

## A phased approach to credit compliance will shield the most vulnerable consumers

*Antoaneta Dimitrova, News & Information Manager  
Capital Monitor*

Consumer credit law in Australia has gone through a set of sweeping changes in the last two years. While some have already seen the light of day and others are a 'work-in-progress', much more is expected across the reporting and compliance landscape of financial, banking and credit provision services nationwide.

As millions of Australian consumers, some more vulnerable than others, struggle to meet their credit commitments, experts say many end up looking for extra easy credit to service rising financial demands, spiralling further and further into debt.

Out of control credit provision and loan practices became a hot topic since the GFC shrouded the world back in 2007, yet Australia, shielded to an extent by strong regional economic credentials, took its time when it came to reform. The Gillard Government has now, however, put consumer credit and financial services reform firmly on its agenda, powering through numerous proposals and pieces of legislation since the beginning of this year.

In August alone Australia's corporate watchdog APRA, in addition to ASIC, issued various guidance /discussion papers and advice to tackle aspects of compliance by authorised deposit-taking institutions (ADIs), credit and payday loan providers.

APRA's '*Regulatory reporting of loans where hardship concessions are granted*' released on August 8 advised loan providers (residential mortgages, credit cards and other personal loans) to use the appropriate regulatory reporting treatment and methodology where loans with hardship concession considerations are being granted.

ASIC went as far as launching the 'MoneySmart Teaching Primary professional learning package', helping teachers deliver consumer and financial literacy education in schools to educate young Australians.

The Consumer Credit Legislation Amendment (Enhancements) Bill 2012 – previously Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 – passed by both Houses of Parliament (Senate on August 20), and is currently awaiting Royal Assent. The bill amends the National Consumer Credit Protection Act 2009 (NCCP Act), as well as the Corporations Act 2001.

Also in August the Government released two sets of draft Regulations supporting the operation of the bill, including regulations in relation to small amount credit contracts, the proposed caps on costs and consumer leases. Submissions for the draft regulations close August 31.

**Subscribe by 30 September and receive 5% off your subscription for the first three months.**



[Enquire now >](#)