



Commercial Asset Finance Brokers
Association of Australia

EDR Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

7th October 2016

RE: Review of the financial system external dispute resolution framework

The **Commercial Asset Finance Brokers Association of Australia Limited (CAFBA)** welcomes the opportunity to comment on the Review of the financial system external dispute resolution framework.

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 \$8bil of new commercial equipment finance for their clients annually. Our members and their clients are predominantly small to medium sized businesses, and operate in the commercial finance market. The total receivables in the Australian equipment finance market is approximately \$100 billion, so it is an important component of the Australian economy.

CAFBA embodies the strengths of its members in a unified approach for dealing with financiers and legislators at a national level and regularly seeks the views of members. As an association CAFBA provides the framework and support to professionally assist our members in their daily activities. This involves education and training, legislative and regulatory updates and forums where the members can interact and exchange ideas with their peers.

CAFBA prides itself on being self-regulating and maintains strict membership standards on probity, continuing professional development, industry experience and reputation. It is a condition of CAFBA membership that commercial equipment finance brokers must belong to an ASIC approved External Dispute Resolution Scheme.

We have considered the issue and believe that the status quo should remain on the basis of competition efficiencies and choice.

Our members belong to either the Credit and Investments Ombudsman (CIO) or the Financial Ombudsman Service (FOS). These organisations operate independently and offer the finance broker choice. The majority of members would belong to CIO, as the majority of their members are sole traders or small businesses, and they understand this demographic well.

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These smaller members are generally not supportive of being in a single EDR scheme which is geared towards large financial institutional players, such as banks, which have differing complaints and level of requirements which don't meet the needs of the smaller businesses.

Having two EDR schemes allows benchmarking on performance, and helps avoid a monopolistic or dictatorial approach.

By having this competitive environment may assist improving current systems, time limits for considering whether a complaint can be accepted and processing times. A dedicated small business area within both schemes would also distinguish between commercial complaints compared to consumer complaints, which can be entirely different in nature and can require different outcomes.

Whilst maintaining two systems, there should also be a mechanism to ensure that once a scheme has deliberated on a complaint, the same complaint for exactly the same set of circumstances cannot be forwarded to another scheme, which causes additional costs and delays.

CAFBA is of the view that two schemes should still be available for commercial finance brokers for the competitive reasons outlined, however recommends some improvements to make the process more efficient and less time consuming.

We appreciate the opportunity to comment, and should you wish to discuss further we would be pleased to make ourselves available.

Yours Faithfully



David Gandolfo
President



Kathryn Bordonaro
Vice President