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Senate Standing Committee on Economics
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To whom it may concern

Re: Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024

Anglicare Australia welcomes the opportunity to make this submission to the Senate Standing Committee on Economics (the Committee) Inquiry into the Treasury Laws Amendment (Responsible Buy Now and Pay Late and Other Measures) Bill 2024 (the Bill). As a Network that works for and with people managing the lowest incomes, we have encountered many people whose financial circumstances have deteriorated because of their use of Buy Now Pay Later (BNPL) products.

As members of the *Close Lending Loopholes Coalition,* Anglicare Australia and 21 other consumer organisations jointly submitted[i] to the Australian Government Treasury's consultation on *Regulating Buy Now Pay Later in Australia* in December 2022. The joint submission highlighted the extensive harms to people across the country caused by the unregulated credit industry. Whilst all types of credit can cause harm, BNPL products introduce an excessive additional risk of harm which can only be mitigated through industry regulation.

We recognise that through the Bill the Government has taken significant steps forward in comparison to the current levels of regulation . Yet this does not mean the distortion BNPL products cause to the credit market will be addressed, or that the Bill includes enough protections to avoid harm.

The Bill includes a range of concessions for the BNPL industry that will limit protections to prevent people from financially overcommitting themselves and being provided with unsuitable credit. The Explanatory Memorandum justifies these concessions as a way to ensure the benefits of consumer access to BNPL products are maintained. However, the accumulation of debt through unsuitable credit is not a consumer benefit, especially when the borrower has no means to pay it back.
BNPL is credit and as a form of credit, it must be subject to the provisions of both the National Credit Act and the Credit Code. The concessions included in the Bill, particularly the introduction of a modified Responsible Lending Obligations (RLO) Framework for BNPL products, actively prioritise the interests of BNPL providers over consumer protections. In practice the modified RLO Framework

would allow BNPL providers to opt-out of having to verify consumer finances, leaving people at risk of accessing credit that is not suitable for their financial circumstances.

Anglicare Australia sees no basis for the distinction between BNPL and other credit products. We recommend that the Bill be amended to ensure that BNPL products are treated and used in the same way as all other credit products.

Anglicare Australia continues to support the recommendations put forward by the *Close Lending Loopholes Coalition* and encourage the Committee to take action to ensure consumer protections are the foundation of regulation and provision of BNPL products in Australia.

We would welcome the opportunity to expand on our comments. Please do not hesitate to be in touch if you would like to discuss the issues raised in greater detail.

Yours sincerely

Kasy Chambers
Executive Director

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[i] Close Lending Loopholes Coalition (2022) Regulating Buy Now Pay Later in Australia.