Submission on discussion document: Consumer Credit Regulation Review

Your name and organisation

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Executive summary

Moola is a pioneer in the digital lending space and a market leading FinTech, providing digital finance solutions through a powerful, bespoke software platform, which drives significant efficiency and complete transparency compared to the traditional process, providing a level of service customers want and regulators demand.

Moola has processed over 160,000 online loans throughout New Zealand since launching in 2013, and currently employs 35 staff who work out of their Christchurch office. Moola is a registered financial service provider and prides itself on being a responsible lender.

s9(2)(b)(ii)

Moola supports most of the measures suggested in the discussion paper. However, Moola wishes to emphasise that:

1. regulation applying to short-term lenders needs to be clearer. Responsible lenders, despite best efforts, cannot be sure whether or not they are complying with the law. Moola considers that this a key reason for high levels of non-compliance;
2. a lack of a streamlined process for debt collection increases costs for consumers and is a barrier to short-term finance for consumers who may otherwise be suitable; and
3. a requirement for regular audits, every 6 or 12 months, funded by lenders, is crucial to ensure compliance.

Responses to discussion document questions

Regarding the excessive cost of some consumer credit agreements

1	Do you agree that the problems identified with high-cost lending (even where it is compliant with the CCCFA) are significant? Do you have any information or data that sheds light on their frequency and severity?
	The discussion paper states that the impetus for this review is that some aspects of the 2015 reforms are not working. Specifically: (a) the high cost of some consumer credit;

(b) significant levels of non-compliance;

(c) continued predatory behaviour by mobile traders; and

(d) unreasonable fees.

While the proposed changes involve caps on interest/recovery rates, it is not necessarily the case that those changes will address issues with non-compliance.

As stated above, Moola considers that it is compliant with its obligations as a responsible lender in all respects. Moola's view is that MBIE should consider whether the current regulations would have greater efficacy if compliance was improved (eg, by way of increased enforcement). There is a risk that over-regulation of the industry without sufficient compliance mechanisms will push responsible lenders out of market and leave vulnerable consumers with few legitimate options to access urgent finance.

In saying that, there is currently a lack of clarity in regulation about how lenders are required to act to be compliant with the law. Greater clarity and definition about responsible lending practices (in addition to compliance mechanisms) is required, including about "best practice" procedures. **s9(2)(b)(ii)**

More regulation in this area would ensure that compliant, responsible lenders can compete confidently, and the cost of compliance, which is ultimately borne by consumers, can be reduced.

s9(2)(b)(ii)

To respond to the second part of the question, Moola does not have much information about the frequency or severity of the problems set out at paragraph 23 of the discussion paper (financial harm from frequent use of high-cost loans, debit spirals, and uncompetitive rates). The only data we have access to relates to our own customers, which indicates a low level of problems with our lending practices. Some examples of the types of processes Moola has adopted to prevent those problems occurring are:

(a) restricting the amount borrowers are eligible for based on repayment history and their debt servicing ratio;

(b) running arrears checks;

(c) calculating an applicant's net reliable income and confirming their ongoing employment;

(d) reviewing bank account conduct; and

(e) repeating checks on return customers.

However, Moola also perceives another problem within the short-term lending industry. There is a significant proportion of customers of the short-term loan market who do not repay the loans they have taken out, they in fact, do not make any payments or contact, essentially stealing the funds. Because they are unsecured and traditional court processes are cost prohibitive the borrower knows they will not be chased. This raises the overall cost of the business of short-term lending, resulting in increased costs for good consumers by way of interest rates and fees (to cover the loss of the amounts of those loans), or a large number of declined applications where applicants do not meet strict criteria. If there were a streamlined, cost-effective process for collecting unpaid loans (eg, through a simplified process for wage deductions through attachment orders), responsible short-term lenders would be able to:

(a) reduce their interest rates, because paying customers would not need to cross-subsidise non-paying customers; and

(b) grant loans to more customers (i.e., improve access to credit), if there were a clear and simple way of being able to ensure repayment.

Moola does not believe these problems of financial harm from frequent use of high-cost loans and debt spirals are significant from high cost borrowing alone (in our business model at least), and in fact is mitigated by the small size and term of these loans. For example, other lending provides much larger loans over longer periods of time, so the obligation on the customer is immediately larger and any affordability calculations performed are relevant to the time the loan was established and must become less and less relevant as the term gets longer. A borrower is much more likely to encounter changes to their affordability over an extended period of time and we believe this is what contributes to debt spirals and makes consumers poorer and vulnerable to financial shocks when their situation changes.

