

**Appendix to FSC Submission re CP224: ASIC’s list of proposals and questions**

| PROPOSAL   | FEEDBACK           |  |
|--|--------------------|--|
| <p><b>A1:</b> We are considering the threshold options set out in paragraph 18. Depending on feedback, we propose to implement Options 1–3 to further facilitate electronic disclosure. This feedback seeks your overarching views; more detailed questions on the particular proposals are in Sections B and C.</p> | <p><b>A1Q1</b></p> | <p><b>Do you agree that we should further facilitate electronic disclosure, or take Option 5 (i.e. no change)? Please provide reasons.</b></p> <p><i>Yes – we strongly agree that ASIC should further facilitate electronic disclosure. See FSC submission at paras 1-13, in particular.</i></p>   |
|  | <p><b>A1Q2</b></p> | <p><b>What benefits do you consider will result from our proposed approach?</b></p> <p><i>Please refer to response to A1Q1 above; FSC submission at paras 3-6.</i></p>   |
|  | <p><b>A1Q3</b></p> | <p><b>What disadvantages do you consider will result from our proposed approach?</b></p> <p><i>No significant disadvantage is envisaged resulting from the implementation of ASIC’s proposed approach. However, in some instances, further relief and guidance would provide greater advantages for both providers and consumers. See detailed comments in FSC submission.</i></p>   |
|  | <p><b>A1Q4</b></p> | <p><b>Are there any other options we should consider to meet our regulatory objective of further facilitating electronic disclosures and encouraging the use of more innovative PDSs, while ensuring that consumer choice about the method by which they receive disclosures is not removed?</b></p> <p><i>Where consumers purchase a fully online product, financial services providers (FSPs) should not be obliged to provide a paper alternative: see FSC submission, para 23.</i></p> <p><i>Further proposals/options to better facilitate electronic disclosure and e-commerce are outlined at FSC submission, paras 38-42 (re insurance contracts); paras 85-86 (re Chapter 2G and 2M Corporations Act disclosure obligations).</i></p> |
| <p><b>B1:</b> We are proposing to update our guidance in RG 221 to make it clear that, if a financial services provider has an email address for a client,</p>   | <p><b>B1Q1</b></p> | <p><b>Do you agree with this proposal? Please give reasons for your answer</b></p> <p><i>Yes – we agree with this principle, including as it would uphold technological neutrality, and hence competitive neutrality. See FSC submission at paras 21-25, 52-58.</i></p>  |

|   |  |
|---|--|
| <p>they do not need consent to use that address to deliver disclosures electronically, in the same way that the provision of a postal address is sufficient consent for the delivery of disclosures to that postal address. Providers should still be satisfied that if the relevant provision requires the address to be ‘nominated’, that the email address has been nominated. We think in most circumstances this would be clear from the context (see draft updated RG 221.33), such as when a client provides an email address as part of an application.</p> | <p><i>Regarding nomination, see response to B1Q8 below, and FSC submission at paras 55-58.</i></p>   |
|   | <p><b>B1Q2</b>      <b>Are there other barriers to using email addresses for delivery of disclosures?</b></p> <p><i>We do not envisage any significant barriers to using email addresses for delivery of disclosures. Email will often be a more reliable form of communication than (changing) postal addresses. Accessing records (e.g. disclosures) is also typically easier via electronic means rather than paper.</i></p> <p><i>See FSC submission at paras 16-17 for a summary of FSC’s views on technology neutrality.</i></p>   |
|   | <p><b>B1Q3</b>      <b>What are the consequences of making this change? For example, are there significant numbers of clients who have supplied email addresses and who currently do not have disclosures delivered to those email addresses, but who would be able to under this proposal?</b></p> <p><i>ASIC should facilitate transitioning existing customers to the new proposed electronic disclosure regime. For example one FSC member has advised that they have email addresses for around 40% of customers, but only 14% of customers currently receive disclosures electronically. Providers will need to consider existing processes and procedures and develop new processes and procedures to address matters such as:</i></p> <ul style="list-style-type: none"> <li><i>(a) Notification and implementation of a new (default) delivery method;</i></li> <li><i>(b) Creation of new disclosures or modification of existing disclosures to adapt to the new (default) delivery method;</i></li> <li><i>(c) Fraud mitigation and risk management; and</i></li> <li><i>(d) Consideration of regulatory implications (e.g. undeliverable e-mail notifications and the Superannuation (Unclaimed Money and Lost Members) Act 1999).</i></li> <li><i>(e) How this change applies to existing clients (who have already provided e-mail addresses).</i></li> </ul> |
|   | <p><b>B1Q4</b>      <b>Do you agree that the provision of an email address means a client or potential client is comfortable with all forms of disclosure being delivered to that email address? If yes, are there any consumers or groups of consumers for whom this might not be the case?</b></p>   |

