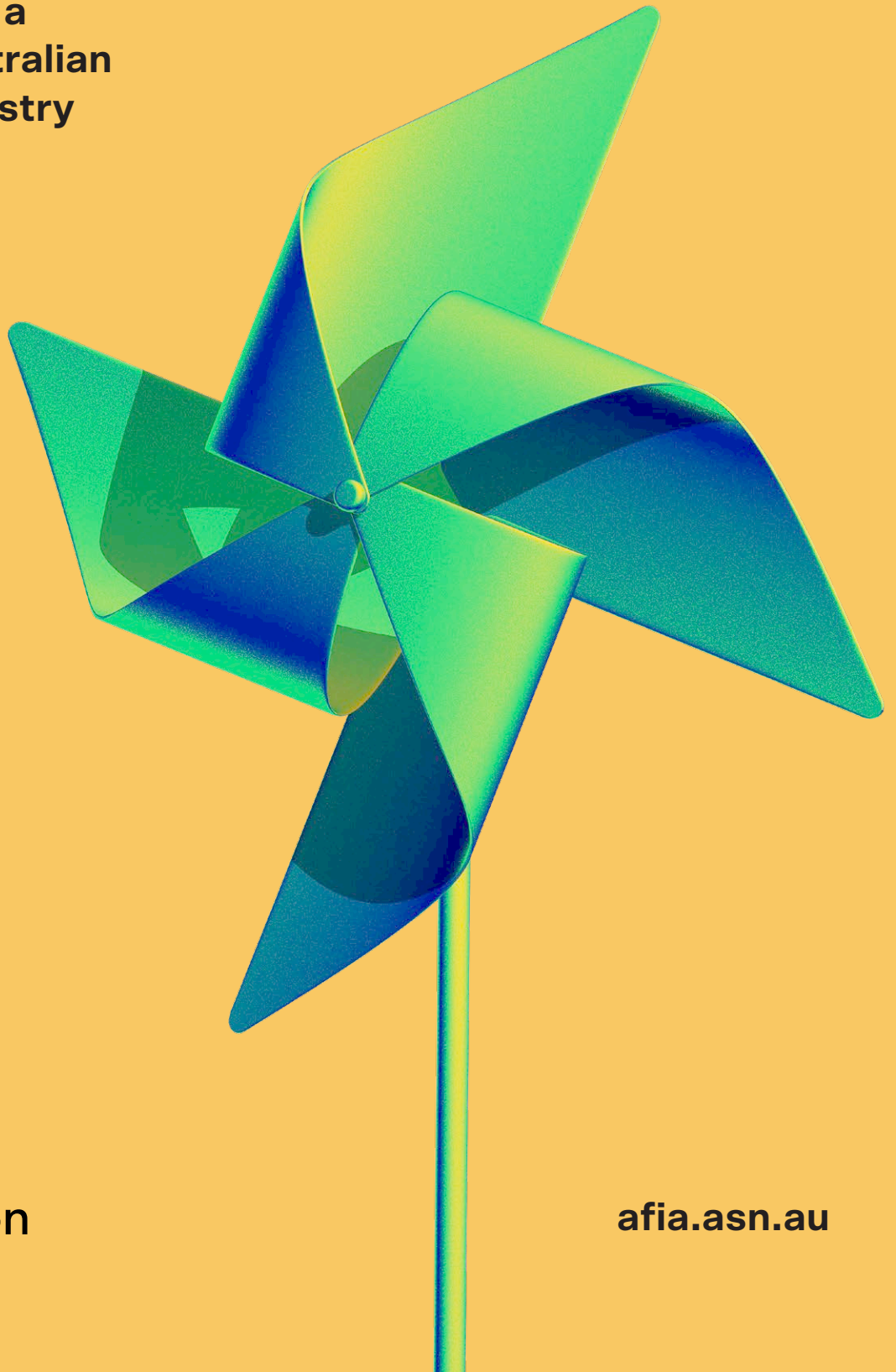


# Annual Review FY23

The voice of a  
diverse Australian  
finance industry



Australian  
Finance  
Industry  
Association

[afia.asn.au](https://afia.asn.au)



# Welcome

Welcome to our Annual Review.  
We believe in prosperity for all  
Australians and our purpose is to  
champion a thriving finance industry,  
always acting in the interests of  
customers and communities.

## Table of contents

Welcome	2
Our Industry   AFIA by numbers	4
Chair’s foreword	6
CEO’s letter	8
Purpose & strategy	13
FY23 in review... some highlights	14
Leadership and FY23 priorities	18
Depth of member engagement	24
Scale of regulatory changes	26
Industry data	28
Board of directors	32
Executive leadership team	36
Members	38
Industry Codes	40
Affie Awards	47
Looking ahead	50

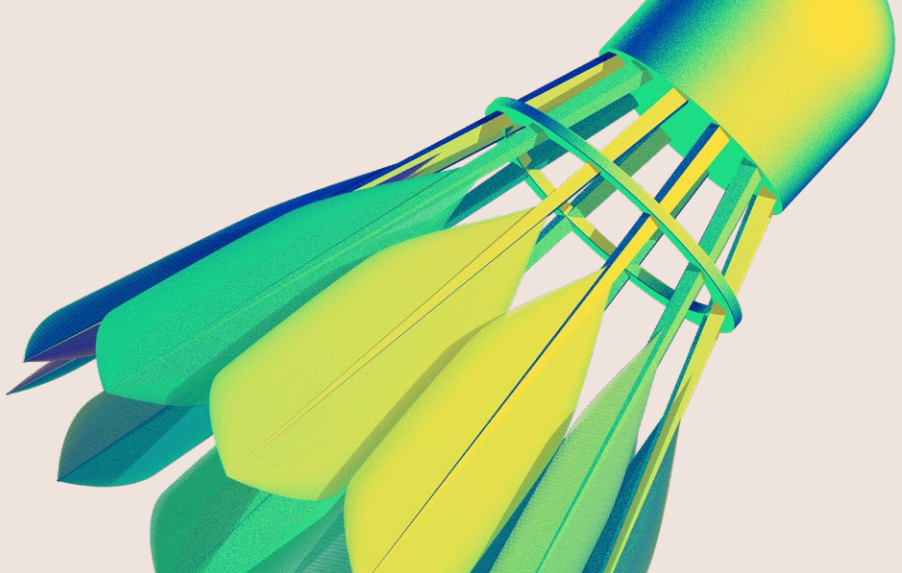
### Acknowledgement of country

This report was produced on the lands of the Gadigal  
People of the Eora Nation. We recognise their continuing  
connection to land, waters and culture and we pay our  
respects to their Elders past, present and emerging.



# Our industry

## AFIA by Numbers



AFIA is the only peak body representing the entire finance industry in Australia. We represent more than 150 members, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry.



All values are for the FY23 period and are in A\$ where appropriate.

<sup>1</sup> Value of loan book / outstanding receivables of AFIA members at 30 June 2023

<sup>2</sup> Other is specialised finance and/or finance for specific asset classes, including technology finance, recreational asset finance, debt purchase, bailment, and annuities.

Percentage of AFIA members providing Products & Services in FY23

**33%**

Small business lending

**7%**

Supply chain / debtor finance

**34%**

Asset / equipment finance

**24%**

Commercial lending

**12%**

Agricultural finance

**39%**

Vehicle finance (including car and heavy commercial)

**7%**

Car rental

**10%**

Fleet leasing

**3%**

Salary packaging

**10%**

Consumer lending – home loans

**7%**

Buy Now Pay Later (BNPL)

**29%**

Consumer lending (excluding home loans and BNPL)

**11%**

Other<sup>2</sup>

# Chair's foreword

Peter Jones | AFIA Chair, FY23



The dynamics of our industry and the world around us continues to evolve at an unprecedented pace. Against the backdrop of a changing macro environment, I am pleased to present the Chair's message for the AFIA Annual Review 2023 and provide a fresh perspective on our journey ahead.

## Navigating Uncharted Territory

Navigating uncharted territory is a complex and demanding process that requires courage, adaptability, and strategic thinking. At AFIA, it is about embracing uncertainty, learning from experiences, and finding innovative solutions to challenges that are increasingly complex and have no established roadmaps. While it can be daunting, successfully navigating uncharted territory has led to growth, discovery, and the development of new capabilities.

The year 2023 brought its fair share of challenges, with uncertainty and rapid change prevailing as dominant forces. Ongoing reverberations of the COVID-19 global pandemic continued to impact our customers and businesses, manifesting as supply chain disruptions, surging inflation, rising interest rates, and persistent staff shortages.

Change brings both opportunities and new challenges to the forefront of our industry. The strategic utilisation of technology and data promises transformative benefits. Yet, it also ushers in the constant spectre of cybercrime, and the ethical implications of AI and data privacy have emerged as pivotal topics in the public discourse, particularly in light of the expansion of the Consumer Data Right (CDR) across our industry.

Geopolitical shifts, alterations in global trade and investment patterns, and evolving societal expectations further underscore the intricacies

of our path forward. Additionally, achieving net-zero emissions for Australia is becoming an ever-ambitious endeavour, demanding significant leadership from our industry.

Beyond net-zero initiatives, a heightened emphasis on ESG reporting and customer-centric business models, products, services, and technologies has emerged. Our customers and regulators continue to raise the bar, and it is imperative that we comprehend the implications of the new Government's regulatory reform agenda.

The Board of AFIA stands united as a diverse and dedicated group of professionals deeply invested in the wellbeing of our industry. I extend my heartfelt appreciation for their unwavering support and, most importantly, their invaluable contributions to sustaining our vision, values, and strategic priorities, which chart the course for the future of our industry.

***The Board of AFIA stands united as a diverse and dedicated group of professionals deeply invested in the wellbeing of our industry.***

## A Vision for a Buoyant Future

At AFIA we recognise that change is a constant, and that we must be flexible, responsive, and open to adaptation.

In a world characterised by perpetual change, we recognised the need for a strategy that is not only flexible but also data-driven and future-proof. AFIA's strategy is to not only keep pace with change, but also to prioritise our efforts, target our actions, maximise our impact, and, above all, continue making a meaningful difference for our members today and tomorrow.

Moreover, our ability to lead with an agile vision has seen us foster an environment where innovation and creativity thrive. We encourage challenging the status quo to drive continuous improvement.

Our strategic priorities are our compass, directing our energy and resources to where they can benefit our members most. These priorities resonate with all stakeholders – our customers, employees, investors, and regulators alike. They reflect our commitment to supporting Australia in addressing the economic challenges and driving prosperity for all.

