



Friday, December 2, 2011

NFSF Ready To Work With Government On Payday Regulation

- **Ripoll Committee findings are a win for Australian battlers**
- **Need for ongoing industry consultation, first Roundtable in early 2012**

The National Financial Services Federation said that it is ready to work with the Government and other interested parties to formulate improved regulation of short-term lending following today's report from the Parliamentary Committee chaired by Labor MP Bernie Ripoll.

In its report, the Parliamentary Joint Committee on Corporations and Financial Services recommended that the Government revisit key aspects of its proposed reforms, including the proposed cap on small amount credit contracts, which the Committee said appears to be unworkable.

"After detailed and thoughtful analysis of the issue, the Committee has concluded that there needs to be the right balance between protecting vulnerable Australians and maintaining a viable industry," said NFSF Chairman Mark Redmond.

In particular, the Committee noted: *The proposed 10 and 2 per cent cap does not appear to be workable. In this regard, it does not appear that an appropriate balance has been struck between consumer protection and industry viability.*

"This is a win for the 500,000 Australian battlers that rely on short-term loans to pay for unexpected expenses," said NFSF Chairman Mark Redmond.

"We encourage the Government to amend its proposed regulation of the sector in line with the Committee's recommendations," Mr Redmond said.

"The NFSF has always welcomed regulation that protects vulnerable and disadvantaged Australians, cracks down on rogue lenders and maintains a viable, licensed industry. We want to ensure that consumers have access to responsibly provided credit services, are fully aware of the alternatives and clearly understand loan costs," he said.

"Since the Government unveiled its proposed regulatory changes in August, thousands of Australians have expressed their concern about the changes and their support for a viable short-term lending industry to ensure that access to this form of finance is maintained." (see www.nocap.com.au and www.good4me.com.au).

"While some vocal and out-of-touch consumer groups have demanded that all Australians lose access to this form of finance, the NFSF welcomes the Committee's finding that short-term lenders are a necessary part of Australia's financial system.

"Given the Committee's recommendations, we are keen to work with the Government and other interested parties to produce the best outcome for consumers."



“A roundtable due to be held in early 2012 will be an important step in resolving differences and ensuring the best outcome for everyone concerned,” he said.

Globally, regulators continue to balk at imposing caps on fees and charges for short-term loans.

Last week, the U.K. Government said that without access to short-term loans, many poorer and vulnerable consumers would struggle to access any legal credit sources and that any action in this area could have unintended consequences.

The National Financial Services Federation is the peak industry body of the micro-lending industry, representing more than 280 ASIC-licensed members including Cash Converters, the nation's largest short-term lender. The NFSF's aim is to promote responsible consumer lending, the enhancement of customer service and build greater government and community understanding of the need for a viable small amount short term and alternate finance industry throughout Australia.

For further information, contact:
Mark Redmond,
Chairman,
08 8269 1525 / 0400 560 251

Phil Johns,
CEO,
07 3629 3300 / 0412 509 010