



Progress Update on the Implementation of the BNPL Code Review Recommendations (December 2023)

On 31 March 2023, the Australian Finance Industry Association (AFIA) and its Buy Now Pay Later (BNPL) members responded to the release of the report of the independent review of the Buy Now Pay Later Code of Practice ([the BNPL Code](#)), conducted by Promontory ([the review](#)).

AFIA, and our BNPL members - who comprise the majority of the Australian BNPL sector - outlined our support for all of Promontory's recommendations to further strengthen the BNPL Code. AFIA committed to working through the technical and implementation details of the changes with our BNPL members and stakeholders.

Several of the review recommendations acknowledged the Government's ongoing consideration of the statutory obligations for the BNPL sector, including recommendations 14, 16, 18, 20, 22, 23, 36, and 41 of the review.

The review recommended that some matters be deferred until there is further information on the additional regulations that will apply to BNPL providers in Australia. This approach will help to ensure that a revised BNPL Code continues to support, and is consistent with, the intended outcomes of the proposed statutory obligations.

In November 2023, the Government announced that the proposed statutory obligations for the BNPL sector are currently delayed, with legislation now not expected this year.

In light of this announcement and in line with AFIA's commitment to transparency and good customer outcomes, we have:

- published interim guidance for BNPL providers on *Supporting Customers Experiencing Vulnerability*; and
- released a progress update on the implementation of Promontory's recommendations.

Interim Guidance: *Supporting Customers Experiencing Vulnerability*

AFIA has published interim guidance for BNPL providers, which provides information on the impact and support that can be provided to customers who experience vulnerability. This interim guidance addresses recommendations 5, 6, 7 and 30 of the review.

The aim of this guidance is to complement the provisions of the BNPL Code to assist understanding around customers experiencing vulnerability, and other serious community issues, and how these circumstances can impact customers.

AFIA recognises the challenges of the ongoing cost-of-living pressures in Australia and that customer vulnerability is an evolving economic and community concern. AFIA is committed to ensuring that industry standards keep pace with community expectations.

Progress Update on the Implementation of the BNPL Code Review Recommendations (December 2023)

AFIA has received initial input from relevant stakeholders, including consumer and community groups, and welcomes further views from stakeholders on the interim guidance, which will be further developed and finalised over the coming months and when the Government announces its proposed statutory obligations next year.

Code Governance Update

Promontory's review recognised that the [BNPL Code Compliance Committee \(CCC\)](#) is an important part of ensuring the BNPL Code's effectiveness in practice.

The review acknowledged that the accreditation processes undertaken by the CCC are robust and go beyond the practices of some other industry codes.

AFIA has addressed recommendation 51 of the review by conducting an independent review focused on the BNPL Code governance documents. This governance review is part of AFIA's commitment to ensuring customer confidence in the CCC in its monitoring of the Code and its operation.

Overall, the review found that the existing governance arrangements allow the CCC to act with appropriate independence. A number of suggested enhancements will be adopted to enshrine the independence of the CCC as well as changes for clarity and removal of duplication. These technical drafting changes will be completed by early 2024.

Progress Update on the Implementation of Promontory' Recommendations

AFIA has also commenced a detailed program of work, with external expert and legal support, to implement Promontory's recommendations - these have been categorised and prioritised into two groups, being:

- Group 1: AFIA and our members can now consider and implement recommendations. Work is now underway to implement these recommendations.
- Group 2: The final form of the statutory obligations will inform proposed changes to the BNPL Code. Where possible, preliminary work has begun.

	Group 1	Recommendation(s)	Group 2	Recommendation(s)
Themes	Behavioural and conduct standards	3, 5, 6, 7, 9, 10, 13, 14	Legal status of the BNPL Code	1, 4, 31, 32, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51
	Third parties including merchants and retail partners	11, 12, 33, 34, 35, 36, 37, 38, 39	Suitability assessments	15, 16, 22, 23, 24
	Administrative amendments	2, 8, 17	Other consumer protections including disclosure, dispute resolution, financial hardship and collections.	18, 19, 20, 21, 25, 26, 27, 28, 29, 30

The work will be ongoing into 2024 in line with the introduction of the legislative regime for the BNPL sector. AFIA will continue to update and consult with our key stakeholders as work to implement the recommendations continues.