



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

18 November 2020

Manager
Treasury
Banking and Access to Finance Unit
Langton Cres
Parkes ACT 2600

via email: creditreforms@treasury.gov.au

Dear Sir/Madam

Consumer Credit Reforms

Access to capital is an ongoing problem for small businesses. Easier access to capital will help some small businesses to survive this exceptionally difficult trading period. We therefore support the draft amendments to the consumer credit framework that relate to small businesses.

Borrowing will be made more accessible by easing responsible lending obligations to make it clear that they apply only to small amount credit contracts. This will also help address the issue of a 'one-size-fits-all' culture that has emerged to lending obligations. This 'one-size-fits-all' approach results in unnecessary and overly burdensome requirements to secure a loan.

As an example, we have been contacted by a small business in regional Australia who has had to provide over 50 documents for a commercial building loan application.

As regulation is eased, we ask that Treasury promote the role of the Australian Financial Complaints Authority and the Australian Banking Association Banking Code of Practice to help inform small businesses about their rights. This will help small businesses be aware of their options if they are treated unfairly by a lender.

Lending to small businesses should be clear, simple, fast and safe. Unfortunately, this is not always the case and we hope these reforms will help address the issue.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Mr Luke Collins on 02 6213 7540 or at luke.collins@asbfeo.gov.au.

Yours sincerely

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman