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Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

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By email: fintech.sen@aph.gov.au

Dear Committee

Financial Technology and Regulatory Technology Inquiry (the Inquiry)

We thank you for the opportunity to respond to the Inquiry.

The Australian Finance Industry Association (AFIA) represents over 100 providers of consumer, commercial and wholesale finance in Australia. (For more information about AFIA, please see Annexure A to this submission).

Importantly, for the Inquiry, AFIA's membership includes financial technology firms offering finance to consumers and small businesses through simple, easy to access online platforms – for example, the Online Small Business Lenders (OSBL) and Buy Now Pay Later (BNPL) providers (together, AFIA's "fintech members"). (For more information about AFIA's OSBL and BNPL members, please see Annexure B.)

AFIA's role as an industry body is to drive industry leadership and represent members' views, facilitate self-regulation through industry codes, and to work with the Federal Government, financial regulators and other stakeholders to promote a supportive environment for industry.

Our guiding principles seek to build the settings to:

- Promote simple, convenient, innovative and affordable credit to finance Australia's future, including maximising access to credit for customers able and willing to service their commitments and minimising the likelihood or incidence of customers entering into unsuitable credit contracts;
- Foster competition and innovation in Australia's financial services industry, which enables our members to grow, expand and thrive as key participants in lending and other markets; and
- Generate greater financial and economic participation by consumers and small businesses in Australia's financial system and economy and improve social participation as a means to create financial wellbeing.

To do so, we focus on the key drivers that provide positive customer outcomes, foster competition and innovation within industry, and facilitate financial, economic and social engagement by both customers and industry.

In November 2009, the Australian Financial Centre Forum's 'Australia as a Financial Centre Report' noted that at that point in time, Australia had arguably the most efficient and competitive full-service financial sector in the Asia-Pacific region – it was strong, well-regulated and highly regarded around the world[1].

A follow up report (the Second Johnson Report), released in June 2016, noted that Australia was located in the fastest growing region in the world and noted the importance in a further opening up of financial markets to innovation and competition from new entrants by reducing barriers to entry.

We believe that, to preserve Australia's status as a financial services hub, it is imperative to continue to support the growth of the financial services industry and the fintech sector. The benefits of doing so will be to enhance customer choice, facilitate competition and innovation, and to make the financial services industry, and in particular, lending, more accessible to consumers and small businesses.

Our key recommendations for this Inquiry are based on the principles of ensuring:
1. Regulation is fit for purpose and not a barrier to entry or growth;
2. Access to credit continues for consumers and small businesses, and is supported through the growth and expansion of the financial services industry and the fintech sector; and
3. Customer choice is enhanced through facilitation of competition and innovation in the lending market in Australia.

1. Ensuring regulation is fit for purpose

The Second Johnson Report noted that new regulations should be implemented efficiently and effectively, avoiding undue costs to the corporate sector; this is particularly true for the emerging fintech sector. We propose that this is delivered through more effective collaboration between regulators, industry and direct government support for the industry.

More effective collaboration between regulators and industry

There is an opportunity for improved regulatory balance for new and emerging providers – the balance being to ensure consumer protections support rather than create a barrier to innovation.

The industries in which our fintech members operate are new and emerging, and current regulation designed for larger, more established participants may not necessarily be fit for purpose for their newer products and services.

Our fintech members have appreciated the fact that regulators in Australia have been generally receptive to their entrance into the Australian market. They also appreciate that industry, particularly new entrants, have responsibility for educating regulators and government on how their product and service offerings continue to meet legal and regulatory requirements as well as demonstrate customer value.

[1] https://www.fsc.org.au/resources-category/publication/755-2016-0628-fsc-australiaasafinancialcentre-7yearson/file

Early, upfront and ongoing engagement remains our members preferred way of engagement with regulators and stakeholders to assist in broadening the understanding of their business models, customer bases and product and service offerings in order to identify the appropriate legal and regulatory settings for their sector.

