

YOUNG PEOPLE AND BNPL

AN NCOSS “COST OF LIVING
IN NSW” REPORT

August 2021



ABOUT NCOSS

NSW Council of Social Service (NCOSS) is the peak body for health and community services in NSW. NCOSS works to progress social justice and shapes positive change toward a NSW free from inequality and disadvantage. We are an independent voice advocating for the wellbeing of NSW communities. At NCOSS, we believe that a diverse, well-resourced and knowledgeable social service sector is fundamental to reducing economic and social inequality.

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CONTENTS

1	CEO'S MESSAGE	2
2	INTRODUCTION	4
3	METHODOLOGY	8
4	ABOUT THE YOUNG PEOPLE WHO COMPLETED THE SURVEY	10
4.1	Differences between young people who use and don't use BNPL	12
5	USE OF BNPL	14
5.1	Frequency of use	14
5.2	Types of purchases	15
5.3	Purchase type by gender	16
5.4	Purchase type by living arrangements	17
5.5	Purchase type by young people with disability	18
5.6	Purchase type and student status	19
6	MANAGING BNPL REPAYMENTS	20
6.1	How much was owed	20
6.2	How young people manage BNPL payments	22
7	ATTITUDES TOWARDS BNPL SERVICES	24
7.1	Attitudes of BNPL users	25
7.2	Attitudes of non-users	27
7.3	Summary of attitudes toward BNPL	28
8	APPENDIX A – SURVEY	30

1

CEO'S MESSAGE

The growth in Buy Now Pay Later (BNPL) products has created another financing option for consumers, but raises several issues for these same consumers and the policymakers grappling with how to respond to the new payment technologies.

The growth in Buy Now Pay Later (BNPL) products has created another financing option for consumers, but raises several issues for these same consumers and the policymakers grappling with how to respond to the new payment technologies.

Fintech has transformed the way we are purchasing goods and services. Technological innovation is driving the transition towards a cashless economy and the use of payment platforms and apps is now widely accepted.

IT IS NOW POSSIBLE TO SWIPE, CLICK AND SCAN A DEVICE TO PURCHASE GOODS AND SERVICES, RATHER THAN USING MORE TRADITIONAL TRANSACTION METHODS.

We have at least a generation of young people that have grown up with and embraced technologies that are disrupting concepts such as banks, loans and purchases. We need to understand these new technologies; both the benefits and the risks.

We know that young people are targeted and encouraged to take up debt, and that they increasingly live with uncertainty and precarious, low-waged employment. With this in mind, NCOSS

and Youth Action wanted to learn more about this new transactional economy. Our interest was to gain an understanding of young people's use of and experiences with BNPL.

As organisations focussed on addressing disadvantage and poverty, we were particularly curious about financial hardship, debt and the use of BNPL by young people in NSW.

The results of this survey of 297 young people across NSW reveal that most young people who use BNPL are rational and savvy users, considerate of risk and responsible financial managers. They are also particularly conscious of the need to manage money and very aware of the difficult economic environment they find themselves in. They are also concerned about their peers.

Importantly, this work presents the perspective of young people. It raises several complex questions relating to their differing attitudes and experiences, from those who do not see the need for such a product, to those who are sceptical and those who rely on it to make ends meet. On these issues, further work is required to gain a deeper understanding of these attitudes and the circumstances that give rise to them.

Our survey was undertaken in March 2021, as the economy in NSW continued to rebound strongly following the downturn in 2020. We know that young people were particularly hard-hit by last year's recession and that the re-emergence of COVID-19 and the resulting lockdowns will again be impacting them significantly. The implications of this recent economic upheaval on young people's use of and reliance on BNPL would also be worthy of further consideration.

Overall, this report provides a vitally important perspective to inform the policy and regulatory debate; and poses a range of other questions regarding the economic insecurity facing young people in Australia today, deserving of far closer attention from policy and decision makers at a state and federal level.

We are grateful to the 297 young people who provided their time and valuable insights by participating in our survey.



Joanna Quilty
Chief Executive Officer



JOANNA QUILTY
Chief Executive Officer

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INTRODUCTION

NCOSS Cost of Living in NSW (CoLiN) surveys have historically been concerned with changes to the cost of living for people living in poverty and very low incomes in NSW. This has involved tracking changes in the Consumer Price Index (CPI) for essential items and surveying people on low incomes on household expenditure and financial pressures.

In 2020 the COVID-19 pandemic and resulting recession increased the numbers of people in financial stress and, via supplements to social security payments, temporarily increased the level of income support available for people receiving benefits. It also generated increased data collection on the economic impacts of the pandemic on National and State economies and households.

Recognising that these factors would mean that a 2020-21 CoLiN survey would not be comparable with previous reports in the series, a decision was made to take a different approach to the focus and design of the survey. Noting the growing popularity of Buy Now Pay Later (BNPL) products and the interest in, and sometimes concern about, the use of these by young people, NCOSS partnered with peak body Youth Action to explore young people's use and experience of BNPL.

BNPL allows customers to purchase goods and services by paying a part payment at the time of purchase via an electronic transaction, and the remainder in instalments. Unlike previous instalment arrangements, such as Layby, BNPL allows for the customer to receive the goods or service immediately; however, like Layby, there is no interest charged on instalment payments. The use of BNPL is increasing in Australia. It is estimated that almost one in five Australians use BNPL¹ and that there are 20 BNPL services offered by more than a dozen providers.²

As the use of BNPL has increased, so has community interest in the benefits and risks of using these products.

THIS REPORT PRESENTS THE FINDINGS OF A SURVEY OF 297 YOUNG PEOPLE (AGED 18-24) IN NSW, UNDERTAKEN IN MARCH 2021.

The survey asked young people about their experiences and attitudes towards BNPL and, for those who used BNPL products, how they used them. While this was a non-random sample, and as such, is not representative of the broader population of young people in NSW, the findings provide interesting insights into this group of young people for policymakers and other interested stakeholders.

