

ANTI-POVERTY NETWORK

SOUTH AUSTRALIA



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More Struggle Street Disasters, Buy Now Struggle Later!

APN SA Applauds new research by Anglicare Tasmania that highlights the need for government to ensure strong consumer protections on Buy Now Pay Later (BNPL) products.

Buy Now Pay Later (BNPL) products can be harmful for people who are experiencing financial stress or experiencing social and economic disadvantage.

This is the first research exploring the impacts of Buy Now Pay Later (BNPL) on people accessing financial counseling services, almost all of whom are under financial and severe mental health stress and facing significant social and economic disadvantage.

The report confirmed what Anti-Poverty Network SA and others across the country have been hearing and strengthens the case for adequate regulation of BNPL in the same way as all other credit products. [Research-Buy-Now-Pay-Later \(anglicare-tas.org.au\)](https://anglicare-tas.org.au)

“We understand that this is a growing problem in South Australia,” said Duncan Bainbridge APN SA Coordinator. “Buy Now Pay Later debts are unfortunately becoming more common than a year ago and many people are struggling to repay them.”

Using the Anglicare Tasmania research as a catalyst, Anti-Poverty Network SA conducted a discussion with members that also found that;

Many South Australians who are living in Poverty are increasingly utilising BNPL to spend more than usual on eBay to buy nonessential items. But are also increasingly using BNPL products, to purchase food, groceries, and other products such as clothes and household items without viewing the debt as an additional line of credit.

These BNPL debts add another layer of complexity and difficulty to life with an already complex picture of indebtedness.

It was frightening to find that the average value of BNPL debts amongst APN SA members was around \$2,000, a little below that found by Anglicare.

Some members did feel that BNPL was beneficial but only when they had the capacity to know and appreciate their affordable spending limits and are able to stick to them, however, this was quite rare in respondents!

Unfortunately many people were foregoing payment of essentials such as Rent Medication, utilities, and phone bills to service BNPL debts because they were relying on BNP and felt it was more important to service than other debts.

Duncan Bainbridge continued;

“We believe that BNPL may help in the short term, but can and does cause long-term financial pain because many don’t see that BNPL debt is causing them problems in managing their household budgets because they are relying on it.”

“Unfortunately, many are pressured by repayment reminders and underestimate the importance of rent and utility bills as a result.”

“BNPL is causing the most severe difficulties for the most vulnerable South Australians because it is so easy to access, it allows multiple accounts and is unregulated. “

This important research highlights the fact that BNPL appeals to the most vulnerable in society and for many people facing social and economic disadvantage are struggling to make ends meet on inadequate income support payments it is often their only option for credit and as credit it requires regulation.

Anti Poverty Network SA fully endorses the Anglicare recommendation for regulating BNPL products under the National Consumer Credit Protection Act 2009.

We also believe that it must be made easier for people on low income to access safe credit through the No Interest Loans Scheme and action must be taken to ensure that people are protected from financial abuse involving BNPL products.

It is therefore essential that the Government provide an immediate increase in Jobseeker and all income support payments to meet basic living needs.

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