

PRESENTING THE 4TH ANNUAL

# Responsible Lending and Borrowing Summit

Financial literacy and compliance in an open banking world

2 – 3 March 2020 | Radisson Blu Plaza, Sydney

## PRESENTATIONS FROM:



**Tim Gough**

Acting Executive Director, Credit, Retail Banking & Payments, Financial Services, ASIC



**Evelyn Halls**

Lead Ombudsman - Banking and Finance, AFCA



**Lisa Schutz**

CEO, Verifier, Committee Member, Consumer Data Right



**Tim Barnett**

CEO, FINCAP New Zealand



**Samantha Carroll**

Partner, Ash Street



**Mark Jones**

CEO, Society One



**Sally Davis**

CEO, Code Compliance Committee & General Manager, Codes, AFCA



**Simon Elwig**

Head of Lending, Coredata



**Elise Ivory**

Partner, Dentons



**Karl Turner**

Chief Operating Officer, Executive Director, Policy & Risk Management, AFIA



**Chalisa Parekowhai**

Director Policy, AFIA



**Gerard Brody**

CEO, Consumer Action Law Centre



**Nerida Conisbee**

Chief Economist, REA Group



**David Hyman**

CEO, Lendi



**Susan Mitchell**

CEO, Mortgage Choice



**Patrick Dwyer**

Legal Director, Dwyer Harris



**Narelle Smyth**

Partner, Clayton Utz



**Lisa Claes**

CEO, CoreLogic International



**Julian Fenwick**

Chair, RegTech Association



**Angela Di Rago**

Principal | Audit & Assurance, Governance, Regulatory and Conduct Solutions, Deloitte

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# Responsible Lending and Borrowing Summit

Monday 2 March 2020

# DAY 1

## 8:30 **OPENING** | Opening remarks from the Chair

Samantha Carroll, *Partner, Ash Street*

## 8:35 **REGULATORY UPDATE** | Australian Securities and Investments Commission

Tim Gough, *Acting Executive Director, Credit, Retail Banking & Payments, Financial Services, ASIC*

## 9:05 **AFCA UPDATE** | Australian Financial Complaints Authority

Evelyn Halls, *Lead Ombudsman - Banking and Finance, AFCA*

## 9:35 **OPENING ROUNDTABLE** | Verification – the battle ground

Verification is the current battle ground at the forefront of the issues with meeting responsible lending obligations. Under the new Open Banking regime the ethical use of data along with concerns over privacy have the potential to further exacerbate issues, with 'consent' being of utmost importance going forward. We discuss these issues with a fairness lens.

Tim Gough, *Acting Executive Director, Credit, Retail Banking & Payments, Financial Services, ASIC*

Lisa Schutz, *CEO, Verifier, Committee Member, Consumer Data Right*

Evelyn Halls, *Lead Ombudsman - Banking and Finance, AFCA*

Moderator: Samantha Carroll, *Partner, Ash Street*

## 10:30 Networking and refreshment break

### EMPOWERING CONSUMERS

## 11:00 **INTERNATIONAL INSIGHTS** | Why New Zealand introduced an effective responsible borrowing code



Tim Barnett, *CEO, FINCAP New Zealand*

## 11:30 **Empowering consumers to know where to go to when their lender has been irresponsible**

- Empowering consumers to understand Responsible Lending Regulations
- The futility of highlighting Responsible Lending regulations at the point of sale/contract
- Why 'not for profit' support services cannot compete with for-profit organisations to assist consumers

Dr Gregory Mowle, *Lecturer, The University of Canberra*

## 12:00 **ROUNDTABLE** | Will a responsible borrowing code assist consumers?

A Code of Responsible Borrowing covers the other part of the equation – the borrower. It asks the borrower to do their homework before they sign a loan or credit contract, to make sure they know what they can afford, have looked at all their options and provided full information to the lender. New Zealand chose to implement a non-enforceable code. Should Australia follow suit and introduce a similar code? Can a non-enforceable responsible borrowing code achieve better consumer outcomes?

Mark Jones, *CEO, Society One*

Sally Davis, *CEO, Code Compliance Committee & General Manager, Codes, Australian Financial Complaints Authority*

Dr Gregory Mowle, *The University of Canberra*

Karl Turner, *Chief Operating Officer, Executive Director, Policy & Risk Management, AFIA*

Moderator: Elise Ivory, *Partner, Dentons*

## 12:45 Lunch and networking break

## **RESPONSIBLE LENDING IN PRACTICE – UNPACKING A NEWLY REVISED RG209 & MORE**

## 13:30 **INDUSTRY RESPONSE** | Australian Banking Association

## 13:55 **"Compliance at the coalface: practicalities of responsible lending"**

- What does "reasonable enquiries" look like?
- Does scalability still have a role to play?
- How far does verification need to go?
- The proof challenge – what needs to be kept, showing compliance?

Angela Di Rago, *Principal | Audit & Assurance, Governance, Regulatory and Conduct Solutions, Deloitte*

## 14:20 **ROUNDTABLE** | Interplay of fairness and responsible lending obligations

During the 90's banks in the United States were often accused of 'redlining' or mortgage discrimination at its worst. Today we hear much about interest-only loans and their volatility with many speculating what can eventuate from these loans. We will discuss the sub-prime market and its observance of responsible lending obligations and why fairness should have a greater role to play with residential mortgage backed securities (RMBS).

