CODE OF LENDING PRACTICE

AFIA ONLINE SMALL BUSINESS LENDERS

EFFECTIVE FROM 30 JUNE 2018
The AFIA Online Small Business Lenders Code of Lending Practice

Foreword

Canberra, Friday 29th June 2018: Today, a group of Australia’s leading online small business lenders have released a Code of Lending Practice (Code) outlining a series of best practice principles that will standardise transparency and disclosure in relation to the unsecured small business loans they offer.

The Code will ensure small business owners can clearly identify if a small business online loan from a lender compliant with the new Code, is right for their needs, exactly how much it is going to cost, and if it is the best solution available to them.

The regulatory landscape is changing rapidly and the current legal and compliance commitments facing online small business lenders are fragmented. Already, they must answer to ASIC, ACCC, the courts, APRA and AFCA. This Code is a proactive move to pull the obligations of online small business lenders together into one document. This makes it easier for current market participants and will also help new entrants understand their obligations. The six signatories to the Code, are reaffirming their commitment to meet all current legal and regulatory requirements and adding an additional layer of transparency and disclosure that is not currently being provided in the market.

Online lending to small businesses has grown rapidly in recent years as small businesses are increasingly denied access to unsecured loans by traditional funding sources. A number of innovative, fast-response Fintech providers have developed a range of new products aimed at assisting SMEs with unsecured balance sheet lending. The loans are typically short term (3-12 months) and the majority of finance is below $100,000,¹ and customer satisfaction ratings are high.

¹ Fintech lending to small and medium-sized enterprises: Improving transparency and disclosure
February 2018, p.20
Signatories to the Code are Capify, GetCapital, Moula, OnDeck, Prospa and Spotcap. The Code has been created through extensive collaboration between this working group of online business lenders, the Australian Finance Industry Association (AFIA), the Australian Small Business and Family Enterprise Ombudsman (the Ombudsman), SME advocate, theBankDoctor.org and industry association FinTech Australia.

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO), Kate Carnell said: “This is certainly a great starting point. Six fintech balance sheet lenders have committed to comply with the AFIA Online Small Business Lenders’ Code of Lending Practice by December 2018, which helps to address transparency and disclosure for small business borrowers.

“The Code provides the principles and best practice guidelines for the broader fintech industry, however, at present the Code is limited to balance sheet lenders.

I look forward to hearing from members of the roundtable held late last year and discussing how the broader fintech industry can move to adopt the Code.

“To further improve awareness and understanding by SMEs, the theBankDoctor.org and the ASBFEO will shortly publish an information guide on borrowing from fintech lenders.”

AFIA CEO Helen Gordon said: “Many of our online small business members were active contributors to the initial report released in February 2018 by the Australian Small Business and Family Enterprise Ombudsman, FinTech Australia and theBankDoctor.org: FinTech lending to small and medium-sized enterprises: Improving Transparency and disclosure.
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“Our Online Small Business Lender Group members have embraced the sentiment of improving transparency and disclosure and took proactive action to come together quickly and collegiately to develop a Code.

“Delivering the Code within four months was an ambitious commitment and I am proud to say using this Group’s Fintech agility, flexibility and technology we have delivered, with members committed to Code compliance by 31 December 2018. This is at a time of rapid change as regulators and legislators struggle to keep pace with technology and innovation.

“I also believe this proactive push for self-regulation by online lenders to small businesses will provide a level of transparency as our members work with their small business customers to finance Australia’s future,” Ms Gordon said.

Brad Kitschke CEO FinTech Australia applauded the leadership of the Fintech balance sheet lenders who have worked tirelessly to develop the Code.

“The balance sheet lenders deserve high praise for working collaboratively with the Small Business and Family Enterprise Ombudsman, and theBankDoctor.org to ensure accountability and transparency are touchstones of this industry.

“The recent Productivity Commission report highlighted the serious problems encountered in our economy because small businesses cannot access credit, often without risking assets like the family home.

