

December 2021

Submission to Ministry of Business, Innovation & Employment on the **Buy-Now, Pay-Later** Discussion document

Introduction:

In New Zealand, the Seventh-day Adventist Church operates:

- 87 Churches and 23 Companies
- 16 Schools
- An aged-care facility and retirement village
- Sanitarium Health Food Company
- A Bookstore
- Two Camping Facilities – Tui Ridge Park and Mt Hutt

Each congregation provides a range of community services in its local area. Financial hardship is commonly reported by those seeking support from the church. Debt obligations are a prime reason for prolonged financial stress.

Key Concerns:

1. As low socio-economic communities are already targeted by alcohol retailers with a higher density of outlets, and with the ease of access to online sales, Buy-Now, Pay-Later (BNPL) inducements will undoubtedly exacerbate the current situation and lead to an increasing debt burden in the communities least able to absorb these.
2. While BNPL is highly likely to increase the overall debt exposure of vulnerable people, it will also increase alcohol accessibility and ease of access.
3. The bridging finance offered by BNPL will inevitably lead to heavier episodes of drinking with the resultant increased levels of harm to whanau and the community. This effect will be felt across a broad spectrum of the community where under BNPL it will be possible to overspend or stockpile alcohol for planned celebrations and festivals such as Christmas or New Year.
4. Alcohol, in itself, cannot be considered to be an ordinary commodity - its addictive nature and its serious long-term physical and societal ramifications demand that it not be treated as if it were an ordinary commodity.
5. Price has been used as an effective means of regulating sales in items such as tobacco.¹ Under BNPL, consumers will be conned into thinking that they are being offered lower prices, because the cumulative effect of the instalments is masked by the smaller amounts payable at any one time.
6. Online alcohol delivery is already a rapidly growing sales platform of great concern as easy access is a driver of consumption and therefore harm. Adding BNPL payments will increase the likelihood of impulse purchases,

inducement into debt and increase alcohol consumption. Online and BNPL will both increase inequities in our society as ease of access to alcohol (and other products) allow less financially literate and financially solvent people to purchase.

7. The lack of regulations in the BNPL sector is very concerning. It is currently excluded from the regulations under the Credit Contracts and Consumer Finance Act 2003 (CCCFA), and BNPL companies are not obliged to comply with any consumer credit contracts under CCCFA.
8. Robust regulations on the BNPL sector are essential, needed urgently, and must keep up to date with new technologies and marketing strategies.
9. The church's stance endorses the more comprehensive submission provided by Alcohol Healthwatch. (See attached)

Feedback on the regulatory options for the BNPL sector

The Seventh-day Adventist Church **supports regulatory option 3 – Apply CCCF to regulate BNPL products**. We strongly recommend the Ministry exclude alcohol products or any advertising of alcohol products with fractional costing from BNPL services or other credit-like services.

References

1. Wall M, Casswell S. Affordability of alcohol as a key driver of alcohol demand in New Zealand: a co-integration analysis. *Addiction* 2013; 108: 72–9.



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