



## CRIS: ASIC INDUSTRY FUNDING MODEL (2023–24)

This document is part of ASIC’s 2023–24 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 2023–24 to regulate the deposit taking and credit sector—for our ongoing regulatory activities, see paragraphs 1–6, 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 indicative levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2023–24.

### 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 provided 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 obtained.

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 lending 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)) 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 2023–27: Focus 2023–24](#) outlines our strategic priorities for the next four years and our planned actions for 2023–24. The corporate plan also sets out our core strategic projects, which support the delivery on our strategic priorities.

8 Our strategic priorities inform our [2024 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 2023–24.

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 deposit taking and credit sector.

**Table 1: Strategic work in the deposit taking and credit sector (2023–24)**

Focus area	Key actions	Relevant subsector
Design and distribution obligations (core strategic project)	<ul style="list-style-type: none"> <li>Seeking further improvements to consumer outcomes in the credit sector by collecting data from credit card issuers, reviewing target market determinations and assessing improvements to consumer outcomes.</li> <li>Reviewing the product governance arrangements of selected credit card, and medium amount credit contract providers.</li> <li>Taking disruptive action and/or enforcement action, including by issuing stop orders, to address poor design and distribution of products.</li> </ul>	Deposit product providers, credit providers, medium amount credit contract providers.
Scams (core strategic project)	<ul style="list-style-type: none"> <li>Developing enhanced, data-informed approaches to identifying, quantifying and disrupting scams.</li> <li>Engaging an external service provider to identify and take down investment scams and phishing websites.</li> <li>Working with other regulators and law enforcement agencies, both domestic (including the National Anti-Scam Centre) and overseas, to coordinate investment scam disruption strategies.</li> <li>Identifying ways anti-scam practices of authorised deposit-taking institutions (ADIs) can be strengthened.</li> <li>Developing our communications, including through Moneysmart's Investor Alert List, to help consumers and industry be aware of entities and investments that could be a scam.</li> <li>Taking targeted enforcement action to deter scams.</li> </ul>	Deposit product providers
Financial Accountability Regime	<ul style="list-style-type: none"> <li>Developing industry guidance and engaging with industry.</li> <li>Implementing joint capabilities with APRA for registration and notification activities under the regime.</li> </ul>	Deposit product providers
Breach reporting	<ul style="list-style-type: none"> <li>Working with stakeholders to identify and implement solutions that will improve the consistency and quality of reporting practices.</li> <li>Conducting a targeted surveillance of AFS and credit licensees that have not lodged any reportable situations or have low numbers of reportable situations (compared to peers) and, where appropriate, taking enforcement action.</li> </ul>	All deposit taking and credit subsectors

Focus area	Key actions	Relevant subsector
Use of artificial intelligence and advanced data analytics in financial services and credit	<ul style="list-style-type: none"> <li>• Reviewing the risks of consumer harm flowing from the use of consumer data and artificial intelligence in financial services and credit.</li> <li>• Examining how institutions are seeking to mitigate risks.</li> </ul>	All deposit taking and credit subsectors
Protecting financially vulnerable credit consumers	<p>Taking action, including enforcement action, to protect financially vulnerable consumers affected by:</p> <ul style="list-style-type: none"> <li>• predatory lending practices;</li> <li>• non-compliance with new consumer protections relating to small amount credit contracts and consumer leases;</li> <li>• high-cost credit; and</li> <li>• debt management or debt collection misconduct, including conduct by unlicensed or 'fringe' entities.</li> </ul>	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	<p>Conducting continuous monitoring and supervision 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:</p> <ul style="list-style-type: none"> <li>• the collection and analysis of a range of governance and risk management related information; and</li> <li>• regular structured engagements with senior executives.</li> </ul>	Credit providers, deposit product providers
Credit financial hardship arrangements	<ul style="list-style-type: none"> <li>• Reviewing consumer hardship arrangements to make recommendations that improve the effectiveness and suitability of these arrangements.</li> <li>• Taking enforcement action where there has been serious lender non-compliance with hardship requirements.</li> </ul>	Credit providers, small and medium amount credit providers
Car financing	<ul style="list-style-type: none"> <li>• Taking action against car-financing related misconduct.</li> <li>• Liaising and working closely with the Australian Competition and Consumer Commission (ACCC) and state and territory fair trade regulators.</li> </ul>	Credit providers, medium amount credit providers, credit intermediaries
Buy now pay later (BNPL) products	Supporting Treasury's work to implement a regulatory framework for BNPL products.	Credit providers
Unfair contract terms	Taking action, including enforcement action, against misconduct involving unfair contract terms.	All deposit taking and credit subsectors
Compensation Scheme of Last Resort (CSLR)	Supporting the establishment of the CSLR.	Credit providers, credit intermediaries