Just under half of the young people (49%) surveyed reported using BNPL. In response to a question that asked how they felt overall about BNPL, the majority of BNPL users were positive. Convenience and ease of use were associated with these positive responses. BNPL also functioned as a money management tool; young people reported that BNPL helped them budget and purchase items they would not have otherwise been able to afford. As most young people who reported using BNPL knew how much

¹ NAB Consumer insight report, *Buy Now Pay Later*, June 2021

² *Developments in the Buy Now, Pay Later Market*, Reserve bank of Australia, Bulletin, March 2021

they owed, it appeared that they were monitoring their finances. The majority indicated that they had considered the risks and benefits involved; and that they only used BNPL products a few times a year.

This is not to say that there were no issues of concern. Twenty per cent (20%) of BNPL users reported not knowing what they owed. There was also a small group of young people who reported paying for BNPL with credit cards, thus ameliorating the benefits of the interest-free payment instalment model. There was a small but not insignificant number of young people who use BNPL to purchase groceries and education, and a small number of respondents that reported they had overused BNPL, spent beyond their means and had subsequently stopped using BNPL.

There were some ambiguous results. While it was not surprising that young people living independently were using BNPL more often and more frequently than those living with family, that 20% reported having used BNPL to purchase groceries was interesting. It is unclear from these results whether this finding was indicative of financial hardship or convenience and ease of use. Similarly, it was not possible to identify whether the fact that more young people with disability reported using BNPL was an issue of concern.

THE SURVEY REVEALED STARK DIFFERENCES IN THE ATTITUDES TOWARD BNPL BETWEEN THOSE YOUNG PEOPLE THAT USED BNPL AND THOSE THAT DIDN'T.

While, as previously mentioned, those who reported using BNPL reported positive experiences, non-users didn't use BNPL, primarily young people who had never used these products, expressed opposition to the 'concept' of BNPL. A significant number expressed strong views on what they saw as the high risk, and exploitative nature of BNPL for low-income people and some were concerned about a lack of financial education for young people.

KEY FINDINGS:

Just under half of the young people who completed the survey had used BNPL in the previous year (49%).

Young women were slightly more likely (4%) to use BNPL than young men. However, young men were more likely to report using it a few times a month.

BNPL users tended to be older (50% were aged 22-24 years old), working full-time and more likely to be living independently than those who didn't use BNPL.

The main items purchased with BNPL were clothing, footwear and personal accessories, followed by gifts for others, and furnishing and household goods.

Of those that reported using BNPL, 20% did not know, or couldn't say, how much they owed on BNPL. These BNPL users tended to be younger and less likely to be working than other BNPL users.

The amounts owed by those young people that reported owing payments ranged between \$24 and \$2,900, with half owing between \$100 and \$1,200.

Only 12 young people owed \$1,000 or more. The average amount owed was \$467 (\$441 for young women; \$540 for young men).

Most young people used more than one method to repay BNPL. By far, the most used repayment method was a debit card (93% of users), followed by PayPal (35%) and credit cards (22%). Young men were more likely to use their credit cards (29%) compared to young women (19%).

9% of BNPL users had incurred a late fee or missed a payment in the preceding four weeks.

Young people living in higher socioeconomic areas were less likely to use BNPL than those in low and medium socioeconomic areas. When they did use BNPL, they were less likely to use a credit card to make payments.

Young people in regional areas were more likely to use BNPL compared to those living in Sydney.



Young people from culturally and linguistically diverse backgrounds were slightly less likely to use BNPL or owe money but were 7% more likely to use a credit card to pay for BNPL.

Young Indigenous people were 14% less likely to use BNPL than non-Indigenous respondents.

Young people with disability were more likely to use BNPL, had a higher median amount owing and were more likely to use a credit card to make repayments, compared to other young people.

Young people with caring responsibilities were 9% less likely to use BNPL and 5% more likely to know what they owed than those without caring responsibilities.

The majority of young people who used BNPL had considered the benefits and risks of using BNPL.

A significant number of young people who didn't use BNPL were opposed to the 'concept' of BNPL.

OUR SURVEY WAS FOR EXPLORATORY PURPOSES AND NOT INTENDED TO LEAD TO DEFINITIVE CONCLUSIONS.

However, it suggests high take-up rates of BNPL among young people; that it can be an important budget management tool and that, in general, young people appear to be using such products responsibly and applying their judgement. The survey findings highlight that areas for further exploration and study, to understand prevalence, underlying drivers and other factors, could include:

- Higher rates of use of BNPL by young people with disability
- Higher rates of use among young people in regional areas
- The use of BNPL for essentials such as groceries, health care and education

METHODOLOGY

NCOSS commissioned the Institute for Public Policy and Governance at the University of Technology (UTS) to co-design and deliver a survey of young people in NSW aged 18–24 years on their use of BNPL.

The broad aim of the survey was to explore the experience of young people with BNPL and get some preliminary understanding of how use might differ among subgroups of this population. This population is classified as the tertiary education and independence (18–24) service age group and comprise approx. 9% of the NSW population (671,382).

A collaborative design workshop was held with NCOSS and Youth Action in November 2020. The survey was designed to be short and in a format compatible with a range of devices. It was piloted between 12 January and 9 February 2021 with 31 young people.

Based on the pilot responses, the survey was launched on 5 March and was open for one month. This period was selected to avoid events that could impact spending behaviour, such as Christmas, Valentine’s Day or Easter.

NCOSS and Youth Action promoted the survey via a range of channels, including social media. The sample was then supplemented by data collected by a survey panel firm (Student Edge) to balance some of the demographic bias in the primary survey. In particular, this addressed a skew toward a high female response rate relative to males (69% female compared with 28% males, with the remainder preferring not to say). The panel firm sampled from an existing panel of potential respondents drawing on a higher percentage of males so that the final non-random sample of 297 young people had 62% females and 36% males.

