



9 April 2024

Financial System Division
Treasury
Langton Cres
Parkes ACT 2600

Submission by email to: creditreforms@treasury.gov.au

Re: Comments of EPA Asia on the Buy Now Pay Later Regulatory Reforms

To Whom It May Concern,

Please find attached the submission of the Emerging Payments Association Asia (EPA Asia) to the Buy Now Pay Later (BNPL) regulatory reforms, released by the Commonwealth Treasury on 12 March 2024.

EPA Asia's goal is to unify the payments agenda in the region, drive business development and improve the regulatory landscape for all organisations within the payments value chain. We are a community of payments organisations whose goal is to strengthen and expand the payments industry for the benefit of all stakeholders. More information about EPA Asia can be found on our website www.emergingpaymentsasia.org.

Please note, that while we have consulted within our membership, any views expressed in this submission are solely the views of EPA Asia and do not necessarily represent the views of individual contributors, EPA Asia Ambassadors or EPA Asia Members.

General Comments

EPA Asia wishes to provide some general comments on BNPL in Australia and the implications of regulatory reform.

We agree with the sentiments expressed in the Explanatory Memorandum that BNPL has created a range of benefits for Australian consumers and the economy, including placing competitive pressure on traditional forms of credit, reducing the costs of some products and generally enhancing opportunities for innovation in areas as diverse as retail, payments and consumer technology.

Further, we concur that BNPL has enhanced financial inclusion in Australia, particularly for consumers who have been traditionally underserved or excluded from access to finance. BNPL has also met a real market need for consumers across all age groups, seeking alternatives to traditional forms of credit that better suit their needs. BNPL has particularly met the needs of younger and older Australians, who prefer no-interest, low-cost and transparent forms of credit to manage their expenses and meet their financial goals.

BNPL offers a prime example of Australian innovation. It has significantly enhanced Australia's global reputation as a source of innovation within financial services. To maintain and strengthen this reputation, the Australian Government's BNPL legislative package should seek to foster the consumer, merchant and economic benefits of this genuine innovation in consumer credit.

EPA Asia supports fit-for-purpose, appropriate consumer protection, and that regulation should be premised on “same activity, same risk, same regulation”. In pursuing these regulatory reforms, we urge the Australian government to consider the impact on competition, innovation, traditionally underserved consumers and the perception of Australia as a source for financial services innovation.

Finally, we urge the Australian Government to seek alignment on regulation with its neighbours in the Asia-Pacific, including New Zealand. Aligning regulatory approaches with New Zealand will promote transparency and consistency for consumers and merchants while creating efficiencies for providers.

We strongly support policy and regulatory development that recognises the role and value that evolving technology can play in delivering strong, risk-based consumer outcomes and support financial inclusion. This is particularly important in the provision of consumer credit where consumers have clearly demonstrated a desire for access to alternatives to traditional forms of credit. It is also an area where innovation can support greater competitive outcomes aligned with consumer interests.

Ensuring existing regulatory frameworks are reviewed and updated in light of technological developments should be a fundamental part of future policy development and will help to ensure reforms designed to address new and emerging innovative payment options for consumers are future-proof and technology neutral.

We suggest that regulation of fees to be updated and simplified and consideration given to updating the Australian credit reporting framework to ensure the proposals do not result in negative outcomes for BNPL consumers.

We are more than happy to expand further on the items raised in this submission or to provide further information. If you do have any comments or questions, please feel free to contact EPA Asia’s Policy Lead, Dr Brad Pragnell at brad.pragnell@34south45north.com.

Kind regards,

Camilla Bullock
CEO, Emerging Payments Association Asia