Chalisa Parekowhai, *Director Policy, AFIA*

Angela Di Rago, *Principal | Audit & Assurance, Governance, Regulatory and Conduct Solutions, Deloitte*

Moderator: Narelle Smyth, *Partner, Clayton Utz*

## 15:05 Networking and refreshment break

### WHAT CONSUMERS ARE THINKING

## 15:30 **INSIGHTS** | Where does it all leave the consumer?

Simon Elwig, *Head of Lending, Coredata*

## 15:55 **IN CONVERSATION** | What are the data sets really saying?

- What the data sets are saying about housing affordability
- Is low volume afflicting the Real Estate industry?
- What the data revealed about lending standards

Tim Lawless, *CoreLogic International*

Nerida Conisbee, *Chief Economist, REA Group*

## 16:40 Day One wrap

## 16:45 Close & networking drinks

**8:55 OPENING** | Opening remarks from the Chair

## PIECES OF THE PUZZLE

**9:00 Housing affordability - millennials**

Lisa Claes, *CEO, CoreLogic International*

**9:25 Mortgage Lending Reforms**

Patrick Dwyer, *Legal Director, Dwyer Harris*

**9:45 Mortgages and brokers**

We open discussion on several key issues that are continuing to affect the industry.

- Hayne Royal Commission outcomes
- The Best Interests Duty - how responsible lending will be affected by Mortgage broker best interests duty – what are the requirements and objectives
- Mortgage broker remuneration reforms
- Responsible lending and sales incentives

Susan Mitchell, *CEO, Mortgage Choice*

David Hyman, *CEO, Lendi*

Moderator: Patrick Dwyer, *Legal Director, Dwyer Harris*

**10:30** Networking and refreshment break

## SOCIO ECONOMIC IMPLICATIONS OF BAD CREDIT

**11:00 Instalment loans – the reinvention of payday lending**

Gerard Brody, *CEO, Consumer Action Law Centre*

**11:20 CASE STUDY**

Peter McNamara, *Director, ACOSS & former CEO, Good Shepherd Finance*

**11:40 ROUNDTABLE | Is vulnerability being exploited?**

Discussing the Small Amount Credit Contract Review (SACC) we look at a recent report by the Stop the Debt Trap which highlights the significant issues around this type of predatory lending. What the statistics reveal is frightening and the devastation this type of credit is causing should be the concern of every financial institution. We look at why certain states reflect greater use of this style of lending and why women and especially vulnerable women fall prey. The Government is being called to pass critical protections into law to stop the harm caused by payday loans.

Peter McNamara, *Director, ACOSS & former CEO, Good Shepherd Finance*

Gerard Brody, *CEO, Consumer Action Law Centre*

Karl Turner, *Chief Operating Officer, Executive Director, Policy & Risk Management, AFIA*

**12:35** Lunch and networking break

## DATA – HOW MUCH IS TOO MUCH?

**13:30 ROUNDTABLE | Data – the game changer in lending**

— A robust discussion on the use of data in open banking coupled with comprehensive credit reporting. Will credit scores reflect a true picture of what is really going on with a consumer?

Lisa Schutz, *CEO, Verifier, Committee Member, Consumer Data Right*

David Hyman, *CEO, Lendi*

## REGULATORY TECHNOLOGY – SUPPORTED BY REGTECH ASSOCIATION

**14:15 ROUNDTABLE | New solutions to old problems**

Technology is at the heart of the transformation taking place in the industry, from automated solutions bringing greater accuracy and insights to better manage credit risk to artificial intelligence that will enhance credit risk assessment tools with fast and accurate analysis of comprehensive credit data reporting ensuring verification is seamless in areas such as repayment history, income verification, analysis of employment data and bank transaction data. We expect that technology will assist a lender to meet their obligations for responsible lending criteria under the National Consumer Credit Protection Act 2009:

1. make reasonable inquiries about the consumer's requirements and objectives
2. make reasonable inquiries about the consumer's financial situation
3. take reasonable steps to verify the consumer's financial situation.

These three criteria have been the focus of the Royal Commission into Misconduct in Banking, Superannuation and Financial Services Industry; the Australian Securities and Investments Commission's (ASIC) review of Regulatory Guide 209 Credit licensing: Responsible lending; and Australian Prudential Regulatory Authority's proposed Prudential Standard 220 - Credit Risk Management standard.

The Consumer Action Law Centre in their submission to ASIC has claimed that 'automated lending systems have protected lenders' credit risks and have not protected people from loans which are harmful'. How can technology assist the industry to ensure this is not the case? How do we re-think decision flows using automation to ensure this is not the case? Is the answer to automate our design and distribution obligations?

Julian Fenwick, *Chair, RegTech Association*

Scientia Professor Ross Buckley, *UNSW Law Sydney*

Moderator: Lisa Schutz, *CEO, Verifier, Committee Member, Consumer Data Right*

**15:00** Close of conference

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|---|-----------------------------------|----------|------------|-------|--------------------------------|----------|------------|
|   | Book & pay until 31 December 2019 |          |            |       | Book & pay from 1 January 2020 |          |            |
| Two Day Conference                            | PRICE                             | GST      | TOTAL      | SAVE  | PRICE                          | GST      | TOTAL      |
| Standard Rate                                 | \$2,395                           | \$239.50 | \$2,634.50 | \$200 | \$2,595                        | \$259.50 | \$2,854.50 |
| Consumer Advocates/NFP/<br>Start-Ups and SMEs | \$1,295                           | \$129.50 | \$1,424.50 | \$100 | \$1,395                        | \$139.50 | \$1,534.50 |

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### VENUE DETAILS

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