## Leveraging a Proud Heritage

AFIA boasts a rich heritage; one that is made up of a commitment to excellence and a legacy of trust. While we honour AFIA's past, we will continue to nourish the industry's forward-looking vision. We are the only industry association that represents the entire finance sector in Australia. This is a value proposition for our members, because governments, regulators and other stakeholders look to AFIA to represent a balanced view about the immediate issues impacting today and to think holistically about the things that will shape our industry tomorrow.

We are one. Our collective voice empowers us to advocate for superior outcomes, whether in

assisting customers during difficult times or catalysing innovation and competition.

As we prepare to farewell 2023, the future promises further tests in an increasingly complex world. However, it also presents us with opportunities for bold initiatives, far-reaching reforms, and the chance to tackle critical issues head-on.

A proud heritage and a buoyant future capture the essence of AFIA's journey. It signifies a vision for a finance industry that continues to play a vital role in driving economic growth, fostering innovation and creativity, and promoting financial wellbeing and prosperity.

I extend my gratitude to each member and stakeholder for their commitment to AFIA's mission. Together, we will forge ahead, harnessing the winds of change to chart a brighter and more prosperous future for our members, colleagues, and our industry.

I would also like to acknowledge the solid leadership of our CEO, Diane Tate. Under her guidance, we have not only weathered challenging times but thrived in them. And I extend my appreciation to the entire AFIA staff for their dedication and tireless efforts behind the scenes.

As we look forward to the challenges and opportunities that lie ahead, I am confident that AFIA will continue to be a driving force in the Australian finance industry. Together, we are building a stronger, more resilient future for our industry and our members.

A handwritten signature in dark ink, appearing to read 'Peter Jones'. The signature is fluid and cursive, with a large initial 'P'.

Peter Jones  
AFIA Chair





# CEO's letter

**Diane Tate** | Chief Executive Officer



The year that was will be remembered as a transformative period, one marked by both profound change and inspiring growth. It was a time when the world decided to accept uncertainty and pull up its socks to face continuing challenges, from the ongoing global health crises to economic shifts, as well as cyber intrusions and AI advancements.

In the face of transformation, individuals, organisations, and societies have come together to adapt, innovate, and chart new paths forward. As old norms evolved and fresh opportunities emerged, the year became a crucible for individual and collective development. FY23 was a year of resilience, where change was embraced as a catalyst for growth, where lessons were learned, and where the seeds of progress were sown, setting the stage for a future filled with promise and possibility.

It has not been an easy year for our industry as we continue to be the shock absorbers of change, particularly economic. Change is difficult. Reform is constant. Uncertainty is persistent. Together, our industry has shown that we can face uncertainty, tackle challenges, and create opportunities to thrive today and position for success tomorrow.

AFIA continues to build on its foundations and evolve to meet the needs and expectations of members. We're focused on ensuring our advocacy activities on behalf of members and our engagement with stakeholders is on the right issues, done in the right way, to deliver the best results for our membership, our industry, and ultimately, customers and communities.

This year we embarked on an endeavour to refresh our brand identity, launch our new website with a tailored members' portal, and leverage our work in

industry data and industry standards, positioning AFIA as a forward-thinking, collaborative, inclusive, purpose-driven, and high-performing organisation.

The global financial landscape in FY23 was marked by a series of remarkable events that reshaped our industry. From the ongoing impact of the COVID-19 global pandemic to geopolitical tensions, inflationary pressures, and rapidly evolving technology, the finance industry had to navigate a complex and dynamic environment.

**Pandemic Resilience:** We've demonstrated remarkable resilience in the face of the ongoing pandemic. Our commitment to safety, agility, remote work, and digital transformation allowed our industry to continue serving customers effectively while protecting the health and wellbeing of employees. AFIA moved to a new shared office – The Commons, which provides the team with a great office space in both Sydney and Melbourne. I encourage members if you haven't dropped in to say hello, please do so!

**Market Volatility:** We've witnessed extraordinary changes in capital and financial markets, driven by various factors, including interest rate hikes, inflation concerns, and geopolitical tensions. Our robust risk management strategies ensured that we could navigate these choppy waters while delivering value to members. The finance industry will continue to be asked to help smooth the next

phase of economic recovery and adjustment, particularly supporting customers that are vulnerable and customers experiencing financial difficulties. I encourage members to build on the platform we've created in the last couple of years and to position in, and even catapult through, the coming months and years.

**Digital Transformation:** We've experienced an era of accelerated digital transformation. Our appetite for continuous improvement, operational simplicity and efficiency, and customer empowerment continues to reshape our industry. We invested in digital technologies, enhancing our ability to offer bespoke products and services, streamline operations, and ensure data security. AFIA launched new data functionality and market reports to support members and promote members' contributions to our economy with stakeholders. I encourage members to use our data and resources in ways that generate additional value.

**Sustainable Finance:** ESG (Environmental, Social, and Governance) considerations became even more central in our approach to finance. We made significant strides in aligning our products, services, investments and businesses with sustainability goals, recognising the importance of a greener and more inclusive future. We will need to do more in this area, with new reporting obligations, evolving investor, customer, and employee expectations, and changing legal and regulatory requirements. I encourage members to continue working together so we can create the right frameworks and guidance to help our transition.

## Strategic Outlook for 2024... and Beyond

As we look ahead to 2024 and beyond, our commitment to competition, innovation, inclusion, sustainability, and good customer outcomes will remain at the forefront of our strategy. Here are AFIA's five strategic priorities:

### A regulatory framework fit for the future

A regulatory framework fit for the future means creating a system that is agile, adaptable, and supportive of economic growth and innovation. It involves tailoring regulations to the specific needs and risks of the different financial institutions and business models that operate across our industry. It means embracing technology for efficient product and service delivery as well as operational oversight. It means making sure that scalability isn't just a buzz word, but is captured in our legal and regulatory settings. It requires us to collaborate on an international level to address global challenges. We will continue to advocate for proportionate, targeted, and scalable regulation. Our approach not only ensures compliance today but also contributes to adapting for tomorrow.

### Digital innovation and data

We will continue to promote the advantages of digitisation of finance for our industry, economic growth and productivity, and the wellbeing and prosperity of customers and communities. CDR, payments, data privacy and AI will remain topics of interest for all members.

**Sustainability:** We will deepen our focus on sustainable finance. Working with members, we need to address a wide range of practices, reforms, and initiatives aimed at mitigating environmental and social risks, promoting responsible investing, and contributing to a more sustainable future. This approach aligns with the growing demand for ethical and sustainable



financial solutions from customers, investors, and employees. Members will play a key role in our transition at an economic and community level, but action at an institutional and industry level will be required.

**Financial inclusion and diversity:** We will continue to recognise that our greatest asset is our people, and promote the opportunities for financial inclusion as critical for achieving wellbeing and prosperity in Australia. Workplace diversity strategies, equity and accessibility to financial products, services and technologies, and financial capability, such as financial wellness tools, will remain topics of interest for all members.

***I envision an even brighter future for our industry and for Australia as a whole – one defined by inclusivity, resilience, and sustainability. A future that boasts a world-class finance industry in Australia.***

#### **A safe and transparent financial system**

At the core, we endeavour to continue operating with open communication, transparency, accountability, and of course, results. A safe and transparent financial system is characterised by a combination of regulations, risk management practices, transparency in reporting, investor protection measures, and ethical conduct. Systems must foster confidence, support economic stability, and contribute to the long-term efficiency and sustainability of finance. We will continue to work with members and stakeholders on dealing with cybersecurity, fraud and scams, and financial abuse while making sure that the Australian financial system is a pillar of trust and integrity in the broader global economy.

#### **Moving forward**

As we step into the year 2024, let's welcome the challenges and possibilities that lay ahead with the same determination and enthusiasm that has guided us on our journey so far. Together, we have the power to shape the future of the financial landscape and continue delivering exceptional value – for AFIA, for our members and stakeholders, for our customers and communities, and for our industry in Australia.

I am fully confident that our industry will rise to meet the demands of these times, just as it has in the past year. To navigate the path forward, we must embrace a forward-looking mindset, allowing us to reset, innovate, and purposefully craft a brighter tomorrow. Beyond our immediate goals, I envision an even brighter future for our industry and for Australia as a whole – one defined by inclusivity, resilience, and sustainability. A future that boasts a world-class finance industry in Australia.

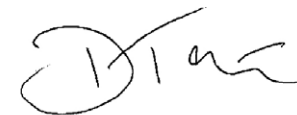
As we gaze into the horizon, I extend my sincere gratitude to the AFIA Board members for their unwavering leadership and invaluable guidance throughout the past year.

I also want to express my appreciation to our members for their trust, insights, ideas, contributions, and even at times, laughs.

Lastly, I want to acknowledge the steadfast dedication of the AFIA team, whose hard work through a mix of public submissions, conversations, member committee meetings, stakeholder and media engagements, has achieved excellent results for members this year.

At AFIA, our purpose is crystal clear: to be champions of a thriving finance industry that consistently acts in the best interests of our members and their customers and communities.

Together, we occupy a unique position as the collective voice for the entire finance industry in Australia. Our diversity and inclusivity are our strengths. You, our members, are the trusted partners of countless individuals, families and businesses across the nation – you are the financial architects of Australia's future.



**Diane Tate**  
AFIA Chief Executive Officer







# Purpose & strategic priorities



We believe in prosperity for all Australians and our purpose is to champion a thriving finance industry, always acting in the interests of customers and communities.

- Government
- Regulators
- Members
- Customers
- Communities
- Media

## OUR STAKEHOLDERS

### OUR VALUES

- Be the customer
- Communication is everything
- Forward thinking
- Purpose-full high performance
- Collaboration



### OUR CORE COMPETENCIES

- Leadership
- Expert advocacy and communications
- Building trusted relationships
- Authoritative data and insights
- Creative thinking

## OUR 5 STRATEGIC PRIORITIES

- 1 **A regulatory framework fit for the future**

Build a stronger economy through proportionate, scalable and targeted regulation.
- 2 **Digital innovation and data**

Drive competition and innovation through use of technology and data to create Australia as a world-class financial ecosystem.
- 3 **Sustainability**

Champion a sustainable and timely transition to net-zero through green finance and ESG initiatives.
- 4 **Financial inclusion and diversity**

Promote diversity, equality and fairness through a more inclusive financial system.
- 5 **A safe and transparent financial system**

Build a more resilient economy through a safe and transparent financial system.



# FY23 in review... some highlights





MAY 23

The RBA's official cash rate was 3.85%.

According to the ABS, unemployment was at 3.5%.

On 4 May 2023, AFIA made a submission on proposals changes to the Australian Financial Complaints Authority (AFCA)'s rules and guidelines.

On 9 May 2023, the Federal Government handed down their second Budget since coming to office in May 2021. AFIA made a pre-Budget submission and provided extensive analysis to members. AFIA attended the Prime Minister's and Treasurer's Dinner in Canberra and the Opposition Leader's Dinner to advocate for members.

