



Strong banks – strong Australia

## House of Representatives Standing Committee on Economics

### Review of the four major banks (second report)

#### Australian Bankers' Association

**ABA09QW:** Does your organisation support the Product Intervention Power and Design and Distribution Obligation applying to add-on insurance products sold with credit cards and loans?

**Answer:** The ABA supports the proposed product design and distribution obligation and product intervention power applying to consumer credit insurance (**CCI**).

We support the introduction of a principles-based, flexible, and scalable product design and distribution obligation. There are some classes of products that, by their nature, should reasonably be excluded from the scope of the new obligation, specifically where the product:

- Would be generally suitable for most consumers
- Is not complex, and can be well understood by consumers
- Does not carry significant investment risk, and/or
- There is a specific consumer protection regime in place.

Applying those principles, the ABA believes that basic banking products and simple FX contracts used for currency exchange should be excluded.