

STATEMENT
12TH May 2016

STATEMENT OF RESPONSE: Google AdWord Policy on Lending

In response to Google's recent AdWord Policy announcement on Lending Products, which will see a ban on 'payday' loan advertising, National Credit Providers Association (NCPA) CEO, Phil Johns, said:

"The NCPA fully supports responsible lending and we support Google removing payday as a paid keyword.

"Looking to the future, we also support Google not ranking [or de-ranking] websites that use the term payday. This is because payday loans have been illegal in Australia since March 2013. They are not representative of the current Small Amount Credit Contract (SACC) product offered to consumers under the National Consumer Credit Protection Act by ASIC licensed credit providers.

"We are very confident that the announcement by Google to ban 'payday loan' advertising will not be implemented in Australia as published.

"We are working with the Minister's office and government departments to ensure that Google's policy does not cause financial exclusion for the 988,000 thousand consumers, who legitimately access Small Amount Credit Contracts.

"SACCs are a government fee capped product, which are reported to be the most highly regulated consumer credit product in the world, with significant built in consumer protections that each lender must provide to the consumer.

"The Google policy does not affect advertising on lenders own websites.

"SACCs meet a legitimate demand in Australia. Consumers need to know where they can find a responsible lender and Google is one of the platforms they turn to, to source information."

The National Credit Providers Association (NCPA) is the peak industry body representing the small loans industry, whose members are lenders providing SACCs.

For more information on small loans, please visit www.smallloansbigneed.com.au

*1 As of July 13, 2016: we're banning ads for payday loans and some related products from our ads systems. We will no longer allow ads for loans where repayment is due within 60 days of the date of issue. In the U.S., we are also banning ads for loans with an APR of 36% or higher. <http://googlepublicpolicy.blogspot.com.au/2016/05/an-update-to-our-adwords-policy-on.html>

- ENDS -

Interviews with Phil Johns, CEO, NCPA are welcomed upon request.

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Notes to Editors

Key statistics and facts from the research that NCPA commissioned by CoreData, which demonstrates SACC use.

2014 -15

Completed applications received from new and existing customers: **2 million**

Contracts entered into: **1.3 million**

Credit advanced to consumers: **\$667 million**

Number of consumers: **988,000**

Average loan amount: **\$502**

Average loan length: **117 days**

Average male age: **37 years old**

Average female age: **36 years old**

- The CoreData research project of over 2.4 million SACCs showed that in the quarter ending June 2015, 64.5% of SACCs were taken out by consumers whose main source of income was employment, up from 59.7% in the quarter ending September 2013. Conversely, in the quarter ending June 2015, 35.5% of SACCs were taken out by consumers who received 50% or more of their income from government benefits, down from 40.3% in the quarter ending September 2013.
- Almost, nine in 10 expected repayments were met, with a continued repayment uptrend. Matched by declining approval rates and increased loan completion success rates.
- Multiple contracts are not a problem. Only 6.8% of contracts were written where the consumer had an existing SACC. 95% of lenders, as a matter of policy, do not loan to a consumer with a SACC in default.

For more information about Small Loans, Big Need visit: www.smallloansbigneed.com.au

Additional Information on NCPA:

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- The National Credit Providers Association (NCPA) is a mutual not-for-profit industry association, governed by a board of industry leaders. The NCPA represents the non-deposit-taking Australian Credit Licence holders, operating from nearly 300 retail locations or from dedicated online platforms.
- NCPA's diverse membership covers franchisors, franchisees, private and ASX listed companies, independent operators, small and large entities, who offer consumer credit under the NCCP Act. They all hold the same Australian Credit Licence as a bank and are also regulated by ASIC. Some members provide just the one type of loan, some provide a range of loan services and other financial products, such as brokerage for commercial and home loans.
- For more information visit: www.ncpa.net.au