None of our members seek to place customers at risk of harm or detriment – our members' business models are built on customers being able to meet loan or product commitments and then re-using the product or service because of the value it delivers; this is simple commercial sense (as well as what is required by the law and expected by the community). There is an opportunity for the Inquiry to consider government and regulator approach to collaboration with the fintech sector.

At times, our fintech members and, in particular, the BNPL members, have felt recent public reviews or inquiries have been focused more at the minority of situations where harm or detriment has occurred than understanding their emerging sector.

We note that a focus on harm or detriment does not always present a balanced view and can detract from ongoing investment and interest around product innovation because the potential negative reputational risk associated with such creativity is perceived by boards and investors as outweighing the benefits to customers and the broader economy.

We also believe there is significant value in greater collaboration between regulators and policy makers as part of the preliminary stage of the development of regulation. There have been experiences where policies by different regulators have had contradictory outcomes which have posed challenges for some of our fintech members, particularly where compliance and/or conduct expectations are mismatched across regulatory frameworks.

Examples of this are:

- ASIC's requirements of BNPL providers to ensure merchants do not pass fees, charged by BNPL providers, to merchants on to customers as opposed to the Reserve Bank of Australia, which is looking to allow merchants to pass on the cost of accepting different payment methods (including BNPL) to customers; and
- the fragmentation in Australian privacy law development which, we have seen, can have a spill-over effect into the development of guidance in relation to Australian consumer credit laws. Earlier this year, AFIA worked with our members to contribute to ASIC's consultation on revisions to its responsible lending guidance [ASIC RG209]. In its Consultation Paper [CP309] ASIC has suggested that personal information collected for one purpose (e.g. collecting account data for checking affordability) could be used by the data-recipient for a secondary purpose that it was not originally collected for (e.g. using it to identify vulnerability indicators/hardship). In contrast, as currently drafted, the Draft Consumer Data Right (CDR) Rules make clear that use of data collected relying on the CDR should be minimised wherever possible, presumably to the original purpose of collection. The conflict between these two regimes will potentially create a compliance issue for our fintech members that hold Australian Credit Licenses (ACLs) due to the mismatch between regulator expectations.

These examples are used to demonstrate there is value to greater collaboration between regulators and the fintech sector to ensure regulation is appropriate and balanced and the processes adopted by regulators do not hamper competition and innovation and/or impose undue compliance costs.

Recommendations

To ensure a more constructive engagement model for new industries:

- As a starting point, regulation needs to be demand driven, i.e. the substantial direction of regulation needs to be based on the interests of customers (be they consumers or small businesses) and the value that these new industries bring to customers and to the broader economy;
- A model which focuses on both consumer protection and continued access to finance;
- More collaboration and coordination between regulators to avoid duplication – a channel for this could be the Council of Financial Regulators (CoFR) – which will allow better collaboration between the Australian Securities and Investments Commission (ASIC), Australian Prudential Regulatory Authority (APRA), and the Reserve Bank of Australia, along with other regulators, i.e. Australian Competition and Consumer Commission and the Australian Office of the Information Commissioner, in setting the fintech regulatory agenda;
- Collaboration between regulators and the fintech sector through facilitative forums – AFIA is happy to facilitate these forums or coordinate bi-lateral engagement. (It should be noted that our fintech members have indicated there would be great value in having access to an ASIC 'safe space' to discuss, understand and obtain guidance on a range of matters, i.e. customer journey mapping and new product development).

Industry Codes

In his final report for the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Financial Services Royal Commission), Commissioner Kenneth Hayne noted that industry codes offered a form of self-regulation by which industry participants set standards on how to comply with, and exceed, various aspects of the law.

As we have previously noted in our response to Treasury's Consultation Paper – the Enforceability of Financial Services Industry Codes, AFIA and our members are strong advocates for the establishment of industry codes.

We believe industry codes allow for self-regulation of an industry, particularly for emerging industries, and can help with raising standards of industry practices and establishing boundaries for new participants into a sector.

