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**Addendum to Consultation Paper 330**  
***Using the product intervention power: Continuing credit contracts***

The National Credit Providers Association (NCPA) welcomes the opportunity to comment on ASIC's consultation paper - **Addendum to CP 330, Using the product intervention power: continuing credit contracts.**

The NCPA supports a strong and robust financial system built around the principles of responsible lending obligations and importantly, believes this should be reflected in the powers conferred on the regulator, the Australian Securities Investment Commission (ASIC).

The NCPA considers the buy now pay later (BNPL) sector as it is currently operating as a revolving line of credit, is relying on exemptions such as those described in s6(5) of the National Credit Code.

Given the significant growth in the BNPL sector as reported in ASIC Report 672, BNPL products should be captured under the Product Intervention Powers; Continuing Credit Contracts. The BNPL sector, as it develops a Code of Conduct should do so informed by the latest information in the ASIC Report 672. The Report notes the following:

- 21% of BNPL customers missed payment in the last twelve months and the growth in the number of transactions has grown from 3,370,122 in June 2019 to 4,803,940 in June 2020. That represents a 43% increase in 12 months; and,

- There were more than 6.1 million open accounts as of June 2019, representing 30% of the Australian adult population.

This equates to approximately 1.2 million Australians who have missed a payment in a 12-month period. If these statistics applied to the Small Amount Credit Contract (SACC) sector, there would be significant calls for greater regulation and for government to ensure the product intervention powers captured the sector.

The ASIC Report 672 confirms much of what the SACC sector already sees on a daily basis in applying the responsible lending obligations to applications for credit - there continues to be a significant upswing in the BNPL sector as evidenced in the bank statements of SACC customers.

The NCPA considers the BNPL sector should not be exempted from the *product intervention powers, continuing credit contracts*. All forms of credit should be subject to responsible lending obligations, particularly sectors experiencing exponential growth that have the potential for a significant risk of avoidance and to cause consumer harm.

Yours sincerely

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Chairman