Data was collected via Qualtrics, a widely used online digital research platform, and analysed using the SPSS statistical software package.

As a non-random sample, the survey results are not intended to make definitive or generalisable conclusions but rather to stimulate discussion for future practice and research.

The survey identified those young people who had or had not used BNPL in the previous year. For those who did use BNPL, the remaining survey questions focussed on young people’s use of BNPL in the preceding four weeks (to increase the reliability of the responses). As the ability to recall details declines dramatically over time, restricting the reference period to 4 weeks is more likely to produce responses reflective of actual behaviour.

THE SURVEY ASKED QUESTIONS ABOUT BNPL:

- Frequency of use
- Specific BNPL platforms used
- Purchases made with BNPL
- Reported amount owing and means of repayment
- Incidence of missed payments or incursion of late fees.

In addition to collecting usage information, the survey also included an open text question to gauge young people's attitudes towards BNPL, "Thinking overall, how do you feel about Buy Now Pay Later products?" This question was asked at the beginning of the survey rather than at the end, to obtain responses that may have otherwise been affected by information provided in other survey questions and to ensure that this question received due attention from all respondents. This approach elicited valuable information and did not impact on the number of respondents answering the remaining questions or demographic profiles.

THE OPEN QUESTION WAS ANSWERED BY 265 YOUNG PEOPLE.

To develop a coding frame for these responses, a preliminary scan of 10 randomly selected answers was conducted. A preliminary coding frame was then developed and applied to an additional 10 responses to test its reliability. This was then finalised and applied to an additional 20 randomly sampled responses. The coding frame focused on three broad themes that emerged from the responses about the use of BNPL: positive, negative, and mixed feelings.

The responses were analysed using this framework in NVivo, a widely-used qualitative data analysis tool. The relevant text for each of these themes was then reviewed to generate findings.

A copy of the survey is attached as Appendix A to this report.

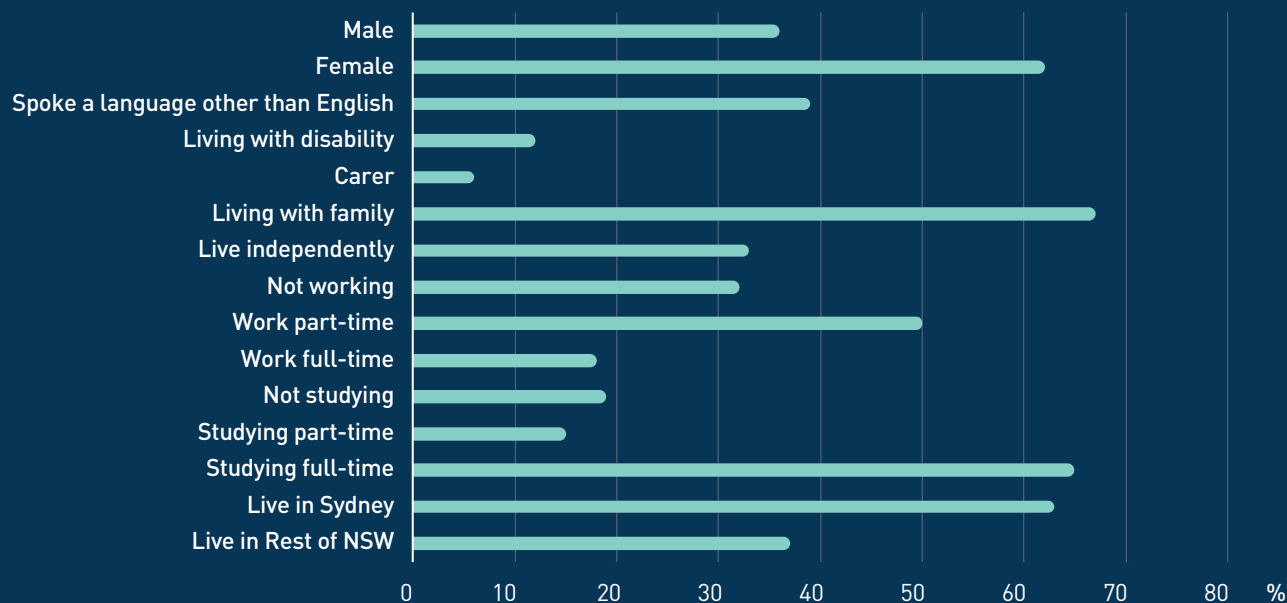


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ABOUT THE YOUNG PEOPLE WHO COMPLETED THE SURVEY

The survey was completed
by 297 young people aged
18–24 years living in NSW.



FIGURE 1: SURVEY RESPONDENTS


Although the sample was broadly representative of the NSW population in terms of age, this sample had more young women (62% compared with 36% males) and a higher percentage of respondents who spoke a language other than English at home (39%) compared with the 18–24 year-old population of NSW at the time of the last Census in 2016 (31%). There were also a higher proportion studying full-time (65% compared with 40% in the Census) and a slightly higher socioeconomic status than the general NSW population, with 57% of the sample living in postal areas with a Socioeconomic Index for Areas (SEIFA) score above 1000. In this survey:

- 12% were living with disability
- 7% were carers
- 4% were Aboriginal or Torres Strait Islander people
- 32% were not working
- 18% worked full-time
- 50% worked part-time
- 69% of those who work were casuals
- 70% of casuals were working part-time; 26% not working; and 4% were in full-time employment
- 80% were studying full or part-time

Based on the 2016 ABS Census results, areas where the survey group's profile was broadly consistent with the overall NSW population aged between 18 and 24, include:

- the age distribution of respondents corresponded to the age spread in the general NSW population
- the average age of respondents was 21 years
- 63% lived in Sydney
- 67% lived with their family, 20% of whom were paying rent or board
- 68% were working, primarily part-time
- 18% were working full-time
- 33% were living independently
- 12% were living with disability
- 6% were caring for someone in their household
- 4% were Aboriginal or Torres Strait Islanders

4.1 DIFFERENCES BETWEEN YOUNG PEOPLE WHO USE AND DON'T USE BNPL

Just under half of the young people (49%, n=145) who completed the survey reported *use of BNPL*⁴. There were some differences in the characteristics of the young people who reported using BNPL and those who did not.