Industry codes can provide a dynamic means of ensuring there are appropriately set standards for new product and service offerings and emerging customer expectations are captured and reflected in standards.

Industry codes can balance the needs of financial services providers to operate prudently and commercially while optimising consumer protection. We support the Federal Government's proposal to continue to allow for ASIC approved, non-ASIC approved and Government to mandate codes where there is a gap in regulation.

AFIA has taken a leading role in developing codes for two emerging fintech industries – OSBL and BNPL. AFIA's Board has supported self-regulation as a key strategic priority for the last few years as it:

- Assists members to meet community standards;
- Promotes the interest of members and responds to member demand for Codes of Practice;
- Strengthens trust and good standing of the finance industry among stakeholders;
- Allows members to self-regulate and demonstrate to customers a level of service, product design and distribution capability that gives an operational context and commitment to the law and sets a standard of behaviour that exceeds the law; and
- Improves industry ownership of Codes of Practice, and therefore, responsibility and accountability around compliance and best practice.

With AFIA's assistance, our BNPL and OSBL members, have either developed or are in the process of developing industry codes.

Our OSBL members developed the Online Small Business Lenders Code, which is now in its second year of operation. This Code has garnered strong support from the Australian Small Business and Family Enterprise Ombudsman (led by Kate Carnell) and from Fintech Australia as well as the bankdoctor.org.

Separately, AFIA announced on 19 December 2019[2], the development of an industry code for our BNPL members to:

- Set consumer protection standards for the BNPL industry; and
- Address the recommendations from the Senate Economics Committee in February 2019 and ASIC's Report 600 in November 2018.

Public consultation on the draft BNPL Code will commence in January 2020, with the intent being that the code will be operational from 1 July 2020. We believe that there is an opportunity for the Government and financial regulators to continue to support growth of the fintech sector through the support of self-regulation via industry codes, as part of the regulatory framework.

Australian Financial Complaints Authority (AFCA)

A key requirement of any industry code, that AFIA develops for industry, is the requirement to become a member of the Australian Financial Complaints Authority (AFCA). All our OSBL members, and (when their code becomes effective), our BNPL members, have joined or will join AFCA.

Our members appreciate the value that AFCA brings to their customers through the independent avenue it provides for customers to seek redress (after internal resolution processes have been exhausted).

[2] https://www.afia.asn.au/news

However, there is a great appreciation by AFIA and our members that AFCA has been given a very large, and very complex mandate, and that it is an organisation that is new and evolving. Our members have shared concerns directly with AFCA in relation to its experience and expertise in appropriately applying the law and industry codes in its complaint handling practices – in particular, applying the ABA's Banking Code to members who are not part of the ABA, which had no involvement in its development and whose businesses are not akin to that of mainstream institutions (i.e. large, authorised deposit-taking institutions).

In addition, our members also have concerns around the cost and process of AFCA membership. The cost can be prohibitive to emerging participants.

Finally, the lack of a right of appeal from AFCA decisions (unlike predecessor regimes, such as the Financial Ombudsman Service and the Credit and Investment Ombudsman) can be restrictive to new participants, particularly those where AFCA membership is not mandatory.

As with regulators, we see an opportunity for AFCA and our members to build a more collaborative approach. For example, AFIA has previously facilitated workshops with AFCA and our OSBL members, and will be facilitating similar workshops next year, with the aim to provide AFCA with greater insight into our member business models, products and services, and to facilitate greater discussion between and AFCA and the fintech sector.

Recommendations

- Continue to allow for ASIC approved, non-ASIC approved, and Government to mandate industry codes.
- As part of a formal review of the AFCA Terms of Reference in May 2020, include the need for AFCA to:
    - Hold non-ABA members to the standards contained in relevant industry codes, including those developed by industry associations for their members rather than the ABA's Banking Code;
    - Review its pricing mechanism for fintechs; and
    - Allow its determinations to be appealed, thereby increasing confidence and take up of its services by fintechs and other participants, voluntarily.

