



MEDIA RELEASE

BNPL SECTOR WORKING TO SUPPORT VULNERABLE CUSTOMERS

(Sydney, 29 December 2023):

The Australian Finance Industry Association (AFIA) has taken a significant step in reinforcing customer protection and trust within the Buy Now Pay Later (BNPL) sector by introducing new industry guidance measures to support vulnerable customers.

AFIA CEO Diane Tate said the BNPL sector is committed to ensuring the highest standards of conduct across the industry and ensuring standards keep pace with community expectations.

“With cost-of-living pressures impacting many Australians and their household budgets, our BNPL members recognise that there are some vulnerable customers doing it especially tough. These guidance measures increase protections and improve outcomes for Australian customers,” Ms Tate said.

The new guidance measures follow the release of Promontory’s independent review of the BNPL Code of Practice commissioned by AFIA earlier this year, which recommended strengthening or elaborating on commitments around vulnerable customers.

Guidance measures include:

- **Product and service design:** promoting the use of new software and digital tools to identify suspicious activity, such as fraud or financial abuse, using plainer language for product descriptions and greater assessment of products and suitability for customers.
- **Communications with customers:** increasing communication channels with customers, while also ensuring advertising is clear. BNPL products already have a number of functions to help customers keep track of their payments and spending to better manage their money with budgeting tools. This guidance underscores the importance of financial literacy and encourages BNPL providers to provide information on their websites about the types of support available.
- **Skills and capacity of staff:** improving training programs to equip staff with the knowledge and skills to help identify and support potentially vulnerable customers, including those with changing payment behaviours.

- **Complaint handling:** increasing the promotion of complaints procedures, including on websites, apps, and documentation.

“AFIA has worked closely with the BNPL sector to expedite the release of this guidance to improve outcomes for vulnerable customers, especially as we’re heading into the festive and holiday season. We’ve published it as interim guidance so the benefits can be felt by customers as soon as possible. We’ve had some initial input from consumer and community organisations, but we’re keen to get any additional feedback to make this guidance as useful as possible,” said Ms Tate.

AFIA continues to work on implementing the recommendations from Promontory’s review, which it supported in full earlier this year. Progress on many of the recommendations is dependent on the outcome of the Federal Government’s proposed changes to introduce additional regulation of BNPL providers, with legislation now expected to be introduced into the Parliament early next year.

The interim guidance will be further developed and finalised over the coming months and following stakeholder feedback and the Federal Government’s announcement of proposed new statutory obligations.

“Our implementation of Promontory’s recommendations is well underway, demonstrating our commitment to continuing to evolve the co-regulatory landscape for BNPL, consistent with the changing external environment and changing consumer expectations,” said Ms Tate.

“AFIA has consistently worked with the Government, industry and stakeholder groups to get the balance right for BNPL regulation. Our ongoing collaboration reflects our commitment to maintaining high standards in the finance industry, underpinning integrity, transparency and fairness. This is vital for a resilient and inclusive financial future,” Ms Tate said.

Additionally, as recommended by Promontory, a comprehensive external review of the governance arrangements to ensure the independence of the BNPL Compliance Committee (CCC) has also been undertaken. The review found that the CCC is appropriately independent and suggested a few adjustments to ensure that this is enshrined in the governance documents.

The interim guidance and progress update can be found [here](#).

For more information or to schedule an interview, please email: media@afia.asn.au

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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, 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.