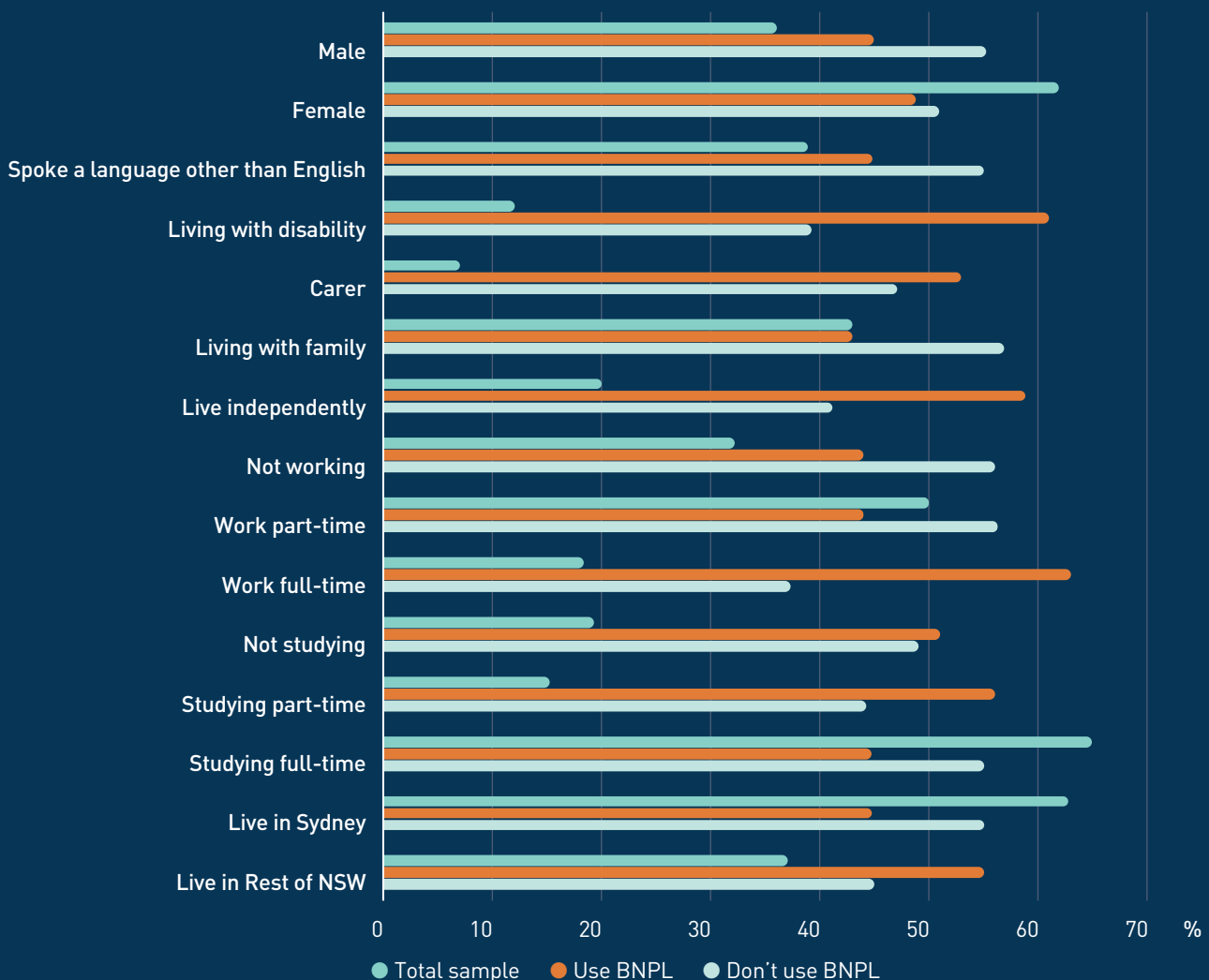
- The users of BNPL tended to be older, with half aged between 22 and 24 years. Only one-third of non-users were aged 22 years or older.
- A higher percentage of BNPL users were working full-time (24%, compared with 13% of non-users).
- BNPL users were less likely to be living with parents or other family (60%) compared with non-users (75%) and more likely to be paying rent or board.

TABLE 1: MAIN DIFFERENCES BETWEEN USERS AND NON-USERS OF BNPL

	Users of BNPL	Non-users of BNPL
Aged 22 years or more	50%	31%
Working full-time	24%	13%
Studying full-time	62%	69%
Living with family	60%	75%

There were also demographic differences.

FIGURE 2: SURVEY RESPONDENTS





5

USE OF BNPL

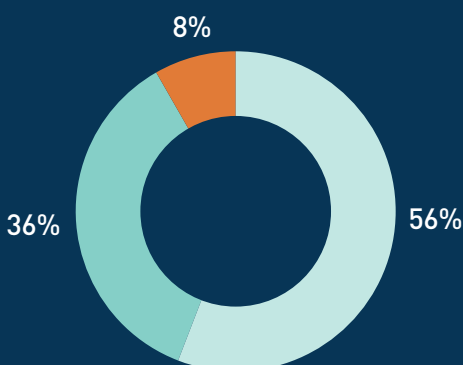
This section focuses on the 145 survey respondents who reported using BNPL at least a few times a year. It provides an overview of the types of purchases made with BNPL and the characteristics of young people who reported using BNPL.