Moola does not want their customers to go into arrears or default because we generally make little money off clients who do not repay their loans and our enforcement options are limited. A combination of more effective enforcement options for lenders combined with clearer guidelines for applying affordability criteria would be beneficial for both consumers and lenders.

2 Do you support any of the extensions of Cap Option A? What would be the impact of these extensions on borrowers, lenders and the credit markets? Do you have any information or data that would support an assessment of the impact of these extensions?

To the extent that any restrictions (including any extensions) to the current regulations are more onerous on lenders, it is possible that non-compliance with regulations may increase. In that case, greater resources will be required for enforcement and other measures for non-compliance. Moola considers that greater clarity about responsible lending practices is the most suitable way of regulating to push less scrupulous players out of the market.

Moola also wishes to emphasise that Cap Option A (including any extensions) does not address the issue of consumers' access to credit. As outlined in the discussion paper, many customers of short-term lenders have few options for accessing short-term funding. Stricter regulation of the consumer credit industry is designed to ensure that vulnerable consumers are protected. However, regulating to protect consumers from oppressive behaviour by lenders does not affect the level of need of those people. If, as a result of the regulations, there will be a decrease in accessibility to short-term finance, this may actually exacerbate or increase the amount of "underground" or illegal lending.

However, if Cap Option A (and any extensions) are to be implemented, Moola would support the prohibition on offering a high-cost loan to a person who has defaulted on an existing high cost loan (or a loan that refinances that loan) and has not yet repaid it. For these borrowers, who had defaulted, we would support the additional extensions also.

The impacts of those extensions are as follows:

(a) *Credit market:* the extensions may result in a reduction in use of the credit market for short-term loans. As stated above, it is possible that more onerous requirements on lenders may increase non-compliance, or even force some lenders out of the market.

(b) *Borrowers:* There would be more restrictions on the availability of short-term loans, which may have negative consequences for certain borrowers. For example, if a borrower requires a short-term loan for emergency dental work within the cooling off period. As outlined above, access to short-term finance could be improved if there were streamlined mechanisms for collecting unpaid loans. The current system for collection is expensive and time consuming, which limits access.

(c) *Lenders:* The effects of extending Cap Option A on lenders are likely to vary. Responsible lenders already have processes in place that address the majority of these issues. By way of example, Moola does not allow customers to make an application for a new loan under multiple files and does not grant new loans to customers who have a loan in default. Moola also restricts the amount of borrowing if the customer returns for further credit, blocks them completely from reapplying or implements long cool off periods of up to 12 months. Less scrupulous lenders may have to make significant adjustments to their business practices in order to comply with any new regulation.

    In addition, there would be some difficulty in establishing how the limits and cooling off period for borrower's who have defaulted would be enforced across different lenders.

If these options are put in place, Moola believes they should be adopted throughout the finance sector, not just in the short term lending market.

However, Moola would not agree with a 100% principal cap, but strongly believe in a level being put in place, which may be 100%, but that it is a reduction in interest or a recovery cap as opposed to complete balance cap. And it would be important to consider any external debt collection costs, including court costs, as not included in the cap due to the smaller size of high-cost loans.

3 Do you agree with our assessment of the costs and benefits of the options for capping interest and fees? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?

Moola agrees with the assessment of the costs and benefits of the options for capping interest and fees.

We also refer you to the following papers:

- Donald Morgan and Michael Strain: *Payday Holiday: How Households Fare after Payday Credit Bans*, attached as Appendix 4, which concludes that in two states where "payday loans" were banned, credit problems have increased; and
- Dr Richard Tooth: *Behavioural economics and the regulation of consumer credit,* attached as Appendix 3, which questions whether favoured methods of consumer credit regulation (such as capping interest rates, disclosing more information to consumers, and cooling off

periods) can address the issues that result in consumers taking on too much debt. Specifically, Dr Tooth states that consumers have behavioural biases that include being over optimistic, underestimating effects of compound interest, and being overly focused on the present.

Moola suggests that interest and fee caps may result in an increase in default rates and lower recovery as there is no incentive to repay a loan, nor any disincentive to defaulting.

Cap of default fee over the life of the loan will mean high-cost lenders can no longer recover their directly-related costs, which may put costs up in other areas, or see maximum interest rates applied where otherwise wouldn't have, harming those borrowers who are paying their loans off without defaulting.