“Online lending to SMEs is increasingly playing a key role in filling this gap. We have countless stories of small businesses growing, hiring more staff, giving opportunities to young job seekers because the online Fintech industry has allowed small business to access credit.
“This is a story about how the incumbent market failed and where Fintech delivered,” he said. This delivers on the commitment made last November to develop a customer centric Code that outlines what a customer can expect and helps borrowers understand and compare the total cost of a loan.

SME advocate, Neil Slonim, (thebankdoctor.org) labelled the launch of the Code a significant step forward that reflects the commitment of these lenders to engage with small business owners in a transparent and responsible manner.

“The six lenders signatories have committed to being fully compliant by the end of December this year. Further work needs to be done in areas like implementation of the pricing comparison tool. An independent and suitably qualified Code Compliance Committee will be appointed to determine whether a lender is compliant. The CCC will also be tasked with the responsibility of ensuring ongoing compliance with and enforcement of the Code,” said Mr Slonim.

Mr Slonim went on to say Fintech SME lenders that are not part of the Online Small Business Lending Group will be encouraged to apply to become signatories to the Code and in time this template should be able to be used to cover non-bank SME lenders as well as fintechs.

“SME borrowers who look to borrow from code compliant lenders will be much better placed to answer three important questions being: ‘Is this the right product for my needs?’; ‘Do I know exactly what it is going to cost?’; and ‘Do I know that I can’t get a better deal elsewhere?’”

In a joint statement, the six CEOs of the signatories to the Code commented that, “We’re proud to be working together to take proactive steps to bring transparency to the market, and ensure we’re doing what’s best for Australian small business owners.”
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Key elements agreed in the Code include:

- The introduction of a pricing comparison tool providing key metrics that will allow customers to compare the cost of unsecured loans from the signatories (including the total repayment amount, APR, simple annual interest rate)
- An easy-to-understand loan summary
- A glossary of key terms in accessible language that applies directly to online small business loans
- Signatories must attest their compliance with the Code on an annual basis

The Code was modelled on best practice examples and feedback from the US and UK, where the online lending sectors are significantly more mature, and referenced the new draft ABA code as well as other current codes and regulatory guidance in the financial services space.

To ensure effective enforcement, the Code will be supported by a Charter focused on governance including its monitoring, review and enforcement processes.

Stakeholder Engagement

The Online Small Business Lenders Group see the Code as a final document ready for broader consultation. Further engagement with key stakeholders such as ASIC and small business owners will occur from 1 July. The AFIA working group will also now focus on implementing the Code and developing the Charter, that underpins governance and a standardised pricing and disclosure tool.

AFIA will appoint a Code Compliance Committee (CCC) as an independent governing body to monitor and enforce the Code. The Code, Charter and the disclosure tool will be fully functional by no later than 31 December 2018, by which date all signatories have committed to being fully compliant.
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Part A – Introduction and Background

This Code is the AFIA Online Small Business Lenders Code of Lending Practice (Code). This Code is effective from 30 June 2018.

The Australian Finance Industry Association (AFIA) will arrange for a review of this Code at least every 3 years.

1. OBJECTIVES OF THIS CODE

A primary objective of this Code is to encourage the adoption of Industry standards and compliance with laws and regulations.

This Code has been voluntarily developed by the AFIA Online Small Business Lenders Group to:

(a) promote high Industry standards of service to customers;

(b) provide a benchmark for consistency within the AFIA Online Small Business Lenders Group with respect to matters such as the disclosure of comparable financial information to borrowers; and

(c) support compliance with legal and industry obligations.

2. WHO IS BOUND BY THIS CODE?

Subject to the terms of this Code, this Code is binding on Code Compliant Members of the AFIA Online Small Business Lenders Group when they provide Online Small Business Loans. (The particular circumstances in which the Code will apply are set out in the balance of Part A.) A list of Code Compliant Members, and when they became Code Compliant Members, can be found on the AFIA website. The Code Compliant Members are subject to the oversight of the Code Compliance Committee (CCC). The CCC is an independent committee that has been established by AFIA to monitor and investigate compliance by Code Compliant Members with this Code.
3. **READING THIS CODE**

In this and the following Parts of this Code, the words "we", "us" and "our" are to be read as referring to a relevant Code Compliant Member that is bound by this Code and that has agreed with you that it will comply with this Code. Some words or phrases used in this Code have special meaning and are identified by the use of capital letters, such as in the case of an 'Online Small Business Loan'. These words and phrases are defined in clause 17 of Part C of this Code or in the Glossary that is Part D of this Code.

