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The Senate Economics Committee this week added its voice to a Parliamentary Joint Committee report, with both signalling the need for a rethink on regulation of short-term lending.

Following sensible and careful analysis, both Committees chaired by Labor backbenchers have now said that key aspects of the Government's reforms should be reviewed and that the proposed cap on small amount credit contracts is "unworkable".

The National Financial Services Federation, which represents the payday sector, is confident that Assistant Treasurer Bill Shorten will take note of these recommendations and review the legislation proposed in August.

In the politically and emotionally charged area of credit, the Committees have concluded that regulation needs to balance consumer protection and industry viability. This follows over 50 submissions to the Joint Committee, more than 30 submissions to the Senate Committee and the appearance of 31 witnesses at a public hearing expressing varying opinions.

Rather than favouring price controls and other restrictions that contradict responsible lending obligations, the Joint Committee in its report looks to options that increase consumer protection and financial literacy, but at the same time uphold consumer choice and industry viability.

The Joint Committee acknowledged fees should reflect the cost of lending. It also noted that quoting Annual Percentage Rates for small loans – something that our opponents like to do - distorts the actual cost to the borrower. I would like to think the days of headlines quoting hundreds of percent being charged are over – the debate has now sensibly moved on.

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.

So where to from here? The Senate Committee has recommended that the Government re-engage with stakeholders and the NFSF is ready to work with the Government and other interested parties to formulate improved regulation of short-term lending.

The two Committee reports should form the basis for meaningful discussion for improved consumer protection without the possibility of being priced out of existence hanging over our heads.

We have proposed a roundtable forum in early 2012 and work on this has been underway for a number of weeks. This will be an opportunity for participants to put differences aside and develop solutions for not only the 500,000 consumers who use our services, but the 2.65M Australians known to be financially excluded.

We will look to the establishment of a short-term credit committee comprised of representatives from the credit industry and consumer groups that would meet regularly to exchange ideas and ensure best practice. Similar approaches have worked successfully in the UK where, just in the last few weeks, the government has balked at imposing caps on fees and charges for short-term loans due to the negative unintended consequences.

The professionalism of Mr Ripoll MP (ALP Qld) and his Joint Committee should not be overlooked. This is the behind-the-scenes democracy at work in our Parliament.

If the recommendations are followed, and I hope they are, the jobs of thousands will have been saved, and choice and options will remain for Australian battlers that rely on this form of finance.