2. Supporting consumer and small business access to credit

Our fintech members provide both consumers and small businesses with access to finance. Access to finance is important for continued growth of the economy and the creation of financial wellbeing within our community.

Opportunities to support access to finance

Australia's small businesses are facing increased barriers to accessing business finance through mainstream lending institutions following the Financial Services Royal Commission and due to other changes, which are having a direct and indirect impact on the lending market in Australia[3].

[3] https://www.smartcompany.com.au/finance/funding/sme-credit-finance/

AFIA's fintech members provide alternative and accessible finance to small business. For example, a small business that requires short-term cashflow injections may make an application to an OSBL member and be able to get access to finance within 24 hours due to the fintech lender's sophisticated credit assessment criteria and simplified lending systems leveraging technological solutions.

Similarly, by way of partnerships with merchants and using technological solutions, our BNPL members provide easily accessible point of sale finance to consumers. For example, an Australian customer can now purchase solar panels from a solar panel vendor in an affordable and simple way, including organising their payment when purchasing the product.

The opportunities for small businesses and consumers to access finance in alternative means, is significant. Customer choice and access to products and services in an easy, more efficient and affordable way is important for the financial system, but also for the economic participation of companies and individuals within the system. Use of technology facilitates the provision of finance in a way that is promoting economic participation and economic participation, over the longer term, builds financial wellbeing.

Ongoing support for these financiers by the Federal Government is crucial to facilitating greater consumer and small business access to finance. We believe the following insights will assist the Inquiry to consider ways to continue to support and facilitate growth of the sector with consequential benefits to consumers and small businesses.

Accessing capital

Access to capital is critical to our fintech members for growth and for success, however, according to the EY Fintech Australia report, capital raising has become more challenging in recent times[4].

Our members have been appreciative of the range of incentives offered by the Federal Government in the fintech sector, from incubator programs, international partnership programs, R&D grants and tax relief. We suggest that the Government has an opportunity to build on those foundations to increase its support for emerging fintechs, especially in relation to R&D.

Incubators, accelerators and the ASIC Sandbox

Our members view ASIC's Regulatory Sandbox initiative as a great step forward in assisting new industries to test products. We urge the Federal Government to continue its good work in considering innovative ways (such as the ASIC Sandbox) to support start-ups and scaleups to grow.

There is also a continued need for investment support, for injection of capital and for the Federal Government to continue to facilitate entrepreneurial activities, including support for partnerships between established market participants (i.e. banks) and emerging market participants (i.e. fintechs).

[4] EY FinTech Australia Census 2019 pg. 24

Creating an environment to attract talent

Our members note that there are pressures on attracting, recruiting and retaining talent. We believe that there is an opportunity for the Federal Government to create an attractive environment for international talent to supplement local skills shortages.

In terms of growth and recruitment of talent, our members report a shortage of local talent particularly managerial and engineering capability. Changes to 457 Visa regulations have had a significant impact on access to quality resources across all fintech roles, not just engineering but also product, marketing and customer experience. Where key roles cannot be filled, fintechs are often forced to delay the launch of innovative products and services.

However, uncertainty as to the criteria or timeframes pertaining to visa applications and decisions make it difficult to attract highly skilled individuals. We acknowledge the support provided by programs such as the Global Talent Employer Sponsored Scheme and the Global Talent Independent Scheme and suggest that the quotas allowed for these schemes need to be increased to meet the current recruitment needs of fintechs.

We envisage that visa policies that help fill a temporary skills shortage will support the growth of Australia's fintech sector. With this in mind, we think there is an opportunity for the Federal Government to consider a more flexible skilled working migrant visa regime to allow for the attraction and engagement of overseas skills where there is an absence of such in Australia.

The Australian Business Securitisation Fund

Our OSBL members welcomed the Federal Government's support for the sector through the establishment of the Australian Business Securitisation Fund (ABSF), seeing it as a supportive vehicle to deliver awareness, growth and credibility to this new and emerging sector.

