



## MEDIA RELEASE

### NCPA wants all small credit providers regulated under the NCCP Act 2009

Friday 10<sup>th</sup> January 2020

Proposed amendments to the National Consumer Credit Protection Amendment Bill 2019 being examined by the Senate Economics Legislation Committee will do nothing to prevent continued bad behaviour of businesses operating outside the National Consumer Credit Protection (NCCP) Act, according to the industry.

Members of the National Credit Providers Association (NCPA) are pushing for loopholes currently exposing Australians to harmful financial products and lending practices to be closed.

The NCPA's submission to the Senate Economics Legislation Committee will call for lenders such as Cigno and all continuing credit contract providers such as ASX-listed Credit Corp Pty Ltd subsidiary Wallet Wizard to be regulated in the same way as Small Amount Credit Contract (SACC) or payday lenders.

"These companies do not provide payday loans although are often referred to as payday lenders and they are not regulated in the same way as payday lenders are," NCPA Chairman Michael Rudd said.

SACC loans are regulated as an unsecured loan so the risk lies with the lender rather than the consumer. The loans are for a limited time and are not ongoing like a credit card. Once you pay off a SACC loan you must reapply if you wish to re-borrow.

NCPA members are subject to regulatory controls and oversight of s5 of the National Credit Act. The products they supply are defined as short-term credit contracts.

The NCPA submission will highlight that all products currently defined as 'short term credit' under s6(1) of the National Credit Code be required to comply with the same rules as payday lenders.

"The NCPA has long held the view that operators designing products that fall within the scope of s6(1) of the National Credit Code will continue to do so until prevented and that these products should be banned to protect Australians," Mr Rudd said.

He said the Bill currently under review by the Senate will not change the behaviour of those who provide products that are designed to evade the NCCP Act because the proposed amendments are for SACC lenders only, who are already subject to a very high level of regulatory oversight.

“Companies such as Cigno are not subject to the same responsible lending obligations that SACC providers are. We believe the application and approval process for SACC or payday loans are the most stringent out of all financial products currently on offer,” Mr Rudd said.

Mr Rudd said the NCPA will petition the Government to ensure that provision of all small credit providers in Australia are regulated under the National Consumer Protection Act 2009 and are subject to the same responsible lending obligations.

He said the Act should also ban the use of the third-party service agreements which enable these companies to charge exorbitant fees.’

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

ENDS