

Regulatory Affairs
[REDACTED]

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10 March 2023

Consumer Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
PO Box 1473, Wellington 6140
New Zealand
Email: consumer@mbie.govt.nz

Dear Sir or Madam

Bank of New Zealand's submission the exposure draft of the Credit Contracts and Consumer Finance (Buy Now Pay Later) Amendment Regulations 2022

Bank of New Zealand (BNZ) appreciates the opportunity to comment on the exposure draft of the Credit Contracts and Consumer Finance (Buy Now Pay Later) Amendment Regulations 2022 (Draft Regulations). BNZ has contributed to and supports the submission of the New Zealand Bankers Association on the Draft Regulations. However, we would like to make a further supplementary submission in relation to the definition of BNPL contracts (buy now pay later contracts).

We reinforce the NZBA's concern that the definition of 'BNPL contract' requires careful consideration to ensure it doesn't inadvertently capture other financial arrangements in addition to consumer credit contracts. In particular, we are concerned that some agencies (including not-for-profit and charities) who lend small, interest free and/or very low interest loans to provide people on low incomes with access to safe, fair and affordable credit may be inadvertently caught by the proposed definition (e.g. Money Sweet Spot Loan and Good Shepherd No Interest Loan Scheme (NILS) loans).

The compliance burdens on these not-for-profit and charitable agencies, if their lending contracts are deemed to be consumer credit contracts, is likely to be so burdensome that they may exit this philanthropic work of disrupting the pay-day lending industry. We understand this risk and unintended consequence was realised when a deeming provision was inserted into section 16A of the Credit Contracts and Consumer Finance Act 2003 (CCCFA) in relation to mobile traders [REDACTED]

Depending on how they are structured, consideration also needs to be given to employer salary advance schemes and whether they may be inadvertently captured by the definition of BNPL contract.

All enquiries on this submission may be directed to Paul Hay, GM Regulatory Affairs [REDACTED]

Yours sincerely

A handwritten signature in purple ink, appearing to read 'Paul Hay', with a horizontal line underneath.

Paul Hay
GM, Regulatory Affairs