Likely to see borrowers getting larger loans when not required, increasing their obligation, and taking these over a longer period of time, which can cause repayment issues when affordability is calculated on the current situation which becomes less relevant as time goes on and circumstances change.

4 Do you have any suggestions for the design of options for capping interest and fees? If so, what would be the impact of your proposed design on borrowers, lenders and the credit markets?

As stated above, non-compliance with the current regulatory scheme is a significant issue. On that basis, Moola considers it may be more appropriate to focus on compliance and enforcement of the current regulations before making the assumption that new regulations are required.

To help improve compliance, Moola considers that the current responsible lending policies should be clarified. Moola's "best practice" processes and systems have been broadly outlined above. Moola has put those processes and policies in place on a voluntary basis, to ensure that it is only making loans to customers who can afford to make repayments **s9(2)(b)(ii)** Other providers, who do not have such processes in place, are able to make risky loans to consumers without fear of regulatory consequences. Clearer regulation in the consumer credit sphere will ensure a more level playing field across providers.

In addition, there may be other ways of reducing interest and fees without the use of caps. As stated above, short-term lenders bear a large cost in loans that are not repaid. To avoid that cost, responsible lenders only lend to people who they consider can make repayments. However, there will always be a proportion of people who have met the required checks but still fail to repay their loans. In that case, their loans are effectively cross-subsidised by paying customers, in order for a lender to recoup their costs through interest rates and fees. If there were a more streamlined process in order to collect loans from non-paying customers, lenders' costs would be reduced and accordingly, they could lower their interest rates and fees.

If caps are to be introduced, Moola considers that a recovery cap would be more suitable than an interest fee cap. Interest fee caps are likely to affect the profitability and viability of short-term lenders (see below). If interest fee caps are to be introduced, a suggested alternative is to only implement those caps upon default of a borrower.

Moola also notes that the implementation of interest and fee caps is incompatible with the current regime of restricting fees to a reasonable cost-based amount and allowing competition and profits to be generated through variable interest rates. If caps were implemented, consideration would need to be given to how the current fees regime would

	need to be amended and to the extent this would apply to the consumer lending as a whole, not just short term high-cost lending.
5	Which interest rate cap options, if any, would you prefer? Which interest rate options would you not support? Please explain how you made your assessment.
	If a cap option will be introduced, Moola prefers Option A over Options B and C. As outlined above, Moola already has processes in place that effectively implements Option A, albeit to a greater extent (200% compared with 100% as suggested in the discussion paper). A recovery cap is preferable to an interest rate cap. As outlined in the articles attached as Appendix 3 and 4, showing interest rates on an annualised basis can be misleading and may not be indicative of the profits that lenders receive when making loans. This is because a certain amount in fees is required for infrastructure for any business that makes loans. Typically, in a long term loan, those fees will only comprise a small percentage of the cost proportional to the size and term of the loan. In comparison, a short-term loan requires lenders to incur similar costs for establishment as a longer-term loan. Fees to recover those costs will comprise a larger percentage of the overall cost because the loans offered are smaller and required to be repaid in a shorter timeframe. In order for short-term lending businesses to survive, they need to have the ability to recover the costs of providing their service and remain profitable, which typically results in high interest rates. Accordingly, options B and C are likely to have significant effects on the viability of short-term lending businesses. As noted above, the lack of a cost-effective recovery mechanism for non-payment of short-term loans is another barrier that prevents short-term lenders from decreasing their interest rates. Moola does not support Option C. If interest and fees are capped between 30% and 50% per annum, Moola would effectively be required to move out of the small loan market. This is likely to be the case for all providers unless they continue on a loss leader basis. Consumers who would typically fall within the criteria to be granted a loan from a responsible lender like Moola would then be deprived of access to responsible lending services (and some of those customers would be pushed towards irresponsible or illegal lenders).

