

8/12/2022

Via email: BNPLCode@promontory.com

To whom it may concern,

RE: AFIA Buy Now, Pay Later Code of Practice review

The Shooting Industry Foundation of Australia is the professional peak association that represents Australia's shooting industry. Our members are Australia's importers and wholesale distributors of firearms and related accessories.

SIFA acknowledges the terms of reference for the review, however we ask that further consideration be given to the below, which we have attempted to address directly with the AFIA and its members.

In Australia, there are over 450 retail shopfront firearms dealerships that are unable to access Buy Now, Pay Later (BNPL) services, as the current AFIA Code of Practice (the code) states in section 8.7 (f): *(that members) Take reasonable and appropriate steps to ensure our **Merchants or Retail Partners that we have a direct relationship with will not provide our BNPL Products or Services for online gambling, retail gambling, gambling at domestic or offshore casinos and the purchase of firearms.***

SIFA has questioned the AFIA directly, as well as several AFIA members on why businesses that sell firearms are specifically excluded in the code. Neither the AFIA nor its members have been able to advise us why.

From our investigations, it is evident that both the AFIA and BNPL service providers, have a distinct lack of understanding in how Australia's highly regulated and compliant firearms industry operates, leading us to believe the addition of the exclusion of firearms businesses in the code, was either ignorant or socially motivated.

SIFA has also highlighted that businesses that sell firearms, generally sell a wide variety of products that are not regulated or restricted in any way. Products sold can vary from what is found in a typical outdoor store, including fishing, camping and other recreational products to farm supplies and other FMCG items.

However, as the code does not allow BNPL providers to service the sale of firearms, several instances have seen BNPL providers (e.g., ZIP Pay) excluding the businesses entirely.

The Facts

- Regardless of how the financial transaction is made between a commercial licensed firearms dealer, and the licensed, Police approved buyer, the following is always true:
 - Firearms cannot be legally sold unless the consumer is appropriately licensed.
 - Firearms cannot be legally sold unless the consumer has a Police approved permit to acquire.
 - Firearms cannot be legally sold unless the transaction is documented and registered.
- Australia's strict firearm regulatory environment is designed around businesses utilising merchant services to transact in the sale of firearms in line with regulated processes. As such, there is no risk (real or perceived) in allowing businesses who sell firearms access to utilising BNPL services.
- By law, all firearm sales MUST be conducted through a licensed firearms dealer. The government has dealt with the risk through regulatory means; therefore, it is unnecessary for BNPL providers or the AFIA to impose further requirements on legitimate businesses and undermine the efforts of the government.

SIFA Position

The consultation note provided by Promontory, states the objectives of Promontory's review will assess the effectiveness of the Code in achieving its objectives. These objectives are set out within the Code, and include assisting Code Compliant Members to:

- a) promote a customer-centric approach to the design, marketing and distribution of a BNPL Product or Service;
- b) promote high industry standards of service for customers and build best practices across the BNPL industry; and
- c) support compliance with legal and industry obligations.

Given the code's focus on compliance with legal and industry obligations, SIFA would expect that guidance is also sought from the wider, more prominent financial services sector.

SIFA draws your attention to a recent [report on de-banking by the Council of Financial Regulators \(CFR\)](#), who is the coordinating body for Australia's main financial regulatory agencies, and members are APRA, ASIC, RBA and The treasury, and is chaired by the Reserve Bank Governor.

Recommendation 3 clearly articulates that "This recommendation is consistent with **the Participating Agencies' view that banks should not engage in blanket de-banking of specific industries or sectors**".

Given the view of the Council of Financial regulators, that banks should NOT engage in a blanket approach of de-banking specific industries or sectors, SIFA believes that the BNPL sector should adopt a similar attitude.

SIFA Recommendations

SIFA recommends that the words “the purchase of firearms” be removed from section 8.7 (f) of the BNPL Code, and the Australia shooting industry be afforded the ability to use BNPL Services.

SIFA is more than happy to work through any concerns with the AFIA or its members to ensure that the discrimination towards our industry ceases. We appreciate the opportunity to provide feedback on the AFIA Code and we welcome the prospect of providing further information if necessary.

Yours Sincerely