



16 November 2020

ZIP WELCOMES ASIC'S BUY NOW PAY LATER REPORT

Zip Co Limited (ASX: Z1P) ("**Zip**" or "**the Company**") welcomed the release today of ASIC's Report 672 into the "Buy Now Pay Later" (BNPL) sector. Zip actively participated in the report's preparation, providing ASIC with several rounds of internal data. This follows the release of Report 600 from November 2018.

Peter Gray, Zip's Co-founder and Chief Operating Officer, said:

"This is an important report from ASIC that shows the continued growth and popularity of the buy now pay later sector in Australia. It confirms the adoption of better ways to pay by millions of mainstream Australians as they shift away from the broken credit card model towards interest free alternatives with balances repaid in months not years. We have just been through the biggest economic shock for decades and the BNPL sector has held up extremely well, with the flight to online spend and very low levels of consumer hardship - a point recognised by the report.

As the report confirms, there are different BNPL providers in Australia with different business models and different ways of engaging with consumers. Many of these models rely on late fees to make the economics work. Zip's is clearly differentiated from these business models.

Zip has invested significantly in our market leading proprietary credit decision capability, which is delivering better outcomes when compared to our peers or credit cards. We have performed credit and identity checks on every single applicant since inception, and where customers connect their bank account, we can assess an individual's circumstances understanding all their financial commitments.

This means that only 1 in 100 Zip Pay customers are late each month, compared with the data in the report that shows 1 in 5 customers across the broader BNPL industry have missed a payment. The report also confirms that Zip makes less than 1% of its revenue from late fees, among the lowest of all BNPL providers - Zip does not rely on consumers falling behind to drive its economics.

Our industry is developing a Code of Practice which we believe will lift industry standards. Zip has been a key player in developing this code and ASIC's report will inform the Code's further development.

However, while we believe the Code is a very good start, Zip will continue to implement its own higher standards, particularly around customer suitability. This is in line with our values of transparency and responsibility, which continues to deliver superior consumer outcomes."

Released approved by the Chief Executive Officer on behalf of the Board.

- ENDS -

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About Zip

ASX-listed Zip Co Limited (Z1P: ASX) is a leading player in the digital retail finance and payments industry. The company offers point-of-sale credit and digital payment services to the retail, home, health, automotive and travel industries. Zip has operations across Australia, New Zealand, South Africa, the United Kingdom and the USA. Zip also owns Pocketbook, a leading personal financial management tool. The company is focused on offering transparent, responsible and fairly priced consumer and SME products. Zip's platform is entirely digital and leverages big data in its proprietary fraud and credit-decisioning technology to deliver real-time responses. Zip is managed by a team with over 100 years' experience in retail finance and payments and is a licensed and regulated credit provider.

For more information, visit: www.zip.co