



Compliance

The impact of best interests duty on asset finance brokers

Webinar starting soon...





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The impact of best interests duty on asset finance brokers

30 November 2020



What we'll cover

- How does BID apply to asset finance brokers
- The history of best interests duty
- What is best interests duty (BID)
- How to apply BID in your business
- Common scenarios
- Key takeaways



How does BID apply to asset finance brokers?

Current BID legislation applies to 'mortgage brokers'

- Effective 1 January 2021
- Are you a mortgage broker?
- If you're defined as a mortgage broker BID applies to all consumer finance

Proposed consumer credit reforms

- Responsible lending no longer applies except for SACC
- Extension of BID to **all credit assistance providers**
- Potentially effective 1 March 2021

BID **does not** apply to SME or commercial lending



The history of best interests duty



What is best interests duty?

Best interests duty consists of 3 key components

- Act in your customer's best interests
- Prioritise your customer's interests ahead of yours
- Prohibition on conflicted remuneration

Status of legislation

- Regulatory guidance – ASIC RG 273



How to apply BID in your business

Guidance to date is home loan focused

Getting your business BID ready:

- Ensure you have a suitable lender panel
- Update systems, processes and documentation
- Manage conflicts of interest

How to act in your customers' best interests

- Gather information about the customer
- Make an individual assessment
- Present information and make recommendations



Best interests duty education hub

Download the best interests duty (BID) guide and complete our BID certification.*

→ Download the BID guide

→ Complete BID certification*

Visit: www.connective.com.au/best-interests-duty-education-hub

The banner features a large, stylized graphic of a person's head in profile, composed of many small, overlapping circles. To the right of this graphic is a smaller image of a woman and a man sitting at a table, looking at a laptop. The woman is holding a document. The text 'connective' is visible in the top right corner of the banner.



Common scenarios

Consumer finance

- Consumer asset finance (PAYG applicants, cars, bikes, boats)
- Personal loans

Transactional avenues

- QuickAF
 - Tick & flick
 - Full application
- Direct accreditations





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Questions



Key takeaways

- Impacts mortgage brokers – 1 January 2021
- Potentially impacts finance brokers – 1 March 2021
- If you provide consumer finance, start preparing for BID
- Visit our BID education hub and look out for updates from us
- Reach out to the Connective Compliance Team or your CAF BDM

Email: Compliance@connective.com.au

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