



12 March 2024

## **AFIA WELCOMES THE RELEASE OF DRAFT BUY NOW, PAY LATER LEGISLATION**

The Australian Finance Industry Association (AFIA) today welcomed the Federal Government's release of draft legislation on the regulation of Buy Now, Pay Later (BNPL) products in Australia.

AFIA CEO Diane Tate said the proposed legislation aims to strike a balance between protecting consumers without reducing choice, competition and innovation across the BNPL sector.

"The Government's draft legislation is a good outcome for the 6.3 million Australians who use BNPL products, enshrining consumer protections into law," Ms Tate said.

"The proposed changes build on AFIA's world-leading Buy Now Pay Later Code of Practice, which requires BNPL providers that are signatories to the Code to adhere to high industry standards and consumer safeguards, and we look forward to updating our Code to reflect these changes.

"With BNPL playing an important role in our digital economy, contributing \$18.4 billion to Gross Domestic Product and supporting 120,200 local jobs, the Government's plan to establish a legislative framework will not only enhance consumer trust, but underpin the BNPL sector for the future."

In particular, AFIA welcomes the following elements of today's package:

1. Providing BNPL providers with a number of different pathways to complying with their obligations under the Credit Act – this is important because there are different business models in the BNPL sector.
2. The recognition that scalable obligations should apply to products depending on their size, risk level and target markets. For example, the draft legislation differentiates between BNPL products offering \$20,000 loans for niche products like solar panels, compared to \$150 for a pair of jeans. The Government rightly refers to this as a 'modified' and 'proportionate' approach.

3. The exemption of BNPL products from inappropriate obligations, given their unique product characteristics. For example, the exemption from requirements regarding interest rate comparisons where BNPL products do not charge interest.

“AFIA has been a strong advocate for proportionate regulation that is scalable and technology neutral. The proposed legislation looks like it meets this test,” Ms Tate said.

“AFIA is pleased the Government has recognised that our BNPL Code of Practice has set best practice standards for the sector and strengthened consumer protections. We will continue to ensure it lifts standards and supports competition and innovation across the BNPL sector.

“AFIA looks forward to working through the details of the package and will continue to engage with the Government to finalise these new rules as soon as possible.”

AFIA will respond in full to the draft legislation in the coming weeks.

**For further information, contact:**

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**ABOUT AFIA**

AFIA is the only peak body representing the entire finance industry in Australia. We represent over 150 members, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia’s future. We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.