|  |  |
|--|--|
|  | <p><i>Yes, just as for the postal delivery method, there are no material distinctions between the various forms of disclosure (or peculiarities about the electronic delivery method) that would render electronic delivery unsuitable.</i></p> <p><i>Therefore, in relation to the second question posed, no, the provision and implied use of an email address indicates a client possesses the requisite comfort and capability to receive disclosures electronically. Clients can elect to 'opt-in' to paper based disclosure, should they wish.</i></p>   |
|  | <p><b>B1Q5</b>      <b>When a provider is seeking an address from a client or potential client, should there be any information, warnings or advice given about the potential ways the address might be used?</b></p> <p><i>No, subject to compliance with Australian privacy law and principles, there are no peculiarities with regard to electronic delivery methods that necessitate special information, warnings or advice. No such warning is required when asking for a postal address.</i></p>  |
|  | <p><b>B1Q6</b>      <b>Are there particular kinds of disclosure for which consumers might be more or less likely to prefer electronic delivery?</b></p> <p><i>No, there is no subset of disclosure that naturally lends itself to a particular method of delivery. However, electronic delivery would be preferable to postal for the following reasons:</i></p> <ul style="list-style-type: none"> <li><i>(a) Availability and accessibility of disclosures are not linked to any geographic location;</i></li> <li><i>(b) Enhanced ability to search and navigate through (especially voluminous) disclosures;</i></li> <li><i>(c) Consumers are generally more likely to have access to printing facilities, rather than scanning facilities; and</i></li> <li><i>(d) The speed of electronic delivery over postal delivery.</i></li> </ul> |
|  | <p><b>B1Q7</b>      <b>Does it matter to whom the consumer provided the email address?</b></p> <p><i>No, subject to compliance with Australian privacy law/principles and, in circumstances where an agency agreement exists, appointing an adviser to act on a consumer's behalf in certain circumstances.</i></p> <p><i>Intra-group products: where consumers indicate</i></p>   |

|  |  |
|--|--|
|  | <p><i>that they wish to have personal contact information imported from another financial product, for the purposes of applying for and holding another financial product, providers should be permitted to use that information. See FSC Submission at para 58.</i></p>   |
|  | <p><b>B1Q8</b>      <b>Do you have comments or views on our example in draft updated RG 221: see Example 1 at RG 221.35?</b></p> <p><i>Yes, these are as follows:</i></p> <p><i>(a) Big Company should not be required to satisfy itself that Rahini has ‘nominated’ this address for the purposes of receiving that disclosure. Provision of the email address by an agent should be regarded as an authority to use that email address for the purposes of receiving disclosures electronically.</i></p> <p><i>(b) This obligation should be Anna’s, acting with due diligence and care, understanding of the product and following discussions with Rahini, regarding her delivery preferences and acting as her agent.</i></p> <p><i>(c) This should not be a consideration if the product provider articulates in its PDS (or elsewhere as appropriate) that this is a fully online product or online disclosure is only available.</i></p> <p><i>Expecting an email address may be provided for some disclosures, but not others, should be considered erroneous. As with postal addresses, no consideration is given to whether it is valid or was ‘nominated’ for that purpose. To take a different approach would be inconsistent with technological neutrality.</i></p> <p><i>Additionally, a means of obtaining, distinguishing and recording the preferred delivery methods/destinations of a client, on a disclosure-by-disclosure basis, is a difficulty within the financial services industry.</i></p> |
|  | <p><b>B1Q9</b>      <b>For providers, how do you currently determine that an address (postal or email) has been nominated for the purposes of delivery of disclosures such as PDSs and Financial Services Guides (FSGs)?</b></p> <p><i>Providers each develop and implement policies, procedures and controls, appropriate to the nature of their business, risk and operational environments, to achieve compliance with their statutory and regulatory obligations.</i></p>  |

