



Dear ASIC regulatory team,

I am writing to provide feedback on the CP 382 for bnpl service regarding the classification as low-cost credit contracts and the potential risks they pose to consumers.

While BNPL services are marketed as a convenient and affordable alternative to traditional credit, current disclosures can be misleading, leading consumers to unknowingly accumulate high costs. Many BNPL providers emphasise “zero interest” or “low-cost” borrowing but fail to adequately disclose the potential for higher-than-usual interest rates, penalties, and fees if payments are missed or extends.

Key concerns:

1. Lack of Transparent Cost Disclose

- Many consumers do not realise that failing to meet the repayment schedule may result in late fees, penalty charges, or deferred interest rates that exceed standard credit card APRs.
- Unlike traditional credit products, BNPL agreements often lack clear Annual Percentage Rate (APR) calculations and upfront cost estimations for different payment scenarios.

2. Misleading Low-Cost Credit Classification

- BNPL services are often positioned as “low-cost” or “interest-free”, but in reality, they can become more expensive than traditional credit options due to hidden fees and interest on extended payments.
- Many users enter BNPL agreements believing they are choosing a low-risk, low-cost credit option, only to face unexpected financial burdens later.

3. Regulatory Gaps and Consumer Risks

- BNPL providers are not held to the same transparency standard as credit card issuers or personal loan providers, despite offering similar financial products.
- The lack of standardised affordability checks and clear cost simulations increases the risk of consumers accumulating unsustainable debt.

Recommendations for Regulatory Improvements:

- Standardised interest and fee disclosure: Require BNPL providers to present clear, upfront cost breakdowns and interest calculations for different payment scenarios.
- Mandatory cost comparisons: Enforce transparent by requiring BNPL providers to compare costs with traditional credit options, ensuring consumers understand the financial implications.
- Stronger consumer protections: Implement affordability checks, fair penalty caps, and cooling-off periods to prevent excessive debt accumulation.

BNPL services have become a widely used financial tool, but without proper regulation, they expose consumers to hidden financial risks. Strengthening regulatory oversight to improve cost transparency, enforce clear disclosures, and prevent misleading marketing will help ensure BNPL services operate in a fair and responsible manner.

Thank for your considering this feedback. I appreciate ASIC's ongoing work in protecting consumers and promoting responsible lending practices.

Best regards,