On 10 May 2023, ASIC released a report detailing all its enforcement actions related to greenwashing since 1 July 2023.

On 11 May 2023, it was announced that Australia's financial counselling services will receive a \$7.75 million boost following a donation from a group of organisations from across the banking, finance, insurance, energy, telecommunications and online gambling sectors.

On 17 May 2023, Helen Rowell gave her final speech as Deputy Chair of APRA.

On 21 May 2023, the Albanese Government celebrated one year in office.

On 22 May 2023, the Assistant Treasurer and Minister for Financial Services, the Hon Stephen Jones MP, formally announced the Government's plan to regulate BNPL.

JUN 23

The RBA's official cash rate was 4.10%.

On 16 June 2023, AFIA made a submission to the Attorney-General's Department's consultation on changes to the Anti-Money Laundering and Counter Terrorism Financing Regime (AML-CTF).

On 22 June 2023, the bills associated with the Compensation Scheme of Last Resort (CSLR) for financial services passed the Commonwealth Parliament, providing for up to \$150,000 in compensation for eligible unpaid AFCA determinations.

On 23 June 2023, the Data and Digital Ministers Meeting met, composed of representatives of every State and Territory and the Federal Government announced the National Strategy for Identity Resilience.

On 26 June 2023, the International Sustainability Standards Board (ISSB) released its first two standards to create a global baseline for international climate related financial disclosures.

On 27 June 2023, Treasury announced a further round of consultations on the topic of climate related financial disclosures.





# Leadership and FY23 priorities

## 1 A regulatory framework fit for the future

Build a stronger economy and promote better customer outcomes through proportionate, scalable and targeted regulation.

*'We place a high degree of importance on being an active member of the Association and value the benefits membership provides.'*

*We believe in contributing to the shaping of legislation and regulation to ensure it is effective, balanced, proportionate and fair for all stakeholders. AFIA provides this to us through excellent engagement with members and with government and regulators on members' behalf.*

*Participating in member events enables us to consider, debate and contribute to strategic matters for our industry and our customers. The annual conference and risk summit provide ideal environments for this, in partnership with presenters and attendees from government, regulators and other industry stakeholders.*

*We know the critical importance of the provision of quality credit to Australian consumers and businesses and to the wellbeing and growth of the Australian economy. Being a member of AFIA greatly assists us in delivering this.'*

- **David Hannah**, Chief Risk Officer, Allied Credit



**Support modernising and simplifying payments, credit and financial services laws**

**Foster the development of global standards, especially for emerging products, and support regulation of digital assets, including crypto and digital wallets**

**Identify initiatives to support business investment to maximise economic recovery**

**Support changes to unfair contract terms (UCT) legislation that aligns obligations and improves conduct and disclosure requirements**

**Support implementation of recommendations from the Financial Services Royal Commission that deliver better customer and industry outcomes**

**Facilitate lower cost funding including securitisation, hybrid instruments, fixed income (corporate bonds)**

## 2 Digital innovation and data

Drive competition and innovation through use of technology and data to create Australia as a world-class financial ecosystem.

*'As a business founded on the premise of fairness and financial inclusion, AFIA's promotion of a more inclusive financial system is important to Liberty.'*

Liberty is focused on leading positive change to create better customer outcomes and we value AFIA's commitment to lifting industry standards. In representing a unified industry voice, AFIA ensures Liberty and the many other great companies in our Industry are included in and can contribute to important policy discussion.

By providing clear messaging to stakeholders on issues, AFIA helps us navigate the challenges, risks and opportunities in our changing industry.'

- **James Boyle**, Chief Executive Officer, Liberty Financial

*'As a start-up Bank, AFIA provides Avenue with a seat at the table to contribute to policy discussions, and a window into practical education and thought invoking forums that truly inform our strategy and help us shape our future.'*

- **Peita Piper**, Chief Executive Officer, Avenue Bank



**Support innovation and digitisation across our economy**

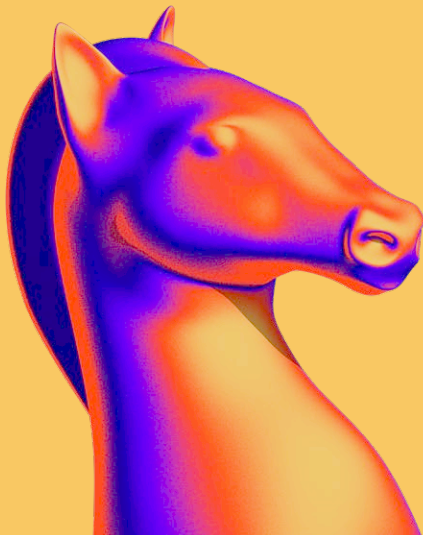
**Work to ensure the CDR and Open Finance initiative delivers genuine competition and market benefits**

**Develop and enhance payments systems**

**Help members adapt to technological change, while maintaining high customer service standards**

**Continue to develop AFIA's data platform, including the inclusion of EVs, green finance, and new sector reports**





### 3 Sustainability

Champion a sustainable and timely transition to net-zero through green finance solutions and ESG initiatives.

*'I am proud to highlight how AFIA has been steadfast in its commitment to empower businesses and assist them in navigating the ever-evolving landscape of financial regulations. In an era where regulatory compliance complexities can be overwhelming, OnDeck sees AFIA as an outsourced regulatory adviser, which provides clear and up-to-date information on regulatory requirements that allows OnDeck to efficiently align our operations with the latest standards, minimising compliance-related hurdles and ensure smooth business continuity.'*

*Demonstrating our commitment to compliance and ethics has resonated positively with our customers and investors, fostering a higher level of trust in our services and enhancing our overall credibility in the market. With AFIA's support, OnDeck is better equipped to navigate through new regulations and safeguard the interest of our business and customers. Together, we build a strong, more resilient financial ecosystem, fostering trust, transparency and sustainable growth for similar businesses across Australia.'*

- **Cameron Poolman**, Chief Executive Officer, OnDeck Australia



**Work with members on campaigns to support ESG and support members to reach carbon-zero by 2030 and fast-track net-zero ahead of 2050**

**Develop new tools and industry level policies to support members implement policies, action plans on transition pathways, and reporting frameworks**

**Support the decarbonisation of transportation and expansion of low-emissions mobility**

**Contribute to the development of a taxonomy for reporting and encourage members to use climate related financial disclosures**

**Promote green finance solutions that address the needs of consumers, businesses, and the environment**

### 4 Financial inclusion and diversity

Promote diversity, equality and fairness through a more inclusive financial system.

*'AFIA provides outstanding support to the financial services industry to finance Australia's future. Specifically in relation to regulatory change, AFIA is to be commended for its ability to stay across all the moving parts and provide strong advocacy to deliver good consumer outcomes. AFIA is our trusted early warning system and helps us look around corners.'*

- **Adam Hopkins**, General Counsel & Company Secretary Corporate Affairs, Toyota Finance Australia Limited

*'AFIA has played a significant role in supporting and advancing the finance industry in Australia. They have provided continued guidance and resources to their members, helping them adhere to high ethical standards and maintain customer trust whilst also taking the big picture view of industry matters without losing sight of the details. AFIA's efforts in advocacy, setting industry standards, education, networking, research, and consumer protection have significantly contributed to the growth, stability, and professionalism of the finance industry in Australia.'*

- **Mario Rehayem**, Chief Executive Officer, Pepper Money ANZ



**Work with members on campaigns to support economic, social and financial inclusion**

**Develop new tools and industry level policies to support members implement policies and adopt appropriate protections for vulnerable consumers and programs to support customer experiencing financial difficulties**

**Help members respond to the evolving workplace, future of work, and digital literacy landscape**

**Advance women and other minority groups in finance and acknowledge the leadership achievements in diversity within our industry**

**Support the responsible adoption of ML and AI in finance (i.e. inclusive, ethical)**

**Introduce new communications and financial literacy resources to build knowledge in finance and publish market reports to raise awareness of the contribution of finance to our economy**



## 5 A safe and transparent financial system

Build a more resilient economy through a safe and transparent financial system.

*'Zip appreciates AFIA's ongoing advocacy efforts and initiatives, and recognises their support and commitment to the BNPL industry at large, which we see as directly supportive of our goal of offering our customers the best possible financial solutions. Zip thanks AFIA for their ongoing collaboration and partnership in these endeavours.'*

- **Chris Patrick**, Chief Operating Officer - ANZ, Zip Co Limited

*'AFIA has provided a cohesive industry voice for car rental members, creating a code and governance for car rental operators.'*

- **Ann Dawson**, Director of Network Development & Franchise Relations - Pacific, Avis Budget Group



**Work with members to create codes of practice that provide transparency, promote accessibility and consumer protections, and build trust across the entire financial system**

**Develop new tools and industry level policies to support members lift organisational capability and resilience**

**Help members respond to escalating financial and cybercrime risks and protect members and customers from fraud, scams, and financial abuse**

**Facilitate information sharing between government and industry to deepen engagement and strengthen real-time responses**





# Depth of member engagement

Our engagement programs deliver valuable opportunities for members to develop, learn and discuss. Focused on professional development, our diverse range of leadership forums, CEO boardroom lunches, workshops and webinars provide access to industry leaders, business experts, financial regulators and policymakers covering important topics to move the industry forward.

