



FinTech Australia



Survey: Fintech Lending to SMEs

Welcome to the "Fintech Lending to SMEs" Survey

The survey is designed to gather information which will shine a light on this increasingly important alternative source of small business debt finance.

The output will be a report which will help give small business owners a clearer understanding of the key issues to consider when looking at borrowing from a fintech lender. In addition, it will also assist the lenders and FinTech Australia with their endeavours to self-regulate and thereby enhance the reputation of the sector as a genuine alternative source of small business debt funding.

This survey is a joint research project conducted by FinTech Australia, the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) and theBankDoctor.org.

For further information about this study, please refer to the Project Outline paper attached to the email that invited you to participate in the survey.

Please answer the questions below with regards to small and medium sized enterprise (SME) lending only. By small and medium sized enterprises we are referring to entities with fewer than 100 employees or to entities with revenue of \$5,000,000 or less at the time of application for a FinTech lending product.

To assist you, a glossary of standardised terms has been developed, attached to the email that invited you to participate in the survey.

Unless otherwise stated, please answer the survey questions as at the time of filling out this survey.

Thank you for participating in our survey. Your feedback is important.



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Privacy

Privacy - Key Facts

When you submit information to us using this service, it's treated sensitively in accordance with data protection principles.

For information you submit:

- The Office of the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is the data controller.
- Go Hosting is the data processor ([privacy policy](#)).
- FinTech Australia has data access for analysis and processing purposes ([privacy policy](#))
- thebankdoctor.org has data access for analysis and processing purposes ([privacy policy](#)).
- Survey Monkey is the survey platform ([Privacy policy](#))

Privacy - Further Information

This survey is managed and conducted by ASBFEO. ASBFEO is subject to the *Privacy Act 1988* which requires that we comply with the Australian Privacy Principles (APPs) as set out in the Privacy Act. The APPs regulate ASBFEO's obligations in relation to the collection, storage, use, disclosure, quality and security of personal information and access and correction rights of individuals in relation to their personal information.

The ASBFEO's information handling practices are outlined in its privacy policy ([privacy policy](#)). This document sets out all of the information required by APP1.4 of the Privacy Act and outlines how an individual may seek access or correction to their personal information or make a complaint about how ASBFEO has handled their personal information.

ASBFEO is collecting this data under the *Australian Small Business and Family Enterprise Act 2015* (ASBFEO Act) for the purposes of the ASBFEO Act. FinTech Australia and thebankdoctor.org are bound by the requirements of the Act for the purpose of confidentiality of data. Privacy policies for FinTech Australia and thebankdoctor.org are also listed above.

Confidentiality of survey results

All information contained in survey responses, including the name of your company, could be made available to the public on the ASBFEO website. You can indicate that you would like your survey responses to remain in confidence and this will be considered by the Ombudsman.

Legal requirements, such as those imposed by the Australian Small Business and Family Enterprise Act 2015 and the Freedom of Information Act 1982, may affect the confidentiality of your survey responses.



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Instructions - how to complete the survey

Can this survey be saved and finished later?

Yes. You can complete a portion of this survey and return later to finish the rest. Please note: you will need to use the same device and browser to access and complete the entire survey (cookies on your browser are used to remember your partial survey responses).

How are responses saved?

Responses are saved and submitted when a respondent clicks the Next or Done button on each page of the survey. Responses don't automatically save as each question is answered—they are saved and submitted page by page as respondents progress through the survey.

So if you leave the survey without clicking the "Next" or "Done" button, the responses on that page will not be saved.

Can I edit my responses?

Yes, you can change your answers to any question on any survey page until the survey is completed and submitted.

Who can I contact for further assistance?

Please contact advocacy@asbfeo.gov.au for assistance. Please ensure you write "Fintech Lending Survey" in the subject heading of your email so that it can be directed to the correct area for action.



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WHO ARE YOU?

Thank you for participating in this survey. Please tell us the name of the fintech lender you are completing this survey on behalf of.

* 1. What is your business name/trading name?

2. Do you want your survey responses to remain confidential?*

*Please ensure you have read the privacy information

Yes

No



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Survey: Fintech Lending to SMEs

THE CUSTOMER - and the accessibility and variability in fintech lending products

Fintech lending has the potential to fill the gap left by traditional bank lenders by providing unique or varied lending products to SMEs. This section looks at the accessibility and variability in fintech lending products.

3. What products do you offer? Select as many as apply.

- Fixed term unsecured loan
- Secured business loan
- Line of credit/revolving line of credit
- Invoice finance/debtor finance/factoring
- Equipment (operating) lease/finance lease
- Vendor/program finance
- Interest only loan
- Overdraft
- Other (please specify)



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The next two questions relate to what your sweet spot is, based on term and amount.

