



Financial Services Federation

MEDIA RELEASE

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“Predatory lenders need to be put out of action.” FSF Welcomes CCCFA Review Discussion Paper

MBIE and Commerce and Consumer Affairs Minister Kris Faafoi revealed on June 27 proposals to tighten up consumer lending laws as part of the Credit Contracts and Consumer Finance Act review.

In response to the discussion paper, Lyn McMorran, Chief Executive of the Financial Services Federation (the industry body for responsible finance and leasing companies) says FSF welcomes the consultation paper, but there is concern the proposals could only make it harder and more costly for lenders who already adhere to the law, and just drive predatory lenders more underground.

"FSF and our members support the Minister in his efforts to stamp out irresponsible lending and prevent New Zealanders from finding themselves in situations of unmanageable debt, but legislation will only go so far in helping to do this," says McMorran, who sits on MBIE's Responsible Lending Code Committee.

"What we need to do is put predatory lenders who already don't adhere to the law out of business, and that is only going to happen with enforcement. It has been good to see the Commerce Commission's recent action in that space and we hope that continues."

FSF welcomes a conversation around interest rate caps, and would be discussing the proposed options.

"When you hear the story of people outrageously being charged 800 per cent interest per annum in a payday loan there is certainly a case for an interest rate cap, but at this stage it is a question of what that might look like and considering options.

"Once we have been able to thoroughly consider points in the Discussion Paper we will be able comment more specifically, and further detail will be in our Submission."

For all media enquiries, image and interview requests, please contact Hannah McKee at hmckee@fsf.org.nz.

Background:

The Financial Services Federation (FSF) is an industry organisation representing responsible, non-bank financial institutions. Its members include the likes of Latitude Financial, Avanti Finance, and several motor vehicle finance arms such as Toyota Financial services and BMW Financial Services. FSF has strict joining process and takes a quality over quantity approach to its membership. The Federation currently has 57 company members, all of which are subject to the FSF Code of Conduct which ensures its reputation as the setter of industry standards in responsible lending. FSF members take their compliance obligations seriously, and support quality regulation that balances the ability to do business and consumer protection. Find out more and see our list of members at our website www.fsf.org.nz.

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