

From: [REDACTED]
Sent: Thursday, 31 August 2023 5:02 PM
To: Product Regulation - ASIC <product.regulation@asic.gov.au>
Cc: [REDACTED]
Subject: Feedback on the extension of industry-wide product intervention orders relating to short term and continuing credit facilities

Att: Senior Manager, Credit and Banking: Enforcement Inquiries & Compliance.

Please see our feedback below regarding the extension of industry-wide product intervention orders relating to short term and continuing credit facilities.

B1Q1 Do you agree with our proposal to extend the 2022 short term credit order? Please explain the reasons for your views. [We agree on the proposal to extend the order and feel it should be cemented in legislation due to the easy accessibility of this type of credit for fixed/low income earners and the power imbalance between lender and borrower. These lenders are setting customers up to fail and reaping the benefits.](#)

B1Q2 Do you agree with our proposal that the 2022 short term credit order, if extended, should be extended so that it remains in force until it is revoked or sunsets? Please explain the reasons for your views. [It should remain in force until it is revoked. Hopefully this is for a longer period than if until sunsets. Revoking the order could lead to the providers partaking in similar activity again.](#)

B1Q3 Alternatively, do you consider that, if extended, the 2022 short term credit order should only be extended for a set period, such as three or five years? Please explain the reasons for your views. [Legislation/regulations should be amended for the indefinite protection of vulnerable consumers from this type of predatory lending.](#)

B1Q4 In your view, has the 2022 short term credit order been effective to date in reducing the risk of significant detriment to retail clients in the short term credit market? Please provide evidence and data to support your view. [Unable to comment.](#)

B1Q5 What effects (if any) do you consider the 2022 short term credit order has had on competition in the financial system? What effects are likely if the order is extended? [Increase in consumers accessing similar credit products from other providers that do not introduce collateral contracts and charge excessively high fees.](#)

B1Q6 What alternative approaches (if any) could ASIC take that would achieve our objectives of preventing the significant detriment identified in this paper [Increase in or harsher penalties for non-compliance; Better promotion of free services e.g. financial counselling to the wider community to educate consumers so they can make better informed decisions on short term credit providers and products.](#)

The responses to the below questions are the same as above. FCAWA's position is that these orders should remain in place indefinitely or there should be significant penalties/consequences should these providers continue to incorporate these lending models. The onus should not be on consumers to identify excessively high fees and charges that do not comply with the exemptions under the National Credit Code. The responsibility needs to be on the lenders and their associates making significant profit from easily accessible credit and disadvantaged consumers with limited financial literacy.

C1Q1 Do you agree with our proposal to extend the 2022 continuing credit contracts order? Please explain the reasons for your views.

C1Q2 Do you agree with our proposal that the 2022 continuing credit contracts order, if extended, should be extended so that it remains in force until it is revoked or sunsets? Please explain the reasons for your views.

C1Q3 Alternatively, do you consider that, if extended, the 2022 continuing credit contracts order should only be extended for a set period, such as three or five years? Please explain the reasons for your views.

C1Q4 In your view, has the 2022 continuing credit contracts order been effective to date in reducing the risk of significant detriment to retail clients in the continuing credit contracts market? Please provide evidence and data to support of your view.

C1Q5 What effects (if any) do you consider the 2022 continuing credit contracts order has had on competition in the financial system? What effects are likely if the order is extended?

C1Q6 What alternative approaches (if any) could ASIC take that would achieve our objectives of preventing the significant detriment identified in this paper

Kind regards,

[Redacted]

Sector Policy & Development Officer



H 9am to 5pm Tues, Wed & Thurs

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FCAWA acknowledges the Whadjuk people of the Nyoongar nation as the traditional owners of the lands and waters on which Perth is situated and pay our respects to all Aboriginal and Torres Strait Islander Peoples and their elders past and present. We support the Uluru statement from the heart and recognise and accept the invitation to walk together towards a better future for all Australian people.

