

Chapter 2

Background

2.1 On 17 October 2018, the Senate referred an inquiry into the Credit and financial services targeted at Australians at risk of financial hardship to the Senate Economics References Committee for inquiry and report by 22 February 2019.

2.2 The terms of reference for the inquiry are:

Credit and financial services targeted at Australians at risk of financial hardship, with particular reference to:

- (a) the impact on individuals, communities, and the broader financial system of the operations of:
 - (i) payday lenders and consumer lease providers,
 - (ii) unlicensed financial service providers including ‘buy now, pay later’ providers and short term credit providers, and
 - (iii) debt management firms, debt negotiators, credit repair agencies and personal budgeting services;
- (b) whether current regulation of these service providers meets community standards and expectations and whether reform is needed to address harm being caused to consumers;
- (c) the present capacity and capability of the financial counselling sector to provide financial counselling services to financially stressed and distressed members of the community; and
- (d) any other matters.

Conduct of the inquiry

2.3 In accordance with its usual processes, the committee advertised the inquiry on its website, and wrote to relevant organisations to draw attention to the inquiry and invite written submissions.

2.4 The committee received 69 submissions as well as additional information and answers to questions taken on notice, which are listed at Appendix 1.

2.5 The committee held three public hearings: in Melbourne on 12 December 2018, in Brisbane on 22 January 2019, and in Canberra on 24 January 2019. The names of witnesses who appeared at the hearings are listed at Appendix 2.

2.6 Please note that references in this report to the Committee Hansard are to the Proof Hansard. Page numbers may vary between the Proof and Official Hansard transcripts.

Structure of this report

2.7 The remainder of this chapter gives some background to the problems involved with small amount credit and financial services, and some description of the legal and organisational environment.

- Chapter 3 discusses payday loans and consumer leases; this chapter also discusses general issues such as advertising, and some specific elements of regulation, which are equally relevant to matters dealt with in later chapters.
- Chapter 4 looks at debt management, debt negotiation and credit repair firms.
- Chapter 5 looks at the buy now pay later market.
- Chapter 6 looks at the provision of options that people in financial stress can take, including the financial counselling sector, microfinance, enforcement of existing laws by government bodies, and recourse to the Australian Financial Complaints Authority (AFCA).

Background to the inquiry

Financial exclusion and financial hardship

2.8 For some years there has been a growing awareness of financial exclusion and its impact on vulnerable people. A series of reports by the Centre for Social Impact for the National Australia Bank has examined the phenomenon and attempted to quantify its influence.¹ The following definition is used in these reports:

Financial exclusion exists where individuals lack access to appropriate and affordable financial services and products—the key services and products are a transaction account, general insurance and a moderate amount of credit.

2.9 Twelve finance industry bodies, including the big four banks, Suncorp and Good Shepherd Microfinance, collaborated to launch a Financial Inclusion Action Plan in 2016, largely because:

...those impacted [experience] poorer social, health and financial outcomes. The financially excluded are also more vulnerable to exploitation and predatory practices from pay day lenders.²

-
- 1 NAB and the Centre for Social Impact, *Measuring financial exclusion in Australia*: May 2011, https://financialcapability.gov.au/files/nab-financial-exclusion-report_final.pdf; May 2012, https://www.csi.edu.au/media/uploads/Measuring_Financial_Exclusion_in_Australia_-_May_2012.pdf; April 2014 <https://www.nab.com.au/content/dam/nabrwd/documents/reports/financial/2014-measuring-financial-exclusion-in-australia.pdf> (all accessed 31 January 2019); *Financial Security and the influence of economic resources*, December 2018, <https://www.csi.edu.au/media/2018-Financial-Resilience-in-Australia.pdf> (accessed 19 February 2019).
 - 2 D Blakey (HESTA Superannuation Fund), 'We should all do more to combat financial exclusion', *Investment Magazine*, 25 November 2016, <https://www.investmentmagazine.com.au/2016/11/we-should-all-do-more-to-combat-financial-exclusion/> (accessed 31 January 2019).

