

HOLDING STATEMENTS

STATEMENT OF RESPONSE:

National Credit Providers Association (NCPA) awaits recommendations to Government Review of Small Amount Credit Contracts

The Government Review of Small Amount Credit Contracts (SACCs) is in its final stages. The final report completed by the Review Panel - which included Ms Danielle Press (chair), Ms Catherine Walter and Mr Stephen Cavanagh – is now in the hands of Minister Kelly O'Dwyer.

Minister O'Dwyer will now consider the Review Panel's recommendations for SACCs and the small loans industry, following their consultation with many parties including the National Credit Providers Association (NCPA), ASIC and advocacy groups, to name but a few, about the industry's future.

The small loans industry is colloquially known as 'payday' lenders, something that NCPA believes needs to change, as the SACC product is highly Government regulated and very different from the now banned payday loan.

NCPA is the peak industry body representing small amount consumer lenders across Australia. NCPA's members are responsible, ASIC-licensed providers of SACCs that will be affected by any recommendations from the Government Review.

NCPA's view is that SACCs currently meet the financial needs of over a million Australians each year. They are affordable loans with all fees and charges capped by the Government and offer consumers the greatest range of protections of any consumer loan in Australia. However, NCPA is always open to improving legislation where changes can be shown to better serve consumers, whilst maintaining a viable industry sector

Phil Johns, CEO of NCPA, welcomes the opportunity to discuss all sides of the small amount lending industry and its previous submission to the Review Panel included new research to demonstrate actual SACC usage and demand over a two year period, from 2013 to 2015.

The Minister now has 15 Parliamentary sitting days to table the report, which means the Minister has up to the 2nd June to present the report to both houses of Parliament.

NCPA welcomes the opportunity to comment about the Government Review, its submission or commentary on the wider industry.

- ENDS -

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

For more information please contact Debbie Bradley, Group Account Director | 02 9212 7867 | email debbie@zadroagency.com.au

Notes to Editors

Key Statistics and facts from the research that NCPA commission by CoreData for the Government Review

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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:

- 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 License 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.



Promoting Responsible Consumer Lending



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- For more information visit: www.ncpa.net.au