Regarding continued irresponsible lending and other non-compliance

6	If directors have duties to take reasonable steps to ensure that the creditor complies with its' CCCFA obligations, should any duties apply to senior managers?
	As mentioned, non-compliance with the current regime was a key driver of this review. It should not be assumed that more stringent requirements in relation to directors, or senior managers, will result in greater compliance. It is possible that better compliance and monitoring will increase compliance with CCCFA obligations. Moola supports the extension of duties to senior managers, provided that the scope of those duties is limited by the scope of the person's role. This ensures that the duties are targeted at the persons making strategic and day-to-day decisions. There is the possibility of a "chilling effect" of imposing those duties. Senior managers may become more risk averse, or there may be fewer qualified individuals who are willing to accept these roles. Any increase in duties should be mirrored by clearer guidance and information about how to

	comply with those duties. As noted above, one of the key issues with the CCCFA obligations at present is the general lack of certainty about how they are to be complied with.
7	If there are to be more prescriptive requirements for conducting affordability assessments, what types of lenders or loans should these apply to?
	If more prescriptive requirements are to be introduced, they should apply to all lenders. Moola supports the introduction of more prescriptive requirements for conducting affordability assessments **s9(2)(b)(ii)** However, Moola is aware that there are competing considerations in relation to implementing more prescriptive requirements for conducting affordability assessments. On the one hand, having few requirements on lenders makes it more likely that those lenders will attract more vulnerable people. On the other hand, having strict prescriptive requirements is likely to restrict access to certain individuals who need urgent finance.
8	Should there be any change to the requirement that lenders can rely on information provided by the borrower unless the lender has reasonable grounds to believe the information is not reliable? What would be the impact of such a change on borrowers, lenders and the credit markets?
	The ability for lenders to rely on information provided by the borrower unless there are reasonable grounds to believe the information is not reliable under section 9C (7) of the CCCFA could be removed. Moola does not believe that lenders should be able to rely on section 9C (7) to neglect to make reasonable enquiries about the affordability of repayments. Moola supports removing section 9C (7) because it is unclear, and more prescriptive affordability requirements are likely to address any issues around what information is required for an appropriate affordability assessment. As mentioned above, Moola already makes rigorous enquiries as part of its screening process to ensure that borrowers can make repayments. However, in considering the affordability requirements, it is important to strike a balance between making an accurate assessment and making the application process overly onerous. As recognised in paragraph 21 of the discussion paper, one of the reasons that consumers choose loans from short-term loan providers is that they do not want to deal with the bureaucracy of longer-term loan providers.
9	Do you consider there should be any changes to the current advertising requirements in the Responsible Lending Code? If so, what would be the impact of those changes on borrowers, lenders and the credit markets?
	Moola considers that the current advertising requirements in the Responsible Lending Code should become mandatory for the reasons set out below. This would ensure a level playing field across all providers and would allow consumers to make comparisons amongst providers more easily. Changes would have some impact on lenders whose advertising is not already compliant with the responsible lending code. There is likely to be little impact on the credit market. In comparison, requiring providers to advertise their services in a consumer-friendly way may

	have benefits for potential borrowers. In considering advertising requirements, Moola strongly urges MBIE to consider regulating or prohibiting brokers and lead generation sites. Such sites position themselves to look like a lender online, when in fact they simply refer or sell "leads" to other short-term lenders (a practice that Moola does not engage in). Those sites, and the lenders to whom the loans are sold, are targeting vulnerable consumers, with unregulated advertising. This could involve a prohibition on advertising of lending by persons who do not themselves provide lending services.
10	Do you agree with our assessment of the costs and benefits of the options to reduce irresponsible lending and other non-compliance? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	Registration options Moola largely agrees with the assessment of the costs and benefits of the options relating to registration. In relation to Option C (comprehensive creditor licensing system), there is also a risk that there will be fewer entrants into the market if they are required to be licensed. ***Enforcement options*** Again, it should not be assumed that increased penalties as an enforcement outcome will result in greater compliance. However, Moola would support the introduction of penalties, statutory damages and expanded injunction orders but only where compliance requirements are more prescriptive, and an auditing process is introduced so those Directors and Senior Officers making every effort to comply can be sure of their compliance. *Option C:* Moola already considers that it documents its assessment processes, and the evidence relied upon, in a way that would accord with Option C. However, we do not believe it would be beneficial for a borrower to receive these details, and in fact may find borrowers providing incorrect information, and incorrect representation of their affordability in order to pass affordability requirements. Moola would support these being provided to consumer advocates and regulatory bodies. *Option D:* Moola fully supports an increased industry levy to help fund advocacy, monitoring, and enforcement of the CCCFA. *Option E:* Moola supports the option to require lenders and agents to work with consumers' advocates if asked to do so, in good faith.
11	Do you have any suggestions for the design of options for reducing irresponsible lending and other non-compliance? If so, what would be the impact of your proposed options on borrowers, lenders and the credit markets?
	Moola considers that prescribing best practice procedures and introducing a mandatory audit process would reduce irresponsible lending and help to address other non-compliance. This is because the law is currently very unclear as to how a lender must conduct itself in order to comply. For example, while Moola aims to be a responsible lender and compliant in all respects, it still cannot be sure whether or not it is compliant. As mentioned above, the problem definition in the discussion paper also outlines that one of the key issues with the 2015 reform is non-compliance. Accordingly, Moola considers that there should be greater penalties for non-compliance so that responsible lenders may distinguish themselves. However, any increased sanctions for non-compliance should only be

