

20 January 2023

Consumer Credit Unit  
Financial System Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600  
By email: CreditReforms@Treasury.gov.au

### **Regulating Buy Now, Pay Later in Australia – Options Paper November 2022**

1. Thank you for the opportunity to provide a submission on your Options Paper to assist the Australian Government on the regulatory framework for BNPL. The sole purpose of this submission is to provide some analytical insights on the New Zealand BNPL experience. Centrix does not make any submission on the options for regulatory intervention in Australia.

#### **About Centrix**

2. Centrix was founded in 2009 by industry experts and specialises in the provision of credit reporting services and solutions. Centrix management has extensive experience in credit bureau development, data management, analytics and debt recovery solutions in New Zealand, Australia, Asia, South Africa and the United Kingdom.
3. Centrix has developed quickly and already has an extensive pool of subscribers to its credit reporting services covering a wide range of industries. We provide both consumer and company credit reporting along with value-add products including tracing, portfolio analytics, ID verification and motor vehicle reports.
4. Centrix provides Comprehensive Credit Reporting (CCR) in New Zealand and is actively uploading CCR data from a number of participating credit providers. We currently hold CCR data on 4 million New Zealand consumers (95% of the New Zealand credit active population). Centrix has the richest CCR dataset of the New Zealand credit reporters.

#### **Credit reporting services for BNPL providers**

5. Three of the four major BNPL providers operating in New Zealand have been contributing CCR data to Centrix' CCR database since 2018.
6. In 2022, Centrix released a bespoke product 'Paywatch', specifically to cater for the BNPL sector. CCR Data Standards are designed for reporting monthly payment cycles, and as the BNPL payment cycle is weekly, this required a much more dynamic mechanism. Paywatch gives BNPL providers visibility on which BNPL customers are in arrears with another BNPL provider. This view is refreshed daily. Currently two of the four major BNPL providers in New Zealand contribute to the Paywatch database (repayment history information), with another going live imminently.

**Centrix BNPL Insights – December 2022**

7. We attach Centrix' BNPL Insights for December 2022. The document speaks for itself, however some key points arising from the analysis of Centrix CCR Database (in December 2022) include:
  - a. The age demographic of BNPL account holders is largely skewed to the under 30s cohort, and is a complete inverse of the age demographic of credit card account holders.
  - b. Only 12% of BNPL account holders reported in Centrix' CCR Database hold a BNPL account with one of the two other BNPL providers reporting CCR Data to Centrix.
  - c. The BNPL account holder arrears profile across all age groups is very similar to the arrears profile of personal loans account holders.
  - d. For the under 30s cohort, the arrears profile for BNPL account holders is similar to those with unsecured products (including credit cards).
  - e. All things being equal, c. and d. above may indicate that the greater incidence of arrears for BNPL account holders is because younger people are yet to learn how to manage their money and are not as good at managing money as the over 30s cohort, and not due to the BNPL product itself.
  - f. In December 2022, there were circa 9,700 account holders in arrears.
8. Thank you for the opportunity to provide this information to you. Please do not hesitate to contact me should you have any questions.

**Monika Lacey**  
**Chief Operating Officer**  
**Centrix Group Limited**