

Sydney 22 February 2019

FlexiGroup supports Senate Economics References Committee Report

FlexiGroup Limited (ASX: FXL) welcomes the key recommendations of the Senate Economics References Committee Report into credit and financial services targeted at Australians at risk of financial hardship, which was released today.

FlexiGroup CEO, Rebecca James, said: *“We acknowledge that the community has high expectations of us – as is absolutely appropriate and right. As a newcomer to FlexiGroup, I am encouraged by the Group’s long track record of adapting to and, in many cases, leading industry and regulatory change.*

“We welcome the recommendations handed down today and are well placed to respond to them. In the case of consumer leasing, we have early adopted many of the Government Panel recommendations. In the fast-growing Buy Now Pay Later space, we continue to believe self-regulation is appropriate and could rapidly (and much faster than the legislature) lead to better outcomes for BNPL customers at risk of financial hardship. This is something we will continue to explore with our industry bodies and our peers.

“We believe that the right financial solution differs for each individual and occasion – which is why we pride ourselves on being flexible to our customers’ needs. Ultimately our interests are aligned with our customers’: affordability of finance means reliability of payments.”

FlexiGroup has operated in Australia for over 30 years. Currently, the Group provides a range of finance products and payment solutions to consumers and businesses through a network of retail and business partners. This includes Buy Now Pay Later products (such as Certegy Ezipay), interest free cards and consumer and business leasing solutions.

National Consumer Credit Protection Act

FlexiGroup has extensive experience in structuring retail financing programs outside of the point of sale exemption, with a number of products currently not requiring an exemption. For example, the Lisa lease product was designed to be customer, not salesperson led, so that it does not require the exemption to facilitate the sales process in store.

Buy Now Pay Later (BNPL)

FlexiGroup notes the recommendations of the Committee with regards to the fast growing BNPL category and makes the following comments:

- We have always said we are open to industry-wide responsible lending checks – including verifying customers' identity and credit history
- We have strong income verification processes and technology across other aspects of our business that can easily be adopted into BNPL
- We have strong processes in place for auditing our merchants to ensure compliance with our own responsible lending standards and the legislation

As noted, FlexiGroup also sees merit in self-regulation across the fast growing BNPL sector with the oversight of the Australian Finance Industry Authority (AFIA) and ASIC as required. We are encouraged by the Committee’s recommendation that the industry pursue a Code of Conduct.

Consumer Leasing

FlexiGroup continues to reiterate its long-standing support for the introduction of the National Consumer Credit Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2019 (SACC and Consumer Lease Reforms).

FlexiGroup has actively supported the development and introduction of the SACC and Consumer Lease Reforms, including through its direct participation in all Government Panel discussions at a private and industry level leading up to the release of the independent Final Report in March 2016.

The Group also formed part of a broader industry delegation coordinated through AFIA, which met with Government in October 2017, to discuss the progress of the SACC and Consumer Lease Reforms.

FlexiGroup strongly supports the introduction of price-caps, protected earnings measures, and enhanced disclosure obligations set out within the SACC and Consumer Lease Reforms. The company believes that these measures will assist to address some of the specific issues and concerns highlighted through the Senate Committee hearings in relation to vulnerable individuals and households, and will represent genuine reform of existing lending practices.

FlexiGroup is committed to responsible lending within its consumer lease portfolio and believes that the SACC and Consumer Lease Reforms represent a good policy outcome which balances the need to promote financial inclusion while ensuring continued access for consumers to household goods through a relatively simple, affordable consumer lease product.

There are still issues within the draft legislation which will require further clarification and certainty prior to implementation. The Group looks forward to further engagement with Treasury to resolve these outstanding issues and to provide necessary certainty for all consumer lessors.

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ABOUT FLEXIGROUP

FlexiGroup provides a diverse range of finance solutions to consumers and business through a network of retail and business partners. This includes Buy Now Pay Later products, credit cards and consumer and business leasing. FlexiGroup has been operating in Australia for over 30 years, has partnerships with over 61,000 sellers and now serves 1.2 million customers across Australia, New Zealand and Ireland.

For more information visit: flexigroup.com.au

