



AUSTRALIAN BANKERS' ASSOCIATION INC.



1 July 2008

Senator The Hon Nick Sherry
Minister for Superannuation and Corporate Law
Parliament House
Canberra ACT 2600

Fax: 02 6273 4116 Email: senator.sherry@aph.gov.au

Dear Minister

Green Paper on Financial Services and Credit Reform

As the peak industry bodies for the main providers of consumer credit, covering banks, credit unions, building societies and finance companies, we are collectively of the view the future of the regulation of consumer credit lies with the Commonwealth Government.

Each of us has provided individual submissions in response to your Green Paper giving our particular memberships' perspective.

We share a concern with the Green Paper seemingly to prefer a future regulatory model under which the Commonwealth would regulate mortgage lending and the States and Territories would retain regulatory policy and administration for the rest, such as credit cards, personal loans, car loans, lines of credit, etc.

The commercial and consumer reality is that our memberships provide, and their customers expect, products across the full spectrum of consumer credit facilities. Different and inconsistent policy, legislation and administration would be regulatory inefficiency and confusion.

To split the regulation of credit on a product basis risks repeating the policy difficulties that contributed to the Credit Acts legislated in the mid 1980s falling into disrepute. Their replacement in the mid 1990s, the Consumer Credit Code ("the Code"), has worked well overall as a regulatory policy model, largely because it focussed on the substance of providing consumer credit across all lenders and products, rather than segmenting regulation.

The fact that we are jointly advocating the transfer of consumer credit regulation to the Commonwealth is not driven by a failure of the Code as legislative policy, rather it reflects an inability of policy makers to allow the Code to appropriately respond to market developments over time. This will obviate individual States and Territories believing it necessary to act unilaterally.

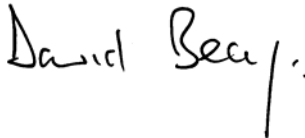
We strongly recommend the Commonwealth accept regulation of the total consumer credit market by adopting the Code as a statute of the Commonwealth Parliament. Also, we strongly support the Productivity Commission's report that regulation of consumer credit not be included as part of the Corporations Act, meaning consumer credit should remain regulated by its own legislation.

Should you or your advisors wish to discuss our views, please do not hesitate to contact all or any of us. Our contact telephone details are: Louise Petschler – 02 8299 9034; David Bell – 02 8298 0401; and Ron Hardaker – 02 9231 5877.

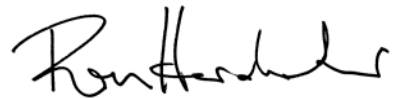
Yours sincerely



Louise Petschler
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David Bell
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Ron Hardaker
Executive Director
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Conference