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AUSTRALIA

The state of non-bank lending

INTRODUCTION

Australia combines an advanced digital financial ecosystem with persistent household cash-flow pressure.

While recent regulation has reduced the use of Small Amount Credit Contracts, demand for short-term liquidity remains concentrated among financially vulnerable and working-age consumers — and part of the market appears to be shifting towards Medium Amount Credit Contracts.

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AUSTRALIA AT A GLANCE

A wealthy, stable, but mature market

Macro creates steady demand (inflation + weak growth) against a high-income but finite borrower base — the opportunity is real, but competition is won on share and LTV, not volume growth.

27M
Population

$2.12T
Nominal GDP, 2026

4%
Annual inflation, May 2026

38.5
Median age

$75,650
GDP per capita, 2026

4.4%
Unemployment rate

86.7%
Urban population

1.9%
GDP growth, 2026

1.48 AUD
USD RATE

Source: Worldmeters, IMF - GDP, IMF - GDP per capita, IMF - GDP growth, Trading Economics - Inflation, Trading Economics - Unemployment, National Australian Bank

STATE OF DIGITAL AND FINANCIAL ACCESS

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Banked market with uneven liquidity access.

High bank account ownership and mature digital rails make Australia operationally attractive for online lending.

21.7% of households could not raise A$2,000 within a week for something important.

This shows that near-universal banking access does not eliminate short-term liquidity needs.

8.3% of households also experienced financial exclusion from mainstream financial services.

98%
Internet penetration

98%
Bank account ownership

800
Fintechs

85%
Cashless transactions

99.3%
bank interactions happen digitally

99.74%
Open banking coverage of consumer bank accounts

Source: The Bureau of Communications, Arts and Regional Research (BCARR), World Bank Global Findex 2025, KPMG, Reserve Bank of Australia, Openbankingecosystemmap, Australian Banking Association, Australian Bureau of Statistics

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ESTABLISHED FINTECH INFRASTRUCTURE TO BUILD ON

Australia offers a mature, ready-to-integrate ecosystem across identity verification, credit assessment, open banking and payments. Most of he lending stack can be assembled through established third-party providers and real-time payment infrastructure.

KYC

GBG Green ID, Veda ID Matrix (Equifax), FrankieOne

CREDIT BUREAUS

Equifax, Experian

BANK DATA & CREDIT DECISIONING

Credit Sense, illion Open Data Solutions, Basiq, Talefin

INSTANT DISBURSEMENTS

NPP / Osko / PayID

REPAYMENTS

BECS Direct Debit, PayTo, BPAY

PAYMENT PROVIDERS

Monova, Zepto, Zai, Ezidebit, PowerPay

CONSUMER CREDIT MARKET

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Small- and medium-amount lending is a niche but distinct segment of Australia's consumer credit market.

It serves short-term liquidity needs that may not be met by mainstream banks or credit cards, particularly for consumers with limited access to traditional credit.

Despite its modest scale, the segment remains strategically relevant due to persistent household cash-flow pressure.

