



**Australian  
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AFCA Review Secretariat  
Financial System Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Via email: [AFCAreview@treasury.gov.au](mailto:AFCAreview@treasury.gov.au)

Dear Sir/Madam,

## **Review of the Australian Financial Complaints Authority**

Our members are made of both creditors and debtors and we believe that a well-functioning financial system, including a well-functioning financial dispute resolution body, is central to the growth and welfare of the economy. To date, Australian businesses have benefited from the services, approach and outcomes delivered by AFCA. However, we express concerns with general awareness and services made available by AFCA to help individuals and businesses resolve their issues with financial intermediaries.

A recent survey by the NSW Business Chamber, demonstrates that most complaints stem from:

- financial intermediaries struggling to articulate regulatory changes
- a general reluctance of financial intermediaries to extend credit to small business, in particular small businesses that are identified as operating in 'high risk' sectors of the economy and,
- the time taken to assess and process loan applications.

These issues cannot be addressed and resolved through AFCA because it is not in relation to an existing financial product and the banks are acting in accordance with risk mitigation and prudential regulatory requirements. For this reason, dispute resolution based on the primary bulk of complaints by our members remains unattended. In this instance, it is recommended that an external dispute resolution process is offered in the informal or early stages of loan application and inquiry.

Due to the ongoing changes in the financial system, financial intermediaries are having difficulty articulating regulatory changes and general requirements with business customers. This may be impacting business confidence and business investment as small business owners have increasing difficulty accessing timely finance from ADIs.

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In our recent submission in response to the proposed amendments to the National Consumer Credit Protections Act 2009, we expressed the need for better information for small business owners and individuals about their rights and options should the amendments be implemented. The Proposed amendments to the National Consumer Credit Protections Act, while having the effect of removing regulatory overlap, will simultaneously shift some of the legal burden of responsibility to the debtor in providing adequate and accurate information to lenders. It is important to raise awareness, in the case that these amendments are passed through parliament, to reduce potential issues arising and in cases where consumers including small business owners feel they have been treated unfairly by the lender.

ACCI is open to working with AFCA to improve information, guidance and awareness of the available services on offer and any regulatory changes that may impact the speed and responsibility of financial intermediation. We continue to observe a lack of understanding about the role and functions of AFCA and we seek greater transparency with information sharing that are likely to reduce the time and costs associated with resolving financial complaints.

Yours sincerely

**Ross Lambie**  
Chief Economist