5.1 FREQUENCY OF USE

- The majority (56%) of young people using BNPL reported using them a few times a year.
- Just over one third (36%) of BNPL users used them at least a few times per month, and 8% used the services at least once a week.
- There were slight variations in the patterns of usage between young women and young men.
- BNPL users living independently (52%) were more likely than those living with family (39%) to use BNPL at least a few times a month.
- The most frequently used services were Afterpay (n=95; 71%) and Zip Pay (n=48; 37%).

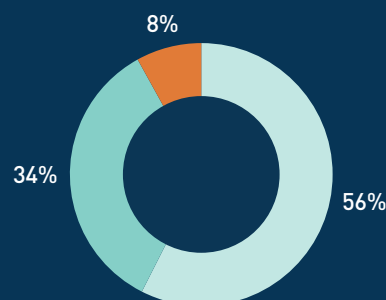
There were only small differences in reported frequency of use by gender however, more young men reported using BNPL a few times a month than women. There were a very small number of non-binary respondents (n=3) – none of whom reported weekly use of BNPL. There were also several respondents who did not respond to the question on gender (n=9). Of these only 2 reported weekly use.

**FIGURE 3:
FREQUENCY OF BNPL USE**

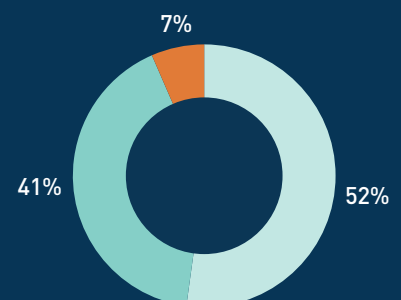


**FIGURES 4 & 5:
FREQUENCY OF USE BY GENDER**

YOUNG WOMEN



YOUNG MEN



● I use them a few times a month ● I use them at least once a week ● I use them only a few times a year

5.2 TYPES OF PURCHASES

Most young people reported using BNPL to purchase clothing, footwear and personal accessories (70%), and gifts for others (54%).

TABLE 6: PURCHASES MADE WITH BNPL

Purchases	Number of respondents	% of respondents*
Clothing, footwear and personal accessories	102	70%
Gifts for others	79	54%
Furnishing and household goods	65	45%
Entertainment	50	34%
Health and personal care	44	30%
Communication	26	18%
Groceries	19	13%
Education	19	13%
Travel/holidays	13	9%
Alcohol	4	3%

* Does not sum to 100 due to multiple responses

There were no significant differences in types of purchases made by employment status and speaking a language other than English at home. While young people working full-time used BNPL more frequently than those not working or working part-time, there were no major differences in the common types of items purchased using BNPL by employment status. There were similarities in the patterns of purchases made by young people who only spoke English at home and those from culturally and linguistically diverse backgrounds, with a higher percentage of users who spoke only English at home using BNPL for purchasing gifts for others, travel and entertainment.

THERE WERE HOWEVER DIFFERENCES IN PURCHASES MADE WITH BNPL BY GENDER, LIVING ARRANGEMENTS, LIVING WITH DISABILITY AND STUDENT STATUS.

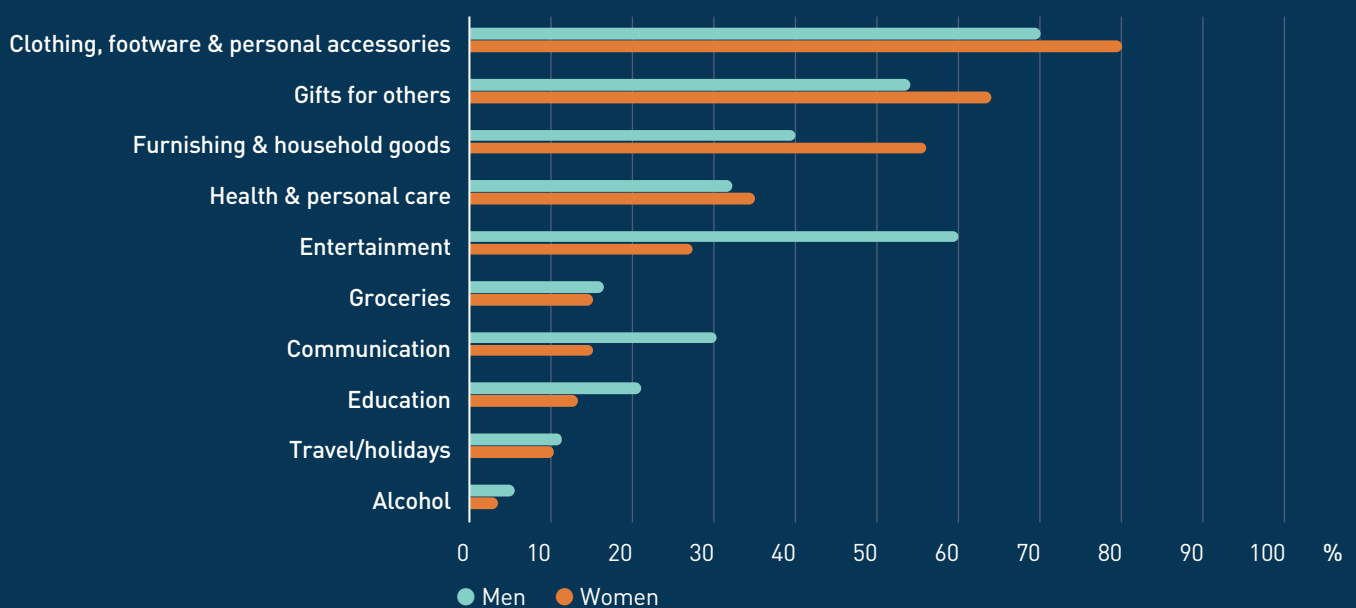


5.3 PURCHASE TYPE BY GENDER

There were some differences in the purchases made by young men and young women using BNPL.

