



## **AFIA WILL WORK COLLABORATIVELY WITH GOVERNMENT ON BNPL REGULATION**

**22 May 2023**

The Australian Finance Industry Association (AFIA) welcomed the Federal Government's response to the Treasury Options Paper on regulating Buy Now, Pay Later (BNPL) in Australia, announced today at the Responsible Lending and Borrowing Summit in Sydney.

'BNPL has grown over the past few years because it is a product Australians want to use, it is increasingly supporting consumers and retailers as they embrace the opportunities of our digital economy, and it contributes to our economic productivity and growth.

'As BNPL continues to grow and play a larger role in our digital economy, we look forward to continuing to work with the Government to ensure regulation protects consumers without reducing consumer choice, competition, and innovation. It is critical that new regulation is scalable and technology neutral,' said AFIA CEO Diane Tate.

BNPL is an Australian innovation which contributes \$18.4 billion to Gross Domestic Product (GDP) and supports approximately 120,200 Australian jobs.

More than 6.3 million Australians now use BNPL because it helps them budget, they don't get charged interest and it is easy to use, digital technology.

'It is good to see the Government acknowledge the important role of BNPL in improving financial inclusion for consumers, increasing innovation and competition, and driving opportunities for retailers,' Ms Tate said.

Following the Government's response to the BNPL Options Paper, AFIA will continue to work collaboratively with the Government on the details of future regulation. We will strive to ensure changes are appropriately tailored to BNPL's unique features, different business models, and varying consumer needs.

The Government's proposed regulation of the BNPL will build on the BNPL Code of Practice, which was introduced by AFIA in March 2021 as a sign of the sector's commitment to delivering high standards and has recently been through an independent review conducted by Promontory.

AFIA particularly welcomes the Government's explicit acknowledgement that:

1. BNPL promotes financial inclusion by providing an option to those excluded from traditional credit.
2. The average value of BNPL transactions is low compared to other credit products, at just \$136.

3. The responsible lending regime will be applied in a way which is appropriately scaleable, technology neutral, and commensurate with the lower risks inherent to lower value products.

AFIA looks forward to continuing to work with the Government to find the right regulation for BNPL.

## **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, fintech's, 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.

**MEDIA CONTACT: JASMIN CHRISTENSEN - 0434 147 814**