

CONSUMER LENDING REGULATORY OBLIGATIONS

COURSE OBJECTIVES

- » Recognise the purpose and key provisions of the National Consumer Credit Protection Act
- » Identify the types of credit the National Consumer Credit Protection Act applies to
- » Identify the roles of the credit provider, credit assistance provider, and credit representative
- » Identify the agencies that administer and enforce consumer-lending related legislation, and their roles
- » Recognise and identify the purpose of other legislation, including the Privacy Act, Anti-Money Laundering and Counter-Terrorism Financing Act, ePayments Code, and anti-discrimination legislation, that impacts your interactions with consumer loan applicants
- » Identify the requirements of responsible lending, as defined by the National Consumer Credit Protection Act
- » Recognise what are considered "reasonable inquiries" about a consumer's financial situation, requirements, and objectives
- » Identify the steps to take to help confirm that a loan is "not unsuitable" for the consumer
- » Identify the disclosures a borrower must be given and when
- » Identify how and when a consumer may apply for a hardship variation, as defined by the National Consumer Credit Protection Act

LESSON SUMMARIES

1 THE REGULATORY ENVIRONMENT

The Regulatory Environment explores the key provisions of the National Consumer Credit Protection Act, and describes the Australian Securities and Exchange Commission's role in administering and enforcing it. It then describes other laws—as well as industry codes of practice—that impact consumer lending policies and processes, and identifies the roles of the Australian Prudential Regulation Authority, the Australian Transaction Reports and Analysis Centre, and the Office of the Australian Information Commissioner. Finally, it introduces the Australian Financial Complaints Authority as the country's independent external dispute resolution scheme.

2 RESPONSIBLE LENDING AND HARDSHIP

Responsible Lending and Hardship further examines the responsible lending obligations set out in the National Consumer Credit Protection Act, including the information a lender must gather and assess to make reasonable inquiries about a customer's financial situation, requirements, and objectives, and verify a customer's income and expenses. It then introduces the questions a lender must affirmatively answer to determine that a credit contract is "not unsuitable" for a customer and describes the various disclosures that must be made to a customer both before and after a loan is approved. Finally, it describes the circumstances in which a customer can apply for a hardship variation to the loan agreement, and the steps a lender is required to take to evaluate the request.