4. **APPLICATION OF THIS CODE TO ONLINE SMALL BUSINESS LOANS PROVIDED BY CODE COMPLIANT MEMBERS**

This Code is applicable to Online Small Business Loans provided by us when we are or were a Code Compliant Member at the time that the relevant Loan Product was negotiated or entered into. For Online Small Business Loans, entered into by us prior to the date we became a Code Compliant Member, this Code will apply in our future dealings with you in the manner set out in clause 6 below.

5. **WHAT IS AN ONLINE SMALL BUSINESS LOAN?**

Online Small Business Loan has a specific meaning as set out in clause 17 of Part C below.

6. **WHEN DOES THIS CODE APPLY TO YOU?**

Where you are a business, this Code applies to the interactions and arrangements we have with you in relation to an Online Small Business Loan entered into on or after the date that we became a Code Compliant Member. Even where we cease to be a Code Compliant Member, where this Code applied to us in respect of your Online Small Business Loan we will continue to be bound by this Code.
For Online Small Business Loans entered into by us prior to the time that we became a Code Compliant Member, we will comply with the following provisions of this Code in our future dealings with you:

(a) Part B – where it relates to an action or circumstance occurring on or after the time that we became a Code Compliant Member; and

(b) Part C – where it relates to an action or circumstance occurring on or after we became a Code Compliant Member or where it relates to a change to a Loan Product that is prepared or proposed on or after we became a Code Compliant Member.

7. LEGAL STATUS OF THIS CODE
This Code operates alongside and is subject to existing laws and regulations and does not limit your rights under such laws and regulations. Where there is any conflict or inconsistency between this Code and any law or regulation, that law or regulation prevails.

8. COMPLAINTS
You can:

(a) access our complaints process set out in clause 12 and 13 of Part C of this Code, if you are unhappy with any aspect of your experience with us; or

(b) report any concerns about our Code compliance, or about possible Code breaches, to the CCC, which it can investigate at its discretion - (see clause 14 of Part C of this Code).

This Code is not intended to create legal or other rights between us and any third person or entity. An external dispute resolution scheme that we are a member of may consider whether we have complied with the standards of this Code when determining or dealing with a matter before it.
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Part B – Our 8 Key Promises to You

1. **WE WILL BE HONEST AND ETHICAL**
   We will always act honestly and with integrity and will treat you reasonably in all our dealings with you.

2. **WE WILL GIVE YOU CLEAR INFORMATION ABOUT OUR LOAN PRODUCTS**
   We will provide clear and accessible information about our Loan Products, so you can make an informed decision about whether to enter into a Loan Product with us. We will disclose interest rates, and fees and charges, in an accessible and clear format. Our advertising and promotional material will not be misleading or deceptive or be likely to mislead or deceive.

3. **WE WILL CONSIDER YOUR FINANCIAL CIRCUMSTANCES WHEN LENDING TO YOU**
   We will consider your loan purpose and financial circumstances before we decide whether or not to lend to you. Where we have lent to you, and where you find yourself in financial difficulties, we will work with you in good faith and in accordance with our policies with a view to seeking to assist you to meet your ongoing financial obligations to us.

4. **WE WILL DELIVER HIGH CUSTOMER SERVICE AND STANDARDS**
   We will provide Loan Products that are useful, reliable and designed to be readily understood. We will treat your personal information with respect and in accordance with our Privacy Policy.