NON-CARD PERSONAL CREDIT

A$125B

Outstanding balance as at Dec 2025

CREDIT CARDS

A$19B

Accruing interest with total balances $34.8B as at Dec 2025

BNPL

A$20B

Annual transaction value

SACC / MACC lending

A$1.3B

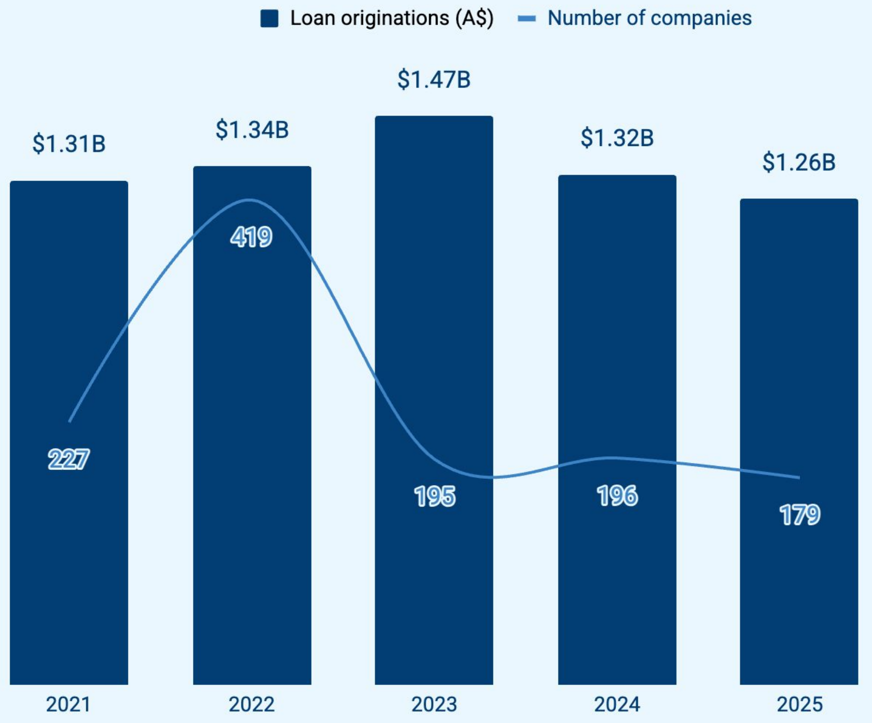
Total value of credit contracts provided to consumers in 2024

Source: Reserve Bank of Australia - Online Retail Payments, Australian Securities and Investments Commission, Reserve Bank of Australia - Statistical Tables, NAB Australian Wellbeing Survey (Q1 2026)

SACC & MACC MARKET: LOAN ORIGINATIONS AND NUMBER OF COMPANIES

Fewer lenders, flat volumes

- Originations flat at ~$1.3B for 5 years — no growth
- Lenders down 57%: 419 (2022) → 179 (2025)
- Reforms drove consolidation, not market collapse



Source: Australian Securities and Investments Commission

REGULATORY ENVIRONMENT FOR SMALL AMOUNT CREDIT CONTRACT (SACC)

REGULATOR: ASIC (Australian Securities and Investments Commission)

LICENCE: ACL, Australian Credit License

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MAXIMUM ALLOWABLE FEES

20%	4%	2x of loan size
Establishment fee	Monthly fee	Default fee

MATURITY

16 - 365 days

and is not a continuing credit contract

MAXIMUM AMOUNT

A$2000

MAX TOTAL REPAYMENT

10%

Of borrower's income over the repayment period

Sources: Moneysmart - Payday loans

REGULATORY ENVIRONMENT FOR MIDDLE AMOUNT CREDIT CONTRACT (MACC)

REGULATOR: ASIC (Australian Securities and Investments Commission)

