

New Zealand becomes the latest country to take steps toward BNPL regulation

Article

The news: New Zealand proposed buy now, pay later (BNPL) regulation like requiring providers to carry out affordability checks for purchases above NZ\$600 (\$424), per a press

release. Loans under this threshold will still be subject to credit reporting.

Government officials will collect feedback for the proposed rules and roll out final regulations next year.

Key context: BNPL spending in New Zealand increased from NZ\$755 million (\$534 million) in 2020 to **NZ\$1.7 billion (\$1.2 billion) in 2021**, according to government statistics. Consumers are increasingly using BNPL for more purchases and for higher-dollar transactions, per a New Zealand Post report.

But BNPL providers are insufficiently covered by the current regulatory framework, according to government findings. Because these firms often don't charge interest and have limited fees, they're not required to comply with the Credit Contracts and Consumer Finance Act, which outlines consumer protections and standards for borrowing and loans.

What this means: More global governments are cracking down on BNPL providers as consumer adoption surges. **Fifteen percent of adults worldwide** have made a purchase using BNPL, per YouGov. And between 2021 and 2025, **global BNPL use for ecommerce purchases is expected to grow 66.7%**, according to FIS.

- **Credit-averse consumers view BNPL as a viable alternative to credit cards.** The promise of interest-free loans is a major draw for consumers. **Fifty-three percent of US consumers** reported using BNPL to avoid credit cards, per Federal Reserve data.
- **BNPL has become ubiquitous across the retail sector and is quickly expanding into other verticals.** Consumers can now use BNPL for medical expenses, vacations, food delivery, professional services, and much more. This increases the likelihood of "stacking," or opening several BNPL plans, which can lead to missed payments.

Australia, the UK, and the US are also mulling BNPL regulation. In most cases, officials plan to regulate BNPL providers like credit card companies.

The bigger picture: Growing concerns of a global economic downturn may compel regulators to enact BNPL regulation sooner rather than later. Financial strain may cause some consumers to lean more heavily on BNPL, and without set standards like information sharing in place, they may find themselves inadvertently falling into unsustainable debt.

Ecommerce Payment Methods Used Worldwide, 2021 & 2025

% of total

	2021	2025
Digital/mobile wallet	49%	53%
Credit card	21%	19%
Debit card	13%	13%
Bank transfer	7%	6%
Buy now, pay later	3%	5%
Cash on delivery (COD)	3%	1%
Direct debit	1%	1%
PrePay	1%	1%
Prepaid card	1%	0%
PostPay	1%	0%
Other	1%	1%

Note: numbers may not add up to 100% due to rounding

Source: FIS, "The Global Payments Report," March 2, 2022

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