5. **WE WILL DEAL FAIRLY WITH ANY COMPLAINTS**
   We will handle complaints promptly and fairly and provide you with information on avenues for resolving disputes if we are not able to reach an agreement with you.
6. **WE WILL FOCUS ON OUR CUSTOMERS**
   We will place a high priority on service, competitiveness and customer focus. We will provide you with a polite and responsive service. We will make sure our staff, agents or representatives are well trained and reflect our commitments to you.

7. **WE WILL COMPLY WITH OUR LEGAL AND INDUSTRY OBLIGATIONS**
   We will comply with all our obligations under the law and this Code. We will act fairly and, in a manner, consistent with good Industry practice.

8. **WE WILL SUPPORT AND PROMOTE THIS CODE**
   We will promote this Code, ensure our staff, agents and representatives are trained to put it into practice, and we will support its monitoring and effectiveness.
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Part C – Delivering On Our Promises

1. **ADVERTISING AND INFORMATION ABOUT OUR LOAN PRODUCTS**

1.1 We will ensure that our advertising and promotional material for our Loan Products is clear and not misleading or deceptive, or likely to mislead or deceive.

1.2 The information we provide about our Loan Products will:

   (a) be clear, concise and accurate;
   (b) be written in plain language; and
   (c) use applicable standard terms where appropriate, as defined in the Glossary section of this Code.

1.3 We will answer any questions you have about the features of our Loan Products and how they work.

2. **TERMS AND CONDITIONS FOR OUR LOAN PRODUCTS**

2.1 If you are proposing to enter into a contract for a Loan Product with us, we will give you:

   (a) our terms and conditions;
   (b) a statement of our fees and charges;
   (c) a standard pricing comparison document; and
   (d) a summary document clearly setting out some key features of the proposed Loan Product.

We will do this before a contract is made with us. This information may be provided in one or more separate documents.

2.2 The documentation for our Loan Product will:

   (a) be clear concise and accurate;
   (b) be in plain language;
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2.2

(c) use applicable standard terms where appropriate, as defined in the Glossary that is Part D of this Code;
(d) be distinct from our marketing material;
(e) be drafted so as to be compliant with all applicable laws and regulations (including those related to unfair contract terms); and
(f) set out whether the customer can make a Partial Early Repayment or Full Early Repayment and whether or not, in the circumstances, there would be any applicable reduction to the Total Repayment Amount.

(In this clause 2.2, some capitalised terms have the meaning detailed in the Glossary.)

2.3 The standard pricing comparison document will set out:

(a) the Loan Amount;
(b) the Disbursement Amount;
(c) the Total Repayment Amount;
(d) the Average Repayment Amount
(e) the Term;
(f) the Total Cost of Credit, including Interest Expense, Origination Fee and Other Fees;
(g) the Annual Percentage Rate; and
(h) may also set out other relevant comparison information that we think may assist you.

(In this clause 2.3, capitalised terms have the meaning detailed in the Glossary.)

2.4 Nothing in this clause 2 limits our right to determine the pricing of our Loan Products on a commercial basis.
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2.5 We will make sure any fees and charges payable to us after disbursement of the Loan Amount (such as Late Payment Fees or direct debit dishonour fees) are reasonable having regard to our costs. Our costs include charges imposed by our service providers, where applicable.

3. REVIEW OF DISCLOSURE OF FEES AND CHARGES
3.1 We will regularly review the effectiveness of our disclosure of Fees and charges to you.

4. FINANCIAL CIRCUMSTANCES
4.1 We will make our lending decisions, including decisions to extend or increase existing Loan Product, following an assessment of the purpose of the loan and of your financial circumstances that are known to us at the time.
4.2 We expect you to provide honest and accurate information to us when applying for a loan or the extension or increase of an existing Loan Product.
4.3 We will only lend to you where we believe that you will have the capacity to repay. In making this assessment we will rely on the information you have provided to us and on the other relevant information we have about you.
4.4 We will periodically review our credit assessment procedures and criteria for the Loan Products we issue.