LICENCE: ACL, Australian Credit License

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MAXIMUM ALLOWABLE COST

A$400

Establishment fee

48%

Annual cost rate

MATURITY

16 days – 2 years

and is not a continuing credit contract

SECURITY

Secured or unsecured

LOAN AMOUNT

A$2,001–A$5,000

Sources: ASIC

SELECTED PLAYERS: PRODUCT COMPARISON

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Brand	Owner	Launched	Min loan, AUD	Max loan, AUD	Min term, days	Max term, days	SACC fees <$2,000	MACC fees $2,001 - $5,000
cashconverters.com.au/loans	Cash Converters	2010	2,050	10000	revolving term	1080	-	19.95% - 48% p.a.
fundo.com.au	Finvolution Group	2018	500	10,000	28	730	20% establishment + 4% monthly	$400 establishment + 47.80% p.a.
credit365.com.au	Aventus Group	2025	300	2,000	61	180	20% establishment + 4% monthly	-
credit24.com.au	IPF Group	2012	500	10,000	120	1095	20% establishment + 4% monthly	$400 establishment + 47.9% p.a.
moneyspot.com.au	MoneySpot	2014	200	5,000	63	730	20% establishment + 4% monthly	$400 establishment + 48% p.a.
quickcash.com.au	MoneySpot	2014	200	5,000	42	90	20% establishment + 4% monthly	$400 + 48% APR
nimble.com.au	SkyCredit Group	2005	300	5000	16	365	20% establishment + 4% monthly	$400 establishment + 47.62% p.a.
beforepay.com.au	Beforepay Group	2019	50	5000	1	365	5% establishment + 2% monthly	Fixed 5% + 24.5% p.a.
sunshineloans.com.au	-	1999	2050	3500	63	182	-	$400 establishment + 48% APR
flashmoney.com.au	-	2017	N/a	5000	30	730	20% establishment + 4% monthly	$400 establishment + 47.8% p.a.

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SELECTED PLAYERS: BENCHMARK FY 2025

Profitability varies significantly across selected players.

Cash Converters demonstrates the strongest profitability, with a 26.9% PBT margin, followed by Beforepay at 16.6%. Credit24 remains loss-making despite its relatively significant revenue base.

This indicates that revenue scale alone does not guarantee profitability.

Company / brand	Launch year	Revenue, AUD	Profit before tax, AUD	Profit before tax margin
Cash Converters	1984	90.5M	24.3M	26.9%
Beforepay Group	2019	40.3M	6.7M	16.6%
Credit24 (IPF Group)	2012	57.3M	-10.1M	-17.58%

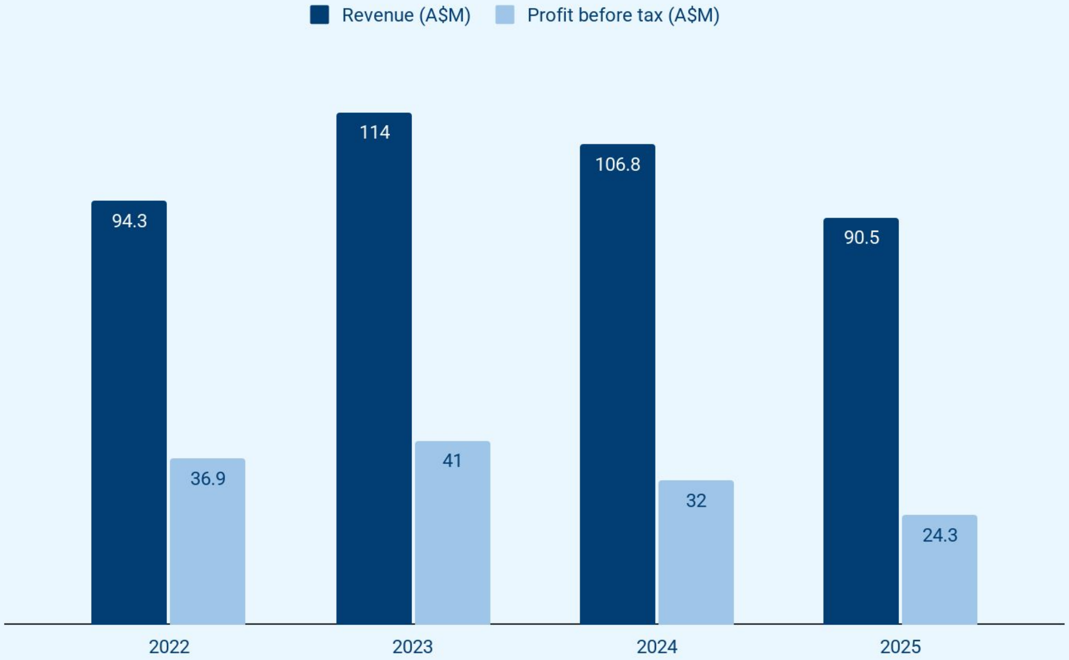
Source: Cash Converters — FY2025 Annual Report, FY25 Beforepay Group Limited Annual Report, IPF Digital Annual Report FY 2025.pdf, Nimble - Offer Information Statement

