

The impact of best interests duty on asset finance brokers

Webinar starting soon...





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### 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

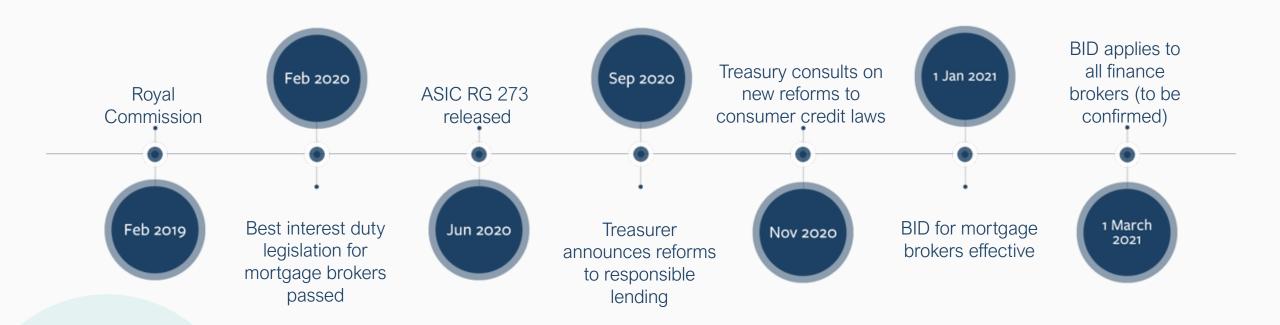
### Proposed consumer credit reforms

- 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



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



### **Common scenarios**

#### Consumer finance

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

#### Transactional avenues

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







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

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







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