

ANNUAL REPORTING ON ACTIVITIES OF THE AFIA CODE COMPLIANCE COMMITTEE (CCC) IN RELATION TO THE AFIA BUY NOW PAY LATER (BNPL) CODE OF PRACTICE

On behalf of the CCC, and as outlined in section 12.1 of the Terms of Reference for the AFIA BNPL Code of Practice, we are delighted to table our report for the 12 months ending 30 June 2022 for inclusion in the AFIA Annual Review.

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 Member(s) (CCMs)	<p>Four complaints about BNPL providers were received by the CCC in the period 1 July 2021 to 30 June 2022. These related to:</p> <ol style="list-style-type: none"> 1. The handling of a chargeback and alleged maladministration of a customer’s account which was resolved at EDR. An alleged breach of the Code was not proven but the CCM was required to make changes to its policies and procedures. 2. A locked account. The customer was referred to the CCM’s IDR process. 3. Alleged misconduct in the sale of solar panels where BNPL was the payment mechanism. The customer was referred to the CCM’s IDR process. 4. An identity fraud where a BNPL account was opened, defaulted and was referred to a collection agency. The victim of the identity fraud was assisted and was able to resolve the matter with the debt collection firm and the BNPL provider.
(b) consolidated analysis of Code compliance by CCMs for the period of the report as collected under clauses 9.2, 9.3, 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 year to 30 June 2022, there was no evidence available to suggest non-compliance.
(c) information as to any Sanctions imposed by the CCC	No sanctions were imposed by the CCC.
(d) information about any serious and systemic issues of breaches of the Code which have come to the CCC’s attention	None arising.
(e) information as to the number of CCC meetings held and the attendance of CCC Members at them	<p>The CCC formally met on 8 occasions during the financial year as follows:</p> <p>9 July 2021 22 October 2021 16 December 2021 4 February 2022 11 February 2022 } reaccreditation of CCMs 18 February 2022 } 6 May 2022 29 June 2022</p> <p>All CCC members attended every meeting.</p>

<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>	<p>The CCC published a report on the first year of self-regulation under the BNPL Code in early March 2022. The report described the role and governance of the CCC and in particular how BNPL providers are accredited under the Code, as well as its compliance monitoring and complaint handling activities.</p> <p>The CCC provided feedback on the amendment to the definition of <i>BNPL Product or Service</i> in the Code that was made effective on 1 March 2022.</p> <p>The CCC has worked closely with the Code Administrator to introduce a range of improvements to its compliance monitoring, reporting and complaints handling arrangements.</p> <p>The CCC continues constructive dialogue with key stakeholders such as ASIC and the ACCC.</p>
<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>	<p>The CCC has complied with its Terms of Reference and any binding obligations on it under the Code and other relevant Protocol documents, if relevant.</p>
<p>(h) any other matters that the CCC considers should be included that are consistent with the functions of the CCC</p>	<p>All existing Code signatories were re-accredited by the CCC for the period 1 March 2022 to 28 February 2023.</p> <p>One additional Code signatory was accredited by the CCC during the financial year.</p>

Dr Michael Schaper
Chair
BNPL Code Compliance Committee