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MEDIA RELEASE

AFIA APPOINTS BNPL CODE COMPLIANCE COMMITTEE CHAIR AND CONFIRMS NEW PUBLICATION DATE

The Australian Finance Industry Association (AFIA) has appointed Dr Michael Schaper to chair the Buy Now Pay Later (BNPL) Code Compliance Committee. AFIA has also confirmed the Code of Practice will be published and become effective from 1 March 2021.

AFIA believes that an independent Code Compliance Committee (CCC) is fundamental to the credibility and effectiveness of a code of practice. A CCC is responsible for overseeing and administering a code, including monitoring and investigating providers' compliance and imposing sanctions for non-compliance.

As Chair of the BNPL CCC, Dr Schaper's role will be critical to ensuring that oversight of this Code is administered in a fair, reasonable, independent and effective way. Dr Schaper will be joined on the CCC by a legal representative and a consumer advocate.

As well as industry and board experience, Dr Schaper was Deputy Chairman of the Australian Competition and Consumer Commission for ten years (2008-18), focusing on industry codes, small business, franchising, and industry associations. On his appointment Dr Schaper said 'a CCC is an important part of successful self-regulation and I am very pleased to be involved in this work with the BNPL industry. The Code is an important tool that protects vulnerable consumers while supporting innovation'.

AFIA and its BNPL members – Afterpay, Brighte, flexigroup, Klarna, Latitude, OpenPay, Payright and Zip Co – are developing the Code in response to recommendations in the Australian Securities and Investment Commission's (ASIC's) Report 600 and by the Senate Economics Reference Committee. The

Senate FinTech and RegTech Inquiry's September 2020 interim report also strongly supported the BNPL industry's efforts to self-regulate and raise standards, and called out the Code as a clear example of industry working constructively together to respond to stakeholder concerns. The Code has gone through an extensive consultation process to ensure that insights from a broad spectrum of stakeholders are included.

Speaking about the upcoming release of the Code and Dr Schaper's appointment, AFIA CEO Diane Tate, said 'This is a world-first BNPL Code of Practice and it is crucial to customers and to the future of the industry that we get it right. While the difficulties of 2020 have impacted the publication of the Code, our members have already embraced many of its key aspects without needing them to be written in black and white.

'In addition to capturing the feedback from the extensive consultation process, the Code will look to address relevant findings from ASIC's forthcoming report on the BNPL industry, which is now expected in November 2020, and its final regulatory guidance on the Design and Distribution Obligation, which is now due to be released in early 2021. Taking the time now to get this right, and to make it future proof, will ensure the Code isn't just world-first but truly world's best practice.

'AFIA and its BNPL members have developed this Code proactively, looking for it to go above and beyond the law, because we all understand the need to protect vulnerable consumers while supporting innovation that allows people make purchases and payments in ways that suit them. Dr Schaper has the background and unquestionable independence that will ensure the CCC has the teeth it needs.'

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Notes to editors:

AFIA represents over 100 providers of consumer, commercial and wholesale finance in Australia. This group includes retail banks, finance companies and fintechs, which offer innovative consumer products and specialised finance to meet small to medium enterprises' working capital, cashflow and investment needs. For more information about AFIA, please visit our website <https://afia.asn.au/>.

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 the financial services industry.

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

[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](#)