CASH CONVERTERS: SACC EXIT COMPRESSED GROWTH

SCALE
A$167.9m principal advanced
A$146.6m gross loan book
74k+ active borrowers

ECONOMICS
26.9% PBT margin

CREDIT RISK
16.0% net loss rate
17.1% expected credit loss coverage



Note: Financial charts relate to Australian Personal Finance. Credit-risk metrics relate to the consolidated Group lending portfolio. FY2023 PBT excludes the non-cash goodwill impairment.

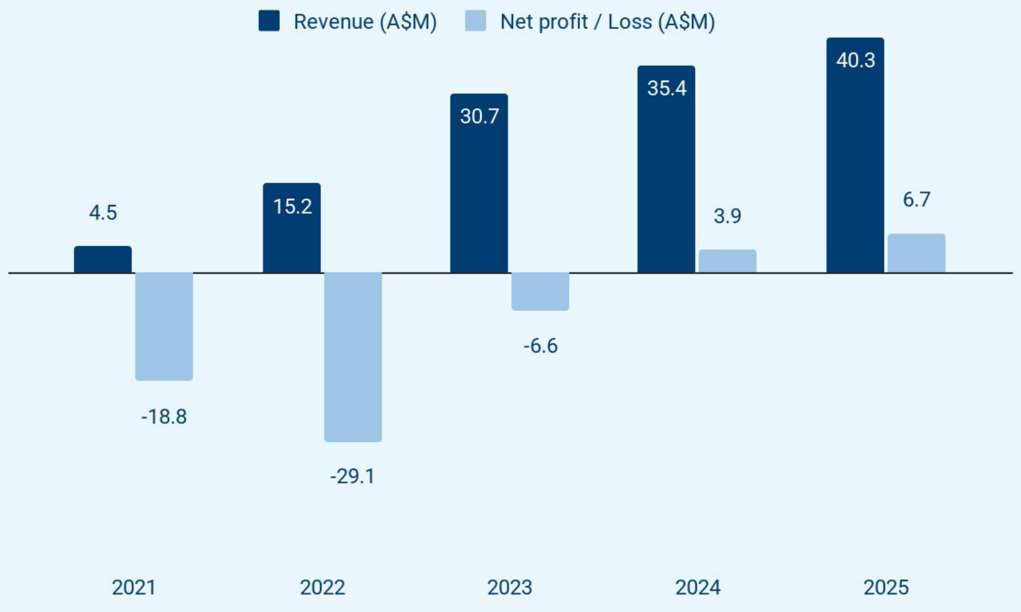
Source: CashConverters: FY2023 report, CashConverters: FY2025 report

