



ASIC
Australian Securities &
Investments Commission

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| Committee | Parliamentary Joint Committee on Corporations and Financial Services |
| Inquiry | Oversight of ASIC, the Takeover Panel and the Corporations Legislation |
| Question No. | 063 |
| Topic | Credit |
| Reference | Spoken, 3 November 2023, Hansard page 16 |
| Committee member | Senator Deborah O'Neill |

Question

CHAIR: Could I ask you to respond to me about the way in which banks might be engaged, as more reputable lenders, to respond to a part of the market that's clearly in great need. In terms of the social licence to operate, I just wonder if there's a moral imperative there for the banks—and their shareholders, which are many Australians—to assist, in an equitable, reasonable and non-exploitative way, people who find themselves in a difficult situation and need a little bit more time to get back on their feet and repay. I'll encourage you to have those sorts of conversations with the banks and give us a sense of what's there.

Answer

Decisions by credit providers, including Authorised Deposit-taking Institutions (ADIs), to offer particular products are commercial decisions for each lender. Many ADIs and other credit providers do offer credit products for smaller amounts (for example, some credit cards, overdraft facilities and lines of credit) however these products can often be inaccessible for some consumers.

Some ADIs provide support to various schemes set up to assist financially vulnerable or financially excluded consumers. This includes support for no or low interest loan schemes and contributions for financial counselling services. We note that on 21 November 2023 the Government announced funding commitments agreed to by industry for financial counselling.¹

In relation to existing customers experiencing financial difficulty, the National Credit Code requires lenders, including ADIs, to consider varying a consumer's credit contract where the consumer notifies them that they are unable to meet their financial obligations. The National Credit Act also requires them to do all things necessary to ensure that the credit activities authorised by their licence are engaged in efficiently, honestly and fairly.

In recognition of the increasing number of consumers facing financial pressure, in August ASIC released an open letter to lenders calling on them to make sure they appropriately support consumers experiencing financial hardship. This letter was also sent directly to the CEOs of 30 large lenders, including a number of banks.

ASIC is collecting hardship application data from the 30 lenders and is undertaking a more detailed review of 10 of these lenders who are large home loan lenders. The review will involve issuing questionnaires, reviewing documents and case studies, and meeting with staff of the 10 lenders. ASIC is communicating regularly with these lenders as part of this review and expects to release review findings by mid-2024.

¹ The Hon Amanda Rishworth MP, Minister for Social Services, "Industry to fund additional financial counselling services", 21 November 2023.