



RE: FINANCIAL SECTOR REFORM BILL 2022

Dear members of the Senate Economics Legislative Committee,

Thank you for the opportunity to participate in this important inquiry. The Financial Sector Reform Bill 2022 (reform) has the potential to change lives for many people. FCAN fully supports and agrees with this enquiry and reform within the small amount short term lending and related products.

High-cost credit products and services are detrimental to the society causing pain, suffering and replicate impacts. Perhaps the self-serving owners and associates of the enterprises, companies and businesses that supply these products and services do not recognise the damages. These owners perhaps do not realise what people and small business owners go through to make ends meet to feed their families. They are big enterprises inter-linked to other onshore and/or offshore enterprises, companies and businesses and they make no apologies about these products and services.

Financial counsellors see first-hand the harm caused to people in Australia by these products and services and can predict the fall-out when a new product or service comes to market.

NSW financial counsellors are community workers that provide professional, confidential, non-judgemental, non-conflicted free advice and services to people and small business owners experiencing financial difficulty and hardship throughout NSW. Financial counselling services are free of charge because the financial counsellor's jobs are funded by the NSW and Federal Governments, charities and donations.

The Financial Counsellors' Association of NSW Inc (FCAN) has strongly supported the urgent implementation of the SACC and consumer lease reforms in its entirety and without amendment since 2016. FCAN has been a part of the National Day of Action on Payday Lending alliance now known as Stop The Debt Trap alliance since 2016.

We've written submissions (refer previous submissions on your website) and taken days out of our worktime and family life over the past 6 years to meet like-minded senators and parliamentarians about the urgency to implement the reform. It's been noted that over the years there has been a cohort of politicians and lobbyists who for some reason/s have opposed the reform or there's been elections or disasters or other bills and laws and Royal Commissions that have taken precedent over the reform.

Payday loans, consumer leases and any form of unsafe finance, cash loan machines, pay later or bill deferral products, gambling, wagering, crypto or wage advancement services can be harmful to vulnerable people and small business owners and their families. People have a right to choose these products or services if they want or need to but they should be protected from potential harm that can be caused through high costs and predatory behaviour.

These products and services can force people into poverty or keep them in the debt and poverty cycle for years and generations. This is costly for the government and on the people harmed. The enterprises providing these products and services prey on people living in poverty and vulnerable people and small businesses. This is financial abuse.

If the money spent and wasted on unaffordable products and services and the overdue fees, interest and charges etc was being spent in the Australian economy, all genuine people and businesses (small and large) could be thriving and maybe the need for hand-outs and schemes of last resort would be less significant for Treasury.



Enterprises that prey on vulnerable people and small business owners should be subject to a forensic audit and be made to undertake to repay any money back to people they have harmed. It would be easy for these enterprises to do this. These enterprises have all their customer's bank, passwords and contact details so it would just be a direct payment reversal to every bank account and MyGov account that they have sold unaffordable products and services to or taken high interest and charges from. This option would be more affordable for the government than multiple class actions, unpaid enforceable undertakings and a Royal Commission into predatory credit products and services.

Some people, due to the current financial climate and the limited financial and insurance products and services on offer have no other option but to access these high-cost products and services because they are locked out of fair finance due to their personal and/or financial situations which may or may not be beyond their control.

We are lucky in Australia to have an abundance of financial literacy education, financial resilience programs and financial hardship and vulnerability regulations, internal and external complaints resolution authorities, teams and workers, but there will always be people (even otherwise smart people) who for an abundance of reasons or predicaments won't have the ability to understand the numbers or wording or make a costly decision resulting in short and/or long-term financial hardship. People in this situation will always need access to the not so abundant financial counselling, community legal centres, charity, community and government referral, crisis and health services to ease their stress, shame and hardship.

A fairer regulated FINTEC, insurance, credit score, debt buyer and debt management market place for all genuine Australians (not enterprises and get rich schemes that find ways to avoid or work around laws) is what we hope this Inquiry will bring. A working party comprising of heads of industry, professional service firms, peak Associations and community advocates could assist to implement this.

If the Committee would like to contact us to gain access to confidential client cases, please do so.

Yours,

Jo Parker

Executive Officer, FCAN

On behalf of the FCAN Board of Directors and all 350 financial counsellors in NSW.

7/10/2022

About the Financial Counsellors' Association of NSW Inc. (FCAN)

Our mission is to support, sustain and enhance the profession. We are a charity, a Public Benevolent Institution endorsed as a Deductible Gift Recipient (DGR) registered with the ACNC. Our activities are funded by NSW Fair Trading, membership fees and conference sponsorship.

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