



31 March 2014

The Chairman  
Financial System Inquiry  
Canberra

Please find below the first submission to the FSI from COSBOA. Also attached is a copy of a joint report completed by COSBOA and the Australian Bankers' Association in 2013 that focussed on access to finance for small business people.

We also recommend the submission from the Commercial Asset Finance Brokers Association of Australia (CAFBA) for details on the history of competition in the small business lending sector, key pieces of legislation and particular policies and processes that impact on the marketplace.

Our main issues centre on:

- communications between financial institutions and small business people;
- the cost of finance;
- access to finance;
- the background compliance demands placed in financial institutions that inhibit their dealing with small business people;
- information on how small business people currently access finance including the use and benefits of intermediaries such as brokers; and
- the provision of better information on the above issues to help inform comment and policy.

We believe that better information will enable decisions that have long term impacts on the economy. For example the current imposition of APS113 by APRA on the process for small business people to access loans does not protect a business nor help a business, it adds another level of unnecessary process that in the end inhibits proper function of the small business loan marketplace.

The statistics including in the COSBOA ABA report should also inform the focus of the inquiry and provide detail on who can and can't access finance.

For many years the statement "small business cannot access finance" was not backed up by any data. We now have data, and as we understand so does the NSW Chamber of Commerce and Industry, which shows the growth potential businesses, some 200k to 300k in number, are the biggest group that struggles to get finance. For the sake of the economy and the future of innovation we need to

gather more information and ensure that any viable business that wants to grow can access the necessary finance.

Recently Vicki Wilkinson from your secretariat met with our Council members to discuss the FSI and after your report is released we will also invite you to meet and discuss issues.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Strong', with a stylized flourish at the end.

Peter Strong  
CEO