and markets, and therefore may require more regulatory attention.
- 6 We work closely with the Australian Government and other regulatory agencies (particularly the Australian Prudential Regulation Authority (APRA)r) to achieve a coordinated approach to regulation. This includes supporting and advising the Government on new reforms. Through engagement with industry, we influence our regulated population to improve compliance and minimise consumer harm.

Strategic work in this sector

- 7 ASIC’s [Corporate Plan 2022–26: Focus 2022–23](#) outlines our strategic priorities for the next four years and our planned actions for 2022–23. The corporate plan also sets out our core strategic projects, which support the delivery on our strategic priorities.
- 8 Our strategic priorities inform our [2023 enforcement priorities](#), which communicate our intent to industry and indicate where we will direct our resources and expertise.

9 Table 1 outlines our areas of focus in the deposit taking and credit sector in 2022–23.

Note: In Table 1, the strategic work *may* apply to the listed relevant subsectors, depending on prevailing circumstances. Our key actions for some strategic work can apply to multiple sectors and subsectors, particularly for our core strategic projects. This means that there may be other relevant sectors and subsectors for this work outside the corporate sector.

Table 1: Strategic work in the deposit taking and credit sector (2022–23)

Focus area	Key actions	Relevant subsector
Financial Accountability Regime (core strategic project)	<ul style="list-style-type: none"> Developing industry guidance. Implementing joint capabilities with APRA for registration and notification activities under the regime. 	Deposit product providers
Design and distribution obligations (core strategic project)	<ul style="list-style-type: none"> Seeking further improvements to consumer outcomes in the credit sector by collecting data from credit card issuers, reviewing target market determinations and assessing consumer outcomes. Reviewing the product governance arrangements of selected credit card, small amount credit and buy now pay later providers, which will include a review of how target market determinations were developed and the data and metrics that inform review triggers. Taking enforcement action to address poor design and distribution of products. 	Deposit product providers, credit providers, small amount credit contract providers.
Scams (core strategic project)	<ul style="list-style-type: none"> Developing enhanced, data-informed approaches to identifying, quantifying and disrupting scams. Working with other regulators and law enforcement agencies, both domestic and overseas, to disrupt scams and coordinate enforcement strategies. Reviewing the scam identification and response strategies of authorised deposit-taking institutions (ADIs). Improving our communications and consumer education, including through social media, to help consumers be more aware of scams and how to identify them. Taking enforcement action to combat and disrupt serious investment scams. 	Deposit product providers

Focus area	Key actions	Relevant subsector
Breach reporting (core strategic project)	<ul style="list-style-type: none"> • Continuing to closely monitor the operation of the new reportable situations regime to further support industry with the practical implementation of the new obligations. • Working with stakeholders to identify and implement solutions that will improve the consistency and quality of reporting practices, including providing further guidance. • Preparing ASIC's first report on insights from reportable situations and commencing development of a framework for ongoing publication of information about the reports received—see Report 740 <i>Insights from the reportable situations regime: October 2021 to June 2022</i> (REP 740). • Developing enhanced data analytics capabilities to harness the value of the information we receive under the regime to achieve better regulatory outcomes. 	All deposit taking and credit subsectors
Financially vulnerable credit consumers	Taking action, including enforcement action, to protect financially vulnerable consumers affected by predatory lending practices, high-cost credit, debt management misconduct or debt collection misconduct, including conduct by unlicensed or 'fringe' entities.	Credit providers, small amount credit contract providers, credit intermediaries
Better banking for Indigenous consumers	Engaging with and influencing a select number of ADIs to ensure Indigenous consumers in certain geographic locations are provided with suitable transaction banking products.	Deposit product providers
Institutional supervision	<ul style="list-style-type: none"> • Conducting continuous monitoring of the largest financial institutions that have the greatest potential impact on consumers and markets, to seek improvements in consumer outcomes. This is done through: <ul style="list-style-type: none"> – the collection and analysis of a range of governance and risk management related information; and – regular structured engagements with senior executives. • Conducting targeted proactive reviews (involving data analysis and interviews) of topical issues at the largest financial institutions, including reportable situations and their internal audit functions. 	Credit providers, Deposit product providers
Consumer leases and short-term, small amount finance	<ul style="list-style-type: none"> • Engaging with the Australian Government and the sector on proposed law reforms for small amount credit contracts, consumer leases and buy now pay later. • Conducting surveillances and, where appropriate, taking enforcement action to ensure costs incurred by consumers are legal and correctly calculated. 	Credit providers, small and medium amount credit providers

