

MEDIA RELEASE

11 November 2016

SMALL LOAN INDUSTRY ASSOCIATION TO SET REGULATIONS FOR LOAN PROVIDERS

The National Credit Providers Association (NCPA), the peak body for Small Loan Providers in Australia or incorrectly known as the 'payday loan' industry has begun the process of formulating additional industry standards.

The Board of NCPA has agreed to develop a **Code of Conduct** and has begun initial consultation in line with the Australian Securities & Investments Commission (ASIC) guidelines and standards as per RG183. The Code of Conduct will be developed by an external agency and will be a long and thorough process.

Talking on behalf of the NCPA, Phil Johns, CEO stated: "This is a formal and long-term plan from the NCPA to self-regulate the industry it represents and set strict best practice rules in place that will support the existing legislation for Small Amount Credit Contracts (SACCs) that are legislated by the government."

NCPA as the leading body has been integral to the process of self-regulating its industry and advocates for responsible lending to protect consumers in Australia. NCPA were highly involved in the legislation that abolished 'payday loans' back in March 2013 and advised on the legislation for SACCs.

NCPA is constantly providing insight on the industry and commissioned in 2013 the most comprehensive ongoing research into the SACC industry via an independent company CoreData.* This report from CoreData is publically available via www.smallloansbigneed.com.au for all stakeholders to review, so informed decisions on the future of the industry can be made. The update to the CoreData report for the 2015-16 Financial Year should be available early December.

Phil Johns, CEO, NCPA continued: "The small loans industry is highly regulated. It is ruled by complex legislation and it is our job as the industry leader to make sure we are constantly reviewing and providing our members with the support for Responsible Lending.

"By commencing this process towards a Code of Conduct we are able to work with ASIC and our members to ensure both SACC lenders and consumers are protected. The viability of this industry depends on it," concluded Mr Johns.

The NCPA is lobbying extensively in Canberra to educate government on the SACC product and industry, post the 'payday' era.

NCPA is committed to educating government, media, and the public on the facts about small loans. For more information about small loans and the wider industry, please visit www.smallloansbigneed.com.au

*For the first time, new research commissioned by NCPA and completed independently by CoreData has revealed the facts and figures for the small amount lending industry historically known as Pay Day Loans; with nearly two million consumers completing an application for small amount loans between 2014 -2015, the need for this highly regulated small amount financial product remains staggeringly high for everyday Australians.

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

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Notes to Editors:

***Key Statistics of the CoreData research project (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**
- 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.
- 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 lend 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, and small and large entities, all of whom offer consumer credit under the NCCP Act. They all hold the same Australian Credit License as a bank and are similarly regulated by ASIC. Some members provide just the one type of loan and 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

Images:

1. Phil Johns, CEO of the NCPA



2. Small Loans, Big Need campaign Logo



3. NCPA Logo

