Australian Finance Industry Association

28 June 2024

BNPL INJECTS $22.9 BILLION INTO THE AUSTRALIAN ECONOMY IN FY23

The Australian Finance Industry Association (AFIA) today released comprehensive new research by BIS Oxford Economics and RFI Global which found the Buy Now Pay Later (‘BNPL’) sector injected $22.9 billion into the Australian economy and supported close to 150,000 local jobs over the past financial year.

AFIA CEO Diane Tate said the report demonstrates BNPL is now firmly woven into Australia’s financial fabric and plays an essential role in creating a more accessible, inclusive and adaptable financial environment for everyone.

“With so many Australians making BNPL their payment method of choice, the broader economic benefits simply cannot be understated.”

“More than 5.2 million Australians are choosing to use BNPL because it is low risk, low cost and easy to use digital technology,” Ms Tate said.

The report shows Australian consumers gained an estimated $422 million in benefits using BNPL in FY23.

“These benefits are indicative of a changing financial services landscape, showing consumers interest in being offered alternative ways of managing budgets that cater directly to consumer preferences and modern spending habits,” Ms Tate said.

The report found that retailers continue to see significant economic value as well, with BNPL generating nearly $3.4 billion in new revenue and $1.9 billion in net benefits for over 148,000 retailers.

“Retailers utilising BNPL services also enjoyed $1 billion in cost efficiencies during FY23, which is a 24 per cent increase from FY22.”

“This report shows BNPL is a viable, affordable and convenient option for Australians to make their chosen purchases, while also still supporting high levels of competition and innovation within the finance industry.

“We need to continue to support a sector that encourages different business models, meets diverse consumer expectations and addresses market inefficiencies.”

“BNPL is an example of innovation in the finance industry that recognises the changing preferences of how consumers want to engage in our digital economy, make payments, manage their money, and budget. With cost-of-living pressures for consumers and ongoing supply chain and other disruptions in the retail sector, having flexibility, choice and protections in finance is critical for Australians.” Ms Tate said.

Over the last year, AFIA has worked closely with the Government, industry and other key stakeholders to shape the BNPL regulatory environment, ensuring an innovative, competitive, and sustainable sector that is underpinned by proportionate regulation.

The proposed laws before 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, allowing for the continued growth of the sector.

The laws also demonstrate how good self-regulatory standards can support evolving sectors and reflect the changing needs and preferences of consumers, with a number of commitments in AFIA’s BNPL Code of Practice now translating into the law for all BNPL providers.

We have made a submission to the Senate Economics Legislation Committee’s inquiry into the bill and look forward to continuing to work with the Government and the Parliament to get the regulation of BNPL right and get it through the Parliament as soon as possible.

We will now also be re-commencing our work to update AFIA’s BNPL Code of Practice to adopt the recommendations of the independent review completed by Mr Peter Kell and Promontory last year and to align with the new BNPL laws.

The full ‘Economic Impact of Buy Now Pay Later’ Research Report can be found here.

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