

Article Information

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Online small business lenders signing up to AFIA code

The list of online business lenders who become signatories of AFIA's Online Small Business Code (Code) of Lending Practice is steadily increasing.

The list of online business lenders who become signatories of AFIA's Online Small Business Code (**Code**) of Lending Practice is steadily increasing. Partner, Andrea Beatty and Law Graduate, Chelsea Payne highlight the benefits for small businesses borrowers.

The list of online small business lenders who have gained approval to be signatories to AFIA's Online Small Business Code of Lending Practice (**Code**) is increasing, with seven lenders now signatories. This include Capify, GetCapital, Moula, [OnDeck](#), Prospa, Spotcap and Lumi.

Small business borrowers will benefit from the Code, with increased transparency and disclosure on pricing. Borrowers also have the added protection of lenders being overseen and governed by an experienced independent Code Compliance Committee. The committee consists of chair, Symon Brewis-Weston, Bruce Auty and Piper Alderman Partner, Andrea Beatty.^[1]

Launched by AFIA on June 29 2018, the Code supports small business borrowers by:

- giving them a tool (the SMART Box™) to easily compare different online lenders' small business loan product pricing using several metrics standardised in calculation and presentation
- providing a clear and concise loan summary sheet before a loan is accepted so they can see the key features of a product.
- ensuring Code-compliant lenders evidence compliance with Unfair Contract Terms provisions as well as other relevant laws
- providing them with a visible and readily identifiable accreditation symbol or 'trustmark' that confirms their Online Small Business Loan is Code-compliant
- ensuring they have access to an external dispute resolution service as all Code compliant members are also members of the Australian Financial Complaints Authority (AFCA), and
- having a Code Compliance Committee (CCC) oversee Code-compliant lenders' compliance with the Code.^[2]

The Australian Small Business and Family Enterprise Ombudsman, Kate Carnell believes the Code is a great starting point, by helping to address transparency and disclosure for small business borrowers.^[3]

The Code is a great starting point and is gaining traction for small business lenders. It seeks to increase transparency and disclosure on pricing as well as creating additional protections for lenders who will be overseen by an experienced independent Code Compliance Committee.

^[1] Australian Finance Industry Association, '[Small businesses benefit as online lenders achieve compliance with product and industry code](#)', media release, 7 January 2019.

^[2] Ibid.

^[3] Australian Small Business and Family Enterprise Ombudsman, '[Online small business lenders release code of practice to improve transparency](#), media release, 29 June 2019.