+79

Reputation score

96.5%

Member retention rate

*AFIA champions the finance industry through representing its members to surface and voice industry items that matter.\**

\* Member Survey



3137 Number of Registrations

Regulator webinars and the Annual Conference  
Best Performing Event



334 Number of Registrations

The Annual Conference and the Year Ahead  
Best Performing In Person Event



2803 Number of Registrations

Regulator webinars, especially AUSTRAC, ASIC and ACCC  
Best Performing Virtual Event

*Given the number of people they have and number of members, they do a great job.... punching above their weight with access to government and regulators.\**



# Scale of regulatory changes

## AFIA advocacy on regulatory changes during the FY23 period

We collaborate with our members, governments, financial regulators, and customer representatives to promote competition and innovation, deliver better customer outcomes, and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

### Treasury

Financial Accountability Regime Ministers Rules 2022

Compensation Scheme of Last Resort – Draft Regulations

Regulating Buy Now Pay Later in Australia – Options Paper

Regulatory reform of digital platforms – Consultation

Strategic plan for the payments system – Consultation

Updating the Payment System (Regulation) Act

Pre-Budget Submission 2023-24

Point-of-sale (POS) exemption

Review of the Payment Times Reporting Act

Improving Corporations and Financial Services laws – Consultation

Climate-related financial disclosure – Consultation

Empowering the AASB to deliver sustainability standards – Consultation

Rationalisation of ending ASIC Instrument Measures (e-Precontractual Disclosures)

Enforceability of financial services industry codes

Thin Capitalisation Changes – Consultation

Consumer Data Right – Rules and Data Standards Design Paper for the Non-Bank Lending Sector, Exposure draft legislation to enable action initiation, Non-Bank Lending Draft Designation Instrument, Expansion to Telecommunications and Operational Enhancements, Sectoral assessment for Non-Bank lending – Open Finance

### Industry codes

Promontory independent review of the Buy Now Pay Later (BNPL) Code of Practice

Review of the Online Small Business Lenders Code of Practice

### AUSTRAC

Implementation of recommendations from Australia’s banking and non-bank lending and financing sector ML/TF risk assessments

Implementing new and revised guidance – customer identification and verification, combating sexual exploitation of children for financial gain, preventing criminal use of digital currencies, detecting and stopping ransomware payments, preventing misuse and criminal communications through payment text fields

Review of suspicious matters reports (SMRs) and further guidance

Review of international funds transfer instructions and further guidance

Implications of changes to AML/CTF regime

Implications of expansion of regulatory scope to incorporate tranche 2 entities

### International

HM Treasury (UK) – Consultation Outcome on the Regulation of Buy Now Pay Later

Ministry of Business, Innovation and Employment (MBIE - NZ) – Exposure draft of Credit Contracts and Consumer Finance (Buy Now Pay Later) Amendment Regulations 2022

### DCCEEW

National Electric Vehicle Strategy

### ASIC

Responsible lending obligations – including RG 209

Financial hardship and vulnerable customer guidance

Implementing new reportable situations regime

Implementing FAR

Reference checking standards

Enforceable code provisions

Deferred sales model for add-on insurance

Updating complaints handling policies and procedures

Indigenous financial services framework

Implementing the design and distribution obligations (DDO), including target market determinations (TMDs) guidance

Implications of changes to BNPL regulatory regime

Implications of the digitisation of finance on conduct and disclosure practices and rules

ASIC Industry Funding Model

### APRA

Modernising the prudential architecture

Review of macro-prudential policies

Implementing changes to operational risk systems

Revisions to restricted ADI licensing pathway

Assessments of cyber resilience and climate-related financial risks

### DSS

Financial Counselling Industry Funding Model

### RBA

Retail payments regulation

Central bank digital currency

### Federal Parliament

Inquiries on various Treasury amendment laws covering a number of issues, including CEFC, FBT and discounts for electric and hybrid vehicles, reporting and auditing requirements, skills and training, modernising business communications, more competition and better prices, CDR, etc)

Inquiry on influence of international digital platforms

Inquiry into ASIC investigation and enforcement

Inquiry into ASIC’s capacity and capability to respond to reports of alleged misconduct

Inquiry into promoting economic dynamism, competition and small business formation

Inquiry on the cost of living

Inquiry into online gambling and its impacts on those experiencing gambling harm

### AFSA

Implications of tax liabilities for access to finance for SMEs

Input on action regarding debt negotiators and other unscrupulous advisers

Implications of new vulnerability framework 2022-2025

### ASBFEO

Access to finance – lending standards in the SME lending market

Input to initiatives, including supply chains, transparency and timeliness of payments, financial and digital literacy programs for SMEs

### Other

Input to NSW and Victoria Police on combating fraud and AML/CTF risks

Implementing Unfair Contract Terms (UCT) legislation and the Fair Trading Act (NSW)

ALRC – Review of legislative framework for corporations and financial services regulation

ARNECC – e-conveyancing reforms

ARCA – CR Code amendments for hardship reforms

ARCA – Soft inquiries framework

Input to QLD MAIC on CTP premiums

ASFI – Designing Australia’s sustainable Finance Taxonomy

DHA – 2023-2030 Australian Cyber Security Strategy Discussion Paper

DHA – Implementing new reporting systems to comply with the Modern Slavery Act

DHA – National Strategy for Identification Resilience – implementing a new national system for digital ID in Australia

FRAA – Second review of ASIC’s governance and accountability framework

ACSC – Reporting and partnership engagement on cybersecurity attacks

Review of the Motor Vehicle Insurance & Repair Industry Code of Conduct

Regulating digital assets and cryptocurrency

### AFCA

Rules and Operational Guidelines – Consultation

Approach to Claims for Non-Financial Loss Fairness Project

### AGD

Review of the Privacy Act

Proposed reforms to Australia’s AML and CTF Regime

Proposed reforms of the Personal Property Securities Act

Register for Power of Attorney orders

### ACCC

Inquiry into markets for the supply of digital platform services

Input to the National Anti-Scam Centre, including information exchange on fraud, scams and other cyber-related risks

### ATO

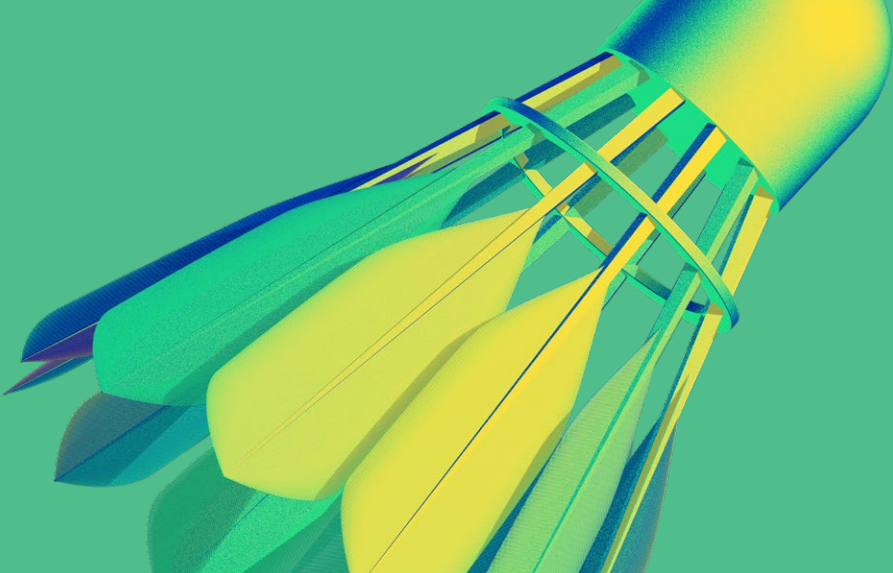
EV and related charges guidance

Repayment plans for SMEs with tax liabilities



# Industry data

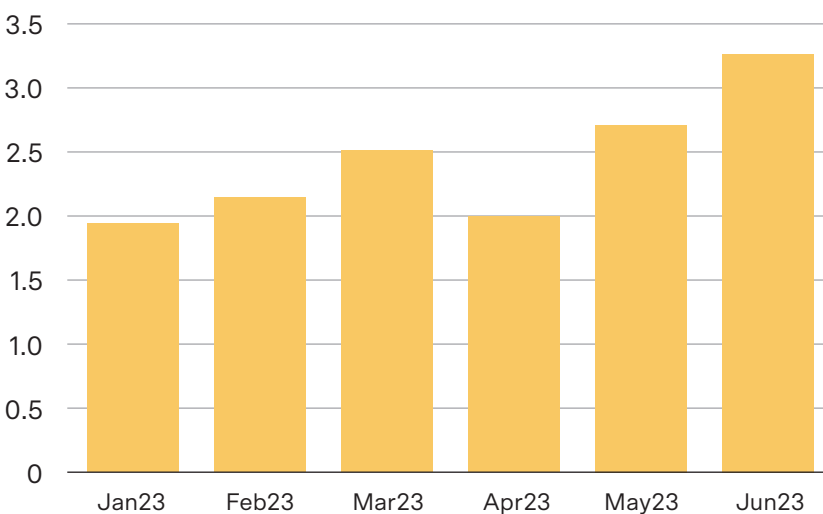
Our data reports provide our members with trend analysis and benchmarking capability. They are critical to our ability to advocate for evidence-based policy.



## Motor Finance

### New Business

Value (\$ billions)

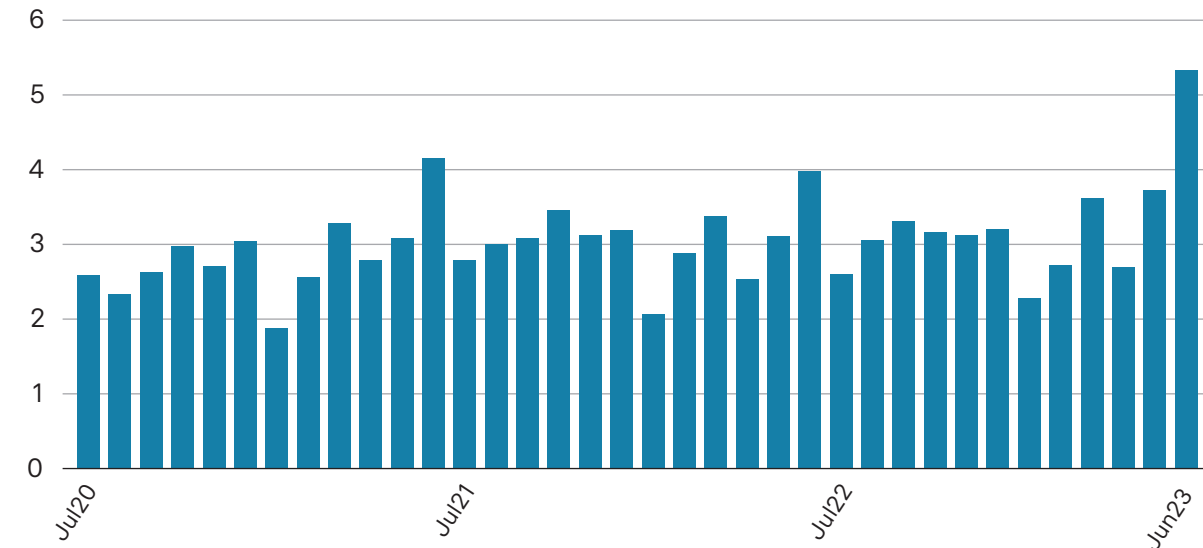


In 2022-23, AFIA revamped its motor finance report to capture motor finance provided by members regardless of model or distribution method. This provided more holistic information for participating members including new data on EVs. As a result, a series break has occurred and prior data on motor finance is not comparable to the data in the new report.