|  |   |
|--|---|
|  | <p><i>Generally, providers determine that an address (postal or email) has been nominated for the purposes of delivery of disclosures, by including fields to nominate a preferred address in product application forms.</i></p>  |
|  | <p><b>B1Q10</b>      <b>Do you think that emailed disclosures are more or less likely to be lost (e.g. through changes to email addresses or misdelivery) than posted disclosures? Please provide supporting evidence if possible.</b></p> <p><i>For the following reasons, e-mailed disclosures are less likely than postal disclosures to be lost:</i></p> <ul style="list-style-type: none"> <li><i>(a) E-mails are often archived;</i></li> <li><i>(b) E-mails can be printed (and printing facilities are more likely to be available to clients than scanning facilities); and,</i></li> <li><i>(c) E-mails are not linked to a geographical location.</i></li> </ul> <p><i>Where a disclosure is lost, reissue of the disclosure can also generally be delivered faster than posted disclosures.</i></p> <p><i>Further, if the e- mail directs clients to an online facility, there is no risk of misdelivery, as the disclosure will always be accessible and available.</i></p>  |
|  | <p><b>B1Q11</b>      <b>Do you think that there is an issue with frequency of change of email addresses? Do you have any data to show frequency of change of email addresses?</b></p> <p><i>ABS statistics (4102.0 - Australian Social Trends, Dec 2010) show that 43% of people aged 15 years or over had moved house in the preceding five years. This increases dramatically in certain demographics with over 60% of people in the 20-34 age groups moving house in the preceding five years (with over 80% of 25-29 year olds moving in the preceding five years). Some of those who had moved in the previous five years had moved multiple times with over 10% of the movers having moved five or more times in that period. Given this high population mobility it does not appear more likely that emailed disclosures will be lost than disclosures sent by post – indeed the opposite seems true.</i></p> <p><i>Given the mobility of the population, in the current technological environment, there is no problem with</i></p> |

|                     |  |
|---------------------|--|
|                     | <p><i>frequency of change of email addresses. Indeed many clients change their postal address more often than email address.</i></p>   |
| <p><b>B1Q12</b></p> | <p><b>Are there any particular contexts in which the current requirement for a client to ‘nominate’ an address would provide a barrier to efficient electronic disclosure—for example, obtaining an address for clients who acquire products through a third party such as an employer or other agent?</b></p> <p><i>Yes, please refer to response to B1Q8 above.</i></p>  |
| <p><b>B1Q13</b></p> | <p><b>Where there is a provision allowing a disclosure to be notified, sent, given, provided or delivered electronically, do you need any further guidance on whether you can use an email address, that you hold, to satisfy such a requirement?</b></p> <p><i>Existing clients should be transitioned to the new proposed disclosure regime- see FSC submission, para 56-57.</i></p>   |
| <p><b>B1Q14</b></p> | <p><b>Is there any other guidance or relief required to facilitate the delivery of disclosures by email to clients?</b></p> <p><b>Guidance:</b></p> <p>(a) <i>Retroactivity – Clarity is required as to how ASIC’s proposed changes will apply to existing clients and if not, how providers may change the default delivery method. See FSC submission at para 56-57. We would expect that it would be sufficient to transition all existing clients to electronic disclosures, once they are notified via their existing delivery method.</i></p> <p>(b) <i>Joint/Trust Accounts – Clarity is required on ASIC’s expectations on the delivery of disclosures where an account has one or more individuals linked (e.g. joint and trust accounts) and whether delivery to a designated primary email address is sufficient or whether all individuals linked to an account must receive disclosures to email addresses each designate. We expect that ASIC would treat online delivery to one joint holder as delivery to both holders, consistent with the treatment of joint account holders for receiving hard-copy disclosures, and in line with the relevant disclosure document or application form.</i></p> <p>(c) <i>Fully Online Products – Clarity is required where alternative methods of delivery to electronic would not be suitable. For example, where a new client has agreed to the terms and conditions of a fully online product. In this instance, providers should not be</i></p> |