## 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.	\$28.517m	1,019 (includes small and medium amount credit providers)	<b>Credit provided in the financial year</b>  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 \$37.06 per \$1m of credit provided above \$100m (for other than small and medium amount credit contracts)
Small and medium amount credit providers	Entities that: <ul style="list-style-type: none"> <li>hold a credit licence authorising them to engage in credit activities as a credit provider; and</li> <li>provide credit under small or medium amount credit contracts.*</li> </ul>	\$6.957m	195**	<b>Credit provided in the financial year</b>  The gross amount of credit provided under small and medium amount credit contracts.	Not applicable	No threshold	\$47.20 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.	\$3.109m	4,214 (40,728 credit representatives)	<b>Credit representatives</b> 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	\$737
Deposit product providers	Entities that hold an AFS licence with an authorisation to deal in a financial product by issuing deposit products.	\$5.553m	190	<b>Total deposits</b> 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 \$1.75 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.	\$5.530m	655	<b>Total revenue from payment product provider activity</b> 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 \$9.43 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.	\$0.010m	24	<p><b>Number of days authorised</b></p> <p>The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation.</p>	Not applicable	Not applicable	\$438

Notes: \* 'Small amount credit contract' is defined in s5 of the National Credit Act. 'Medium amount credit contract' is defined in s204 of the National Credit Code (at Sch1 to the National Credit Act).  
 \*\* The number of small and medium amount credit providers is based on 2022–23 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 deposit taking and credit sector. It also includes the cost of regulating the subsector in the previous year. For more information about the actual costs for 2022–23, 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 2022–23 was \$30.6 million. The estimated cost of regulating the subsector for 2023–24 is \$28.5 million: see Table 3.

**Table 3: Estimated costs to regulate credit providers**

Expense	Estimated cost
Supervision and surveillance	\$6.582m
Enforcement	\$8.262m
Other regulatory activities	
<i>Industry engagement</i>	\$0.838m
<i>Education</i>	\$0.587m
<i>Guidance</i>	\$0.220m
<i>Policy advice</i>	\$0.802m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$1.657m
<i>Digital, data and technology</i>	\$4.620m
<i>Corporate support</i>	\$1.995m
<i>Property and accommodation services</i>	\$2.808m
<b>Total operating expenditure</b>	<b>\$28.371m</b>
Allowance for capital expenditure	\$0.699m
Less costs funded by own-source revenue	(\$0.736m)
Adjustment for prior year (under or over recovery)	\$0.185m
<b>Total levy to recover costs</b>	<b>\$28.519m</b>



### Small and medium amount credit providers

- 12 ASIC’s cost of regulating the subsector in 2022–23 was \$8.4 million. The estimated cost of regulating the subsector for 2023–24 is \$7.0 million: see Table 4.

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

Expense	Estimated cost
Supervision and surveillance	\$0.797m
Enforcement	\$3.080m
Other regulatory activities	
<i>Industry engagement</i>	\$0.165m
<i>Education</i>	\$0.125m
<i>Guidance</i>	\$0.043m
<i>Policy advice</i>	\$0.131m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.384m
<i>Digital, data and technology</i>	\$0.998m
<i>Corporate support</i>	\$0.444m
<i>Property and accommodation services</i>	\$0.635m
<b>Total operating expenditure</b>	<b>\$6.803m</b>
Allowance for capital expenditure	\$0.157m
Less costs funded by own-source revenue	(\$0.004m)
Adjustment for prior year (under or over recovery)	\$0.001m
<b>Total levy to recover costs</b>	<b>\$6.957m</b>

### Credit intermediaries

- 13 ASIC’s cost of regulating the subsector in 2022–23 was \$4.3 million. The estimated cost of regulating the subsector for 2023–24 is \$3.1 million: see Table 5.

