



EPAA SUBMISSION TO

INQUIRY INTO TREASURY LAWS AMENDMENT (RESPONSIBLE BUY NOW PAY LATER AND OTHER MEASURES) BILL 2024 [PROVISIONS] AND CAPITAL WORKS (BUILD TO RENT MISUSE TAX) BILL 2024 [PROVISIONS]

Country of Origin:

Australia

Department:

Senate Economics Legislation Committee

Title:

Inquiry into Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024 [Provisions] and Capital Works (Build to Rent Misuse Tax) Bill 2024 [Provisions]

Submission Date:

28 June 2024

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**Senate Economics Legislation
Committee
Parliament House
Canberra ACT 2600**

Submission by email to: economics.sen@aph.gov.au

Title: Submission to the Inquiry into Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024 [Provisions] and Capital Works (Build to Rent Misuse Tax) Bill 2024 [Provisions]

Dear Committee Secretary,

Please find attached the submission of the Emerging Payments Association Asia (EPAA) to the Senate Economics Legislation Committee Inquiry into the *Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024 [Provisions] and Capital Works (Build to Rent Misuse Tax) Bill 2024 [Provisions]*.

EPAA's goal is to unify the payments agenda in the region, drive business development and improve the regulatory landscape for all organisations within the payments value chain. We are a community of payments organisations whose goal is to strengthen and expand the payments industry for the benefit of all stakeholders. More information about EPAA can be found on our website www.emergingpaymentsasia.org.

Please note, that while we have consulted within our membership, any views expressed in this submission are solely the views of EPAA and do not necessarily represent the views of individual contributors, EPAA Ambassadors or EPAA Members.

General Comments

EPAA wishes to provide some general comments on Buy Now Pay Later ("BNPL") in Australia and the implications of regulatory reform. Please note that these views have previously been shared with Treasury as the Responsible BNPL legislation was being developed.

We agree with the sentiments expressed in the Bill's Explanatory Memorandum that BNPL has created a range of benefits for Australian consumers and the economy, including placing competitive pressure on traditional forms of credit, reducing the costs of some products and generally enhancing opportunities for innovation in areas as diverse as retail, payments and consumer technology.

Further, we concur that BNPL has enhanced financial inclusion in Australia, particularly for consumers who have been traditionally underserved or excluded from access to finance. BNPL has also met a real market need for consumers across all age groups, seeking alternatives to traditional forms of credit that better suit their needs. BNPL has particularly met the needs of younger and older Australians, who prefer no-interest, low-cost and transparent forms of credit to manage their expenses and meet their financial goals.

BNPL offers a prime example of Australian innovation. It has significantly enhanced Australia's global reputation as a source of innovation within financial services. To maintain and strengthen this reputation, the Australian Government's BNPL legislative package should seek to foster the consumer, merchant and economic benefits of this genuine innovation in consumer credit.

EPAA supports fit-for-purpose, appropriate consumer protection, and that regulation should be premised on "same activity, same risk, same regulation". In pursuing these regulatory reforms, we urge the Australian government to consider the impact on competition, innovation, traditionally underserved consumers and the perception of Australia as a source for financial services innovation.

Finally, we urge the Australian Government to seek alignment on regulation with its neighbours in the Asia-Pacific, including New Zealand. Aligning regulatory approaches with New Zealand will promote transparency and consistency for consumers and merchants while creating efficiencies for providers.

We strongly support policy and regulatory development that recognises the role and value that evolving technology can play in delivering strong, risk-based consumer outcomes and support financial inclusion. This is particularly important in the provision of consumer credit where consumers have clearly demonstrated a desire for access to alternatives to traditional forms of credit. It is also an area where innovation can support greater competitive outcomes aligned with consumer interests.

Ensuring existing regulatory frameworks are reviewed and updated in the light of technological developments should be a fundamental part of future policy development and will help to ensure reforms designed to address new and emerging innovative payment options for consumers are future-proof and technology neutral.

We are more than happy to expand further on the items raised in this submission or to provide further information. If you do have any comments or questions, please feel free to contact EPAA's Policy Lead, Dr Brad Pragnell at brad.pragnell@34south45north.com.

**Yours sincerely,
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