However, our members are concerned that the ASBF is taking longer to implement than anticipated. Furthermore, the Australian Office of Financial Management have said that it will initially not fund certain asset classes, which may mean that some of our OSBL members may not be able to access the fund.

If that was the case, the resultant issue would be that fintech lenders may face increased competition from more established lenders who can use ABSF to offer lower priced solutions than fintech lenders.

Rather than support competition and innovation in the lending market, this initiative may have the opposite effect.

We believe there is an opportunity for the Inquiry to investigate these concerns, and our OSBL members look forward to working with the ABSF, when it becomes more operational, to accommodate the securitisation of the types of loans offered by our members.

Recommendations

- Leverage and invest further on the current foundations offered by the Federal Government in the fintech sector, including the ASIC Sandbox, incubator programs, international partnership programs, R&D grants and tax relief.
- Consider a more flexible skilled working migrant visa regime to allow for the attraction and engagement of overseas skills, where there is an absence of such in Australia.
- Investigate further points raised by the Australian Office of Financial Management who have said the ABSF will initially not fund certain asset classes, which may mean that some of our fintech members may not be able to access the fund and provide cheaper access to credit for customers.

3. Enhancing competition through the facilitation of customer choice

We have indicated that facilitating consumer and small business access to credit is crucial for a thriving economy. Similarly, facilitating customer choice in lending options is equally as important.

The lending market in Australia is transforming, due to multiple factors including changes in the international capital markets, advances in technological solutions more readily adopted by fintechs, and the 'trust gap' currently being experienced by mainstream lending institutions. Consumers are now, more than ever, looking for choice and for alternatives to traditional financial institutions[5].

There is an opportunity for the Federal Government to respond to consumer sentiment by creating an environment that allows for competition in the financial services market by supporting emerging industries and driving consumer awareness and uptake.

We believe that there are several areas the Government can focus to facilitate further development within the fintech sector.

The UK-Australia FinTech Bridge

Our members are very supportive of the United Kingdom-Australia FinTech Bridge (Fintech Bridge), recognising the Government's commitment to build cooperation and trade between governments, regulators, and businesses in the UK and in Australia.

We agree that:

- Collaboration and cooperation are important to drive growth;
- The opportunity to learn from overseas experience is vital; and
- Bringing down barriers of entry to allow our home-grown fintechs into other markets is critical.

However, the Australian fintech sector is relatively young with most of our fintech members between 1-5 years of growth and the market is relatively immature, and as such, newer Australian fintechs are not, yet, in a position to enter other markets (including the UK market).

[5] EY FinTech Australia Census 2019 – Profiling and defining the fintech sector pg. 12

On the other hand, the UK fintech market is a more mature market, and many are in stronger positions to enter the Australian market.

Therefore, we recommend that the Inquiry might like to consider a range of policies to support the growth and expansion of the domestic fintech sector, as part of the Fintech Bridge.

Comprehensive Credit Reporting (CCR)

The CCR regime is currently in its infancy, with limited participation. We believe there is an opportunity to extend the benefits of the regime for consumers and participants through the enhancement of categories of lenders that can contribute to CCR. To allow fintech lenders to participate in the CCR regime facilitates a more competitive environment, which in turn facilitates more customer choice.

To access CCR, a lender must hold an Australian Credit License (ACL) (applicable to consumer lending) and provide reciprocal consumer lending data to the credit bureaus and other credit providers, which small business lenders are unable to do since they hold commercial, not consumer, data.

The nature of the products that our fintech members offer, as well as the need not to hold an ACL, means many of our members are currently excluded from the CCR regime established by the Privacy Act and the Principles of Reciprocity and Data Exchange (PRDE) administered by ARCA.

Access to CCR data is important to lending businesses because access to reliable data is important to manage credit risk, effectively compete with mainstream institutions, and improve customer choice - customers that use these online lending products and look for finance from other market participants (e.g. home lenders) could benefit from a credit reporting system that facilitates exchange.