2.10 The problem of financial exclusion appears to be increasing. Big banks and other financial institutions have been withdrawing small scale services because of the cost of provision.³ In 2014, the Centre for Social Impact estimated that more than three million, or nearly 17 per cent of the adult population, were totally or partly financially excluded.⁴

2.11 The Department of Social Services lists some of the consequences of financial exclusion:

- the limited ability to smooth lumpy or unexpected expenditure, leading to poor outcomes (such as families having to go without food or disconnection from essential utilities);
- an increased use of sub-prime lenders with high costs and punitive terms and conditions;
- being drawn into cycles of borrowing and increased over-indebtedness
- a limited opportunity to build up positive credit histories to allow the transition to mainstream services; and
- decreased financial capability.⁵

2.12 As a result, according to the Department of Social Services:

In the absence of appropriate alternatives, the small amount loan market (or 'payday lending'), consumer leasing and other 'buy now, pay-later' markets have grown to meet this demand.⁶

2.13 Stagnant wages and underemployment mean that household budgets are more stretched. The increased cost of housing has contributed to financial stress. A representative of the Department of Social Services noted:

Some consumers who may be vulnerable to using small amount credit contacts have a profile of broad financial disadvantage, low income, low financial literacy and very few mainstream alternatives.⁷

2.14 The volume of debt owed to lenders of small amounts appears to be increasing. It is difficult to find current data; however a 2015 Australian Centre for

3 Department of Social Services, *Submission 63*, p. 3. But Treasury notes that the large banks still provide small amount credit, but they are not classified as SACCs when they are offered by an authorised deposit-taking institution. See Ms Kate Lynch, Principal Adviser, Consumer and Corporations Policy Division, Markets Group, Department of the Treasury, *Committee Hansard*, 24 January 2019, p. 31.

4 Centre for Social Impact, *Measuring financial exclusion in Australia* April 2014 <https://www.nab.com.au/content/dam/nabrwd/documents/reports/financial/2014-measuring-financial-exclusion-in-australia.pdf> (accessed 31 January 2019).

5 Department of Social Services, *Submission 63*, p. 3.

6 Department of Social Services, *Submission 63*, p. 3.

7 Ms Elizabeth Heferen-Webb, Deputy Secretary, Department of Social Services, *Committee Hansard*, 24 January 2019, p. 19.

Financial Studies research paper estimated that there had been a twenty-fold increase in demand for short term, small amount loans in the previous 10 years. It estimated that over a million Australians took out a small amount credit contract (SACC)-type loan in 2012.⁸ Another study, by Gillian North, notes that the rate of growth in this type of credit between 2005 and 2015 exceeded those of other credit products.⁹

2.15 The Australian Financial Security Agency (AFSA) points to a growth in the proportion of SACCs and similar debts in the total debts of personal bankruptcies and insolvencies.¹⁰ In 2017–18:

Bankrupts owed a median of \$1,200 to payday lenders. 1,891 bankrupt estates included debts to payday lenders, which is around 17 per cent of bankrupt estates. Debt agreement debtors owed a median of \$950 to payday lenders, and that occurred in around 40 per cent of debt agreements.¹¹

2.16 Both the Tasmanian Council of Social Service and Anglicare Tasmania quote North's figure of 22 per cent of Tasmanian households using SACC loans in 2015.¹² North points out that the level of borrower households by state appears to correspond to the average household income by state: in particular Tasmania has the lowest average household income and the highest use of these loans.¹³

2.17 This growth is not just in terms of volume or value. The market has also grown in terms of product variation, including a strong online presence.¹⁴ The Salvation Army has found that payday loans are featuring more in their casework:

Over [the last 10 years] the number of clients we had who accessed them moved from six per cent to 13 per cent—more than doubled over that period—and the amount of debt that was outstanding tripled over that same period.¹⁵

8 M Banks, A de Silva and R Russell, *Trends in the Australian small loan market (payday lending)*, Australian Centre for Financial Studies, October 2015, p. 5, <https://australiancentre.com.au/wp-content/uploads/2015/10/Commissioned-paper-Trends-in-the-Australian-small-loan-market.pdf> (accessed 5 December 2018).

9 G North, Small Amount Credit Contract Reforms in Australia: Household Survey Evidence and Analysis, *Journal of Banking and Finance Law and Practice* 203, 2016, p. 7.

