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Australian Competition & Consumer Commission
GPO Box 3131
Canberra ACT 2601

Email: digitalmonitoring@accc.gov.au

Afterpay submission to Digital Platform Services Inquiry 2020-2025 - Discussion Paper for Interim Report No. 5

Dear ACCC

Afterpay welcomes the opportunity to provide a submission to the Australian Competition and Consumer Commission (ACCC) in response to the Discussion Paper for Interim Report No. 5: Updating competition and consumer law for digital platform services (Discussion Paper).

Afterpay is supportive of the development of a code of practice for digital platforms that would establish clear standards of acceptable conduct and proactively address forms of anti-competitive behaviour before other types of action (such as litigation) are required.

About Afterpay

Afterpay is an Australian financial technology company and a wholly owned subsidiary of Block, Inc. (NYSE: SQ). Afterpay employs over 1,300 staff across New Zealand, Australia, Asia, the United States, Canada, the United Kingdom, and Europe.

Afterpay has revolutionised the way that consumers pay for goods and services by turning the traditional model of high-cost consumer credit on its head.

Afterpay gives customers access to interest-free instalment payments on their purchases as a genuine alternative to traditional credit. It is a no cost service to the customer if instalment payments are made on time. Responsible spending rules and consumer protections are built into the service – these rules help ensure customers never revolve in debt, with no exceptions. In circumstances where the customer does not pay their instalment payments on time, their service is immediately suspended, and late payment fees can be applied. Late payment fees are fixed, capped and do not accumulate or compound over time.

Afterpay merchants benefit significantly by being part of the Afterpay ecosystem, as it delivers them value, reduced risk, and deeper engagement with customers. Merchants invest in providing the Afterpay service to their customers because Afterpay provides a powerful marketing platform for reaching consumers, as well as reducing their operational costs. As a result, the cost of Afterpay is not borne by the consumer which in turn drives positive merchant outcomes.



The growth of digital platforms

Digital platforms have emerged as the dominant and ubiquitous structures that organise and facilitate our communication, work, entertainment, payments and, increasingly, many other areas of modern life. These platforms undoubtedly provide benefits for consumers and businesses.

This Inquiry presents an important opportunity to consider the long-term needs of market competition and whether changes to the regulatory framework are required to proactively protect businesses and consumers.

Code of practice for digital platforms

To supplement existing laws, we support the development of a code of practice for digital platforms that meet a certain threshold of market power within a certain market.

A code could establish clear standards of acceptable conduct and prohibit anti-competitive strategies and tactics that could lead to poor market, business and consumer outcomes. This would support a transparent and open marketplace for third-parties, fintechs and other innovative businesses operating in markets dominated by digital platforms, and provide more flexible avenues for redress in circumstances when platform signatories allegedly engage in anti-competitive conduct.

Australia has had significant success developing and implementing codes of practice. A key recent example is the Buy Now Pay Later Code of Practice (BNPL Code), overseen by the Australian Finance Industry Association.

The BNPL Code was developed in response to a formal recommendation of a 2019 Senate inquiry, which found that the BNPL industry should develop self-regulatory arrangements that strengthen consumer protections and create minimum standards. The BNPL Code has been in operation for over 12 months and has already been recognised as an important initiative by a further Australian Senate Inquiry and the Australian Securities and Investments Commission.

Conclusion

Thank you for the opportunity to make this submission. Please do not hesitate to contact us if you require further input or clarification.

Yours sincerely



Michael Saadat
VP, Global Regulatory Affairs