	introduced in tandem with much clearer standards for conduct, so that lenders who wish to comply can be certain that they are doing so.
12	Which options for reducing irresponsible lending and other non-compliance would you support? Which would you not support? Please explain how you made your assessment.
	Moola would support the measure it has outlined in response to question 11, and those that it indicated support for in response to question 10.

Regarding continued predatory behaviour by mobile traders

13	Do you agree with our assessment of the costs and benefits of the options for covering additional credit contracts under the CCCFA? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	Moola does not have any views on those issues as they fall outside the scope of our business.
14	Do you have any suggestions for the design of options for covering additional credit contracts under the CCCFA? If so, what would be the impact of your proposed options on borrowers, lenders and the credit markets?
	Moola does not have any views on those issues as they fall outside the scope of our business.
15	Which options for changes to cover additional credit contracts would you support? Which would you not support? Please explain how you made your assessment.
	Moola does not have any views on those issues as they fall outside the scope of our business.

Regarding unreasonable fees

16	If prescribed fee caps were introduced, who should they apply to, and what process and criteria should be used to set them?
	If prescribed fee caps were introduced, which we support, they should apply to all lenders. Such fees should be calculated using data collected from multiple services providers about their fees (after determining how those fees are set) and averaging those rates. The rates should be based on the size of the loan, whether the loan is secured or unsecured, and the type of loan (short, medium, or long term). Moola agrees with the comments in the discussion paper that there would be significant challenges in setting and updating the fee cap over time. Moola would support the setting and updating of the fee cap to be done by regulations, subject to clear consultation requirements.

17	Do you agree with our assessment of the costs and benefits of the options for capping interest and fees? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	Moola agrees with the assessment of the costs and benefits of the options for capping interest and fees. However, Moola does not necessarily agree that non-compliant fees are more likely to be detected (and therefore, that compliance with fees would accordingly increase) without the Commission requiring all lenders to provide information. On that basis, it is not clear whether Option A would go far to address the issue of unreasonable fees. In relation to Fee Option C, we also refer to Dr Richard Tooth's paper mentioned above, "*Behavioural economics and the regulation of consumer credit*". That paper outlines that there has been scepticism about the benefits that improved disclosure can bring, in that improved disclosure does not necessarily lead to materially improved financial decision-making. Dr Tooth states that the complexity of consumer credit products, combined with consumer difficulty in processing complex information, means that regulated product disclosure is unlikely to prevent poor consumer choices. This is because it does not address the underlying problems of consumer bias in risk assessment and underestimation of compounding interest.
18	Do you have any suggestions for the design of options for reducing unreasonable fees? If so, what would be the impact of your proposed options on borrowers, lenders and the credit markets?
	If prescribed fee caps were introduced, Moola considers that there should be an option available to providers to apply for an exemption to the regulated fee caps where a lender can show that the charges are justifiable (i.e. that the charge recovers costs that are closely relevant to the transactional activity for which they are being charged). This is particularly important if any interest on fee cap options adopted under issue 1 are also implemented, as the three types of regulation are likely to significantly impact the current business models of lenders. This change would allow borrowers to see the true cost of the service, rather than those costs being recovered through bundling into interest rates. It also allows lenders to recover their costs. This is likely to have little impact on the credit market. We also repeat our point set out at question 4 above that the implementation of interest and fee caps is incompatible with the current regime of restricting fees to a reasonable cost-based amount and allowing competition and profits to be generated through variable interest rates. If caps were implemented, consideration would need to be given to how the current fees regime would need to be amended and to the extent this would apply to the consumer lending as a whole, not just short term high-cost lending.
19	Which options for changes to fees regulation would you support? Which would you not support? Please explain how you made your assessment.
	Moola supports Fees Option A (require lenders to substantiate reasonableness of fees). **s9(2)(b)(ii)** Moola would also support Option B & C, but only where Option B, would apply to all lenders except high cost lenders if any other cap options are introduced as in Issue 1.

