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MEDIA RELEASE

AFIA'S BUY NOW PAY LATER CODE OF PRACTICE COMES INTO EFFECT

The Australian Finance Industry Association (AFIA) is pleased to announce that its Code of Practice for the Buy Now Pay Later (BNPL) sector has come into effect today.

AFIA's BNPL Code is a world first for the sector. It goes above and beyond the law in Australia, setting best practice standards for the sector and strengthening consumer protections. It does this while preserving customer choice to make purchases and payments in a way that suits their needs and preferences.

AFIA has worked with its BNPL members and key stakeholders such as consumer advocates to develop the Code. There has been broad consultation to understand the key issues that the Code should address and which would bring most value and confidence to consumers, advocates, ASIC and other stakeholders.

Speaking about the BNPL sector, AFIA CEO Diane Tate said 'The growth and diversity of the products and services enhances consumer choice. It brings to life the concept that innovation and competition are for the 'everyday person' and that this can be achieved while codifying strong consumer protections.'

The BNPL sector includes a broad range of business models so customers wanting a BNPL option can choose the right one for them depending on their payment preferences, the purchase type and their circumstances. BNPL is a way to budget and manage your money effectively. You pay for your purchases in instalments and without the burden of interest.'

On the Code, she stressed the key aspect is safety for consumers saying, 'From the get go, strengthening consumer protections across the sector was a focus for AFIA and its BNPL members. The Code is explicitly consumer focused and has nine commitments that signatories make directly to the people that use their products and services.'

Ms Tate highlighted that 'All Code Compliant BNPL providers conduct suitability assessments before a potential customer can make a purchase and that there will be additional checks to prevent customers

extending themselves further, for instance, if they are showing signs of difficulty making repayments. On top of that, there are detailed commitments to help people that find themselves in financial hardship. And it is mandatory for all providers to be members of the external dispute resolution service – the Australian Financial Complaints Authority (AFCA).

And she noted that while the BNPL providers already have to comply with a broad range of legal and regulatory requirements, the key advantage of self-regulation is agility, 'our Code can and will change as this innovative sector evolves'

Further details of the Code, its governance structure, Code Compliance Committee members, accreditation process and relevant complaints processes can be found on the AFIA website.

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Notes to editors:

AFIA is a leading advocate for the Australian financial services industry. We support our members to finance Australia's future. We believe that our industry can best support Australia's economy by promoting choice in and access to consumer and business finance, driving competition and innovation in financial services, and supporting greater financial, and therefore social, participation across our community.

AFIA represents over 100 providers of consumer, commercial and wholesale finance across Australia. These banks, finance companies, and fleet and car rental providers, and fintechs provide traditional and more specialised finance to help businesses mobilise working capital, cashflow and investment. They are also at the forefront of financial innovation in consumer finance.

AFIA's role, as an industry association, is to provide leadership and represent members' views. We do this through engagement with governments, financial regulators, and other key stakeholders on issues important to our members and their customers. This includes advocating for balanced legislation, policy and regulation. We facilitate self-regulation through industry codes of practice and gather industry data to help support more evidenced-based decision-making.

We also support our members through ongoing communication, events and learning opportunities that ensure they are aware of and understand current and emerging developments relevant to our industry.

Further information on this issue can be found in the following:

[AFIA Appoints BNPL Code Compliance Committee Chair and Confirms New Publication Date](#)

[BNPL Code of Practice consultation closes](#)

[Supplementary submission to Senate Select Committee on Financial Technology and Regulatory Technology](#)

[AFIA announces a new Buy Now Pay Later Code of Practice](#)