



## **MEDIA RELEASE**

Friday 13<sup>th</sup> September 2019

### **NCPA Welcomes Cigno Ban**

The NCPA welcomes the ban on the business model used by Cigno and others that caused consumer harm and evaded responsible lending obligations.

NCPA has been calling on ASIC for many years to take action to stop the sale of unregulated products that fail to provide necessary protections for consumers.

"This action by ASIC will be welcomed by all law-abiding payday lenders that operate in a highly-regulated market providing access to credit for financially excluded Australians".

NCPA Chairman Michael Rudd said small loans providers are happy to see the business model banned because it gives everyone else doing the right thing a bad name.

"These products are not payday loans (Small Amount Credit Contracts) and have been designed to take advantage of exemptions in the Credit Act that do not meet responsible lending obligations required under the National Consumer Credit Protection Act".

Mr Rudd said, "the current laws that apply to payday lenders are working as intended which is evidenced by very low complaint rates".

"The Australian Financial Complaints Authority (AFCA) reported in their first six months of operations from 1<sup>st</sup> November 2018, they received 36,263 complaints. Just 115 were from small and medium loans providers".

The NCPA supports regulation where there is a need and will continue to promote responsible lending obligations that protect consumers from predatory lenders.

For more information please contact Michael Rudd, NCPA Chairman on 0401 695 030