

# Submission on Buy-Now, Pay-Later: Understanding the triggers of financial hardship and possible options to address them

## Your name and organisation

<b>Name</b>	Judy McAnulty
<b>Organisation (if applicable)</b>	NZ Women's Christian Temperance Union

## Responses

Economic regulation	
1	<p>Do you agree with our assessment of what the benefits are from BNPL?</p> <p>No</p> <p>Are there others? Please provide details.</p>
	Lay-by where the retailer retains the product until paid off is a lot safer for all parties
2	<p>As a consumer (or consumer representative), please outline what are the benefits of BNPL?</p> <p>None – encourages debt</p>
3	<p>As a business accepting BNPL to pay for goods and services, please outline the benefits of BNPL? If you are a small business, are there any additional benefits from accepting BNPL?</p> <p>No</p>
4	<p>Do you agree with our assessment of how BNPL will evolve in New Zealand? If not, please provide details.</p> <p>It will increase rapidly in an uncontrolled way if you don't stop strongly regulate NOW</p>
5	<p>How do you think emerging BNPL business models eg partnerships with credit cards, banks etc. will impact consumers? Please provide details</p> <p><i>More business for the debt collector. Higher costs to consumers to cover these costs</i></p>
6	<p>Do you agree or disagree with our summary of the types of financial hardship that could occur from BNPL? Please provide details</p> <p><i>Yes Did you learn nothing from the 'clothing' vans in neighbourhoods fiasco. And that was the tip of the iceberg</i></p>
7	<p>As a consumer (or consumer representative), have you faced financial hardship from BNPL?</p> <p>No</p>

	<p>If yes, under what circumstances have you faced financial hardship from BNPL? Please select all that apply and provide details, if possible:</p> <ul style="list-style-type: none"> <li>• You had multiple BNPL accounts</li> <li>• Your credit limits were increased beyond what you could afford</li> <li>• Because of the timing of your BNPL instalments and other expenses</li> <li>• Because as a household, you were unable to afford the BNPL instalments</li> <li>• You focused on the first payment rather than the total cost of the product or service</li> <li>• You responded to BNPL marketing and as a result purchased more than you could afford</li> <li>• You missed an instalment and faced missed fees (default fees)</li> <li>• Your circumstances changed (e.g. change in employment) and you were no longer able to afford the instalments</li> <li>• Other</li> </ul>
	<p>Really!!! Do you truly expect any person affected by BNPL to be completing this form? How have you tried to reach them? I hope you don't intend to use these stats to support proposals/regulations.</p>
8	<p>Do you live in a household with multiple BNPL accounts? No (If Yes), has your household experienced financial hardship because as a household you could not afford the full cost of the good or service? Yes / No / Not sure</p>
	<p><i>You are in financial hardship because you bought items you could not afford. Not being able to afford something does not cause financial hardship.</i></p>
9	<p>As a BNPL consumer (or consumer representative) (select one only)</p> <p>A) Do you value having a hard credit check being conducted <b>OR</b></p> <p>B) Would you prefer a soft credit check that doesn't leave a 'footprint' on your credit score?</p> <p>C) Please explain the reasons for your answer</p>
	<p>A- Because it may save you from overcommitting yourself which would be very damaging</p>
10	<p>What are the advantages and disadvantages (including costs) from credit checks being used to determine approval for BNPL?</p>
	<p>Will cost the retailer a bit of time but saving the consumer is more important</p>
11	<p>What other/additional steps could BNPL providers take to assess affordability for consumers? What are the disadvantages (including costs) of these steps? What are the benefits of these steps?</p>
	<p>Benefit – saving vulnerable people from hardship and stress</p>

