



## **BUY NOW PAY LATER (BNPL) SECTOR SUPPORTS ALL RECOMMENDATIONS IN INDEPENDENT REVIEW OF THE BNPL CODE OF PRACTICE**

**31 March 2023**

The Australian Finance Industry Association (AFIA) today welcomed the release of [Promontory's independent review](#) of the Buy Now Pay Later Code of Practice ('the BNPL Code').

[AFIA supports](#) all recommendations made to further strengthen the BNPL Code. In October 2022, AFIA commissioned Promontory, with a team led by Managing Director Peter Kell, to undertake an independent review of the BNPL Code, which was first introduced by AFIA in March 2021. The review included a public consultation with regulatory, industry and consumer stakeholders.

AFIA CEO Diane Tate said the BNPL sector was committed to delivering consumer protections, while encouraging innovation, competition, and choice in the market.

"AFIA actively brought forward this review to provide an opportunity to assess how the BNPL Code is performing and to identify ways to further strengthen the Code," said Ms Tate.

"The sector supports all of the recommendations made by Promontory and we will now work through the technical and implementation details of the changes with BNPL providers and stakeholders in the coming weeks and months."

The Promontory review found the overarching commitments contained in the Code were sound, while identifying opportunities to strengthen consumer protections, without limiting innovation and competition, particularly regarding commitments to vulnerable customers, suitability assessments and credit checking, and accessibility of the BNPL Code.

"AFIA supports strong consumer protections, as shown by our introduction of the BNPL Code at a time when the sector was still emerging. As well as bringing forward the first independent review of the Code, we developed additional industry guidance to support implementation of the Code, such as guidance related to vulnerable customers, as recommended in the Promontory review."

Ms Tate said AFIA would continue to work collaboratively with Government and Treasury, as they moved towards implementing the future regulatory framework for BNPL.

“AFIA agrees with Promontory and the Government that the BNPL Code will continue to be an important part of any regulatory framework the Government proposes.”

Ms Tate said that, like other codes which were developed alongside their sectors, such as codes in the insurance and banking sectors, she expected this Promontory review to be the first of many reviews of the BNPL Code, as it continues to evolve and reflect changes in the market as well as customer expectations.

“The BNPL Code is a living document. Therefore, it must adapt to keep pace with broader regulatory developments across the market. The Code was developed with the intention that it would evolve alongside the developing BNPL industry.”

As noted by Promontory:

*With the evolving regulatory context of BNPL, it is not surprising that the Code is being discussed as part of the potential overall regulatory framework. Indeed, it is useful to consider the role of the Code in this light and how it integrates into the broader regulation of BNPL.*

“AFIA believes self-regulation is an important part of the regulatory framework, providing a mechanism for industry to work constructively to achieve customer-centric operating models. Introducing and regularly reviewing industry codes is key to driving best practices throughout the BNPL sector.

“I would like to thank Peter Kell and the Promontory team for preparing such a high-quality report. The report provides some useful points about how the BNPL Code can be improved and the areas where the BNPL sector should concentrate, to make sure all customers are getting the most out of this tech-enabled product,” Ms Tate said.

The BNPL Code is a world-leading example of self-regulation in the BNPL sector, giving customers the confidence they need to engage with a diverse, innovative and low-cost product that meets their preferences and expectations.

## **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.

## **ABOUT PROMONTORY**

Promontory, a business unit of IBM, is a premier consulting practice with particular expertise in regulatory, policy and market issues in financial services.

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