**Table 5: Estimated levies to recover costs to regulate credit intermediaries**

Expense	Estimated cost
Supervision and surveillance	\$0.387m
Enforcement	\$1.090m

Expense	Estimated cost
Other regulatory activities	
<i>Industry engagement</i>	\$0.080m
<i>Education</i>	\$0.058m
<i>Guidance</i>	\$0.026m
<i>Policy advice</i>	\$0.091m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.153m
<i>Digital, data and technology</i>	\$0.402m
<i>Corporate support</i>	\$0.185m
<i>Property and accommodation services</i>	\$0.255m
<b>Total operating expenditure</b>	<b>\$2.728m</b>
Allowance for capital expenditure	\$0.062m
Less costs funded by own-source revenue	(\$0.017m)
Adjustment for prior year (under or over recovery)	\$0.336m
<b>Total levy to recover costs</b>	<b>\$3.109m</b>

## Deposit product providers

14 ASIC's cost of regulating the subsector in 2022–23 was \$9.8 million. The estimated cost of regulating the subsector for 2023–24 is \$5.6 million: see Table 6.

**Table 6: Estimated levies to recover costs to regulate deposit product providers**

Expense	Estimated cost
Supervision and surveillance	\$0.982m
Enforcement	\$2.855m
Other regulatory activities	
<i>Industry engagement</i>	\$0.129m
<i>Education</i>	\$0.085m
<i>Guidance</i>	\$0.033m
<i>Policy advice</i>	\$0.093m

Expense	Estimated cost
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.200m
<i>Digital, data and technology</i>	\$0.574m
<i>Corporate support</i>	\$0.258m
<i>Property and accommodation services</i>	\$0.347m
<b>Total operating expenditure</b>	<b>\$5.557m</b>
Allowance for capital expenditure	\$0.086m
Less costs funded by own-source revenue	(\$0.182m)
Adjustment for prior year (under or over recovery)	\$0.092m
<b>Total levy to recover costs</b>	<b>\$5.553m</b>

## Payment product providers

15 ASIC's cost of regulating the subsector in 2022–23 was \$4.1 million. The estimated cost of regulating the subsector for 2023–24 is \$5.5 million: see Table 7.

**Table 7: Estimated levies to recover costs to regulate payment product providers**

Expense	Estimated cost
Supervision and surveillance	\$0.817m
Enforcement	\$1.328m
Other regulatory activities	
<i>Industry engagement</i>	\$0.185m
<i>Education</i>	\$0.126m
<i>Guidance</i>	\$0.109m
<i>Policy advice</i>	\$0.637m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.339m
<i>Digital, data and technology</i>	\$0.885m
<i>Corporate support</i>	\$0.406m
<i>Property and accommodation services</i>	\$0.541m
<b>Total operating expenditure</b>	<b>\$5.372m</b>
Allowance for capital expenditure	\$0.134m

Expense	Estimated cost
Less costs funded by own-source revenue	(\$0.001m)
Adjustment for prior year (under or over recovery)	\$0.025m
<b>Total levy to recover costs</b>	<b>\$5.530m</b>

## Margin lenders

16 ASIC's cost of regulating the subsector in 2022–23 was \$0.0 m. The estimated cost of regulating the subsector for 2023–24 is \$10,394: see Table 8.

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

Expense	Estimated cost
Supervision and surveillance	\$0.003m
Enforcement	\$0.001m
Other regulatory activities	
<i>Industry engagement</i>	\$0.000m
<i>Education</i>	\$0.000m
<i>Guidance</i>	\$0.001m
<i>Policy advice</i>	\$0.001m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.001m
<i>Digital, data and technology</i>	\$0.002m
<i>Corporate support</i>	\$0.001m
<i>Property and accommodation services</i>	\$0.001m
<b>Total operating expenditure</b>	<b>\$0.010m</b>
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
<b>Total levy to recover costs</b>	<b>\$0.010m</b>