10 Australian Financial Security Agency (AFSA), *Submission 4*, p. 3.

11 Mr David Bergman, National Manager, Insolvency and Trustee Services, Australian Financial Security Authority, *Committee Hansard*, 24 January 2019, p. 3.

12 TasCOSS, *Submission 5*, p. 3; Anglicare Tasmania, *Submission 7*, p. 4.

13 G North, Small Amount Credit Contract Reforms in Australia: Household Survey Evidence and Analysis, p.13.

14 M Banks, A de Silva and R Russell, *Trends in the Australian small loan market (payday lending)*, p. 5.

15 Mr Tony Devlin, National Manager, Moneycare Program, The Salvation Army, *Committee Hansard*, 22 January 2019, p. 21.

2.18 Meanwhile, there appears to be a generational shift away from credit cards to other forms of credit, particularly buy now pay later products.¹⁶ Younger consumers may be incurring higher levels of debt than previously.¹⁷

2.19 However, old problems also persist:

Credit card debt is still by far the No. 1 form of presenting debt that we have with people coming to our service. It always has been. It is the most concerning type of debt that we deal with. It has been and certainly still is. It's interesting you comment about the older demographic because it is true. We've noticed quite a change in our research over the last 10 years. That over-55-year-old age group has more and more credit card debt and they are still in rental accommodation longer than they have been in the past.¹⁸

2.20 Recently, high-profile legal cases, like a class action against Cash Converters, have revealed unconscionable conduct by several firms and considerable detriment to users of credit and financial products.¹⁹

Regulation and research

2.21 There have been several moves to protect consumers by regulating the sector.

Legislation

2.22 Commencing in 2010, the *National Consumer Credit Protection Act 2009* (the National Credit Act), and Schedule 1 to that act (the National Credit Code), improved protection for borrowers and included measures to deter predatory lending practices.

2.23 Following the introduction of the National Credit Act, the *Consumer Credit Legislation Amendment (Enhancements) Act 2012* (the Enhancements Act) created additional protections for vulnerable consumers in the small amount lending sector. Among other measures, the Act required lenders to examine the financial situation of the borrower; it limited total repayments to 20 per cent of income; and it capped costs at a 20 per cent establishment fee plus 4 per cent a month. It also set out circumstances in which a loan would be presumed to be unsuitable, such as that the client is already in default on other loans.

2.24 The *Bankruptcy Legislation (Debt Agreement Reform) Act 2018* commences in June 2019. It extends the powers of the Inspector-General in Bankruptcy to supervise debt agreement administrators, among other reforms to the system.

16 Mr Larry Diamond, Co-Founder and Chief Executive Officer, Zip.co, *Committee Hansard*, 22 January 2019, p. 9; Mr Nick Molnar, Chief Executive Officer and Co-Founder, Afterpay, *Committee Hansard*, 22 January 2019, p. 10.

17 Mr Tony Devlin, National Manager, Moneycare Program, The Salvation Army, *Committee Hansard*, 22 January 2019, p. 21.

18 Mr Tony Devlin, National Manager, Moneycare Program, The Salvation Army, *Committee Hansard*, 22 January 2019, p. 24.

19 See for example D Chau, *Cash Converters settles class action for \$16.4 million*, ABC News, 22 October 2018, [https://www.abc.net.au/news/2018-10-22/cash-converters-settles-class-action-\\$16.4-million/10403750](https://www.abc.net.au/news/2018-10-22/cash-converters-settles-class-action-$16.4-million/10403750) (accessed 31 January 2019).

2.25 The Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018, which is currently before the Parliament, would cover some, but not necessarily all, of the products discussed below. The bill creates an obligation for designers and distributors of certain financial products to define a target market and ensure that the product is marketed only within that market. It gives the Australian Securities and Investments Commission (ASIC) the power to withdraw a product temporarily from the market where it sees the prospect of consumer harm from the product.