|  |   |
|--|---|
|  | <p><i>required to provide any alternative (non-electronic) disclosure delivery methods. Clients should be bound by the terms and conditions of the product, which will articulate the available methods of disclosure delivery the product provider intends to offer. See FSC submission at para 23.</i></p> <p><i>(d) E-mail ‘bounce-back’ procedure – Clarity is required regarding ASIC’s expectations in the event of (undeliverable) e-mail ‘bounce-backs’ and its relevance and interaction with statutory and regulatory requirements, which exclusively contemplate postal-based scenarios (e.g. Superannuation (Unclaimed Money and Lost Members) Act 1999). Please see FSC submission at paras 26-29 regarding our suggested approach.</i></p> <p><i>(e) The role of agents – Clarity is required regarding the role and responsibility of agents in delivering disclosures to clients. Please see FSC submission at paras 53-54 which outlines our view regarding the need for ASIC to recognise agents as capable of providing the necessary consent/notification.</i></p> <p><b>Relief:</b></p> <p><i>(a) ‘Nominated’ e-mail address – Where law requires disclosure to be delivered to a ‘nominated’ address, relief should be provided such that the email address provided by the client, or their agent, is deemed to be ‘nominated’ for that purpose.</i></p> <p><i>(b) Fully Online Products – Relief should be granted to remove a provider’s obligation to give an opt-out option on fully online products.</i></p> <p><i>(c) Online Facilities – Relief should be granted to deem that any disclosure’s requirement for the provider to “notify”, “send”, “give”, “provide” “make available to” or “deliver” is satisfied when the provider makes it available on an online facility.</i></p> |
|  | <p><b>B1Q15</b>      <b>Please estimate any cost savings your business would expect to realise from this change.</b></p> <p><i>Precise cost savings are difficult to estimate, however several FSC members have estimated that cost savings would be approx. \$1.7m each annually, if electronic disclosure was the default.</i></p>  |
|  | <p><b>B1Q16</b>      <b>Please estimate any additional costs that consumers might be expected to incur as a result of this change.</b></p> <p><i>We do not anticipate that consumers would experience additional costs. Instead consumers would likely see a fall in costs over time, as savings and competitive</i></p>  |