5. USE OF FINANCE BROKERS
5.1 If we engage finance brokers to distribute our Loan Products, we will require these finance brokers to be aware of, and to have regard to, our obligations to you under this Code.
5.2 Where we are paying a commission to any finance broker in connection with a Loan Product that we are providing to you, we will tell you that we are doing so.
6. **TIMELY, CLEAR AND EFFECTIVE COMMUNICATION**

6.1 We are committed to clear and effective communication with our customers. We will write our communications in plain language, avoiding legal and technical jargon as far as possible.

6.2 Before you accept a loan offer, we will give you a summary document clearly setting out some key features of the proposed Loan Product. This document may be a separate document or part of the Loan Product.

7. **NOTIFYING CHANGES TO YOUR LOAN PRODUCT**

7.1 Unless a longer period is required by law, we will give you at least 30 days’ prior notice before we change your Loan Product. However, any agreed changes can commence from the time the change is agreed with you, or from a later agreed time.

7.2 Any commitment we may make to notify you by electronic methods is subject to your keeping us informed of, as applicable, your current electronic contact information.

8. **ELECTRONIC COMMUNICATIONS**

8.1 When the law allows us to do so, we may communicate with you electronically rather than in paper form.

8.2 We may do this:

(a) by sending the information using a form of electronic communication; or

(b) where it is reasonable for us to do so, by notifying you that we have made the information available electronically (for example, on a website) and how you may retrieve the information.

8.3 You must notify us of any change to your electronic contact information.
9. **COPIES OF DOCUMENTS, STATEMENTS AND OTHER INFORMATION**

9.1 We will, at your request, give you a copy of:
   
   (a) The Loan Contract — including the terms and conditions, and the standard fees;
   
   (b) a statement of your Outstanding Balance; and
   
   (c) any notice we previously gave to you which is relevant to us exercising our rights.

9.2 We will do this within 3 Business Days of your request.

9.3 If, for some reason, we are unable to provide a document within these timeframes, we will advise you of this, together with the expected timeframe for providing the document.

9.4 Documents may be provided in electronic form, including in the form of a computer-generated record, or in any other form as mutually agreed.

10. **INFORMATION PRIVACY AND SECURITY**

10.1 We will comply with the Privacy Act 1988, including the Australian Privacy Principles and the Privacy (Credit Reporting) Code 2014, including with respect to credit reporting and the collection, storage, use and disclosure of your personal information.

10.2 We will treat your personal information with respect and in accordance with our Privacy Policy. We will not disclose that information to any other organisation unless:

   (a) we are required to by law (for example, under the Anti-Money Laundering and Counter-Terrorism Act 2006);

   (b) there is a duty to the public to disclose the information;

   (c) you ask us to disclose the information;

   (d) you have consented to us doing so; or

   (e) we are otherwise not restricted from doing so under applicable laws.

10.3 We will take reasonable steps to protect your personal information from misuse or loss, and from unauthorised access, modification or disclosure. We will regularly review the security and reliability of our services.
10.4 We will have a Privacy Policy and will publish it on our website.

11. **IF YOU ARE IN FINANCIAL DIFFICULTY**

11.1 If we are advised by you that you are experiencing difficulty in meeting your financial obligations to us, we will work with you in good faith and in accordance with our policies with a view to seeking to assist you to meet your ongoing financial obligations to us.

11.2 We may do this by negotiating a new and mutually acceptable repayment arrangement with you, having regard to your financial circumstances as a whole at the relevant time, as well as your obligations to us. We are not obliged, however, to do so.

11.3 Without limiting clause 11.1, we will have procedures in place to ensure we:

   (a) respond promptly to any request or application made to us (we may also initiate contact to discuss your financial situation); and

   (b) genuinely consider your request or application in good faith, including by taking your financial situation into account.

11.4 We will tell you whether we will be able to provide you with any contract variation or other assistance in relation to your financial situation and the reasons for our decision.

12. **PROMPT AND FAIR RESOLUTION OF COMPLAINTS**

12.1 In the event of a dispute or other complaint, you will have access to internal and external dispute resolution processes.

12.2 You may provide us with details of any complaint against or concerning us in the manner provided for in our Loan Product documentation.

