



Good Shepherd
New Zealand

16 December 2021

Submitted via email to: buynowpaylater@mbie.govt.nz

Buy Now Pay Later Project Team
Consumer and Competition Policy Team
Building Resources and Markets
Ministry of Business, Innovation and Employment
Wellington

RE: Submission responding to Discussion Paper on Buy-Now, Pay-Later: Understanding the triggers of financial hardship and possible options to address them

Good Shepherd NZ welcomes the opportunity to comment on the Discussion Paper on Buy-Now, Pay-Later: Understanding the triggers of financial hardship and possible options to address them.

We aspire for all women, girls and their families to be safe, well, strong and connected, and our objective in New Zealand is to support better futures for women, girls and their whānau who are experiencing disadvantage. In New Zealand we work across the areas of financial, social, and economic wellbeing, with a significant area of our focus on supporting the development of financial inclusion and microfinance programmes for families living on limited incomes. Our Good Loans and DEBTsolve programmes are delivered in communities across New Zealand, by Good Shepherd NZ and via our community provider partners (The Salvation Army, Presbyterian Support Otago, Aviva Family Services and BudgetFirst).

We have reviewed draft Submissions to this stage of the consultation prepared by FinCap, Christians Against Poverty and Consumer NZ and fully support their comments and recommendations.

Buy Now Pay Later (BNPL) is a form of consumer credit which is currently far more accessible and aggressively marketed than other, regulated, forms of consumer credit. As a result of this, and because it is unregulated, it is having a significant detrimental effect on an increasing proportion of our clients. The experience of, and type of detrimental impacts caused to, our clients using BNPL products are very similar to those identified by FinCap, Christians Against Poverty and Consumer NZ in their submissions.

Recent reforms to the Credit Contracts and Consumer Finance Act (CCCFA) have recognised the crucial importance of lenders undertaking a fair and realistic assessment of affordability before lending to protect borrowers from taking on unmanageable debt. Affordability assessments are a proven way to reduce the risk of what is a predictable harm, so it is imperative that BNPL lenders give these borrowers the same chance of avoiding inescapable debt by conducting these assessments.

We do not consider maintaining the status quo or introducing an industry code will provide adequate protection for consumers. Other countries are taking steps to regulate BNPL lending, and we recommend the New Zealand government does the same.

Good Shepherd NZ strongly urges the government to regulate BNPL under Section 173A of the CCCFA. Regulation means that vulnerable consumers are protected when using BNPL, as they are all other credit products.

Please contact Matt Halsey, Development Manager - Microfinance at Good Shepherd NZ [REDACTED] [REDACTED] to clarify any aspect of this Submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Fleur Howard', is written over a light blue circular watermark.

Fleur Howard
Chief Executive
Good Shepherd New Zealand Limited