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Payday sector welcomes Senate Committee report

- **Senate Committee calls for Government review of current proposals**
- **Concurs with Ripoll Committee on need for balance between consumer protection and industry viability**
- **Sector ready to work with Government on payday regulation**
- **Need for ongoing industry consultation, first Roundtable in early 2012**

The National Financial Services Federation today welcomed the Senate Economic Committee's report on regulation of payday lending and said that it is ready to work with the Government to ensure its proposed legislation protects vulnerable Australians while maintaining a viable industry.

The Senate Economics Committee, in its report on the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011, recommended that the Government review its current proposals.

Concurring with earlier findings by the Parliamentary Joint Committee chaired by Labor MP Bernie Ripoll, the Senate Committee report said it is "...concerned that these provisions do not strike the right balance between consumer protection and industry viability".

"Further, in some cases, there appear to be unintended consequences from the provisions which may hurt consumers. There is also concern that some of the provisions may be ineffectual," the Senate Committee said in its report.

Mark Redmond, the chairman of the NFSF, said: "Together, the Joint Committee and the Senate Economics Committee have concluded that there needs to be a balance between protecting vulnerable Australians and maintaining a viable lending industry."

"The planned legislation unintentionally risked harming the half million Australians that use short-term loans each year by imposing regulation that would force many ASIC-licensed lenders to leave the sector," Mr Redmond said.

"We are pleased that through sensible and careful study, these two Parliamentary committees have acknowledged the unintended consequences of imposing unworkable interest rate caps," he said.

"The NFSF welcomes 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," Mr Redmond said.

"Following the recommendations from each Committee, the NFSF is committed to working with the Government and other interested parties to produce the best outcome for consumers. We are confident that a roundtable of interested parties planned for early 2012



will help resolve key areas of concern and develop the building blocks for sensible legislation,” he said.

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.

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