

16 June 2008

Financial Services and Credit Reform Green Paper  
Corporations and Financial Services Division  
Treasury

Dear Sirs

**Re: HBOS Australia submission on Financial Services and Credit Reform  
Green Paper: *Improving, Simplifying and Standardising Financial Services and  
Credit Regulation***

We refer to the above mentioned Green Paper dated June 2008 and welcome this opportunity to provide comment.

We commend Treasury for the release of such a comprehensive paper addressing an issue which is important from both a harmonisation perspective and a competition perspective.

Three options are provided in the paper for the regulation of credit nationally, namely:

1. Maintain the status quo;
2. Regulate all credit; or
3. Regulate mortgages (and consequentially mortgage lenders and brokers).

HBOS Australia considers that the current system of State and Territory regulation of credit is undesirable for a number of reasons and we would welcome a more comprehensive approach.

For this reason, we support option 2 above and would welcome the national regulation of all credit products, including credit cards, car loans, personal loans and mortgages. We have also consistently supported the national regulation of finance brokers. We would not however support a hybrid approach to national regulation whereby mortgages would be regulated by the Commonwealth but other forms of credit would not.

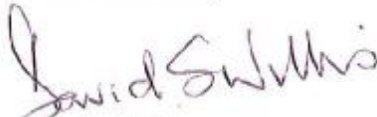
In our opinion, consistent, national regulation of all credit would provide both consumers and credit providers with greater certainty around credit requirements. In turn this facilitates conducting business Australia wide (due to consistency of process and subsequent reduction of cost) thereby promoting competition between credit providers. Regulation of credit by the Commonwealth also has the potential to remove impediments to switching on credit products such as deferred establishment fees on mortgages. HBOS Australia strongly supports all initiatives that promote and assist competition in the Australian financial services market. We want to build our customer base by offering highly competitive and innovative banking products such as the BankWest Rate Tracker Home Loan and the new BankWest Business suite of credit cards.

The national regulation of all credit would also alleviate current delays in formulating legislation which currently relies on consensus between all the stakeholders, differing processes for passing legislation and varied commencement dates in States and Territories. To this end, we note that the ABA highlighted (in the submission to the Productivity Commission) the recent inconsistent credit related laws in the ACT (relating to credit cards) and in Victoria (in respect of unfair contract terms legislation).

We agree with the ABA's view in the submission to the Productivity Commission that the UCCC should be re-enacted as a stand alone Commonwealth Statute in its current form. This would assist in minimising the cost to businesses of transitioning to the new regime.

We thank Treasury for inviting comment on the Green Paper. Please contact Lisa O'Connor on 02 8299 8132 should you have any queries or wish to discuss any aspect of this submission.

Yours sincerely



**David Willis**