## Equipment Finance

### New Business

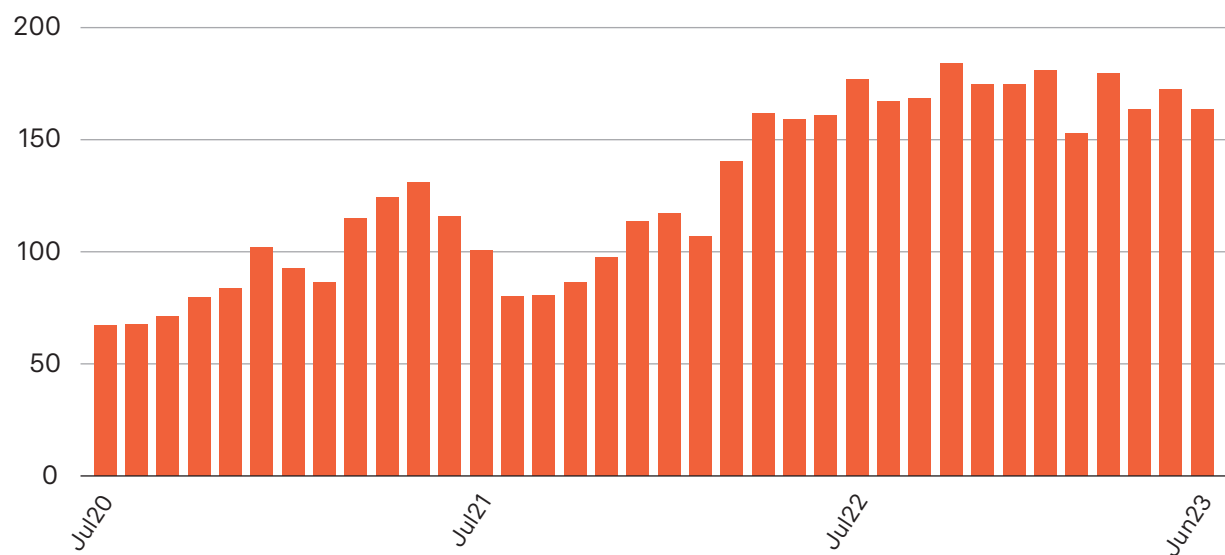
Value (\$ billions)



## Car Rental

### Total Revenue

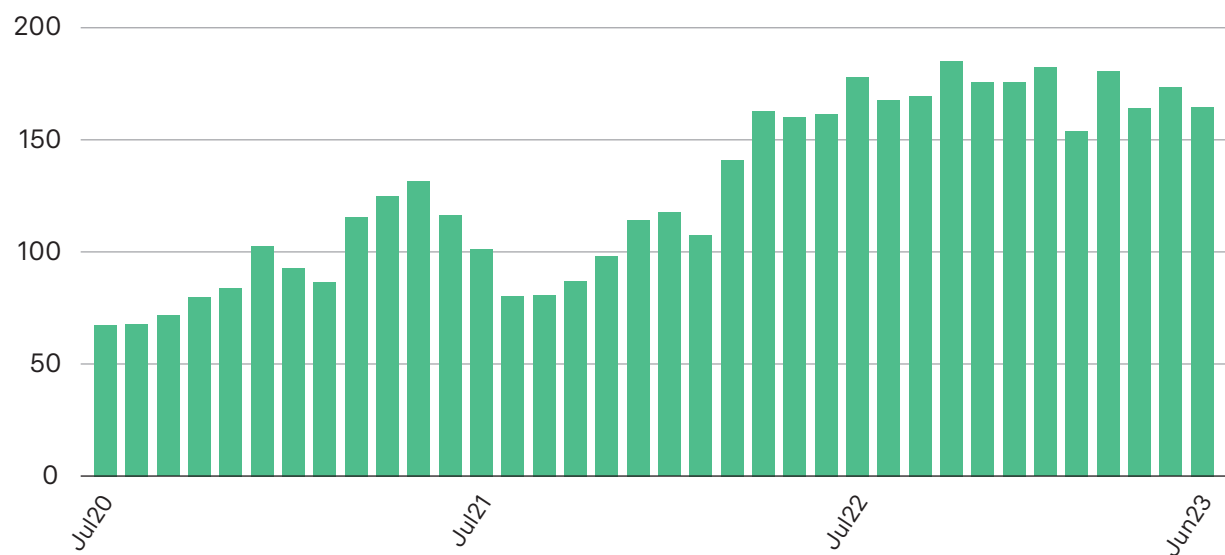
Value (\$ millions)



## Fleet Leasing

### New Business

Value (\$ millions)

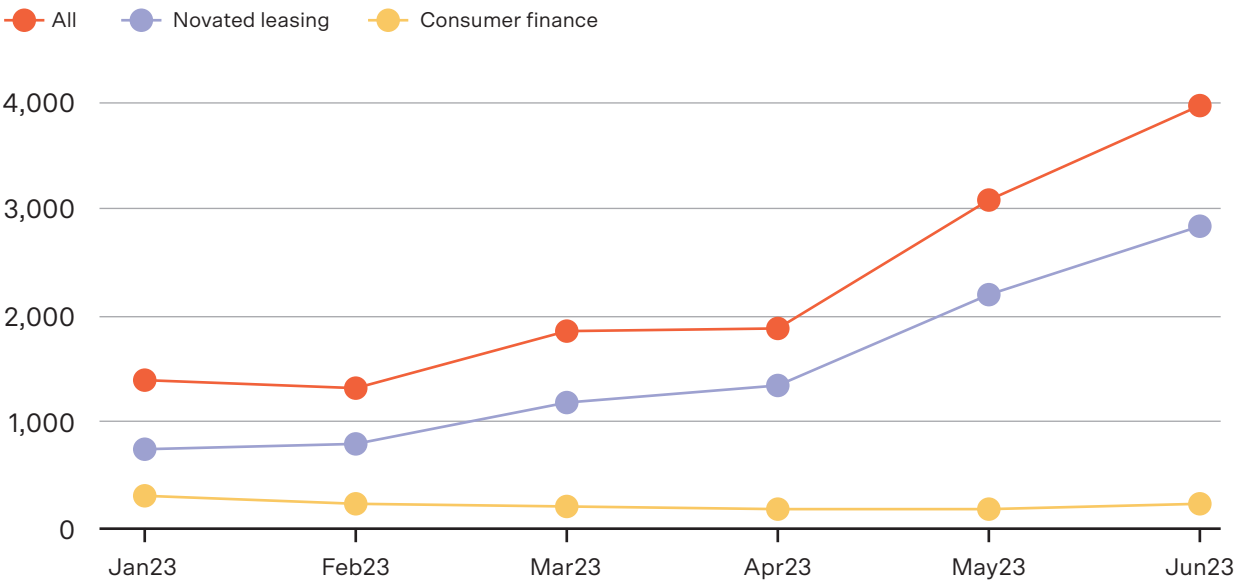




The transition to net zero is underway, with a staggering increase in EV uptake since the new government tax incentives.

### EV Finance

EVs Financed Monthly by Customer Type



**\$250 million in EV Finance since January 2023**

Industry data provided by AFIA members shows that between 1 January and 30 June 2023, AFIA members provided over \$250 million in finance for electric vehicles.

This data shows that AFIA members have almost tripled the number of EVs they finance each month between January 2023 and June 2023.

Currently, AFIA members finance around 4,000 EVs a month.





The economy, employment, consumers and retailers (particularly small business), are reaping the benefits of BNPL.

BNPL

For the second year, AFIA published The Economic Impact of Buy Now Pay Later report. The following are the key highlights:

BNPL makes up 0.66% of all payment transactions in Australia, more than **6.3 million Australians** are choosing to use BNPL.

BNPL contributed **\$18.4 billion to Australia's Gross Domestic Product (GDP)** in FY22 and supported **120,200 Australian jobs**.

Retail sector sees **\$804 million in cost efficiencies in FY22, an increase of 28.4% on FY21**. BNPL was accepted by more than **158,900 Australian businesses, an increase of 17.4%** compared with the previous financial year.

BNPL delivered **\$2.7 billion in new revenue for retailers in FY22**, through new customer acquisition, increased basket sizes, increased customer satisfaction and retention and lower fraud rates and marketing costs.

BNPL is **low cost and low risk, the average BNPL transaction value is \$136**.

Australian **consumers have gained an estimated \$337 million in benefits** from using BNPL in FY22.



Key findings

\$1 million

For every **\$1 million spent** by consumers using BNPL services in the FY22 period, there was a corresponding **\$1.2 million contribution to GDP** and **7.9 jobs were created** or maintained across Australia.

120,200

The BNPL sector supports around **120,200 Australian jobs**, an increase of **21.2% on FY21** (99,200 jobs).

158,900

BNPL was accepted by more than **158,900 Australian businesses** at 30 June 2022, an increase of 17.4% over FY21.

6.3 million

More than **6.3 million Australians** choose to use BNPL.

\$2.7 billion

BNPL created **\$2.7 billion in new revenue for retailers**, through new customer acquisition, increased basket sizes and increased customer satisfaction and retention.

\$136

BNPL is low cost and low risk, **the average BNPL transaction value is \$136**.

0.39%

Only **0.39% of customers access financial hardship assistance** (as at 30 June 2022).

\$18.4 billion

**The BNPL sector contributes \$18.4 billion** to Australia's Gross Domestic Product (GDP).

\$804 million

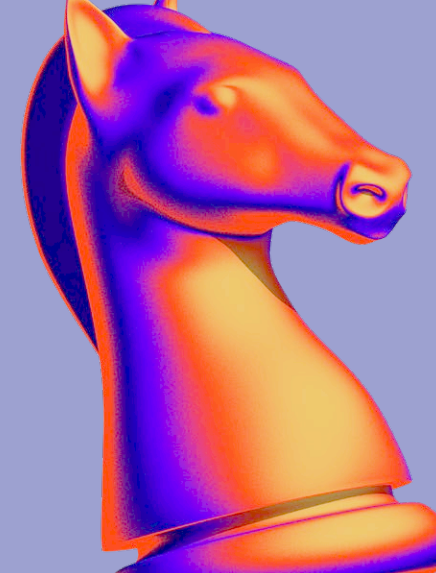
Small Australian retailers reap the biggest benefits from using BNPL, **the retail sector saw \$804 million in cost efficiencies** in FY22 - **an increase of 28.4 per cent** on FY21.

\$337 million

In FY22, Australian consumers have gained an estimated **\$337 million in benefits**.



# Board of directors



## Peter Jones - Chair

### Nissan Financial Services Australia

Peter has more than 30 years' experience within the Australian automotive sector, including across the Toyota and Nissan brands. He is the Managing Director of Nissan Financial Services Australia & New Zealand. Peter is also the Managing Director of Nissan Australia's Casting Plant based in Victoria and a member of the Board of Directors of Nissan Australia and other associated Nissan companies.



