



Commercial Asset Finance Brokers Association of Australia Limited

ABN 32 129 490 133

National Professional Body of the Equipment Finance Industry

Financial Services Unit
Financial System and Services Division
Markets Group
The Treasury
Langton Crescent
PARKES ACT 2600

7th May, 2015

RE: Submission on the PJC inquiry into proposals to lift the professional, ethical and education standards in the financial services industry.

The **Commercial Asset Finance Brokers Association of Australia Limited (CAFBA)** welcomes the opportunity to comment on the Parliamentary Joint Committee on Corporations and Financial Services' inquiry into proposals to lift the professional, ethical and education standards in the financial services industry.

CAFBA is the peak national body of commercial equipment finance brokers, whose prime area of business is the distribution of commercial equipment finance facilities to their clients. CAFBA members are career professionals who arrange in excess of \$7bil of new commercial equipment finance for their clients annually. Our members and their clients are predominantly small businesses, and operate in the commercial finance market.

CAFBA would like to make the important distinction between our members' activities and those activities which are subject to the inquiry. Often the term "financial services" is used broadly, and the activities of many in this field are arbitrarily grouped under a generic heading.

Whilst the aim of the inquiry was to maintain public confidence in the financial services industry, there is no public lack of confidence in the commercial equipment finance sector; there are no systemic problems in a market that works efficiently and for the benefit of business.

CAFBA members operate predominantly in arranging commercial equipment finance products for their small business clients. The inquiry's focus was on the professional standards of advisors to consumer clients in financial services products.

The PJC model focussed on individuals providing financial advice on Tier 1 financial products. These products are not within the scope of a commercial equipment finance broker.

CAFBA has strict requirements of membership to ensure the professionalism of the industry is maintained. Under the PJC model professional association membership is mandatory, and CAFBA believes association membership in the commercial equipment finance market is also necessary to maintain these standards. To be a member of CAFBA the following conditions need to be satisfied annually:

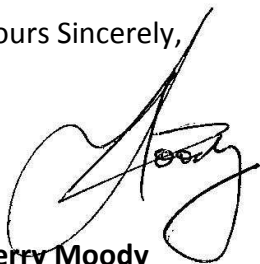
- Adherence to CAFBA's Professional Standards
- Minimum educational requirements being met
- Attaining 20 Continuing Professional Development hours
- Membership of an ASIC approved EDR scheme
- Maintaining an Internal Dispute Resolution Scheme
- Holding minimum levels of Professional Indemnity Insurance

Unlike the focus of the PJC model, CAFBA brokers do not give financial advice on Tier 1 or Tier 2 financial products; they are the conduit in arranging equipment finance for business clients, and provide an important service for the growth of the economy.

CAFBA, as the national association of commercial equipment finance brokers, will continue to ensure its professional standards are met by its members.

We appreciate the opportunity to comment on the PJC Proposal, and we would be available to discuss further should you wish.

Yours Sincerely,



Terry Moody
President



David Gandolfo
Vice-President