We believe this Inquiry has an opportunity to consider if new categories should be created within the CCR regime to allow for the participation of the BNPL and OSBL sectors.

Consumer Data Right (CDR) and Open Banking

The establishment of the CDR and the Open Banking regime was loudly applauded by fintechs.

We note, however, that:

- Our fintech members have indicated that the costs of compliance and accreditation are prohibitive to many accessing the regime;
- 85% of fintechs surveyed in the EY Fintech Australia census believed that the implementation of Open Banking was crucial, yet its commencement has been deferred from February to July 2020.

We recommend that the Inquiry closely monitors the implementation of the regime.

New Payments Platform (NPP)

Some of our fintech members note that there are challenges with access to the NPP. An entity must hold an authorised deposit-taking institution (ADI) licence and make a material capital contribution in order to be a New Payments Platform Full Participant, which limits participation to mainstream institutions, and thereby limits the benefits available for consumers. Accordingly, new non-ADI lenders cannot be Full Participants in the NPP, and some may only be able access the NPP via a bank partner.

We recommend that this Inquiry consider more transparent access points for fintechs to connect to the NPP.

Education and Awareness

AFIA is working with the Australian Small Business and Family Enterprise Ombudsman and our OSBL members to increases the level of awareness by small businesses of alternative lenders and the advantages of seeking finance from alternative lenders – a recent example of this is the Business Funding Guide (here).

We suggest more cross-collaboration between industry, industry associations, the ombudsmen and/or regulators, and the Government occurs to promote more awareness of alternative lenders and customer choice within the lending market in Australia.

For example, we suggest there are great benefits to Government supported campaigns promoting awareness of the CDR and Open Banking regime as well as the ABSF, as initiatives to promote greater competition with the support and backing of the Government.

Recommendations

- Support a range of policies to support the growth and expansion of the domestic fintech sector, as part of initiatives to foster competition and global integration.
- Include new categories within the CCR regime to allow for the participation of fintech and specifically BNPL and OSBL members.
- Closely monitor the commencement of the CDR and Open Banking regime, to ensure no further unreasonable delays and timely expansion across the market.
- Provide more transparent access points for fintechs to connect to the NPP.
- Increase more cross-collaboration between industry, industry associations, the ombudsmen and/or regulators, and the Government to promote more awareness of finance alternatives and increase customer choice.

Conclusion and Next Steps

We believe it is imperative for the Government to continue to support the emergence, growth and sustainability of alternative finance providers, our fintech members.

There is a great opportunity to do so through:

- Not taking a 'one size fits all' approach, but by taking a regulation by design approach;
- Supporting greater access to finance by consumers and small businesses by the Government support for competition and innovation, such as through continuing securitisation programs and government grants; enhancing initiatives, such as additional R&D tax incentives and new visa programs; and expanding the CCR regime and the CDR and Open Banking regime to alternative lenders; and
- Creating an environment that facilitates competition and innovation with a resulting increase in customer choice.

We hope that this submission assists the Inquiry.

Should you wish to discuss our feedback further, or require additional information, please contact me or Naveen Ahluwalia, Director, Policy & Regulatory Affairs at naveen@afia.asn.au or 02 9231 5877.

Kind regards

Diane Tate
Chief Executive Officer

Annexure A

The Australian Finance Industry Association (AFIA) is the voice of a diverse Australian finance sector. AFIA represents over 100 providers of consumer, commercial and wholesale finance in Australia which includes:

- major, regional and mutual/community owned banks;
- providers of consumer finance, including home loans, personal loans, consumer leases, credit cards, buy now pay later services, and debt purchasers;
- providers of land finance, including residential and commercial mortgages and bridging finance;
- equipment financers, including commercial equipment financing ranging from agri-equipment to small ticket equipment financing;
- motor vehicle financiers, including consumer motor finance, novated motor finance, small business motor finance and heavy vehicle finance;
- fleet leasing and car rental providers; and
- providers of commercial finance, including secured and unsecured loans and working capital finance to businesses, including small businesses.

