



8 March 2022

Minister Clark and MPs Mr Bayly, Mr Smith, Mr Menéndez March and Ms Ngarewa-Packer
Parliament
Te Whanganui-a-Tara

Kia ora party spokespeople,

Open letter – Backing our safe lending laws will bring financial wellbeing to our communities

No whānau in Aotearoa should end up facing serious stress, losing their most valuable belongings or going without kai because a lender is collecting on a loan that was always going to be unaffordable.

We are a group of community organisations writing to ask all parties across the spectrum to support the 2021 reform of the Credit Contracts and Consumer Finance Act (CCCFA). The reform delivers crucial safeguards protecting whānau from financial disaster.

The wider reform is already making a positive difference on the ground. Community services have reported fewer issues with high-cost lending for whānau and that truck shops are no longer causing issues in many towns.

This reform has also clarified what lenders must include in an affordability assessment. These act as financial health checks to ensure all essential living costs for a household are considered when a lender is selling a loan. It has helped balance the playing field.

The checks mean all borrowers can expect lenders will not carelessly put them on the path to financial disaster with unaffordable interest and fees or unsuitable arrangements.

The reform also means a fairer balance is struck between a lender and borrower so whānau have a clear mechanism to challenge a lender to make things right when the rules have not been followed.

We expect to see more whānau on the path to financial wellbeing over the next year due to these recent parts of the reform.

We also encourage you all to support work that would see borrowers have clear rights to deal with all the types of lending causing whānau to face hardship in Aotearoa.

Many of our organisations have submitted our recommendations on this issue to the *MBIE Buy-Now, Pay-Later Understanding the triggers of financial hardship and possible options to address them* Discussion Document.¹

Please see the bottom of this letter for a range of spokespeople across our organisations to discuss any aspect of this letter further.

Ngā mihi

Ruby Powell
Economic Fairness Campaigner
Action Station

Sam Garaway
Chief Executive Officer
Christians Against Poverty

Dr Andrew Hubbard
Deputy Chief Executive
Citizens Advice Bureau

Christine Liggins
Director and CoFounder
Debtfix

Ruth Smithers
Chief Executive
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Fleur Howard
Chief Executive
Good Shepherd New Zealand

Di Rump
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Muaūpoko Tribal Authority

Natalie Vincent
Chief Executive Officer
Ngā Tāngata Microfinance

Richard Wagstaff
President
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Ronji Tanielu
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The Salvation Army

¹ See: <https://www.mbie.govt.nz/have-your-say/bnpl/>