Focus area	Key actions	Relevant subsector
Lender responses to borrowers experiencing financial difficulty due to rising cost of living pressures	<ul style="list-style-type: none">• Continuing to monitor developments, trends and issues of concern through engagement, data collection and analysis of data collected by APRA.• Influencing lender responses through surveillance.• Developing and updating consumer-facing messages and tools.• Where appropriate, taking enforcement action against misconduct impacting financially vulnerable consumers.	Credit providers, small and medium amount credit providers

Summary table of estimated industry funding levies for deposit taking and credit sector

Table 2: Estimated industry funding levies for the deposit taking and credit sector

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Estimated levy
Credit providers	Entities that hold a credit licence that authorises them to engage in credit activities as a credit provider.	\$31.806m	1,041 (includes small and medium amount credit providers)	Credit provided in the financial year The gross amount of credit provided by the entity in the financial year under credit contracts (other than small and medium amount credit contracts).	\$2,000	\$100m	Minimum levy of \$2,000, plus \$38.41 per \$1m of credit provided above \$100m (other than for small and medium amount credit contracts)
Small and medium amount credit providers	Entities that: <ul style="list-style-type: none"> hold a credit licence authorising them to engage in credit activities as a credit provider; and provide credit under small or medium amount credit contracts.* 	\$7.025m	419**	Credit provided in the financial year The gross amount of credit provided under small and medium amount credit contracts.	Not applicable	No threshold	\$52.29 per \$10,000 of credit provided under small and medium credit contracts

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Estimated levy
Credit intermediaries	Entities that hold a credit licence authorising them to engage in credit activities other than as a credit provider.	\$4.857m	4,291 (37,703 credit representatives)	Credit representatives The number of credit representatives (within the meaning of the National Credit Act) that the entity has at the end of the financial year.	\$1,000	No threshold	Minimum levy of \$1,000, plus \$14.62 per credit representative
Deposit product providers	Entities that hold an AFS licence with an authorisation to deal in a financial product by issuing deposit products.	\$8.579m	197	Total deposits The total value of deposits held at the end of the financial year in deposit products issued by the entity (whether the deposit product was issued in the financial year or an earlier financial year).	\$2,000	\$10m	Minimum levy of \$2,000, plus \$2.75 per \$1m of total deposit liabilities above \$10m
Payment product providers	Entities that hold an AFS licence with an authorisation to deal in financial products through which, or through the acquisition of which, non-cash payments can be made.	\$3.176m	662	Total revenue from payment product provider activity The total gross revenue received in the financial year in connection with non-cash payment products issued by the entity less expenses incurred during the financial year from dealing in non-cash payment facilities.	\$2,000	No threshold	Minimum levy of \$2,000, plus \$4.00 per \$10,000 of total revenue from payment product provider activity

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Estimated levy
Margin lenders	Entities that hold an AFS licence with an authorisation to deal in a financial product by issuing margin lending facilities during a financial year.	\$0.008m	24	Number of days authorised The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation.	Not applicable	Not applicable	\$372

Notes: * 'Small amount credit contract' is defined in s5 of the National Credit Act. Small amount credit contracts are also known as 'small amount loans' and 'payday loans'.

** The number of small and medium amount credit providers is based on 2021–22 figures.

Detailed breakdown of estimated costs of regulating each subsector in the deposit taking and credit sector

- 10 We have provided a breakdown of the costs for each subsector in the corporate sector. We have also included the cost of regulating the subsector in the previous year. For more information about the actual costs for the 2021–22 financial year, see our [annual dashboard report and summary of variances](#) on our website.

Credit licensees

Credit providers

- 11 ASIC’s cost of regulating the subsector in 2021–22 was \$31.8 million. The estimated cost of regulating the subsector for 2022–23 is \$31.8 million: see Table 3.

Table 3: Estimated costs to regulate credit providers

Expense	Estimated cost
Supervision and surveillance	\$4.235m
Enforcement	\$8.750m
Other regulatory activities	
<i>Industry engagement</i>	\$0.795m
<i>Education</i>	\$0.588m
<i>Guidance</i>	\$0.144m
<i>Policy advice</i>	\$0.430m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$4.264m
<i>IT support</i>	\$3.311m
<i>Operations support</i>	\$3.264m
<i>Property and corporate services</i>	\$3.742m
Total operating expenditure	\$29.525m
Allowance for capital expenditure	\$2.271m
Less costs funded by own-source revenue	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.010m
Total levy to recover costs	\$31.806m

Small and medium amount credit providers

- 12 ASIC’s cost of regulating the subsector in 2021–22 was \$4.6 million. The estimated cost of regulating the subsector for 2022–23 is \$7.0 million: see Table 4.