|  |  |
|--|--|
|  | <i>pressures are passed on.</i>  |
| <p><b>B2:</b> We propose to give class order relief to provide an additional method of delivery for most Ch 7 disclosures (where not already permitted), allowing providers to make a disclosure available on a website or other electronic facility, provided clients:</p> <p>(a) are notified (e.g. via a link or a referral to a web address or app) that the disclosure is available; and</p> <p>(b) can still elect to receive that disclosure via an alternative method of delivery, on request.</p> | <p><b>B2Q1</b></p> <p><b>Do you support this additional method of disclosure? Please give reasons for your answer.</b></p> <p><i>Yes, see FSC submission, at paras 48-50. However in relation to Proposal B2(b), providers should not be compelled to provide non-electric disclosure in circumstances that articulate a product’s acceptable methods of delivery or the product is fully online.</i></p>  |
|  | <p><b>B2Q2</b></p> <p><b>Should clients be notified each time (via their existing method of communication) of the availability of the disclosure on a website or other electronic facility?</b></p> <p><i>Generally, there is no requirement to notify clients of availability, contemporaneously or prior to the provision of disclosures via postal delivery. Therefore, providers should be entitled to exercise discretion whether notification each time, or other means of communicating the availability of disclosures, is suitable. For example, a client could be notified promptly via email of a disclosure being available on a website where email is the agreed method of communication.</i></p> <p><i>However, where clients have agreed to the use of a standing facility or electronic application which contains relevant disclosures, an email should not be necessary. Notifications would be made through the facility or application.</i></p> |
|  | <p><b>B2Q3</b></p> <p><b>What are acceptable methods of notification (e.g. letter, email, SMS, voice call, or other)?</b></p> <p><i>All of the above are acceptable methods of notification. In addition to these, any other methods articulated in the PDS (and therefore agreed between the provider and client), should be acceptable. This would afford providers greater flexibility to adapt to technological advances and consumer preferences in the future. See FSC submission, at paras 49-50, in particular.</i></p>  |
|  | <p><b>B2Q4</b></p> <p><b>How should notifications be made? Are there any design considerations you would suggest in the notice to help ensure clients do not miss the opportunity to access their disclosures? What guidance should ASIC give on this issue?</b></p> <p><i>Providers should be entitled to exercise discretion as to how notifications should be made, with regard to</i></p>  |



|  |  |
|--|--|
|  | <p><i>the specific characteristics and nature of their product. See FSC submission, at paras 48-50, in particular.</i></p>   |
|  | <p><b>B2Q5</b>      <b>Do you have any data on the likelihood of clients printing their own copies of relevant disclosures when they are made available online?</b></p> <p><i>Material information is not available to respond to this question. However, clients are living in an increasingly paperless society where disclosure documents and alike are more likely to be read on a computer screen or mobile phone rather than in hard copy. Indeed many work-place document management/filing systems are ‘paper-less’.</i></p> |
|  | <p><b>B2Q6</b>      <b>Do you think we should restrict the use of hyperlinks in notifications?</b></p> <p><i>No - It would be unhelpful to restrict the use of hyperlink notifications to a sub-set of financial products.</i></p>   |
|  | <p><b>B2Q7</b>      <b>Please provide feedback on the costs to your business of:</b><br/> <b>(a) developing or modifying an electronic facility;</b><br/> <b>(b) printing and mailing disclosures (including, where possible, volumes and expected changes in volumes based on the proposal); and</b><br/> <b>(c) any savings you would expect to make were this proposal implemented.</b></p> <p><i>See FSC submission, at paras 4-5.</i></p>   |
|  | <p><b>B2Q8</b>      <b>Please estimate any costs that consumers might be expected to incur as a result of this change.</b></p> <p><i>We do not anticipate that consumers would experience additional costs. Instead consumers would likely see a fall in costs over time, as savings and competitive pressures are passed on.</i></p>  |
| <p><b>C1:</b> We propose to facilitate more innovative PDSs, such as interactive PDSs, by giving relief:</p> <p>(a) from various provisions requiring a copy</p> | <p><b>C1Q1</b>      <b>Do you have any comments on our proposals for relief in proposal C1(a) regarding copies of the PDS?</b></p> <p><i>The proposal in C1(a) is supported subject to our detailed comments at FSC submission, paras 69-84.</i></p> <p><b>C1Q2</b>      <b>Do you have any comments on the relief from the shorter PDS regime in proposal C1(b)? Do you have any other suggestions as to how this might be achieved? Do you think communicating ‘the same</b></p>   |

