

24 November 2020

Senior Manager
Credit & Banking
Financial Services and Wealth Group
Australian Securities and Investments Commission
Level 7, 120 Collins Street
Melbourne VIC 3000

By email: product.regulation@asic.gov.au

**Submission to Australian Securities Investment Commission
ADDENDUM TO CONSULTATION PAPER 330
Using the product intervention power: continuing credit contracts**

The Consumer Credit Law Centre SA (CCLCSA) made a submission in response to the original Consultation Paper 330 (CP 330) on 6 October 2020. Please see below our response to the request for further feedback.

Feedback on further specific questions

The CCLCSA provides the following feedback on the further specific questions raised by ASIC:

Q1 Do you agree with the proposed changes to the draft product intervention order as summarised in Table 1? Please explain the reasons for your view.

For the purpose of providing urgent protection to consumers from the significant detriment caused by BHF Solutions Pty Ltd and Cigno Pty Ltd, the CCLCSA agrees with the proposed changes as summarised in Table 1. However, the CCLCSA seeks to put on record that we are of the view that the BNPL industry needs to be regulated urgently in order to protect consumers from detriment.

It is critical that ASIC as a regulator should have a role in making sure that the BNPL industry is regulated. The CCLCSA is concerned that the government considers self-regulation by the BNPL industry as being appropriate, despite ASIC and consumer groups outlining that AFIA's draft code of practice for BNPL providers, lacked consumer protections compared to existing credit laws. The CCLCSA seeks that the government act swiftly to pass legislation to regulate the BNPL industry to ensure that consumers are adequately protected from harm. The CCLCSA

raises concern that given the anticipated recession triggered by COVID-19, the need to regulate BNPL industry is even more imperative to protect consumers from harm.

Q2 Do you consider there is a significant risk of avoidance as a result of these changes? If so, what additional measures could be introduced by ASIC to address that risk?

The CCLCSA does not seek to provide feedback with respect to question 2.

Thank you for your consideration.

The Consumer Credit Law Centre SA

