Australian
Finance
Industry
Association

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AFIA WELCOMES BNPL LEGISLATION: AN INNOVATIVE, COMPETITIVE AND SUSTAINBLE SECTOR FOR THE FUTURE

The Australian Finance Industry Association (AFIA) has welcomed the introduction of legislation for Buy Now, Pay Later (BNPL) products in Australia, ensuring an innovative, competitive, and sustainable sector that is underpinned by proportionate regulation and delivers choice for all Australians.

AFIA CEO Diane Tate said the new laws introduced today in the Australian Parliament provide a solid regulatory foundation for the BNPL sector and strike a balance between protecting consumers without reducing competition, innovation and choice.

"This legislative framework will not only enhance consumer trust and enshrine consumer protections into law, but underpin the BNPL sector for the future," Ms Tate said.

"Over the last year, AFIA has worked closely with the Government, industry and stakeholders. The legislation builds on AFIA's world-leading BNPL Code of Practice, which requires BNPL providers that are signatories to the Code to adhere to high industry standards and consumer safeguards.

"This balanced approach to regulation is scalable and technology neutral and will ensure BNPL continues to grow and play a larger role in our digital economy.

"AFIA looks forward to working with the Parliament to ensure we have legislation that delivers a clear future for the BNPL sector, and one that offers all Australians choice and opportunities to access finance and in the way that suits their needs and preferences," Ms Tate said.

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

AFIA welcomes the Government's commitment to introducing scalable Responsible Lending Obligations (RLOs) for BNPL, which recognise the nature of the product, how consumers are using it and expect to use BNPL, and how technology and data-driven business models are driving innovation, competition and choice.

We also welcome:

- Requirements that BNPL providers will have to hold an Australian Credit Licence.
- Requirements that BNPL providers will have to be a member of the Australian Financial Complaints Authority.
- The principle that BNPL providers will have to implement reasonable caps on fees and charges.

- The principle that BNPL providers will have to implement and clearly articulate their processes for dispute resolution and financial hardship arrangements.
- The introduction of a modification clause to permit flexibility based on experience with the new laws, such as ensuring the $2,000 threshold can be adjusted by the Government to better reflect market conditions and consumer expectations.

"AFIA will continue to work with the Government, industry and stakeholders as the new laws go through the Parliament. Proportionate regulation and self-regulatory practices are important tenants of our co-regulatory framework, enabling our BNPL members to meet community standards and legal obligations, strengthen trust in the finance industry, and improve customer outcomes.

"As we now have greater clarity regarding the new laws, we will be working with our BNPL members to update the BNPL Code of Practice to align with the new laws and to adopt the recommendations made in the independent review of the BNPL Code completed by Promontory last year, with a number of those recommendations reliant on the new laws," Ms Tate said.

For more information, please email: nick.story@secnewgate.com.au

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, fintechs, 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.

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