- Women reported using BNPL to purchase clothing, footwear and personal accessories, purchasing gifts for others and furnishings and household goods more than men.
- Men reported using BNPL to purchase entertainment and communication more than women.

FIGURE 6: PURCHASES BY GENDER



5.4 PURCHASE TYPE BY LIVING ARRANGEMENTS

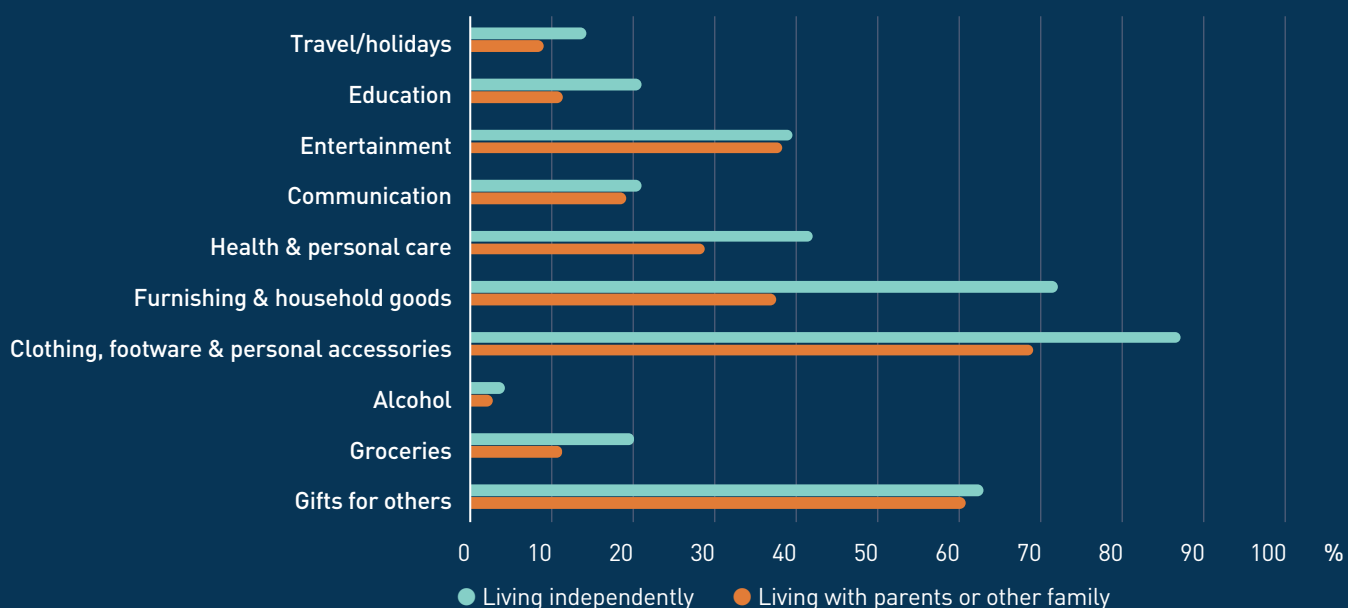
More young people living independently (59%) used BNPL than those living with family (43%).

- Young people living independently used BNPL more frequently than those living with family, with 52% using BNPL at least a few times a month (compared with 39% of those still living with family).
- The most common categories of BNPL purchases for young people living with family were clothing, footwear and personal accessories and gifts.
- Those living independently were more likely to buy furnishings and household goods than those living with family.

Compared with those living with family, young people living independently were more likely to use BNPL to purchase:

- Groceries (20% compared with 11%)
- Clothing, footwear and accessories (87% compared with 69%)
- Furnishings and household goods (72% compared with 38%)
- Health and personal care (42% compared with 29%)
- Education (21% compared with 11%)

FIGURE 7: PURCHASES BY LIVING ARRANGEMENTS



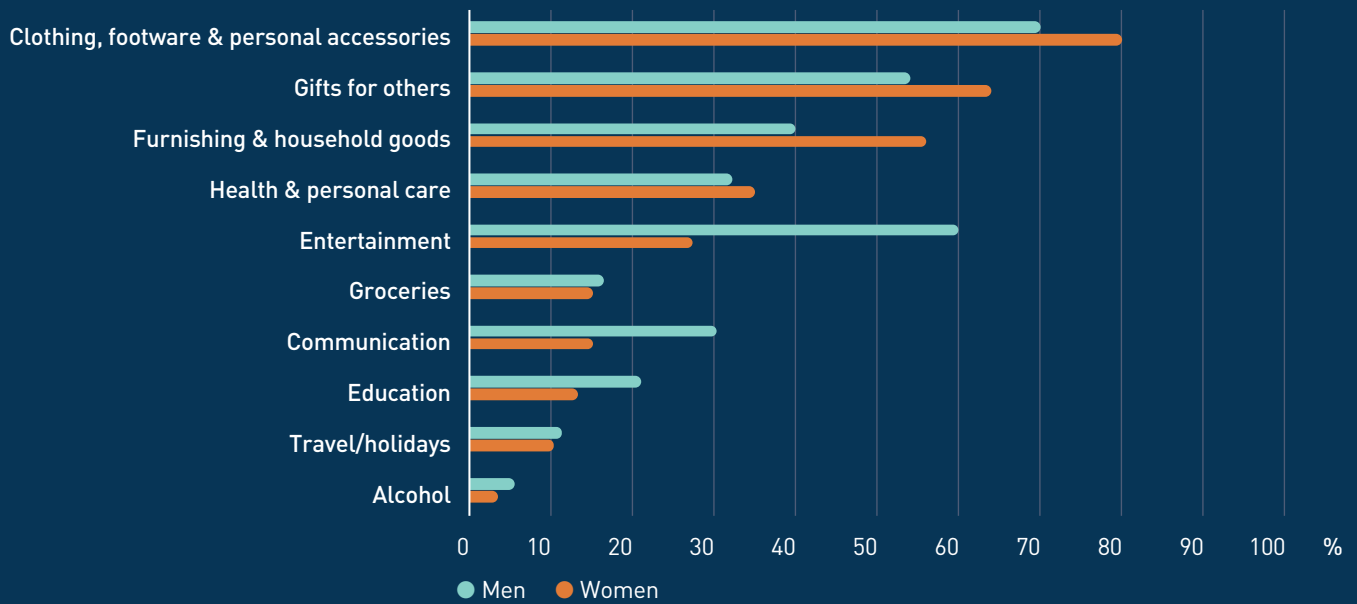
- Young people living independently also tended to owe more (average \$453), compared with those living with family (average \$221). When considering this result, it is worth noting that young people living with family tended to be younger than those living independently and less likely to be working full-time (18% compared with 32% of those living independently).



