



## COVERSHEET

<b>Minister</b>	Hon Dr David Clark	<b>Portfolio</b>	Commerce and Consumer Affairs
<b>Title of briefing</b>	Preventing financial hardship caused by the use of Buy-Now, Pay-Later	<b>Date to be published</b>	10 November 2022

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
October 2022	Preventing financial hardship caused by the use of Buy-Now, Pay-Later	Office of the Minister of Commerce and Consumer Affairs
27 October 2022	Preventing Financial Hardship Caused by the use of Buy-Now, Pay-Later GOV-22-MIN-0038 Minute	Cabinet Office
20 October 2022	Regulatory Impact Statement: Applying the Credit Contracts and Consumer Finance Act in a proportionate way to Buy-Now, Pay-Later arrangements	MBIE

### **Information redacted**

### **YES / NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reason of Confidentiality.



# Cabinet Government Administration and Expenditure Review Committee

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Preventing Financial Hardship Caused by the use of Buy-Now, Pay-Later

**Portfolio** Commerce and Consumer Affairs

On 27 October 2022, the Cabinet Government Administration and Expenditure Review Committee:

- 1 **noted** that Buy-Now, Pay-Later (BNPL) is not currently subject to the consumer protections in the Credit Contracts and Consumer Finance Act 2003 (CCCFA);
- 2 **agreed** that BNPL contracts be declared to be consumer credit contracts under the CCCFA;
- 3 **agreed** that BNPL with credit amounts below a threshold be exempt from requirements to assess affordability under the CCCFA on the conditions that:
  - 3.1 creditors instead obtain comprehensive credit reporting information; and
  - 3.2 creditors provide comprehensive credit reporting information back into the credit reporting system;
- 4 **agreed** to consult on a threshold of \$600;
- 5 **agreed** that affordability assessments be required for BNPL with credit amounts above the threshold and that consultation occur on two options:
  - 5.1 affordability assessments in accordance with the process prescribed in the Credit Contracts and Consumer Finance Regulations 2004; or
  - 5.2 affordability assessments in accordance with the CCCFA's principles-based requirement to make reasonable inquiries into the affordability of a loan, but not the process prescribed in the Credit Contracts and Consumer Finance Regulations;
- 6 **agreed** that as a condition of any exemption, default fees (for missed or late instalments) and the timing of instalments must be made clear to the consumer at the point of each purchase using BNPL;
- 7 **agreed** to give effect to the above decisions through regulations under the CCCFA;
- 8 **authorised** the Minister of Commerce and Consumer Affairs to approve and release an exposure draft of the regulations for public feedback;

- 9 **authorised** the Minister of Commerce and Consumer Affairs to make additional policy decisions and minor or technical changes to the policy decisions in the paper under GOV-22-SUB-0038, consistent with the general policy intent, on issues that arise in drafting of the regulations;
- 10 **authorised** the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above decisions.

Vivien Meek  
Committee Secretary

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**Present:**

Hon Grant Robertson (Chair)  
Hon David Parker  
Hon Damien O'Connor  
Hon Stuart Nash  
Hon Peeni Henare  
Hon Michael Wood  
Hon Dr David Clark  
Hon Meka Whaitiri  
Deborah Russell, MP

**Officials present from:**

Office of the Prime Minister  
Officials Committee for GOV