

Dear General Manager

Retail Investor Division

The Treasury Langton Crescent

PARKES ACT 2600

Strategies for reducing reliance on high-cost, short-term, small amount lending.

Many Rivers Microfinance welcomes the initiative of Government to begin addressing the activities of predatory lending to vulnerable and financially excluded people.

We believe that what is being proposed by Government is a good beginning however urgent support to develop alternatives and long term solutions needs to be prioritised in parallel to the new legislation.

Many Rivers Microfinance is part of the CDFI initiative. We believe that continued support to the CDFI pilot and organisations like Many Rivers should form a strong part of the Governments actions

Needed regulations to address the fast growing predatory lending industry, while being an immediate response does not address the underlying issues.

To confront the underlying issues we believe the following need to be addressed

- Actions to reduce the demand and need for payday lending ie moving vulnerable people, communities and people groups away from financial exclusion and reliance on welfare and subsidised support
- The development of alternative lenders and a new Industry (eg CDFI type organisations)
- Encouraging positive relationships between alternative lenders and formal financial institutions (eg Banks)

- Supporting alternative lenders to build strong and sustainable partnerships with the for-profit sector. (ie supporting the sustainability of emerging alternative lenders)

The CDFI pilot organisations together cover a broad range of client groups, geographical areas and financial needs. Together and separately we are working to increase impact and reduce transaction costs in order to become viable and sustainable.

Many Rivers Microfinance has begun building infrastructure across Australia (see map attached) that will see;

- Loans and non-financial support available to the most excluded and vulnerable people and communities.
- People and communities moving away from welfare by encouraging and financially supporting micro and small enterprise development
- Fostering new and real jobs in areas where people struggle to pay even basic consumption expenses on a weekly basis.
- Real market place, grass roots economies being build and developed, particularly in regional and remote areas.
- The utilisation of existing infrastructure through relationship with the private sector and alliances with organisations like Mission Australia and Westpac Bank. (see attached)

We highly encourage the Government to support the initiative and momentum that Many Rivers has begun along with the other CDFI members.

We are having increasing success in engaging the private sector including Westpac Bank. While we see this engagement and support increasing we still rely on capacity building and subsidy from Government in order to build viable and sustainable services.

With the Government proposing to use a “big stick” on predatory lending via the new legislation, we at Many Rivers Microfinance and our colleagues in the CDFI are highly concerned that something comparable is announced to support and develop alternatives

Regards

Leigh Coleman

Chief Executive Officer • Many Rivers Microfinance

t 02 9217 1089 • f 02 9264 3047 • m 0411468194 Level 7, 580 George St • Sydney • NSW 2000

leigh.coleman@manyrivers.org.au • www.manyrivers.org.au

LOCAL ENTERPRISE DEVELOPMENT • PRACTICAL BUSINESS SUPPORT • ACCESS TO FINANCE •
JOURNEY WITH PEOPLE

This email, together with any attachments, may contain privileged and confidential information and is intended for the named recipient(s) only. If you are not an intended recipient of this email, please promptly inform the sender and delete this email and any copies from your computer system(s). If this email has been received in error, you cannot rely upon it and any form of disclosure, duplication, modification, distribution and/or publication of this email is prohibited. This email represents the views of the sender and not necessarily the views of Mission Australia.