Australian
Finance
Industry
Association

28 November 2024

AFIA WELCOMES THE PASSAGE OF BNPL LEGISLATION

The Australian Finance Industry Association (AFIA) has welcomed the passage of new legislation through the Parliament for Buy Now, Pay Later (BNPL) products in Australia. The legislation ensures an efficient, innovative, competitive, and sustainable sector that is underpinned by proportionate regulation, delivering choice for all Australians.

"The Government's balanced and proportionate regulatory approach will enhance consumer trust, enshrine consumer protections into law and allow BNPL to continue to play an important role in our digital economy," AFIA CEO Diane Tate said.

"This legislation builds on AFIA's world-leading BNPL Code of Practice and ensures obligations on BNPL providers are scalable, technologically neutral and the right fit for the risk level of BNPL products.

"Co-regulation, involving both legislation and industry codes, are an important feature of our regulatory framework. It is great to see the main features of the BNPL Code of Practice form the basis of the new legislation.

"AFIA welcomes the passage of these important reforms and is proud to have worked with the Government, industry and many other stakeholders to strengthen Australia's world class financial ecosystem."

AFIA's latest industry data shows that in FY23 the BNPL sector contributed more than $22.9 billion to Australia's Gross Domestic Product (GDP), which is a 24 per cent increase on FY22 and supported close to 150,000 Australian jobs.

In 2021, AFIA developed the world-leading BNPL Code of Practice, setting best practice standards for the sector and strengthening consumer protections.

With the passage of this legislation, we will work with our members to update the BNPL Code of Practice, ensuring it aligns with the new laws and incorporates the recommendations from the independent review of the BNPL Code conducted by Promontory last year. Many of these recommendations are contingent on the implementation of the new legislation.

"AFIA will work closely with our members to update the BNPL Code and clearly outline how the new laws will function," Ms Tate said.

"This includes detailing what 'scalable responsible lending' entails to ensure customers use BNPL services in a way that aligns with their purchasing needs and financial circumstances. Additionally, we will support BNPL providers in leveraging technology and data not only to meet compliance requirements but also to deliver efficient, innovative, and modern payment solutions for customers."

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ABOUT AFIA

AFIA is the only peak body representing the entire finance industry in Australia.

We represent over 150 members, including bank and non-bank lenders, finance companies, fintech's, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators, and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.