2.26 There have been calls to extend the bill to all products regulated under the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) and the National Credit Act. This would mean that the design and distribution obligations and product intervention powers would cover credit products, buy now pay later products, and products that are substitutes for products regulated under the Corporations Act and the National Credit Act. These obligations would complement the responsible lending obligations and the obligations on financial advisers to act in the best interests of the customer (which apply to individuals rather than products). A broader coverage would mean that the bill was simpler and therefore more easily enforced.²⁰ It was, however, noted that the bill had been drafted so that it was easy to add products to the regime by regulation.²¹

2.27 There were also calls for the definition of a target market to include specification of non-target groups. This might be particularly important for Australians at risk of financial hardship.²² ASIC also argued that it should be given standing under the regime to seek compensation for consumers who are not party to legal proceedings. This would be consistent with existing provisions in the ASIC Act. Again, such a provision might be of particular relevance for vulnerable consumers.²³

2.28 The government has introduced a bill amending the *Competition and Consumer Act 2010* to establish an Open Banking regime which creates a consumer data right, which will enable consumers to have access to data businesses hold on

20 Senate Economics Legislation Committee, *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018 [Provisions]*, November 2018, pp. 8–10.

21 Senate Economics Legislation Committee, *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018 [Provisions]*, November 2018, p. 12; see also Ms Kate Lynch, Principal Adviser, Consumer and Corporations Policy Division, Markets Group, Department of the Treasury, *Committee Hansard*, 24 January 2019, p. 32.

22 Senate Economics Legislation Committee, *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018 [Provisions]*, November 2018, p. 13.

23 Senate Economics Legislation Committee, *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018 [Provisions]*, November 2018, p. 16.

them, and will enable sellers of credit products to check the indebtedness of applicants for credit.²⁴

2.29 In 2015 the government commissioned a review of small amount credit contracts and consumer leases, as required by the National Credit Act. In March 2016, Treasury published its *Review of the small amount credit contract laws*.²⁵ The report focused on the notion of financial exclusion. Among its recommendations were:

- For small amount credit contracts (SACCs)
 - reduction in the cap on the total amount of all SACC repayments from 20 per cent to 10 per cent of the consumer's after-tax income;
 - equal repayments over the life of the loan, and where this requirement is not met, a maximum annual percentage rate of 48 per cent;²⁶
 - creation of a national SACC database;
 - prohibition of fees after early repayment of a debt;
 - prohibition of unsolicited offers to current or previous customers, and of payments for referrals made to another SACC provider; and
 - default fees that are limited to the actual costs arising from a default, to a maximum of \$10 a week.
- For consumer leases:
 - a cap on the total amount of the payments for leasing a household item, calculated at the base price plus 4 per cent of the base price for each month of the lease, with a maximum of 48 months;
 - a base price that is no higher than the recommended retail price;
 - any costs added on should be included in the cap (except delivery);
 - a cap on all consumer lease payments of 10 per cent of net income;
 - early termination fees based on a reasonable estimate of costs to the lessor; and
 - a ban on unsolicited marketing of consumer leases.

2.30 In November 2016, the government announced its response to the review, and supported in part or in full 21 of the 24 recommendations. Treasury met with industry

24 Treasury Laws Amendment (Consumer Data Right) Bill 2019.

25 The Treasury, *Review of the small amount credit contract laws*, March 2016, https://static.treasury.gov.au/uploads/sites/1/2017/06/C2016-016_SACC-Final-Report.pdf, (accessed 5 December 2018).

26 SACC providers can currently charge a maximum establishment fee of 20 per cent of the adjusted credit amount (cash in hand to the consumer) and a monthly fee of a maximum of 4 per cent of the adjusted credit amount. The 4 per cent monthly fee is charged on the initial amount not on a diminishing balance as with an interest rate, so it is greater than an annual percentage rate of 48 per cent.

players, particularly in the consumer leasing sector, in the months after that announcement.²⁷

2.31 In October–November 2017 the Treasury conducted consultations on an exposure draft of the National Consumer Credit Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2017 (the SACC Bill), the government's response to the SACC Review. The exposure draft accepted many of the recommendations listed above. It also introduced broad anti-avoidance provisions and strengthened penalties for failure to comply.²⁸

2.32 Treasury officials indicated that the government is considering feedback on the exposure draft bill and would wait for the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry before introducing legislation.²⁹ The final report of the Commission has now been tabled in Parliament.

2.33 A bill using the text of the exposure draft bill was presented by Labor (in February 2018) and by Ms Cathy McGowan MP (in October 2018).

