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Ministry of Business, Innovation & Employment
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Submission: Buy-Now, Pay-Later Discussion Document

The Federation of Women's Health Councils Aotearoa – New Zealand (FWHC) is a national umbrella organisation of women's health councils, women's health groups, and individual women throughout New Zealand. The Federation has a commitment to providing a powerful voice for women consumers of health and disability services, and to act as a public good advocate in matters that affect their well-being interests and those of their family/whanau. We take an active interest in alcohol-harm reduction.

1. We appreciate this opportunity to provide feedback on the policy options to regulate the new and emerging Buy-Now, Pay-Later (BNPL) sector, particularly with the interest of people experiencing financial hardship in mind.
2. We recognise there are potential benefits of BNPL providing a low-cost, no interest/fee payment alternative to credit cards payments. However we have concerns that using BNPL services may create financial hardship for some vulnerable consumers (especially where payments may be missed) in this unregulated environment.
3. We note that all but one BNPL provider in New Zealand allows for alcohol sales.
4. We are particularly concerned that purchasing alcohol (online or in-store) by using BNPL services may further increase its economic accessibility, fuelling increases in alcohol use (or maintaining high levels of drinking) and resulting in alcohol harm to drinkers and others.
5. Alcohol is not an ordinary commodity. It is New Zealand's most accessible psychoactive drug; and its use causes adverse and lifelong intergenerational effects for many. Restrictions to alcohol accessibility and availability and pricing controls are among the most effective of all measures known to reduce alcohol-related harm.
6. Inequities in hazardous drinking persist, and are particularly experienced by Māori, Pacific and socio-economically deprived populations. It is reported that a higher proportion of Māori drinkers were continuing to drink more than usual coming out of

lockdown (20% drinking more than usual in Level 1, July 2020) compared to non-Māori (14%).¹

7. Low income, heavy drinkers are more vulnerable to perceived reductions in price. BNPL services make it an easy-access offer to purchase alcohol readily.
8. We are aware that since COVID-19, there has been significant growth in the number of online alcohol retailers seeking to provide 'essential' alcohol purchases during lockdown.
9. Although few bottle stores currently use BNPL services we believe this is likely to change as the market makes further post-Covid adjustments.
10. New Zealand has an unregulated BNPL market. It is currently excluded from the regulations under the Credit Contracts and Consumer Finance Act 2003 (CCCFA), as BNPL products do not charge interest or fees (except for missed payment fees). Neither is it required to take due account of users' socioeconomic circumstances.
11. The Government is currently in the process of debating the Pae Ora (Healthy Futures) Bill which proposes new structural arrangements between Te Tiriti o Waitangi partners in order to improve wellbeing and reduce entrenched inequities. It will be vital that policy planning bodies of all government departments should consider the wider impacts of their decisions and stop working in silos to avoid perpetuation of economic and social disadvantage. BNPL services can and must adopt appropriate practice controls as part of this mahi.
12. It is imperative to put in place a set of robust regulations that protect consumers from any financial hardship and/or social harm from increased drinking.

Feedback on the regulatory options for the BNPL sector

13. We believe the BNPL sector should be monitored regularly.

Option 1 – we oppose this status quo

Option 2 – we oppose this as voluntary controls are repeatedly shown to be ineffective

Option 3 – we support this regulatory option.

FWHC Recommendations

We strongly urge the Ministry:

- to regulate the BNPL services sector, and
- to exclude alcohol products or any advertising of alcohol products with fractional costing from BNPL services.

¹ Health Promotion Agency. Impact of COVID-19: Topline results - Wave 2. Wellington, N.Z: Author, 2020
<https://www.hpa.org.nz/research-library/research-publications/post-lockdown-survey-the-impact-on-health-risk-behaviours> (accessed Oct 8, 2020).