|   |                    |   |
|---|--------------------|---|
| <p>of a PDS to be given to a person on request and instead allowing a provider to give a copy of any current PDS for the relevant product or offer—meaning a provider can give a different printed PDS, even if technically it is not a ‘copy’;</p> |                    | <p><b>information’ is an appropriate limitation on a more innovative PDS?</b></p> <p><i>See FSC submission, at paras 69-84. ASIC must ensure that the content requirements and liability regime for shorter PDSs is not affected by any changes or Class Order relief. Any uncertainty in this area may have significant implications for due diligence processes and liability of preparers of PDSs under the shorter PDS regime.</i></p>  |
| <p>(b) from the shorter PDS regime, provided the PDS communicates the same information that is required by that regime; and</p>   | <p><b>C1Q3</b></p> | <p><b>Do you think that our proposed requirement Do you think that our proposed requirement proposal C1(c) that the mandated language be included ‘at or near the front of the PDS’ will accommodate more innovative PDSs?</b></p> <p><i>See FSC submission, at paras 78-79.</i></p>  |
| <p>(c) from the requirements for certain language to be included on the cover or ‘at or near the front of’ a PDS so they can equally apply to a more innovative PDS.</p>  | <p><b>C1Q4</b></p> | <p><b>Are there any further legislative barriers to your use of more innovative PDSs, including interactive PDSs?</b></p> <p><i>See FSC submission, at paras 69-84. ASIC should provide clear guidance around minimum requirements that innovative/interactive PDSs must satisfy to give providers comfort they have discharged their responsibilities.</i></p> <p><i>A pragmatic, facilitative approach should be taken, for a suitable period of time, by ASIC toward providers who elect to utilise innovative/interactive PDSs.</i></p> |
| <p><b>C2:</b> We propose to update our guidance in RG 221 to:</p> <p>(a) make it clear that we think Pt 7.9 operates to allow a provider to have more</p>   | <p><b>C1Q5</b></p> | <p><b>Do you think any of our proposed relief should be extended to other types of disclosure, such as FSGs and SOAs?</b></p> <p><i>Yes – see FSC submission, at para 83.</i></p>   |
|   | <p><b>C2Q1</b></p> | <p><b>Do you agree with this proposal? Please give reasons.</b></p> <p><i>Yes, however providers should only be required to maintain one type of PDS, at their discretion (see our response to Proposal C1).</i></p>  |
|   | <p><b>C2Q2</b></p> | <p><b>Do you consider that there are any other areas where a lack of clarity of our view would prevent or discourage you from producing a more innovative PDS?</b></p>  |

|   |             |   |
|---|-------------|---|
| <p>than one PDS for a single financial product or offer, such as a version able to be printed and an interactive version;</p> <p>(b) make it clear that the requirement that a consumer can identify the information that is part of the PDS is particularly important in the case of more innovative PDSs; and</p> <p>(c) include further guidance on the use of more innovative PDSs and update our 'good practice guidance' on electronic disclosure to help ensure consumers receive clear, concise and effective information when disclosures are delivered electronically and in electronic form (see Section D of draft updated RG 221).</p> |             | <i>Please refer to our response to C1Q4 above.</i>  |
|   | <b>C2Q3</b> | <p><b>Are there any other risks to consumers that may be more apparent in the electronic environment?</b></p> <p><i>There are no new significant risks specific to these proposals. The electronic environment in Australia is mature and has been used by the financial services industry for many years.</i></p>  |
|   | <b>C2Q4</b> | <p><b>Do you think, where it does not already, any of our proposed updated guidance should be extended to other types of disclosures, such as FSGs and SOAs?</b></p> <p><i>Yes – we generally support consistent disclosure obligations across financial products and services, in order to minimise regulatory burden and costs.</i></p>   |
|   | <b>C2Q5</b> | <p><b>Do you agree with our updated good practice guidance in Section D of draft updated RG 221?</b></p> <p><i>Generally yes, however there are reservations with regard to its “no more than three clicks” guidance – see FSC submission, at para 82.</i></p>  |
|   | <b>C2Q6</b> | <p><b>Do you think complying with our updated good practice guidance would be too onerous?</b></p> <p><i>Generally no, however please refer to response to C2Q5 above.</i></p> <p><i>We consider it is important that ASIC’s good practice guidance not be prescriptive in relation to the specificity of location on websites. Rather, the guidance should be principles-based.</i></p> <p><i>Point 5 of the table (page 19 of the draft RG 221) suggests that “a provider should direct clients” to take a copy of information accessed on-line. We believe a provider should provide a mechanism for clients to access a copy, and should take reasonable steps to make clients aware of the ability to access a copy, however we think ASIC’s guidance (in requiring providers to “direct clients to take ... a copy”) is inappropriate and overly prescriptive and we do not support an obligation on providers to “direct clients to take (or access) a copy”. It should be sufficient for the provider to inform the client how they may access the document, rather than provide a direction to them to take or access a copy as this is unduly prescriptive.</i></p> |