BEFOREPAY: FY2025 PERFORMANCE SNAPSHOT

SCALE
A$807.4m annual advances
A$53.7m gross loan book
269.6k active users

ECONOMICS
16.7% NPAT margin
~16x portfolio turnover

CREDIT RISK
1.1% net defaults
10.4% expected credit loss coverage



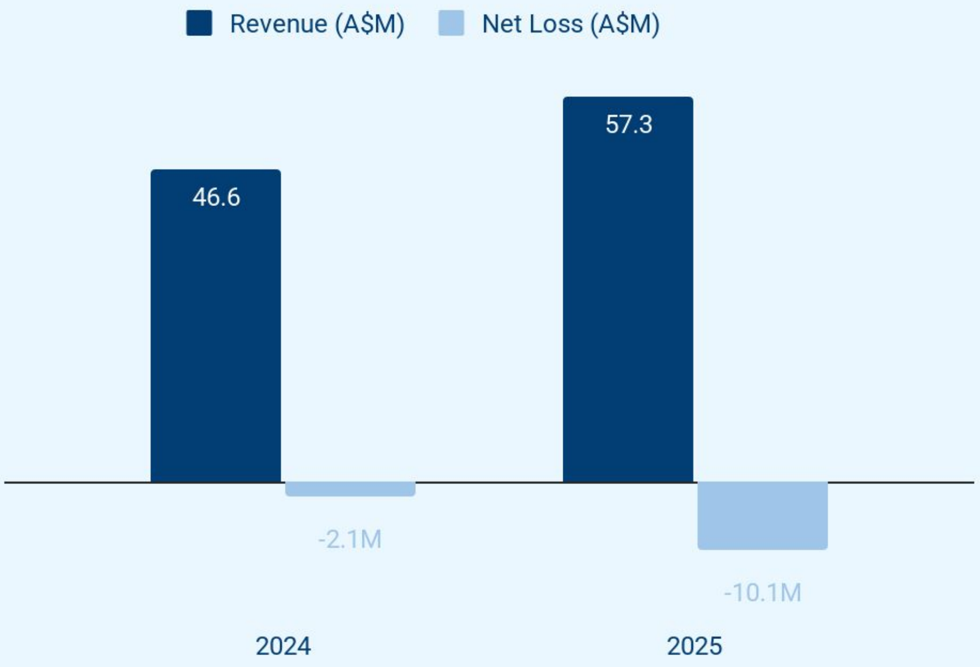
Source: FY25 Beforepay Group Limited Annual Report, FY24 Beforepay Group Limited Annual Report, FY23 Beforepay Group Limited Annual Report, FY22 Beforepay Group Limited Annual Report, FY21 Beforepay Group Limited Annual Report

IPF DIGITAL: DEEP DIVE

SCALE
A$153.6m gross loan book
A$114.3m originations

ECONOMICS
−17.6% PBT margin
20.3% marketing / revenue
32.4% funding costs / revenue
25.3% Credit-loss expense / revenue

CREDIT RISK
15.8% expected credit loss coverage



Source: IPF Digital Annual Report FY 2025.pdf

DEBT COLLECTION SPECIFICS

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Collections outreach is digital-first: SMS and email account for 80.8% of reported contacts.

Despite digital outreach, **72.6% of payment arrangements are negotiated with a collector**, highlighting the continued importance of human interaction.

Online self-service is meaningful but secondary: digital portals establish 27.4% of payment arrangements.

AI-enabled collections are gaining traction: Cash Converters achieved 40% higher recoveries within 90 days with InDebted versus its incumbent collection agency.

PREFERRED CHANNELS FOR COMMUNICATING WITH CONSUMERS

💬 **42.9%** sms

📧 **37.9%** email

📲 **8.3%** phone

🖥️ **6.7%** debtor portal online

📮 **4.1%** letter

DIGITAL & AI COLLECTION PROVIDERS

INDEBTED

ARYZA

AIDIAL

HOW PAYMENT ARRANGEMENTS ARE ESTABLISHED

72,6% via negotiation with a collector

27.4% online through a digital portal

Source: AUSTRALIAN COLLECTORS & DEBT BUYERS ASSOCIATION: DATA SNAPSHOT 2024

SELECTED M&A DEALS

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Year	Acquirer	Acquired company	Deal value	Reason for acquisition
2025	**FinVolution Group** NYSE-listed international digital consumer lending group	**Fundo Loans** ASIC-licensed Australian short-term digital lender	A$49.1m cash for 100%	Entry into the Australian market.
2024	**SkyCredit** Owner of Fair Go Finance, focused on near-prime and non-prime consumer lending	**Nimble** Digital non-bank lender offering SACC/MACC, personal loans and revolving credit	Scrip-based transaction; Nimble shareholders received an undisclosed stake in SkyCredit.	Achieve greater scale, expand in consumer credit, access additional funding sources, reduce funding costs and apply Fair Go's credit-risk capabilities to Nimble's customer base.
2023	**Nimble Australia** Digital non-bank lender offering SACC/MACC, personal loans and revolving credit	**ZeeFi business and assets** Education finance provider offering Study Now Pay Later and student payment plans	A$1 nominal consideration for specified IP, websites and customer contracts; broader transaction terms were not disclosed	Product and channel diversification. ZeeFi also contributed access to a A$30m education loan portfolio.
2021	**Latitude Group** Australian consumer finance provider offering personal loans, auto loans, cards and instalment products	**Symple Financial Group** Prime-focused digital personal lender and cloud-based lending platform	A$200m: A$100m cash and A$100m in Latitude shares	Technology modernisation and expansion into variable-rate lending.

