

PRESS RELEASE

13th October 2015

Promoting Responsible Consumer Lending



NCPA response to The Australian Centre for Financial Studies, 'Trends in the Australian Small Loan Market'

On Tuesday 12th October, The Australian Centre for Financial Studies released its report, *Trends in the Australian Small Loan Market*, ahead of the upcoming government review of small amount credit contract (SACC) laws. The report recommends implementing a database to further regulate the industry.

Phil Johns, CEO of the National Credit Providers Association (NCPA), says:

"In theory, a database seems like a good idea. However, the report does not give consideration to the logistics of implementing it. NCPA's members are already following strict government regulations when lending to determine a borrower's suitability.

"A database is an idea that NCPA has previously discussed at length across the association and there are many ramifications to consider.

"The most important question is to determine whether a database is needed and what will it deliver for consumers? Unfortunately, we see it delivering minimal results, compared to what is needed to invest in an effective real-time system.

"Furthermore, and what is noted in the report, is a current lack of data to draw conclusions about SACC usage across Australia, which includes customer numbers, compliance and frequency rates*.

"To fully assess if a database would be the correct course of action, NCPA stresses all the data and facts about the industry should be current and known. These facts and statistics will be available shortly and detailed in NCPA's submission for The Review on Friday (16th October)."

The NCPA, with CoreData, an independent research and consulting business, has just completed the most comprehensive statistical review of small amount credit consumers, products and providers ever undertaken over a two year period. Key results from this survey will be included in the NCPA's submission to the review panel.

* *Trends in the Australian Small Loan Market, Recommendations, page 7*

Further information on the small amount consumer lending industry can be found at:

www.ncpa.net.au

- ENDS -

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

For more information please contact Debbie Bradley or Zoe Guest on 02 9212 7867/ 0487 732 611 or email debbie@zadroagency.com.au/zoe@zadroagency.com.au

Notes to Editors:

- 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.

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- It is estimated our members account for 85-90% of our sector of the SACC consumer credit market segment, providing credit to an estimated 987,000 consumers by way of 1.3M SACC contracts last financial year.
- The NCPA is currently conducting an up to date review on the industry and is looking forward to sharing the data in due course
- 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 Australia Credit License 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