4. What is your sweet spot based on term?

- 3 months
- 6 months
- 12 months
- 2 years
- Greater than 2 years
- Don't know/unsure
- Choose not to answer
- Other (please specify)

5. What is your sweet spot based on amount?

- Less than \$50k
- \$50k to less than \$100k
- \$100k to less than \$250k
- \$250k
- Greater than \$250k
- Don't know/unsure
- Choose not to answer
- Other (please specify)



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6. What industries will you not lend to? (Open response)

7. How are Funds typically used by SMEs that you lend to? Select as many as apply.

- Paying for inventory
- Paying for staff costs
- Paying for marketing
- Paying for business expansion
- Paying for other business investment
- Paying for repairs or renovations
- Repaying business rated debt
- Managing cash flow
- Other business overheads
- Don't know/unsure
- Choose not to answer



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8. How is your customer experience different to a bank issued loan product? (Open response)

9. Why do you think your customers choose to do business with you? Rate how important you think the following factors are in the decision of your customers to borrow from you.

	Very important	Important	Neutral (neither important or unimportant)	Not important	N/A
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Speed of decision making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal service/engagement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Model (P2P or Balance Sheet)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Influence of referrer/introducer/broker	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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10. How do you measure and publicise customer satisfaction? Select as many as apply.

- Net Promoter Scores (NPS)
- Trustpilot reviews
- Google reviews
- productreview.com.au
- Comparison sites (e.g. canstar, finder.com.au, Mozo)
- Retention rates
- Don't know/unsure
- Choose not to answer
- Other (please specify)

11. What is your current Net Promoter Score (NPS)?

- Not applicable
- Less than 0
- 0–20
- 21–40
- 41–60
- 61–80
- Don't know/unsure
- Choose not to answer

FEES - is there sufficient transparency and disclosure of fees charged?

A potential barrier to SMEs accessing and being able to service fintech loans is their understanding about the total cost of the loan, including any fees and charges.

12. What steps do you take to ensure borrowers can readily work out exactly how much a loan is going to cost over the life of the loan? Select as many as apply.

- Disclose interest payable in loan agreement
- Disclose interest rate in loan agreement
- Disclose APR calculation in loan agreement
- Disclose total payback inclusive of fees in loan agreement
- Disclose repayment schedule (inclusive of principal, interest and fees)
- Provide loan calculator on website
- Other (please specify)

13. Do you charge direct debit fees?

- Yes
- No

14. Can borrowers choose the repayment frequency to reduce the impost of these fees and to better suit their cash flow?

- Yes
- No



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FEES - is there sufficient transparency and disclosure of fees charged?

A potential barrier to SMEs accessing and being able to service fintech loans is their understanding about the total cost of the loan, including any fees and charges.

15. In your opinion, is the Fintech lending sector's overall level of fee transparency and disclosure...

- less than adequate
- adequate
- more than adequate

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16. Would you or do you support the following initiatives? Select as many as apply.

- APRs
- SmartBox
- Standardisation of fees
- Standard definitions of fees
- Standard benchmarks
- Regulation to determine what fees can (and can't) be charged
- Don't know/unsure
- Choose not to answer
- Other (please specify)

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BROKERAGE - should borrowers be advised what their introducer gets paid?

Engaging a broker or introducer can help an SME make a decision about which fintech lender is right for them. But do unseen brokerage fees and commissions hinder an SME's ability to make an informed choice?

17. Do you disclose to borrowers details of any fees, commissions, etc paid to introducers/brokers/partners?

- Yes
- No



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18. If yes, please provide details, in % terms, the range of fees paid to brokers/introducers (e.g. a range could be 1% to 12%). (Open response)



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19. If no, why not? (Open response)



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LOAN CALCULATORS - providing the total and comparative cost of a loan?

It can be difficult for SMEs to determine if fintech lending products are right for them when what is included in loan or comparison calculators differs between lenders.

20. Do you have a Loan Calculator on your website?

- Yes
- No



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LOAN CALCULATORS - providing the total and comparative cost of a loan?

It can be difficult for SMEs to determine if fintech lending products are right for them when what is included in loan or comparison calculators differs between lenders.

21. If Yes, what fees are included in your calculation of the rates and repayments? Select as many as apply.

- Application fee
- Loan origination / establishment fee
- Loan disbursement fee
- Drawdown fee
- Direct debit fee
- Settlement fee
- Partner/Broker commission/fee
- Facility fee
- Interest repayments
- Other (please specify)



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LOAN CALCULATORS - providing the total and comparative cost of a loan?

It can be difficult for SMEs to determine if fintech lending products are right for them when what is included in loan or comparison calculators differs between lenders.

22. Do you quote an interest rate in your loan calculator?

- Yes
- No



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Survey: Fintech Lending to SMEs

PENALTIES - how are borrowers treated when things change?

Competition and consumer choice in the industry can depend on how easy it is to exit a loan or switch lenders. Also, with cash flow an issue for many SMEs, what happens when a loan payment is missed can be an important consideration when deciding what loan product is right for them.

This section relates to charges that are applied when a borrower misses a payment.