Work by the Australian Securities and Investments Commission

2.34 ASIC has undertaken work in this area since the passage of the National Credit Act.

- March 2015 Report 426 *Payday lenders and the new small amount lending provisions*³⁰

This report reviewed the response of the payday lending industry to the provisions of the *Consumer Credit Legislation Amendment (Enhancements) Act 2012*.

- September 2015 Report 447 *Cost of consumer leases for household goods*³¹

This report found (p. 4) that over the term of a consumer lease, the consumer will pay significantly more than the retail price of the goods and be charged more than a lender is permitted to charge under a small amount credit contract. Further, different lessors charged significantly different amounts for the same goods, and the same lessor would charge significantly different

27 Ms Kate Lynch, Principal Adviser, Consumer and Corporations Policy Division, Markets Group, Department of the Treasury, *Committee Hansard*, 24 January 2019, p. 30.

28 The Treasury, *Small Amount Credit Contract and Consumer Lease Reforms*, <https://treasury.gov.au/consultation/c2017-t229374/> (accessed 5 December 2018).

29 Ms Kate Lynch, Principal Adviser, Consumer and Corporations Policy Division, Markets Group, Department of the Treasury, *Committee Hansard*, 24 January 2019, p. 29.

30 ASIC, Report 426 *Payday lenders and the new small amount lending provisions*, <https://download.asic.gov.au/media/3038267/rep-426-published-17-march-2015.pdf> (accessed 1 February 2019).

31 ASIC, Report 447 *Cost of consumer leases for household goods*, <https://download.asic.gov.au/media/3350956/rep-447-published-11-september-2015.pdf> (accessed 1 February 2019).

amounts for the same goods for different customer segments. In both instances, the consumers that are more likely to pay the higher amounts are Centrelink recipients.

- January 2016 Report 465 *Paying to get out of debt or clear your record: The promise of debt management firms*³²

This report found (p. 7) that debt management firms might offer multiple services to the same customer, or refer them to related firms (including lenders). Their fees were often high and often not transparent, so that it was difficult for customers to know what they are paying. Often they were charged before services were provided. The firms rarely referred consumers to free, alternative sources of help—such as financial counsellors, consumer law services or ombudsman schemes—or advised consumers they could resolve the problem themselves at no cost.

- November 2018 Report 600 *Review of buy now pay later arrangements*³³

This report noted (pp. 9–15) that 'buy now pay later' is a rapidly growing industry and the firms operating in it have a variety of business models. In particular, they vary as to the proportion of revenue extracted from merchant fees, missed payment fees and other customer charges. Users of the services tend to be young, and may be led to overcommit themselves. The responsible lending obligations in the National Credit Act do not apply to buy now pay later arrangements. In ASIC's view, many of the contracts included potentially unfair conditions, such as allowing the provider to unilaterally vary the contract.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

2.35 During the last year, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has heard horror stories of the poor behaviour of financial institutions in terms of predatory marketing, unconscionable lending, and targeting of the vulnerable. It has also heard of the catastrophic effects such conduct can have on ordinary people. While most of the products examined in this inquiry were outside the ambit of the Banking Royal Commission, there is every reason to believe that the same misconduct, or worse, prevails in the market for small credit products.

2.36 The final report of the Banking Royal Commission was released on 4 February 2019. It noted that the inquiry which led to the establishment of AFCA

32 ASIC, Report 465 *Paying to get out of debt or clear your record: The promise of debt management firms*, <https://download.asic.gov.au/media/3515432/rep465-published-21-january-2016.pdf> (accessed 1 February 2019).

33 ASIC, Report 600 *Review of buy now pay later arrangements*, <https://download.asic.gov.au/media/4947835/rep600-published-28-11-2018.pdf> (accessed 1 February 2019)

also recommended the establishment of a compensation scheme of last resort,³⁴ and recommends that such a scheme be implemented.³⁵ It discusses the 'responsible lending' provisions of the National Credit Act and concludes that the legislation is adequate. It emphasises the 'desirability of predictable and stable funding' for financial counselling and legal aid services. It proposed the exemption of retail dealers from the operation of the National Credit Act 2009 be abolished. And it makes remarks about fees for no service which may have some relevance to the debt repair industry.³⁶

Organisations relevant to people in financial difficulties

2.37 There are several sources of very small loans at low or no interest. These microfinance services generally use finance provided by banks as a community service, and have some of their administrative costs provided by the Department of Social Services. There are several different models, with different conditions as to the purpose of loans and the requirements borrowers have to meet. Administration of these programs is resource intensive.³⁷