## Katherine McConnell - Deputy Chair

### Brighte Capital

Katherine is the CEO and Chairperson of Brighte Capital. Brighte is one of Australia's fastest growing Fintech companies. Katherine has 20 years' experience in finance, previously holding senior positions at Macquarie Bank in equipment and asset finance and, early in her career, as an economist for the Australian Government at the Treasury and Department of Finance. Katherine has been recognised by the industry for her leadership, receiving multiple awards, including Outstanding Fintech Leader of the Year.



## Diane Tate - Chief Executive Officer

### Australian Finance Industry Association

Diane joined AFIA as CEO in November 2019. She has more than 25 years' experience in financial services and public policy, including representing the Australian financial services industry in international forums, and she is the current Chair of the Finance Industry Council for Australia.

Prior to joining AFIA, Diane held various senior executive roles at the Australian Banking Association where she led the industry through the Financial Services Royal Commission and was the architect of the Banking Reform Program announced in 2016. She has also worked in the Federal Government, AUSTRAC, ASIC, and FINSIA. Diane is a graduate of the Australian Institute of Company Directors, Harvard Kennedy School, and Macquarie University.



## Reggie Cabal

### ORIX

Reggie Cabal is Chief Executive Officer and Managing Director of ORIX Australia Corporation Limited (ORIX). ORIX is a major commercial finance and leasing provider in Australia and New Zealand and is an Employer of Choice for Gender Equality from 2020 to 2022 by the Australian Federal Government's Workplace Gender Equality Agency and recognised as one of The Australian Financial Review's Most Innovative Companies for 2017, 2018, 2019 and 2020. Reggie started his career in Silicon Valley working in financial services and technology firms in both start-ups and established organisations. At ORIX, he has transformed the business by introducing new technology centric solutions and reimagining "old proven" concepts with a current perspective to assist customers in today's complex and continually changing environment. Just as we've seen other industries embrace and grow from new technologies, Reggie is future-focused and excited to lead the ORIX team in the changing landscape of the automotive and finance industry.



## Cindy Hansen

### Qudos Bank

Cindy is the Chief Strategy and Transformation Officer for Qudos Bank and has more than 27 years' experience in the finance industry specialising in legal, compliance, and governance. Cindy has worked with Qudos Bank for over 20 years and previously held senior legal and compliance positions with Australian Guarantee Corporation and Permanent Trustee. Prior to commencing in the finance industry, she was a solicitor in private practice.

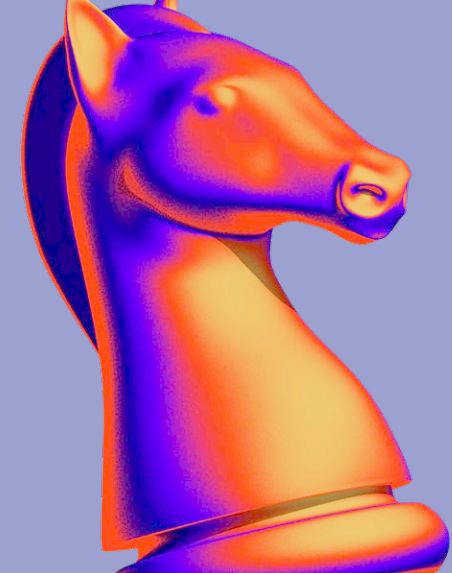


## Joseph Healy

### Judo Bank

Joseph is the Co-Founder and CEO of Judo Bank. An experienced international banker, he has held executive positions at NAB, ANZ, CIBC World Markets, Citibank, and Lloyds Bank. Joseph was an Adjunct Professor at University of Queensland Business School and has an MSc in Finance, MBA, MSc in Contemporary Chinese Studies, MBA (Banking), MSc in Psychology and Neuroscience of Mental Health and MSc in International Management (China) from the School of Oriental and African Studies, University of London, Kings College London, London Business School and University of Nottingham in China. He has authored three books and is a Fellow of FINSIA as well as a Fellow of the Chartered Institute of Bankers in Scotland.





**Ofir Kranz**  
**Angle Auto Finance**

Ofir is Head of Compliance and Enterprise Risk at Angle Auto Finance. He has held previous roles at Latitude Financial Services and GE Capital. Ofir has experience in designing and implementing compliance, enterprise, and operational risk frameworks and people leadership. Ofir has developed and implemented risk management strategies to support the achievement of business objectives through various business cycles and strategic change.



**Jon Moodie**  
**Allied Credit**

Jon is a finance company executive with more than 30 years' experience in Australia and New Zealand in asset and vehicle finance markets. In 1998 he established and grew Mercedes Benz Finance NZ for six years, before transferring to Daimler Finance Australia where he led the Sales and Marketing team. Jon joined Macquarie Leasing in 2006, where he led various sales channels, before becoming the Managing Director in 2014. In 2019, Jon joined Allied Credit as the Chief Executive Officer, leading the company into a growth phase. Jon has sat as a Director on the AFIA board for several years, including two years as Chairman.



**Clare Morgan**  
**ANZ**

Clare Morgan is Group Executive, Commercial Banking at ANZ. Clare has worked 25 years in financial services and management consulting across Australia and the US. She has expertise in running large scale profit and loss businesses, setting strategic direction, M&A, developing and retaining high performance teams, executing complex change, governing decision making forums and leading technology programs. She is passionate about business model innovation, product and process design, the power of diversity and creating high performance teams.



**Cameron Poolman**  
**OnDeck Capital Australia**

Cameron is the CEO of OnDeck Australia. OnDeck Australia, established in 2015, provides unsecured small business loans using their unique credit score - the "Koala Score". Prior to launching OnDeck in Australia, he was the founding CEO of GraysOnline, one of Australia's largest eCommerce groups, growing the company to over \$500 million in online sales. Before this, Cameron worked as an engineer and production manager at Eveready Australia.



**Mario Rehayem**  
**Pepper Money**

Mario joined Pepper Money in 2011 and has held various roles including Managing Director, Australian Mortgages and Personal Loans, Director of Sales and Distribution, Australian Mortgages and Personal Loans. He was appointed Chief Executive Officer of Pepper Money Limited in 2017 and is responsible for the strategy and oversight of Pepper Money businesses across Australia and New Zealand. With more than 18 years of extensive experience across banking and finance, Mario has held senior positions in an ADI environment as well as in the non-bank sector. Mario is a known champion of mortgage broker education and growing the specialist lending category.





# Executive leadership team



**Diane Tate**  
**Chief Executive Officer**

Diane joined AFIA as CEO in November 2019. She has over 25 years' experience in financial services and public policy, including representing the Australian financial services industry in international forums, and she is the current Chair of the Finance Industry Council for Australia.

Prior to joining AFIA, Diane held various senior executive roles at the Australian Banking Association where she led the industry through the Financial Services Royal Commission and was the architect of the Banking Reform Program announced in 2016. She has also worked in the Federal Government, AUSTRAC, ASIC, and FINSIA. Diane is a graduate of the Australian Institute of Company Directors, Harvard Kennedy School, and Macquarie University.



**Melynda Carpenter**  
**Executive Director, Member Engagement & Company Secretary**

Melynda has extensive experience in marketing, relationship and stakeholder management, and community roles. Previously at CBA, she led the Bank's engagement with female-led businesses, managed one of the Bank's key partnerships and was involved in successfully launching CBA's first online community platform. She also has experience in offshore business operations. Melynda is a graduate of the Australian Institute of Company Directors and Monash University.



**Roza Lozusic**  
**Executive Director, Policy & Public Affairs**

Roza is a respected public and regulatory affairs leader with extensive experience working with stakeholders at the highest levels of government, public and private sectors as well as in peak industry bodies in banking and insurance.

As a lawyer by training, Roza has provided advice and counsel on financial services policy and regulation and has led regulatory and self-regulatory reform. Prior to joining AFIA, Roza held a range of senior leader roles including most recently at Westpac, where she worked within large scale transformation programs. She is a graduate of Macquarie University and the University of Technology, Sydney.





# Members

As of 30 June 2023

AFIA is the only peak body representing the entire finance industry in Australia.

Our members include bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry.

We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia.

Our members finance Australia's future.

@Pay Pty Ltd
AdTorque Edge Pty Ltd
Afterpay
Alfa (Limited)
Allens
Allied Credit Pty Ltd
American Express Australia Ltd
Angle Asset Finance
APAK Group
Ashurst Aus
Attvest Finance Pty Ltd
Australia and New Zealand Banking Group Limited
Australian Structured Finance Pty Ltd
Automotive Financial Services Pty Ltd
Avenue Bank Limited
Arteva Funding
Azora Finance
Bank of China Ltd
Bank of Queensland Ltd
Bayswater Car Rental Pty Ltd
beInformed Group Pty Ltd

Bendigo and Adelaide Bank Limited
BMW Australia Finance Limited
Branded Financial Services Pty Ltd
Brighte Capital Pty Limited
Cactil LLC (MyChargeBack)
Capify Australia Pty
Caterpillar Financial Australia Limited
Challenger Limited
Cisco Systems Capital Pty Ltd
Clayton Utz
Clearmatch Originate Pty Ltd
CNH Industrial Capital Australia Pty Ltd
Coex Capital Pty Ltd
Commonwealth Bank of Australia
Cornwall Stodart Lawyers Pty Ltd
Credit Corp Group Ltd
CreditorWatch
Cuscal Limited
Custom Fleet Pty Ltd
Daimler Truck Financial Services Australia
De Lage Landen Pty Ltd
Dell Financial Services Pty Ltd
Earnix, LTD
East Coast Car Rentals
Elantis Premium Funding Limited
Equifax Pty Ltd
Europcar Australia & NZ Pty Ltd
Eurus Capital Limited
Experian Asia Pacific
Finance One Pty Ltd
Finity Consulting
FinMo Pty Ltd (Modus Financial Services Pty Ltd)
First AML
FIS Global Pty Ltd
Fleetcare Pty Ltd
Fleetpartners Pty Ltd

Flexfleet Pty Ltd
Freedom Leisure Finance Pty Ltd
Garrison Lending Operations Pty Ltd (Angle Auto)
Go Blank Ltd
Governance Risk & Compliance Solutions Pty Ltd
Group And General Finance Pty Ltd
Grow Finance Limited
Hertz Australia Pty Ltd
Hewlett Packard Enterprise (HPE) Financial Services Pty Ltd
hummm group limited
Hunter Premium Funding Ltd
illion Pty Ltd
IQumulate Premium Funding
JMac (NT) Pty Ltd
John Deere Financial Limited
Judo Bank Pty Ltd
Kingmill Pty Ltd
Klarna Australia Pty Ltd
Kubota Australia Pty Ltd
L.E.K. Consulting
Latitude Group Holdings Limited
Laybuy Australia Pty Ltd
Lease Express Pty Ltd
LeasePLUS Pty Ltd
Leasewise Australia Pty Ltd
Landscape
Liberty Financial Pty Ltd
Lumi Financial Managemet Pty Ltd
Macpherson + Kelley Lawyers Pty Ltd
Macquarie Leasing Pty Ltd
Maia Financial
Max Recovery Australia Pty Ltd
McMillan Shakespeare Group Ltd / Interleasing
Medpro Finance Corporation Pty Ltd
Mercedes-Benz Financial Services Australia Pty Ltd
Metro Finance Pty Ltd
Moneytech Pty Ltd
Moody's Analytics Australia Pty Ltd
Morris Finance Ltd
Moula Money Pty Ltd
National Australia Bank Ltd
National Finance Choice Pty Ltd
Netsol Technologies Pty Ltd
Nissan Financial Services Australia Pty Ltd
Now Finance Group Pty Ltd
Odessa
On Deck Capital Pty Ltd