5.5 PURCHASE TYPE BY YOUNG PEOPLE WITH DISABILITY

- More young people with disability (61%) reported using BNPL compared with other young people (49%).
- Young people with disability were more likely to use BNPL to purchase furnishings and household goods, gifts for others, education, and groceries.

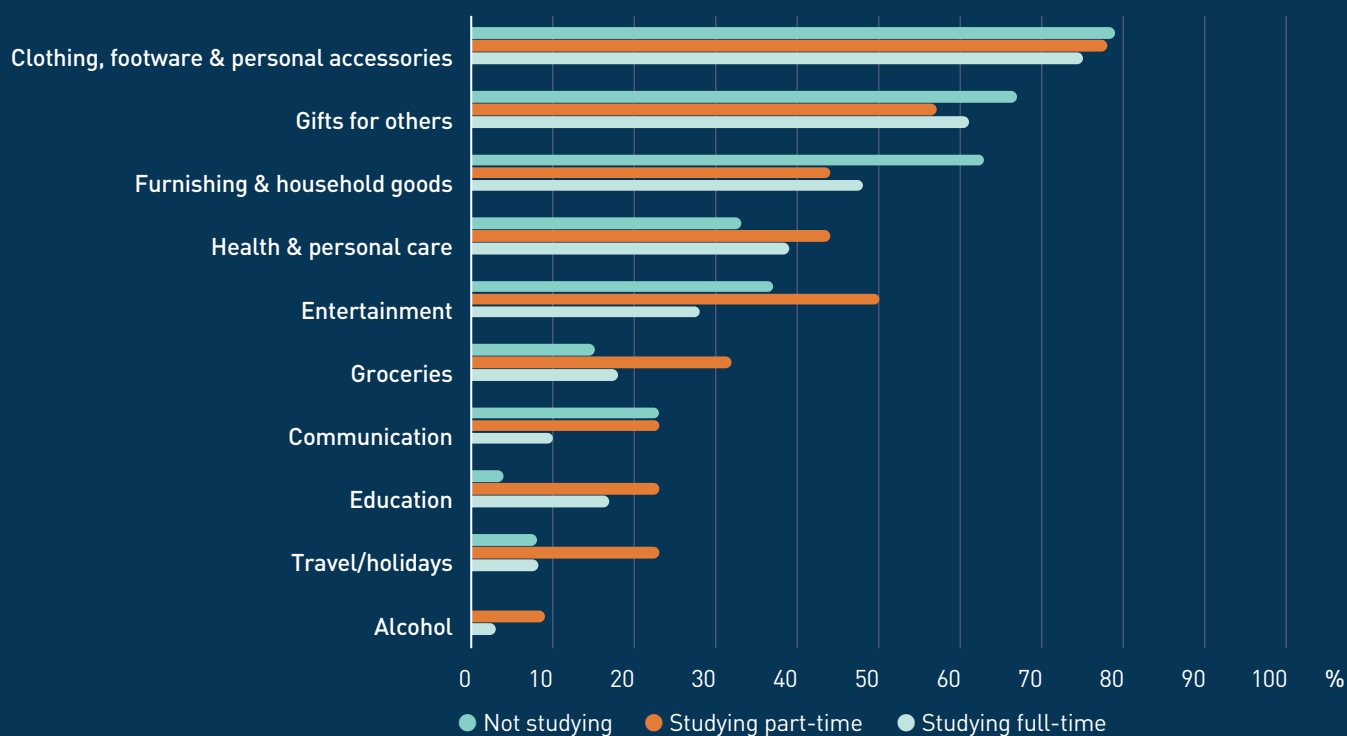
FIGURE 8: PURCHASES BY YOUNG PEOPLE WITH DISABILITY



5.6 PURCHASE TYPE AND STUDENT STATUS

- Young people studying part-time were more likely to report using BNPL at least a few times a month (36%); compared with 18% of those studying full-time and 22% of those not studying. Part-time students were also more likely to report using BNPL to purchase health and personal care, communication, and travel/holidays than those not studying, or studying full-time.
- Students were less likely to report using BNPL to purchase furnishings and household goods. This may be influenced by living arrangements, as students were more likely to be living with family.
- Having a student loan debt only slightly increased the likelihood of using BNPL, with 49% of young people with a student loan debt using BNPL in the past year, compared with 43% of those without a debt.

