



20 December 2022

Consumer Credit Unit
Financial System Division
The Treasury
Langton Crescent
Canberra ACT 2600
By email: CreditReforms@Treasury.gov.au

Regulating Buy Now Pay Later in Australia

To whom it may concern

The NCPA is pleased to comment on the request for feedback on buy now pay later products (BNPL) and future regulatory options to better regulate the sector to ensure greater credit protections for consumers.

NCPA members have first-hand knowledge of the significant growth in the uptake of BNPL products, as many of these same consumers are applicants for a small amount credit contract from NCPA licensed credit providers.

NCPA providers are witnessing a significant decline in approval rates for SACC loans and note this is in part related to a significant uptake in BNPL products among in particular, younger Australians.

NCPA commissioned SACC sector data collected each year since 2013/14 by CoreData demonstrates a decline in loan approval rates around the same time as there was an increase in the take-up of BNPL products in Australia

Loan approval rates for SACCs have declined from 61% in 2017/18 down to 31% in 2020/21. At the same time Australians spending on BNPL services has grown from approximately \$3B on 2017/18 to a record \$16B in 2021/22.

The NCPA considers a BNPL product is a form of credit and should be subject to responsible lending obligations in the Credit Act.

The NCPA supports Option 3 of the Treasury Options Paper as an appropriate form of regulation for the BNPL sector.

Please don't hesitate to contact me if you have any questions about this submission.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Michael Rudd', written in a cursive style.

Michael Rudd
Chairman