Source: FinVolution FY2025 Form 20-F, SkyCredit acquisition of Nimble, Nimble–SkyCredit transaction rationale, Nimble financial disclosure covering ZeeFi, Latitude acquisition of Symple

REGULATORY TIGHTENING 2023

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PROTECTED EARNINGS CAP TIGHTENED

20% of gross income → 10% of net income

Total repayments across all of a borrower's SACC loans cannot exceed the new limit

UNSOLICITED OFFERS BANNED

Lenders cannot send unsolicited loan offers

Applies to current and former customers and applicants

RESTRICTIONS ON REPAYMENTS AND FEES

- **Repayment amounts and repayment intervals must be equal**
- **No monthly fees can be charged after the loan is repaid**

The final repayment may be up to 5% lower than the other repayments

Source: Report REP 805 Falling short: Compliance with the small amount credit contract obligations

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PRODUCT MIX IS SHIFTING FROM SACC TO MACC

The 10% net-income repayment cap introduced in June 2023 materially reduced the addressable SACC market.

Lenders responded by reducing SACC originations and expanding MACCs and alternative products such as lines of credit.

SACC CONTRACTS

−51%

124,138 → 61,035

MACC CONTRACTS

+120%

22,114 → 48,607

CASH CONVERTERS

New SACC lending ceased on 30 Sep 2025

SUNSHINE LOANS

Previously a SACC provider; by 2024 it offered MACCs from A$2,050 — only A$50 above the SACC ceiling

Source: IPF Digital Annual Report FY 2025.pdf

KEY TAKEAWAYS

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A PROVEN MODEL, NOW EVOLVING

Short-term lending has operated successfully in Australia for years. Demand remains, but activity is shifting from SACCs towards MACCs and alternative credit products.

REGULATION IS THE KEY STRATEGIC RISK

The 2023 reforms tightened SACC economics through a 10% net-income repayment cap and additional conduct restrictions. Further intervention remains a credible risk.

A MID-SIZED, MATURE MARKET

Australia has 27 million people and approximately A$1.3bn in annual SACC/MACC originations. Growth depends more on market share and customer value than market expansion.

DIGITAL INFRASTRUCTURE IS A CLEAR ADVANTAGE

Near-universal connectivity, digital banking, open banking and real-time payments enable a fully online lending journey using established third-party infrastructure.

KEY TAKEAWAYS

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INTERNATIONAL CAPITAL VALIDATES THE OPPORTUNITY

IPF Digital, Aventus and Cash Converters demonstrate international participation. FinVolution's acquisition of Fundo provides further validation of Australia's strategic appeal.

PROFITABILITY IS ACHIEVABLE — BUT NOT AUTOMATIC

Cash Converters and Beforepay demonstrate attractive profitability, while Credit24 remains loss-making. Funding, credit risk, product mix and operating efficiency determine returns.

ABOUT MD FINANCE

We are a fast-growing technology company providing financial services across global markets, combining proven business models with AI-powered solutions. Since 2015, we have been serving thousands of people, empowering them through fast and simple financial products.

MISSION

We create easy-to-use financial products to address real-life needs as they come up — fast and without any hassle.

VISION

We envision a world where people move freely toward their goals, supported by financial solutions that are always ready, always simple, and always there when needed.

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