12.3 We are committed to responding to complaints and disputes in a manner that is:

   (a) prompt and efficient;

   (b) consistent with the law; and
12.4 We will only be able to deal effectively with your complaint if you continue to communicate with us, and respond to our reasonable requests for information, while we are considering the complaint.

13. **OUR INTERNAL COMPLAINTS HANDLING PROCESS**

13.1 We will have an internal process for handling complaints from our customers in relation to the Loan Products we provide. This process will cover all customer complaints, including complaints about breaches of this Code.

13.2 We will provide information on our website regarding how we deal with complaints, including your right to take unresolved complaints to our external dispute resolution scheme.

13.3 We will try to resolve your complaint as soon as possible, including “on the spot” if we can.

13.4 We will do our best to ensure that our own internal investigation of your complaint is completed, and a decision on your complaint is communicated to you, within 10 business days. We will inform you if we need more time and the reason.

13.5 We will tell you in writing if we are not able to resolve your complaint or to meet your requirements and the reasons for this. We will also give you information on how you can take your complaint to the CCC, or (as applicable) to our external dispute resolution scheme.

13.6 If we are not able to resolve your complaint to your satisfaction within 30 days, you may:

   (a) refer your complaint to the CCC; or

   (b) take your complaint to an external dispute resolution scheme of which we are a member.

14. **COMPLAINTS ABOUT BREACHES OF THIS CODE**

14.1 The CCC is an independent committee that has been established to monitor our compliance with this Code.
14.2 In addition to our internal and external dispute resolution processes, you can report an alleged breach of this Code to the CCC.

14.3 We will co-operate and comply with all reasonable requests of the CCC in the performance of its monitoring and investigative functions.

14.4 The CCC can investigate any alleged breaches of this Code, at its discretion.

14.5 Where it is appropriate for it to do so, the CCC can make a range of recommendations to resolve the complaint. In some circumstances, the CCC is also able to impose sanctions upon us under the [name of] Charter. A link will be provided to access further detail about the powers of the CCC shortly.

15. **EXTERNAL DISPUTE RESOLUTION SCHEMES**

15.1 Our external dispute resolution scheme cannot deal with your dispute unless you have attempted to resolve the problem with us first, and either:

   (a) we have made a formal proposal to resolve the complaint, and you have told us that the proposal is not acceptable to you; or

   (b) at least 30 days has elapsed since you made your complaint.

15.2 Our external dispute resolution scheme, as applicable, may consider whether we have complied with the standards of this Code when seeking to resolve a matter before it.

16. **TRAINED AND COMPETENT STAFF**

16.1 We will make sure that our staff, agents and representatives are well trained so that they can competently do their work and understand this Code and how to comply with it.

16.2 We will regularly review the effectiveness of our training programs for staff, agents and representatives.
17. DEFINITIONS

AFIA Online Small Business Lenders Group means the AFIA Online Small Business Lenders Group that has been established under the terms of the [name of] Charter.

Code Compliant Member means an AFIA member that has been approved as a Code Compliant Member under the terms of the [name of] Charter.

Glossary means the Glossary of terms set out in Part D of this Code.

Industry means that section of the loan market in which the Code Compliant Members are participants as lenders to business customers under any Loan Products.

Loan Products means a loan contract that is an Online Small Business Loan.

National Credit Code means Schedule 1 in the National Consumer Credit Protection Act 2009 (Cth).

Online Small Business Loan means a loan where:

(a) the finance is provided (or to be provided) for a purpose that is wholly or predominantly a business or commercial purpose and where the National Credit Code is not applicable to the finance provided (or to be provided); and

(b) the finance provided (or to be provided) is Unsecured or is secured by a guarantee.

For the avoidance of doubt, the following types of finance, or any arrangement of a similar nature, are not an Online Small Business Loan for the purposes of this Code:

a) equipment finance in which the lender has an interest of any kind in the financed goods or equipment;

b) a rental agreement or instalment purchase agreement;

c) an operating lease;

d) a finance lease;

e) invoice financing of any kind; and

f) a factoring arrangement or finance facility.