ORIX Australia Corporation Limited
OSK Capital (A) Pty Ltd
PACCAR Australia Pty Ltd
Payo Pty Ltd
Payright Limited
Pepper Money Ltd
Pickles Pty Ltd
Piper Alderman Pty Ltd
Plenti Group Limited
PriceWaterhouseCoopers
Prospa Group Limited (PGL)
Qudos Mutual Ltd
Quest Finance Australia Pty Ltd
RAC Finance Limited
RACV Finance
Redspot Head Office Pty Ltd
RedZed Lending Solutions Pty Ltd
Risk and Security Management
S. Apikian and Others (Gadens Lawyers)
Salary Packaging Australia
Scottish Pacific Group Pty Ltd
Selfco Leasing Pty Ltd
SG Fleet Australia Pty Ltd
Shift Financial Pty Ltd
Smart Group Pty Ltd
Sofico Services Aus. Pty Ltd
Softera Baltic
Solifi (previously IDS Group)
Solvar Limited
Stratton Finance
Summit Fleet Leasing & Management Pty Ltd
Taurus Finance Holdings Pty Ltd
Thorn Group Limited
Toyota Finance Australia Limited
Traction Group Pty Ltd
Vestone Capital Pty Ltd
Volkswagen Financial Services Aus Pty Ltd
Volvo Finance Pty Ltd
W.T.H Pty Ltd (AvisBuget Group)
Walker Stores Pty Ltd
Westlawn Finance Limited
Westpac Banking Corporation
Yamaha Motor Finance Australia Limited
Zip Co Limited



# Industry codes

We work with members to develop codes of practice that drive better transparency, fairness and customer confidence.

Self-regulatory practices are an important part of our regulatory framework, enabling members to meet community standards and legal obligations, strengthen trust in the finance industry and improve customer outcomes.

Our Code Compliance Committees are independent and responsible for the annual accreditation of Code Compliant Members and ongoing compliance monitoring.

## Annual reporting on activities of the AFIA Insurance Premium Funding Code Compliance Committee in relation to the AFIA Insurance Premium Funding Code of Practice

As outlined in section 12.1 of the Terms of Reference for the AFIA Insurance Premium Funding Code of Practice (IPF Code), the Insurance Premium Funding Code Compliance Committee (CCC) is pleased to table our report for the 12 months ending 30 June 2023<sup>1</sup> for inclusion in the AFIA Annual Review.

IPF Code Compliance Committee members are: Vicki Mullen, Committee Chair, Dallas Booth, Member, and Edward Martin, Member.

Terms of Reference – clause 12.1	Commentary
(a) Information collected under clause 9.2, 9.3 and 9.4 of any reported or investigated Alleged Breaches and any corrective measures agreed with the relevant Code Compliant Members (CCMs)	No reports of alleged breaches were received or investigated during the period.
(b) Consolidated analysis of Code compliance by CCMs for the period of the report as collected under clauses 9.2, 9.3 and 9.4	As outlined in its Terms of Reference, the CCC monitors code compliance and collects data to gain insights into potential areas of non-compliance. For the 9 months to 30 June 2023, there was no evidence available to suggest systemic non-compliance.
(c) Information as to any Sanctions imposed by the CCC	No sanctions were imposed during the period.
(d) Information about any serious and systemic issues of breaches of the Code that have come to the CCC's attention	No evidence has come to the CCC's attention about serious and systemic issues of breaches of the Code.

(e) Information as to the number of CCC meetings held and the attendance of CCC Members at them	The CCC formally met seven during the financial year as follows: 28 July 2022 25 August 2022 23 September 2022 28 September 2022 18 January 2023 20 March 2023 22 June 2023  All CCC members attended every meeting.
(f) Any recommendations on Code improvements and industry issues relevant to the operation of any Code arising out of its experiences of Code compliance in the relevant period, including where non-compliance with a Code indicates an industry-wide issue or weakness of a Code	The CCC has focused in its first year of operation on determining the requirements for accreditation of IPF members to the Code and has issued guidance about the accreditation process.  The CCC is also monitoring how the Code is operating in conjunction with the revised National Insurance Brokers Association (NIBA) Code that came into effect on 1 November 2022. In March 2023, for purposes of monitoring compliance with the Code, the CCC requested Code members to confirm that they were using best endeavours to require representatives and other third parties involved in the referral, marketing or distribution of their IPF products to comply with a relevant industry code, and in particular those aspects that relate to management of conflicts of interest and disclosure of remuneration or other benefits that the intermediary is to receive. <sup>2</sup> The Code members confirmed they were using best endeavours.
(g) A statement that the CCC has complied with its Terms of Reference and any binding obligations on it under a Code or other relevant Protocol document and, if there has been any non-compliance, the report must identify that non-compliance and the reasons for it, including any action that may have been instituted by the CCC to ensure that such non-compliance does not occur in the future	The CCC has complied with its Terms of Reference and any binding obligations on it under the Code and other relevant Protocol documents.
(h) Any other matters that the CCC considers should be included that are consistent with the functions of the CCC	Two IPF members were accredited to the Code during the period and a third IPF member had substantively completed the accreditation process during the period, with accreditation confirmed by the CCC shortly after the end of the financial year.  These members are Hunter Premium Funding, IQumulate Premium Funding and Elantis Premium Funding, respectively.

<sup>1</sup> The IPF Code of Practice became effective on 1 October 2022. <sup>2</sup> This requirement is set out at clause 20.5 of the IPF Code



**Vicki Mullen**  
Chair, IPF Code Compliance Committee



Annual reporting on activities of the AFIA Online Small Business Lenders Code Compliance Committee in relation to the AFIA Online Small Business Lenders Code of Practice

As outlined in section 12.1 of the Terms of Reference for the AFIA Online Small Business Lenders Code of Practice (AOSBL Code), the AFIA Online Small Business Lenders Code Compliance Committee (CCC) is pleased to table our report for the 12 months ending 30 June 2023 for inclusion in the AFIA Annual Review.

Online Small Business Lenders CCC members are: Symon Brewis-Weston, Andrea Beatty, Bruce Auty (retired 31 December 2022) and Judy O’Connell (effective from 1 January 2023).

Terms of Reference – clause 12.1	Commentary
(a) Information collected under clause 9.2 of any reported or investigated Alleged Breaches and any corrective measures agreed with the relevant Code Compliant Members (CCMs)	No reports of alleged breaches were received or investigated during the period.
(b) Consolidated analysis of Code compliance by CCMs for the period of the report as collected under clause 9.2	<p>As outlined in its Terms of Reference, the CCC monitors code compliance and collects data to gain insights into potential areas of non-compliance. For the year to 30 June 2023, there was no evidence available to suggest systemic non-compliance.</p> <p>Members were required to provide attestations about compliance with the revised Code which became effective on 1 December 2022. All members were successfully accredited to the revised Code for the period 1 January to 31 December 2023.</p>
(c) Information as to any Sanctions imposed by the CCC	No sanctions were imposed during the period.
(d) Information as to the number of CCC meetings held and the attendance of CCC Members at them	<p>The CCC formally met five times during the financial year as follows:</p> <p>4 August 2022 3 November 2022 19 December 2022 16 March 2023 29 June 2023</p> <p>All CCC members attended every meeting they were eligible to attend.</p> <p>Mr Symon Brewis Weston was re-appointed as chair of the CCC on 13 December 2022 for a period of 3 years.</p> <p>Ms Andrea Beatty was re-appointed as a member of the CCC on 13 December 2022 for a period of 3 years.</p> <p>Mr Bruce Auty stepped down from the CCC with effect from 31 December 2022.</p> <p>Ms Judy O’Connell was appointed as a member of the CCC from 1 January 2023 for a period of 3 years.</p>

(e) Any recommendations on Code improvements and industry issues relevant to the operation of any Code arising out of its experiences of Code compliance in the relevant period, including where non-compliance with a Code indicates an industrywide issue or weakness of a Code	The CCC was consulted on and actively participated in the review of the AOSBL Code that occurred during the period, including reviewing changes proposed by members, and reviewing and commenting on each of the revised versions of the Code. The CCC also made a recommendation to the Code Development Sub Committee about a change to the ToR and Code By Laws which was adopted.
(f) A statement that the CCC has complied with its Terms of Reference and any binding obligations on it under a Code or other relevant Protocol document and, if there has been any non-compliance, the report must identify that non-compliance and the reasons for it, including any action that may have been instituted by the CCC to ensure that such non-compliance does not occur in the future	The CCC has complied with its Terms of Reference and any binding obligations on it under the Code and other relevant Protocol documents.
(g) Any other matters that the CCC considers should be included that are consistent with the functions of the CCC	<p>During the year the CCC conducted a review of member compliance with the updated requirements in the Code about dispute resolution arrangements and provision of financial hardship assistance. The review found that there are a range of practices across members in terms of processes and documentation for dispute resolution and responding to financial hardship requests. The CCC observed that this may be due in part to the size of some code members or whether they are subject to group-wide controls, for example.</p> <p>The CCC issued a report about the review to Code members in May 2023 which recommended that:</p> <p>(a) members should ensure their policies and procedures are appropriate for the scale of their business and in light of the number of complaints and hardship applications received;</p> <p>(b) continue to review compliance with the requirements of ASIC Regulatory Guide 271; and</p> <p>(c) consider any relevant risks to and impacts on processes if there is an increase in customer issues, complaints or hardship requests.</p> <p>Members are due to report back to the CCC later this year.</p>



Symon Brewis Weston  
Chair, AOSBL Code Compliance Committee



Annual reporting on activities of the AFIA Buy Now Pay Later Code Compliance Committee in relation to the AFIA Buy Now Pay Later Code of Practice

As outlined in section 12.1 of the Terms of Reference for the AFIA Buy Now Pay Later Code of Practice (BNPL Code), the Buy Now Pay Later Code Compliance Committee (CCC) is pleased to table our report for the 12 months ending 30 June 2023 for inclusion in the AFIA Annual Review.