Table 4: Estimated costs to regulate small and medium amount credit providers

Expense	Estimated cost
Supervision and surveillance	\$0.610m
Enforcement	\$1.808m
Other regulatory activities	
<i>Industry engagement</i>	\$0.145m
<i>Education</i>	\$0.106m
<i>Guidance</i>	\$0.026m
<i>Policy advice</i>	\$0.079m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.744m
<i>IT support</i>	\$0.556m
<i>Operations support</i>	\$0.554m
<i>Property and corporate services</i>	\$0.640m
Total operating expenditure	\$5.269m
Allowance for capital expenditure	\$0.393m
Less costs funded by own-source revenue	\$0.000m
Adjustment for prior year (under or over recovery)	\$1.363m
Total levy to recover costs	\$7.025m

Credit intermediaries

- 13 ASIC’s cost of regulating the subsector in 2021–22 was \$8.7 million. The estimated cost of regulating the subsector for 2022–23 is \$4.9 million: see Table 5.

Table 5: Estimated costs to regulate credit intermediaries

Expense	Estimated cost
Supervision and surveillance	\$0.788m
Enforcement	\$1.157m

Expense	Estimated cost
Other regulatory activities	
<i>Industry engagement</i>	\$0.159m
<i>Education</i>	\$0.111m
<i>Guidance</i>	\$0.029m
<i>Policy advice</i>	\$0.085m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.678m
<i>IT support</i>	\$0.538m
<i>Operations support</i>	\$0.529m
<i>Property and corporate services</i>	\$0.593m
Total operating expenditure	\$4.667m
Allowance for capital expenditure	\$0.360m
Less costs funded by own-source revenue	(\$0.170m)
Adjustment for prior year (under or over recovery)	\$0.000m
Total levy to recover costs	\$4.857m

Deposit product providers

14 ASIC's cost of regulating the subsector in 2021–22 was \$12 million. The estimated cost of regulating the subsector for 2022–23 is \$8.6 million: see Table 6.

Table 6: Estimated costs to regulate deposit product providers

Expense	Estimated cost
Supervision and surveillance	\$2.429m
Enforcement	\$1.706m
Other regulatory activities	
<i>Industry engagement</i>	\$0.337m
<i>Education</i>	\$0.164m
<i>Guidance</i>	\$0.073m
<i>Policy advice</i>	\$0.283m

Expense	Estimated cost
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.983m
<i>IT support</i>	\$1.064m
<i>Operations support</i>	\$0.882m
<i>Property and corporate services</i>	\$0.981m
Total operating expenditure	\$8.902m
Allowance for capital expenditure	\$0.585m
Less costs funded by own-source revenue	(\$0.908m)
Adjustment for prior year (under or over recovery)	\$0.001m
Total levy to recover costs	\$8.579m

Payment product providers

15 ASIC's cost of regulating the subsector in 2021–22 was \$2.4 million. The estimated cost of regulating the subsector for 2022–23 is \$3.2 million: see Table 7.

Table 7: Estimated costs to regulate payment product providers

Expense	Estimated cost
Supervision and surveillance	\$0.536m
Enforcement	\$0.748m
Other regulatory activities	
<i>Industry engagement</i>	\$0.128m
<i>Education</i>	\$0.084m
<i>Guidance</i>	\$0.023m
<i>Policy advice</i>	\$0.068m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.396m
<i>IT support</i>	\$0.319m
<i>Operations support</i>	\$0.315m
<i>Property and corporate services</i>	\$0.340m
Total operating expenditure	\$2.958m
Allowance for capital expenditure	\$0.208m

Expense	Estimated cost
Less costs funded by own-source revenue	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.011m
Total levy to recover costs	\$3.176m

Margin lenders

16 ASIC's cost of regulating the subsector in 2021–22 was \$9,315. The estimated cost of regulating the subsector for 2022–23 is \$8,439: see Table 8.

Table 8: Estimated levies to recover costs to regulate margin lenders

Expense	Estimated cost
Supervision and surveillance	\$0.002m
Enforcement	\$0.000m
Other regulatory activities	
<i>Industry engagement</i>	\$0.001m
<i>Education</i>	\$0.000m
<i>Guidance</i>	\$0.000m
<i>Policy advice</i>	\$0.000m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.001m
<i>IT support</i>	\$0.001m
<i>Operations support</i>	\$0.001m
<i>Property and corporate services</i>	\$0.001m
Total operating expenditure	\$0.008m
Allowance for capital expenditure	\$0.001m
Less costs funded by own-source revenue	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m
Total levy to recover costs	\$0.008m