AFIA's members range from ASX-listed public companies through to small businesses providing finance, which operate via a range of distribution channels, including through 'bricks and mortar' premises (physical branches and other outlets), via intermediaries (including finance brokers, dealerships, retail suppliers), and through online access or platforms (traditional financial institutions and fintechs).

AFIA's members collectively operate across all states and territories in Australia and provide finance to customers of all demographics from high to low-income earners and to commercial entities ranging from sole traders, partnerships and across the corporate sector in Australia.

AFIA's members provide a broad range of products and services across consumer and commercial finance, a snapshot of these include:

- consumer: home loans, personal unsecured loans, revolving products (including credit cards and interest free products coupled with lines of credit), personal secured loans (secured by land or personal property); consumer leases of household assets (including household goods, electrical/IT devices or cars) and buy-now, pay later services;
- commercial: land, asset or equipment finance (finance/operating lease, secured loan or hire-purchase agreement or novated leases); business finance and working capital solutions (secured loans, online unsecured loans; debtor and invoice finance; insurance premium funding; trade finance; overdrafts; commercial credit cards), together with more sophisticated and complex finance solutions.

For further information about AFIA, please see here.

Annexure B

AFIA's Online Small Business Lenders (OSBL)

AFIA's Online Small Business Lenders provide online secured and unsecured loans to Australia's small businesses to meet a range of small business finance needs, including inventory purchase, equipment acquisition, hiring and general corporate purposes.

There are 2.3 million small businesses in Australia[6] and small businesses makes up 97% of all Australian businesses. In 2017, small businesses employed 44% of Australia's private sector workforce and generated 35% of Australia's GDP.[7] Small business provides employment to a very large number of Australians and is a significant contributor to the Australian economy.

Efficient access to capital was seen by our OSBL members as a major issue facing small businesses. Our members recognised that financing a small business can be a challenge that requires more time than most small business owners have available. By using cutting edge technology, OSBL offer a convenient way for small businesses to access finance quickly, easily and responsibly. Our OSBL members offer flexible terms and rates based on business performance and offer fast responses to loan applications, and if approved, provide quick funding.

OSBL members include: Capify, GetCapital, Lumi, Moula, OnDeck, Prospa and Spotcap.

AFIA's Buy Now Pay Later

AFIA's Buy Now Pay Later (BNPL) members provide a simple, convenient, innovative and affordable way to pay for essential and lifestyle products and services. Often referred to as 'modern day pay-by', BNPL allows consumers to make payments for products and services, as an alternative to using a debit or credit card or a loan from a mainstream institution.

BNPL allows business owners to improve their cashflow management by receiving upfront payment and allows customers to pay by way of instalments. Underpinning the business models of our BNPL member providers are partnerships between these providers and merchants and suppliers to offer the BNPL service to consumers.

UBS estimates that the BNPL sector currently accounts for $7 billion in retail spending (excluding food) in Australia, UBS has forecasted this spending to nearly double to $12 billion in two years. Additionally:

- it is estimated that as many as 30 percent of Australian adults (5.8 million) use BNPL services[8];
- there was a 250% in BNPL user growth in 2018 alone[9]; and
- one in five Gen Xers use BNPL products[10], with research also showing that many consumers, especially younger Australians, use BNPL products to help manage their finances.[11]

BNPL members include: Afterpay, Brighte, flexigroup, Latitude, OpenPay, Payright and Zip Co.

[6] ABS 8165 (Counts of Australian Businesses including Entries and Exits) June 2018 (released in February 2019)
[7] Parliament of Australia, Department of Parliamentary Services, Research Paper Series, 2017-18
[8] Mozo Buy Now Pay Later Report 2019.
[9] Australian Retailers Association *Buy Now Pay Later – New? Old? Better?* October 2019
[10] Roy Morgan Single Source Australian February 2018
[11] https:www.aph.gov.au/DocumentStore.ashx?id=185d5f3a-88fb-455e-b939-36daf31e66a7