2.38 Financial counselling services are operated by various professional and charitable organisations, many of which have made submissions to this inquiry. Eleven of these organisations are funded by the Department of Social Services.³⁸ There is also a Commonwealth supported financial counselling Helpline.³⁹

2.39 Department of Human Services (DHS) administers the payments system for social services payments through Centrelink. It provides some supplementary assistance in specific cases of hardship. It also administers Centrepay. Centrepay is a voluntary bill-paying service for Centrelink customers. It helps customers to manage their expenses by providing customers with the option of making regular deductions directly from their welfare payments to businesses. Centrepay is free for customers, while businesses are charged a fee to recover Centrepay operating costs.⁴⁰

2.40 The Australian Financial Complaints Authority (AFCA) was formed in 2018 by an amalgamation of the Financial Ombudsman Service, the Credit and Investments Ombudsman, and the Superannuation Complaints Tribunal. Its function, according to

34 The Treasury, *Review into External Dispute Resolution and Complaints Framework*, 2016–17, <https://treasury.gov.au/review/review-into-dispute-resolution-and-complaints-framework/> (accessed 21 February 2019).

35 The Prime Minister has indicated that the government will establish such a scheme: see M Grattan, 'Compensation scheme to follow Hayne's indictment of financial sector', *The Conversation*, 4 February 2019, <https://theconversation.com/compensation-scheme-to-follow-haynes-indictment-of-financial-sector-110981> (accessed 14 February 2019).

36 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, *Final Report*, vol. 1, p. 483, pp. 52–60, pp. 490–493, p. 134.

37 Department of Social Services, *Submission 63*, p. 5.

38 Ms Elizabeth Hefren-Webb, Deputy Secretary, *Committee Hansard*, 24 January 2019, p. 19.

39 Department of Social Services, *Submission 63*, p. 5.

40 Department of Human Services, *Centrepay*, <https://www.humanservices.gov.au/individuals/services/centrelink/centrepay> (accessed 4 February 2019).

its website, is to 'provide consumers and small businesses with fair, free and independent dispute resolution for financial complaints'. It also has responsibilities to identify and resolve systemic issues and it reports serious contraventions to the relevant regulator.⁴¹

2.41 AFCA is not a government agency. It is established under the Corporations Act, and its decisions can be binding.

2.42 AFCA hears complaints only about member bodies. Membership of AFCA is a condition of holding an Australian Credit Licence or an Australian Financial Services Licence. Unlicensed bodies are not required to join, although some choose to so that they have access to an external dispute resolution scheme. In particular, credit repair agencies are not required to be members of AFCA.

2.43 AFSA is an executive agency in the Attorney-General's portfolio. It administers the *Bankruptcy Act 1966*. AFSA's chief executive officer is the Inspector-General in Bankruptcy, who has powers to regulate bankruptcy trustees and debt agreement administrators. AFSA's purpose is to maintain confidence in Australia's personal insolvency and personal property securities systems.⁴²

2.44 AFSA does not regulate debt management firms, debt negotiators, credit repair agencies and personal budgeting services.

2.45 AFSA assesses the performance of personal insolvency practitioners, with a particular focus on untrustworthy advisers. Such advisers are often unregulated. AFSA engages in some public education activities including warning of the dangers of using untrustworthy advisers.

2.46 ASIC is Australia's national consumer credit regulator, with oversight of lenders, consumer lease providers and brokers who offer consumer credit products to Australians. It administers the National Credit Act and National Credit Code. It would have considerably enhanced powers if the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018, which is currently in the Parliament, and the SACC Bill, of which an exposure draft has been circulated, were passed.

2.47 ASIC has an enforcement role, and also a program to improve financial literacy. As mentioned above, it has published a number of papers on sectors of the industry, including payday lenders, consumer leases, debt management firms and buy now pay later schemes.

41 Australian Financial Complaints Authority, *About AFCA: what we do*, <https://www.afca.org.au/about-afca/> (accessed 4 February 2019).

42 Australian Financial Security Authority, *About us*, <https://www.afsa.gov.au/> (accessed 4 February 2019).