Unsecured means that the borrower’s obligations under the Loan Product are not secured by a mortgage in registrable form given by any person.
Part D - Glossary Of Terms

Annual Percentage Rate
The rate of interest that is (or has been) used to calculate the Interest Expense under the particular Loan Contract, where the rate is expressed as an annual rate of interest.

Assumptions
The assumptions are that the moneys required to be paid or repaid by the borrower under the Loan Contract, or proposed Loan Contract, will be paid and repaid on time and over the full Term.

COD (Cents on the Dollar)
For each dollar borrowed under a Loan Contract, the amount of the Interest Expense that is attributable to that dollar borrowed (where the calculation is based on the Assumptions).

Direct debit fee
The fee charged by the lender to a borrower, if any, for requesting the drawdown of funds from the borrower’s nominated account, where the request is made under an authority granted by a Direct Debit Request.

Disbursement Amount
That part of the Loan Amount that is or will be made available to the borrower, or for use by the borrower, after the deduction of the Origination Fee (if any) from the Loan Amount.

Dishonour Fee
The fee charged by the lender where the borrower fails to pay an amount that is due and payable to the lender under the Loan Contract.

Factor Rate
[Option 1 – disclosure of a multiple]
The amount payable by the borrower to the lender in respect of each dollar borrowed, expressed as a multiple of the dollar borrowed (where the calculation is based on the Assumptions).
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[Option 2 – disclosure of dollars and cents amount]
The amount payable by the borrower to the lender in respect of each dollar borrowed, expressed as a dollar amount payable (where the calculation is based on the Assumptions).

**Fees**
All fees payable, or that may become payable, by the borrower to the lender under the Loan Contract.

**Full Early Repayment**
The payment to the lender of the Total Repayment Amount before the end of the Term under the Loan Contract.

**Guarantor**
A person or legal entity that provides a guarantee to the lender to secure the repayment of some or all of the monies owed to the lender by the borrower from time to time, or at any time, under the terms of the Loan Contract.

**Interest Expense**
The interest charge, or charge for the cost of credit, that is payable by the borrower under the Loan Contract (where the calculation is based on the Assumptions and does not include any allowance for Fees that are separately payable under the Loan Contract).

**Late Payment Fee**
A fee charged by the lender where an amount due and payable under the Loan Contract has not been received by the lender within the required time for the payment of that amount.

**Loan Amount**
The total amount of the finance made available, or to be made available, under the Loan Contract.

**Loan Contract**
A loan contract that is an Online Small Business Loan Contract.
Other Fees

Based on the Assumptions, a fee that will be charged by the lender to a borrower under the Loan Contract that is not the Origination Fee or Interest Expense and that is not contingent on the occurrence of any later event.

Origination Fee

The fee charged by the lender to a borrower that is the lump sum fee specified in the Loan Contract as the Origination Fee and payable at the commencement of the Loan Contract.

Outstanding Balance

That part of the Loan Amount that has not been repaid at the relevant time.

Partial Early Repayment

A payment to the lender of an amount that is not yet due and payable under the Loan Contract.

Repayment Frequency

The periodic frequency with which repayments are to be paid under the Loan Contract, for example, a daily, weekly or monthly repayment frequency.

Simple Annual Interest Rate

The rate of interest charged by the lender calculated in accordance with the following formula:

\[ R = \left( \frac{I}{PT} \right) \times 100\% \]

where:

- \( I \) is the Total Cost of Credit
- \( T \) is the Term expressed as a fraction of a calendar year
- \( P \) is the Loan Amount

Term

The period over which the Total Repayment Amount is to be paid by the borrower to the lender, as provided for in the Loan Contract, and as determined using the Assumptions.
The total of the Interest Expense and all Fees payable under the Loan Contract, but excluding Other Fees, where the calculation is based on the Assumptions.

**Total Repayment Amount**

The total amount that the borrower will pay to the lender, inclusive of all Interest Expense and Fees, but excluding any fees and charges that are contingent on the occurrence of any later event, where the calculation is based on the Assumptions.