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## Credit reforms to improve consumer and small business lending

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Dun & Bradstreet has today welcomed credit reporting reforms announced by the Privacy Commissioner as an important step in improving lending decisions and access to credit for both consumers and small business.

The reforms, which largely reflect the proposals of Dun & Bradstreet when they introduced competition into the credit reporting market in 2005, will allow additional data elements to be recorded on a personal credit report and therefore provide lenders with greater insight into a consumers' capacity to meet their credit commitments.

The reforms will allow credit reports to include details on the type of credit accounts a consumer holds and the credit limit in addition to existing permissible details such as defaults, court judgments and bankruptcies. This shift to 'comprehensive credit reporting' is consistent with nearly all developed countries in the world and leads Australia, which is currently preparing for the release of draft legislation to introduce a similar system.

The international experience from the shift to comprehensive credit reporting is that it has the capacity to both reduce default rates and improve access to credit for poorly served markets such as small businesses. The additional information allows a credit provider to make a more informed decision about the credit worthiness of an applicant thereby preventing the granting of credit to consumers who may be harmed by further credit exposure.

Furthermore, the reforms improve access to those consumers' that are credit worthy but denied access because of a lack of substantiated information. Unincorporated small businesses typically fall into this latter category and have been major beneficiaries of these reforms elsewhere through increased access and reduced prices.

Dun & Bradstreet's CEO Christine Christian believes the reforms are a significant first step on the road to a more modern and effective consumer credit system.

"It is undeniably the case that more information can improve lending decisions. This announcement by the Privacy Commissioner is a significant step in the direction of better lending outcomes for lenders, consumers and small business", said Ms Christian.

"We also welcome the Privacy Commissioner's willingness to consider additional reforms as we move forward. The additional proposals for consideration will further improve credit outcomes. However, no one should under-estimate the significance of these initial reforms and the opportunity they provide to demonstrate to the community how this information can assist lenders and borrowers."

Dun & Bradstreet has led the campaign for credit reporting reform since it launched its consumer credit bureau in 2005 introducing competition to the market for the first time. Its campaign has included extensive research and stakeholder engagement. Copies of that research are available upon request.

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**Media Notes** For further information please contact:

Damian Karmelich  
Director – Corporate Affairs  
+61 2 8270 2919