BNPL members are: Dr Michael Schaper (Chair retired 31 July 2023), Jillian Brewer (Chair effective from 1 August 2023) Craig Pudig and Wendy Guy (effective from 1 August 2023).

Terms of Reference – clause 12.1	Commentary
(a) Information collected under clause 9.2, 9.3 and 9.4 of any reported or investigated Alleged Breaches and any corrective measures agreed with the relevant Code Compliant Members (CCMs)	<p>The CCC received twenty five reports under ToR 10.1(a) that a Code member has, or may have, breached the Code in the period 1 July 2022 to 30 June 2023. Of these reports:</p> <ul style="list-style-type: none"><li>• Nine related to customer service or account administration issues that were resolved in the BNPL provider’s IDR process</li><li>• Eight related to hardship requests that were actioned by the BNPL provider</li><li>• One was about dis-satisfaction with the outcome of a cosmetic service that was paid for using BNPL</li><li>• One matter was a self-report by a Code member about a collection agent who was not an AFCA member for a period of time</li><li>• One matter is ongoing at AFCA and relates to alleged inappropriate provision of credit by a BNPL provider</li><li>• Five matters were out of scope – three related to events before the Code existed, one related to a product that is not BNPL and the other was an enquiry.</li></ul>
(b) Consolidated analysis of Code compliance by CCMs for the period of the report as collected under clauses 9.2, 9.3, 9.4	<p>As outlined in its Terms of Reference, the CCC monitors code compliance and collects data to gain insights into potential areas of non-compliance. For the year to 30 June 2023, there was no evidence of systemic non-compliance.</p>
(c) Information as to any Sanctions imposed by the CCC	<p>No sanctions were imposed by the CCC.</p>
(d) Information about any serious and systemic issues of breaches of the Code which have come to the CCC’s attention	<p>None arising.</p>

(e) Information as to the number of CCC meetings held and the attendance of CCC Members at them	<p>The CCC formally met 4 times during the financial year as follows:</p> <p>5 August 2022 11 November 2022 20 February 2023 22 May 2023</p> <p>All CCC members attended every meeting.</p> <p>Dr Michael Schaper resigned as CCC chair effective 30 June 2023.</p>
(f) Any recommendations on Code improvements and industry issues relevant to the operation of any Code arising out of its experiences of Code compliance in the relevant period, including where non-compliance with a Code indicates an industrywide issue or weakness of a Code	<p>The CCC published its second report about self-regulation under the BNPL Code in May 2023. The report described the role and governance of the CCC, how BNPL providers are accredited under the Code, and the CCC’s compliance monitoring and oversight activities.</p> <p>The CCC actively participated in the Government’s consultation on options for future regulation of the BNPL sector, including making a submission to the consultation and meetings with Treasury. In particular the CCC suggested that because the process of introducing new law can be a slow and resource intensive process that does not provide a solution to an identified problem or gap until some years after the problem or gap has emerged, an industry code has the capacity to more flexibly and quickly deal with such issues. It provides a means to regulate and but also adapt as needed. This approach would also allow a seamless segue of regulation from the current model to a structure with federal regulation.</p> <p>The CCC had detailed engagement with Promontory as the independent reviewer of the BNPL Code. The CCC is supportive of the recommendations in the Promontory report released in March 2023, particularly those that relate to oversight of compliance with the Code, and will continue to work with AFIA to determine how best to implement them, including any resourcing considerations.</p> <p>The CCC continues constructive dialogue with key stakeholders such as ASIC and the ACCC.</p>
(g) A statement that the CCC has complied with its Terms of Reference and any binding obligations on it under a Code or other relevant Protocol document and, if there has been any non-compliance, the report must identify that non-compliance and the reasons for it, including any action that may have been instituted by the CCC to ensure that such non-compliance does not occur in the future	<p>The CCC has complied with its Terms of Reference and any binding obligations on it under the Code and other relevant Protocol documents.</p>



<p>(h) Any other matters that the CCC considers should be included that are consistent with the functions of the CCC</p>	<p>Seven Code members were re-accredited by the CCC for the period 1 March 2023 to 29 February 2024. Annual certification occurs on or before the anniversary of the Code on 1 March.</p> <p>During the year, two BNPL providers ceased to be members of the Code:</p> <p>1. LatitudePay Australia Pty Limited</p> <p>In accordance with Clause 11.1 of the AFIA Buy Now Pay Later Providers By Laws, LatitudePay notified the AFIA Board and CCC of its resignation as a Code compliant member effective 24 February 2023 due to the discontinuation of its BNPL business.</p> <p>The CCC will continue to accept any reports of alleged breaches of the Code that relate to the period while LatitudePay was a Code member.</p> <p>2. Openpay Pty Ltd (Receivers and Managers Appointed)</p> <p>McGrath Nicol was appointed as receivers and managers to Openpay on 4 February 2023.</p> <p>Based on the information available to it at the time, the CCC took the view that failure to lodge a valid annual attestation about compliance with the Code in accordance with By Law 6.5, along with the uncertainty about the continuation of the business and Openpay’s capacity to comply with the requirements of the Code in practice, were sufficient grounds for the CCC, acting reasonably, to determine that it was appropriate to suspend Openpay’s certification as a Code compliant member in accordance with By Law 7.2(a).</p> <p>Openpay subsequently ceased to be a member of AFIA effective 18 April 2023 and was therefore no longer eligible to be a member of the Code.</p> <p>The CCC will continue to accept any reports of alleged breaches of the Code that relate to the period while Openpay was a Code member.</p>
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*Jillian Brewer*

**Jillian Brewer**  
Chair, BNPL Code Compliance Committee

# Affie Awards

AFIA’s annual awards program, the Affie Awards, is where we acknowledge and celebrate innovation as the engine that drives progress in our finance industry.

These awards recognise groundbreaking ideas and initiatives that shape our future.

This year we announced five unique and poignant award categories:

- Championing customer and community**  
Celebrating organisations that have made a significant difference in serving the community through education or by improving financial literacy among customers and communities.
- Empowering Innovation**  
Recognising the creators of innovative solutions that push boundaries and redefine success.
- Promoting Sustainability**  
Honouring the commitment to sustainable practices and responsible growth along the supply chain.
- Impactful Leadership**  
Rewarding strong leadership that inspires others to reach new heights.

**AFIA Hall of Fame**  
A special accolade for those who’ve left an indelible and personal mark on the industry.

The Affie Awards honour excellence. Our 2022 winners included American Express, Lumi Finance, Brighte, Rebecca James, and Keith Rodwell. Congratulations to all.



Clockwise from top:  
Keith Rodwell, inaugural inductee Hall of Fame with Peter Jones, AFIA Chair.  
Keith Rodwell, Katrina Hamilton, Head of Marketing, Lumi, Megan Whiteside, Amex Vice President - Corporate Affairs & Communications A/NZ, Diane Tate, AFIA CEO, and Peter Jones.  
Megan Whiteside and Cris Parker Head of The Ethics Alliance.  
Rebecca James, Chief Executive Officer, Humm.



# Looking Ahead

## Together, We Embrace Tomorrow

As we close the chapter on this transformative year, we're filled with anticipation for what lies ahead. The pages of this annual review have chronicled a year of challenges, excitements, and achievements. But our story is far from over—it's just beginning.

The world of finance is undergoing a revolution, and AFIA is at the forefront, leading the charge into uncharted territory. We've navigated unrelenting crises, leveraged digital innovation, championed sustainability, and put members at the heart of every decision. Yet, this is only the prologue of our journey.

In the coming chapters, we'll script a narrative of resilience, innovation, and unwavering commitment. Together, we'll write the story of a finance industry that not only adapts but thrives in a rapidly changing world. We'll carve a path toward a brighter, more inclusive, resilient, and sustainable future for our industry, customers and communities, and our economy.

We've stood by members, consumers, and businesses, contributed to crucial policy, legal, and regulatory developments, and adapted to substantial change. The lessons learned

during this time will serve as our compass as we chart the course through the challenges, risks, and opportunities that lie ahead.

At AFIA, we have a commitment to providing exceptional value to members by understanding their needs, offering personalised and relevant support, and continuously improving the services and resources available.

We evolve as our operating environment shifts, taking action on the immediate issues, getting results through our direct or partner engagements, and always keeping an eye on our strategic priorities.

We strive to create a thriving and engaged membership base that views AFIA as an indispensable partner in their professional journey within the finance industry.

We have stepped up our Member Services, by providing real-time updates, data-driven insights, and guidance to navigate uncertain waters. Additionally, this year we have launched our new members portal on our new website, increased face-to-face networking, and collated multiple new data and market reports. We will continue to develop and enhance our member tools and resources to facilitate legal compliance and risk management, particularly in areas like ESG, cybersecurity, and financial hardship.

We will continue to drive forward our Advocacy activities, by identifying and working across a wide range of significant member priorities. We have a strong program of engagement and strategy for identifying legal and regulatory change. We will continue to recognise the accelerating pace of change and advocate for a diverse and world-class finance industry. We will collaborate with members, governments, regulators, customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future.

Self-regulatory practices are an important part of our regulatory framework, enabling members to meet community standards and legal obligations, strengthen trust in the finance industry, and demonstrate their commitment to improving customer outcomes. We will continue to work together with our members to develop industry standards (including the AFIA Code of Practice and other industry codes) in order to improve transparency, fairness and customer confidence. Our industry codes are widely recognised as important, with government, regulators, other key stakeholders, and members asking us to keep evolving them as part of ensuring industry practices are articulated and industry standards are part of our co-regulatory framework.

Our communications activities ensure we're delivering the most relevant and up-to-date information, including our weekly industry news in

our Finance in Focus newsletter and introducing a new Economic Update series. This year, we published important industry data through our market reports: The Economic Impact of Buy Now Pay Later and Electric Vehicle Finance: Driving Down Australia's Emissions. We will continue to promote the economic contribution of our members and find smarter ways to capture the unique contribution of our sub-sectors, while also showing the vast contribution across the finance industry. Industry data is critical to our advocacy and communications activities, and we will also continue to work with members on identifying how we can continuously improve our data collection, members only data portal, and public market reports.

As the final word of this report, we invite you to become active authors of this narrative. Your participation, ideas, and aspirations will shape the plot twists, character arcs, and resolutions of our collective story. The challenges and opportunities that await are the plot twists we need to make our narrative truly epic.

So, let's turn the page with enthusiasm, courage, and unity. Let's embrace tomorrow, together, as we craft a financial landscape that challenges the status quo, exceeds expectations, and leaves a lasting legacy. Our journey continues, and the best chapters are yet to be written.

Thank you for being part of this incredible story. Together, we'll make it an exciting one of growth, prosperity, and unity.







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