12	How might affordability assessments be conducted when BNPL credit limits are increased?
13	What are the costs and benefits of conducting affordability assessments when BNPL credit limits are increased?
14	Are there any other ways to ensure BNPL credit limits are increased responsibly?
15	Are there any other issues with consumers having multiple BNPL accounts that we have not identified?
16	How effective and practical would it be to share information with other BNPL providers of consumer accounts which have been frozen? Very effective Very practical Please provide details.
	<i>Saving vulnerable from themselves</i>
17	How could information about consumers having multiple BNPL accounts be appropriately shared across the BNPL sector?
18	What are the costs (including disadvantages) of the approaches you describe in Question 17? What are the benefits of the approaches you describe in Question 17?
19	What tools and processes could be introduced for the timing of BNPL instalments to be better aligned to income and other expenses?
20	What are the costs (including disadvantages) of such tools and processes? What are the benefits of such tools and processes?
21	When making BNPL transactions, how could consumers be made more aware of the total costs of their purchases?

	<p>What are the costs of these tools?</p> <p>What are the benefits of these tools?</p>
	<p><i>This is a good idea. The tech could be designed so consumer always prominently see the total amount owing.</i></p>
22	<p>As a consumer (or consumer representative), what has been your experience of receiving help from BNPL provider/s if you missed an instalment and/or faced financial hardship?</p>
23	<p>How could BNPL providers be more responsive to consumers relying on BNPL to pay for essential goods and services?</p> <p>What are the costs of these tools?</p> <p>What are the benefits of these tools?</p>
24	<p>Do you have any comments on the diagrams above summarising the triggers of financial hardship, how they occur, and the features which could mitigate financial hardship?</p>
25	<p>Do you agree with our view that the lack of affordability assessments is likely to be a key reason why some consumers using BNPL face financial hardship?</p>
	<p>yes</p>
26	<p>Do you have views on the overall objective of the BNPL sector?</p>
	<p><i>Their objective is to make a profit. Your objective should be to protect consumers not do the work of the providers (ie questions above)</i></p>
27	<p>Do you have any views on how the interests of consumers could be protected?</p>
	<p>Ban alcohol, vaping, tobacco sales. Strong regulation. High penalties. EASY consumer complaints process.</p>
28	<p>Do you have any views on the criteria used to assess how to achieve an effective BNPL sector?</p>
	<p><i>This is industries job. They need to propose and govt and consumer agencies need to evaluate.</i></p>
29	<p>Do you have any comments on the discussion of Option One: status quo? Please provide evidence if available.</p>
	<p><i>Not acceptable</i></p>
30	<p>What are the costs and benefits of Option One for any relevant parties eg consumers, BNPL providers, businesses accepting BNPL as a payment option, competitors to BNPL? Please provide evidence if available.</p>

31	Do you have any comments on the discussion of Option Two: Government establishes appropriate incentives for BNPL providers to have an industry code which addresses the triggers of financial hardship? Please provide evidence if available.
	<i>Not enough. Govt needs to set regulations. Self-regulation doesn't work. Look at the advertising industry</i>
32	What are the costs and benefits of Option Two to any relevant parties eg consumers, BNPL providers, businesses accepting BNPL as a payment option, competitors to BNPL providers? Please provide evidence if available.
33	How could Option Three be designed (including the timing of requirements) to ensure the BNPL delivers long-term benefits to consumers? Please provide evidence if available.
	<i>BNPL needs to comply with CCCFA to regulations with appropriate additions</i>
34	What are the costs and benefits of Option Three and how it is designed to any relevant parties eg consumers, BNPL providers, businesses accepting BNPL as a payment option, competitors to BNPL providers? Please provide evidence if available.
	<i>Gives consumers some protection.</i>
35	Do you have any suggestions on how we could measure and track progress against whether BNPL is delivering long-term benefits to consumers? Please provide evidence if available
	<i>Monitoring will be necessary. Even if you charge retailers a fee for this it is the consumer who pays at the end of the day. This another reason why this type of financing should be banned.</i>
36	Do you have any suggestions on how we could measure and track progress against whether BNPL is delivering long-term benefits to consumers? Please provide evidence if available.

## Other comments

Alcohol sales must not be included in allowable BNPL transactions. This will increase inequity, create greater financial hardship, and increase alcohol related harm. All issues other agencies are spending money and time on trying to reduce.