

5 August 2020

Ms Jaimie Martin
Assistant Director, Adjudication
Australian Competition & Consumer Commission

By email: adjudication@acc.gov.au

Dear Ms Martin,

Australian Retail Credit Association (ARCA) application for re-authorisation — interested party consultation

The AICM represents the interests of over 2,700 credit professionals responsible for maximising the cash flow and minimising the bad debt risk of companies across a vast array of industries.

AICM supports ARCA's application for the re-authorisation of the Principles of Reciprocity and Data Exchange (PRDE).

Our members seek access to reliable data to make fully informed credit decisions which is facilitated by the PRDE. Without this information the ability to make informed credit decisions efficiently and effectively will be removed for these credit providers. The impacts will include increased cost of credit and we expect a restriction in the amount of credit available to businesses unable to demonstrate excellent borrowing and repayment capacity.

AICM has been a long-time advocate for Comprehensive Credit Reporting data including Repayment History Information being expanded to encompass more credit providers outside the current population of Australian Credit Licence holders to include trade credit providers.

When providing credit to small to medium businesses, who are the largest employer of Australians, consumer credit information is highly relevant to the credit decision. The business owners' underlying character and credit capacity is tightly linked to the credit worthiness of the business. Access to a deeper data set would allow these businesses to access funds at cheaper rates and make credit applications more streamlined due to standardisation of the way the information is stored, presented and viewed.

AICM strongly recommends further review of the credit reporting system to allow information and credit decisioning to develop, creating a more robust credit market and thereby stronger and more resilient economy through:

- Better informed credit decisions reducing risk for credit providers and ultimately impacting the price of goods and services paid by SME's.
- Providing SME's better access to trade credit to fuel their business by addressing the current shortage of financial information available to credit providers to make fully informed credit decisions.
- Greater power to quality small businesses. SME's will be able to use their strong credentials to negotiate preferable payment terms and credit limits as well as easily switch providers.
- Reduce red tape and administrative burden when applying for credit. Preparation of proper books and records to support a credit application can be a significant burden for small business. This could be reduced by leveraging the RHI information and reduce the need for credit providers to request financial statements and additional information from the SME.

While we acknowledge the expansion of access is not contemplated under this re-authorisation, the re-authorisation of the PRDE ensures that the structure established can continue to be leveraged for better credit.

I welcome the opportunity to discuss this matter further.

Yours sincerely



Nick Pilavidis
Chief Executive Officer
Australian Institute of Credit Management
Phn [redacted]
Email [redacted]