|   |   |
|---|---|
|   | <p><b>C2Q7</b></p> <p><b>Is there anything else you think would be usefully covered in our good practice guidance?</b></p> <p><i>Please refer to response to B1Q14 above.</i></p>   |
| <p><b>D1:</b> We are considering aligning the treatment of financial services disclosures and credit disclosures in the future.</p> | <p><b>D1Q1</b></p> <p><b>Do you agree we should align the treatment of financial services disclosures and credit disclosures? Please give reasons for your answer.</b></p> <p><i>Yes, proposals to update the facilitation of electronic disclosures should be extended to credit disclosures.</i></p> <p><i>This would:</i></p> <ul style="list-style-type: none"> <li><i>(a) Reflect the current technological environment;</i></li> <li><i>(b) Maintain consumers expectations and preferences of communication;</i></li> <li><i>(c) Provide greater accessibility to disclosures;</i></li> <li><i>(d) Enable better record keeping for consumers;</i></li> <li><i>(e) Enable providers to give those disclosures to consumers more promptly; and</i></li> <li><i>(f) Make postal and electronic delivery preferences consistent.</i></li> </ul>   |
|   | <p><b>D1Q2</b></p> <p><b>Have you encountered barriers to the electronic provision of credit disclosures? If so, what are those barriers?</b></p> <p><i>The main barrier is the requirement for express consent prior to being able to send information electronically. CP 224 mentions inertia and customer reluctance to change a default position, and the FSC’s members have found this often to be the case, e.g. with moving to electronic statements.</i></p> <p><i>One FSC member gave as an example that even though a large percentage of credit card customers use on-line banking facilities, and have electronic access to their transaction history daily and statements monthly, a far smaller percentage has opted in to online credit card statements. This has resulted in increased cost of delivering paper statements that many customers never open.</i></p> <p><i>The FSC considers that for both initial disclosures (e.g. pre-contractual and contract documents) and ongoing disclosures (statements) electronic delivery should be the default position. Further, that the default position should apply to new and existing customers, with appropriate notice and opportunity for customers to</i></p> |

|                    |  |
|--------------------|--|
|                    | <p><i>opt-in to paper if required.</i></p> <p><i>A second barrier is the requirement (e.g. under the electronic transaction provisions incorporated into the National Credit Code and the equivalent ePayments Code requirements) that disclosures be able to be printed and/or stored by the customer. Where for example, documents are delivered to a tablet or mobile device, it may not always be clear whether the customer is able to store the document on the device, or forward the documents to another electronic address using their tablet or mobile device. The law should be flexible enough to allow the documents to be deemed given so long as the documents can be viewed on the tablet or mobile device and a copy of the documents is sent to the customer (e.g. by logging into a website) if a copy of the document is required for printing or downloading.</i></p> <p><i>Client barriers in products such as reverse mortgages have meant that there may be continued client demand for printed disclosure.</i></p> <p><i>The regulatory framework (e.g. NCCP guarantors disclosures) has meant that we have been unable to consistently apply electronic provision of credit disclosures to all parties, resulting in continued printed disclosures.</i></p> |
| <p><b>D1Q3</b></p> | <p><b>Please estimate any compliance cost savings you would expect to realise if provisions for credit disclosures were aligned with our proposals for financial services disclosures.</b></p> <p><i>Material information on cost savings is not available to respond to this question.</i></p> <p><i>For online only products, providers should be able to mandate electronic delivery as a condition to the product (ASIC has already approved this going forward for new customers, but we suggest it also be extended to existing customers).</i></p>  |