20	Have you seen issues with excessive broker fees, or other unavoidable fees charged by third parties, being added to the loan? If so, are there any specific changes that should be made to the regulation of third-party fees? What would be the impact of these changes on lenders, borrowers and third parties?
	Third party brokers and lead generation sites increase the costs of getting customers for lenders by selling "leads" to short-term lenders. If lenders are to be subject to regulation by way of caps, third parties should also be subject to similar restrictions. Although this clearly has a negative impact on third parties, this is likely to be to the same extent as any impacts of new restrictions on lenders. In comparison, consumers would benefit by having certainty about (and potentially lower) fees.

Regarding irresponsible debt collection practices

21	Is this an accurate picture of the problems for consumers experiencing debt collection? Do you have information that confirms or refutes these issues, or sheds light on how widespread or severe they are?
	Consumers who deal with Moola do not experience the problems described in the discussion paper. Moola cannot comment on the practices of other providers.
22	What information should be provided to borrowers by debt collectors? When and how should this information be provided?
	We think that this is a suitable approach that should be applied across all lenders.
23	Do you agree with our assessment of the costs and benefits of the options for addressing irresponsible debt collection? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	We agree with the assessment of the costs and benefits of the options for addressing debt collection.
24	Do you have any suggestions for the design of options for addressing irresponsible debt collection? In particular, what is an appropriate frequency of contact with debtors before (and then after) a payment arrangement is entered into? Please state the likely impact of your proposed options on borrowers, lenders and the credit market.
	Moola considers that its frequency of contact with customers is appropriate. For the first two weeks, contact is attempted up to three times per day upon default (if necessary and where no contact is successful), and each day after that for the first 60 days a customer is contacted by text or email. This contact will be stopped if requested by the customer. In general, we support all options proposed for debt collection. However, Moola urges MBIE to consider a more streamlined process for debt collection (see explanation and reasoning above). A simple, cost-effective process for debt collection is likely to significantly reduce the need for, and use of, more "aggressive" techniques. If a measure for debt collection is imposed by a third party, such as the court, this is also likely to result in a more fair and achievable outcome for consumers.

	In relation to Option A, we refer you again to the paper by Dr Richard Tooth regarding disclosure of information to consumers. In relation to Option B, Moola already offers repayment plans where customers engage with Moola about their ability to repay the loan. We see no issues with making third party debt collection agencies subject to the CCCFA (Option D). Moola would also see no issue with making external debt collection fees cost-based (Option E).
25	Which options for changes to the regulation of debt collection would you support? Which would you not support? Please explain how you made your assessment.
	In general, we support all options proposed for debt collection. However, Moola urges MBIE to consider a more streamlined process for debt collection (see explanation and reasoning above). A simple, cost-effective process for debt collection is likely to significantly reduce the need for, and use of, more "aggressive" techniques. If a measure for debt collection is imposed by a third party, such as the court, this is also likely to result in a more fair and achievable outcome for consumers. We suggest a requirement that any restriction on contact, under Option C, only be for those borrowers who are communicating in some way regarding their debt, and request to cease contact would require an alternative contact to avoid borrowers simply avoiding their obligation, and ensure they are aware of their situation.

Regarding other issues

26	Are you seeing harm from loans to small businesses, retail investors or family trusts as a result of them not being regulated under the CCCFA?
	Moola has not seen any harm from these loans as they fall outside the scope of our business.
27	Do you think small businesses, retail investors or family trusts should have the same or similar protections to consumers under the CCCFA? Please explain why/why not.
	Moola does not have any views on this issue as they fall outside the scope of our business.
28	Are there any other issues with the CCCFA or its impact on vulnerable people that are not addressed in this discussion paper? If so, what options should MBIE consider to address these issues?
	Moola believes that there needs to be more clarity in definitions surrounding responsible lending practices including specificity around best practice in terms of loan assessment procedures, who “vulnerable persons” are and what additional steps should be taken in respect of these vulnerable borrowers. Moola has very vigorous checks and procedures in place, and the short-term lending space is being tarnished by providers with less vigorous procedures.

Any other comments

We welcome any other comments that you may have.
Please see Appendix s9(2)(b)(ii) 3 & 4 in support of our submission.