



22 December 2022

SUBMISSION ON TREASURY OPTIONS PAPER: REGULATING BUY NOW, PAY LATER IN AUSTRALIA

BACKGROUND

The Queensland Consumers' Association (the Association) is a non-profit organisation established over 40 years ago and which exists to advance the interests of Queensland consumers. The Association's members work in a voluntary capacity and specialise in particular policy areas.

The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups, and works closely with many other consumer and community groups.

The Association has a strong interest in the protection and empowerment of consumers with regard to financial matters and is a member of ASIC's Queensland Regional Liaison Committee.

Therefore, the Association welcomes the opportunity to participate in this consultation.

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GENERAL COMMENTS

The Association strongly welcomes this important and long overdue consultation on options for regulatory intervention designed to reduce consumer harms and improve consumer outcomes from the BNPL industry's operations.

The Association strongly supports Option 3: Regulation of BNPL under the Credit Act and the comments and recommendations in the joint submission lodged by several other consumer and community organisations.

The Association also recommends that:

1. The consultation take account of the UK's Citizens Advice [report](#) **TRICKS OF THE TRADE: How online customer journeys create consumer harm**. Annex 1 of the report shows how the design of the BNPL online customer journey can be changed to improve consumer comprehension and add beneficial friction to the consumer journey.
2. BNPL providers be prohibited from having no-surcharge rules that prevent merchants passing on the cost of BNPL to consumers.
3. Consideration be given to ensuring that any consumer surcharges for the use of BNPL are treated the same as those for the use of credit and debit cards i.e. that they are not excessive and only reflect the costs incurred by the merchant. It is also important to prevent the high fees paid by some merchants to some BNPL providers significantly increasing the cost of goods and services for non-users of BNPL.