23. How do you charge direct debit dishonour fees?

- No fee/not applicable
- Fixed amount
- % of amount in arrears
- % of loan that is outstanding
- Choose not to answer
- Other (please specify)

24. How do you charge loan extension fees?

- No fee/not applicable
- Fixed amount
- % of amount in arrears
- % of loan that is outstanding
- Choose not to answer
- Other (please specify)

25. How do you charge late payment interest?

- No fee/not applicable
- Fixed amount
- % of amount in arrears
- % of loan that is outstanding
- Choose not to answer
- Other (please specify)

26. Do you charge any other fees when a borrower misses a payment?

- No
- Yes (please specify)



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This section relates to charges that are applied if a borrower repays early.

27. How do you charge early termination/repayment fees?

- No fee/not applicable
- Fixed amount
- % of loan that is outstanding
- Choose not to answer
- Other (please specify)

28. How do you charge exit/discharge fees?

- No fee/not applicable
- Fixed amount
- % of loan that is outstanding
- Choose not to answer
- Other (please specify)

29. Do you charge any other fees when a borrower repays early?

- No
- Yes (please specify)



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PENALTIES - how are borrowers treated when things change?

Competition and consumer choice in the industry can depend on how easy it is to exit a loan or switch lenders. Also, with cash flow an issue for many SMEs, what happens when a loan payment is missed can be an important consideration when deciding what loan product is right for them.

30. Do you adjust interest charges in the case of prepayments so that the total amount payable by the borrower is only based on the number of days that principal is outstanding?

- Yes
- No

31. Is it clear how a borrower can terminate their loan agreement and what fees and charges will accrue, including any penalties or fixed interest charges?

- Yes
- No



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RESPONSIBLE LENDING - how to ensure fintech lending is suitable for the SME customer?

An SME's ability to afford to service a loan is a key consideration. What strategies are fintechs employing to ensure that they are responsibly lending to SMEs?

32. What do your general responsible lending practices or principles include? (Open response)

33. What do you consider when assessing an SMEs ability to service a lending product?

- Cash flow amount & stability
- Income diversification
- Balance sheet leverage
- Liquidity indicators
- Other (please specify)

34. How do you verify the above information?

- Transaction data (e.g. Banking transaction data)
- Credit bureau data
- ATO data (e.g. BAS submissions, portal reports)
- Financial reports (e.g. Balance sheet, profit & loss)
- Other 3rd party data sources (e.g. social media)

35. Would you lend to a business that one of your competitors has already lent or extended credit to?

- Yes
- No

36. Do you think loan stacking is an issue that industry participants and regulators should pay closer attention to? (Open response)



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LOAN DOCUMENTATION - are you compliant with the Unfair contract terms?

Small businesses sometimes don't have bargaining power to request changes to standard form contracts. Protection against unfair contract terms can help correct this balance.

37. Are you aware that Australian Consumer Law has recently been extended to protect small businesses from unfair terms in standard form contracts, which includes loan contracts?

- Yes
- No



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LOAN DOCUMENTATION - are you compliant with the Unfair contract terms?

Small businesses sometimes don't have bargaining power to request changes to standard form contracts. Protection against unfair contract terms can help correct this balance.

38. If yes, did you make changes to your standard form contracts to comply with the legislation?

- Yes
- No



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LOAN DOCUMENTATION - are you compliant with the Unfair contract terms?

Small businesses sometimes don't have bargaining power to request changes to standard form contracts. Protection against unfair contract terms can help correct this balance.

39. Please provide key examples of the terms that you changed or removed (Open response)



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LOAN DOCUMENTATION - are you compliant with the Unfair contract terms?

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40. Do you have the right to change any terms when a borrower is meeting all financial commitments?

Yes

No



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41. If yes, what terms can you change? (Open response)

42. How many calendar days' notice do you provide the borrower if you change a term, before it takes effect?



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43. How many calendar days' notice do you provide a borrower to rectify a breach of a term, before you take enforcement action?



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44. How many pages is your standard loan contract for your key SME lending product, including all additional documents (such as general terms & conditions) that make up the overall contract? (Open response)

45. Does your loan documentation include non-monetary default clauses such as Material Adverse Changes?

- Yes
- No
- Don't know/unsure
- Choose not to answer



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Survey: Fintech Lending to SMEs

IMPROVEMENTS - to transparency and standards

How can the industry make improvements to transparency and standards that will assist small businesses make informed decisions about FinTech lending. Are there any other industry challenges that need to be addressed?

46. Are you a member of an External Dispute Resolution service?

- Yes
- No

47. Would you sign up to an industry-led charter that considered improvements to transparency and standards for SME borrowers and other customers?

- Yes
- No



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IMPROVEMENTS - to transparency and standards

How can the industry make improvements to transparency and standards that will assist small businesses make informed decisions about FinTech lending. Are there any other industry challenges that need to be addressed?

48. Other than a voluntary charter, how do you think the FinTech industry can improve transparency and standards for SME lending? (Open response)

49. What are the greatest challenges that exist for online SME lenders? (Open response)