FIGURE 9: PURCHASES BY LIVING ARRANGEMENTS



6

MANAGING BNPL REPAYMENTS

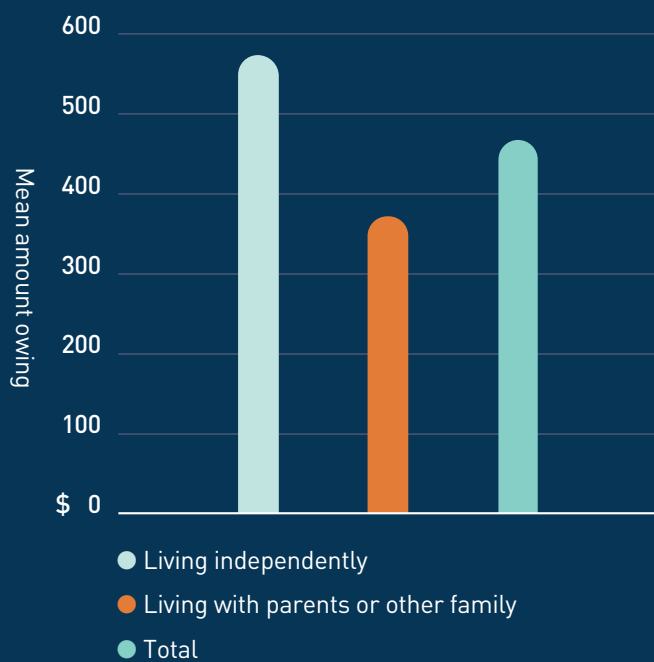
Two-thirds of BNPL users reported BNPL owing for their purchases. This is not surprising given that this is an instalment payment product, however 20% of BNPL users (n=27) did not know or couldn't say how much they owed on all their BNPL. The main distinguishing characteristics between this small group and those BNPL users who did know how much they owed was that a higher percentage were not working (44% compared with 24%).

6.1 HOW MUCH WAS OWED

Of the BNPL users who did owe money, the amount owed ranged from \$18 to \$2900, with half owing \$230 or more, and one in four owing \$500 or more. The distribution was heavily skewed with the vast majority of debt (71%) held by the top twenty BNPL users.

- Overall, the average amount owed on BNPL by young people was \$467.
- For young women owing money on BNPL, the average owed was \$441 and for young men it was \$540.
- Young people with disability had a higher median amount owing (\$320) than the young people without disability (\$200).
- Of the small number of users who owed \$500 or more, they were more likely to be working part-time, living with family and paying rent or board.
- Young people living independently who owed money on BNPL owed on average \$573, compared with \$371 for those living with family.
- The highest averages owed by age were among young people aged 22 and 23 (\$722 and \$756 respectively).

**FIGURE 10:
AVERAGE AMOUNT OWED
BY LIVING ARRANGEMENT**





6.2 HOW YOUNG PEOPLE MANAGE BNPL PAYMENTS

The survey asked young people to indicate all the methods they used to make BNPL instalment payments. The most common method was debit card or direct debit, with 93% of respondents indicating they used that method for some or all their payments.

40% of respondents used more than one method for instalment payments.

35% reported using PayPal to pay BNPL.

Overall, nearly one in four young people who use BNPL, used credit cards to make payments (23%). However, this varied by gender, with only 19% of young women using credit cards compared to 29% of young men.

Of those who used credit cards to make their BNPL payments (n=28), half owed some money on their BNPL account, ranging from \$24 to \$1,200, with half owing \$150 or more.

Eight of the 12 respondents who 'didn't know/couldn't say' how much they owed were using credit cards to make BNPL payments.

Those living independently from family were 16% more likely than those living with family to use a credit card for BNPL payments.

Young people living with their family in metropolitan Sydney were 16% less likely than those living with family in regional NSW to use a credit card for BNPL payments. Young women living independently were 40% less likely than males living independently to use a credit card for BNPL payments.

Those who spoke a language other than English at home were 7% more likely than those who spoke only English at home to use a credit card for BNPL payments.

Those with an Indigenous background were 6% less likely to use a credit card than those from a non-Indigenous background.

Young women living with family in metropolitan Sydney were 9% less likely than males living with family in metropolitan Sydney to use a credit card.

Those living with disability were 19% more likely than those not living with disability to use a credit card to pay for BNPL.

Young people in the highest SEIFA quintile were the lowest users of all forms of payment other than direct debit.

Young people living with their family in metropolitan Sydney were 16% less likely than those living with family in regional NSW to use a credit card for BNPL payments.

Only 9% (n=12) of BNPL users had received a late fee or missed a BNPL payment in the previous four weeks. Seven of those respondents indicated how much they owed. This was an average \$938.

TABLE 7: BNPL PAYMENT METHOD BY DEMOGRAPHIC

Demographic	Debit card or direct debit from bank account (%)	Credit card (%)	PayPal (%)	BPAY (%)
Gender				
Female	93	19	31	6
Male	91	29	41	9
Speak a language other than English				
No	95	20	34	6
Yes	88	27	38	9
Location				
Sydney Metro	90	26	31	4
Rest of NSW	94	20	38	9
SEIFA Quintile				
Lowest Quintile	86	26	40	0
2	92	30	40	5
3	86	31	36	19
4	100	14	50	7
Highest Quintile	100	9	21	0
Living with disability				
No	93	21	37	8
Yes	90	26	22	0
Carer				
No	93	21	35	7
Yes	90	33	38	13
Employment status				
Not working	90	29	46	11
Work full-time	94	23	29	3
Work part-time	94	17	32	7
Casual	89	24	38	10
Education status				
Studying part-time	88	26	27	23
Studying full-time	94	22	42	5
Living circumstances				
Live with family	89	20	31	9
Live independently	98	26	38	4
Pay rent or board				
No	90	21	39	8
Yes	95	20	31	5

7

ATTITUDES TOWARDS BNPL SERVICES

276 young people answered the open text question, “thinking overall, how do you feel about Buy Now Pay Later products?”.

The responses to this question fell into three broad categories - positive, negative, and mixed feelings about BNPL. There were also distinct differences in the attitudes toward BNPL between users and non-users of BNPL.

The positive feelings toward BNPL included that it was:

- easy to use
- useful
- convenient
- good for when you were low on money or for purchasing unaffordable items
- helpful with budgeting

The negative feelings included:

- fear of missed payments
- it encourages debt
- it promotes overspending
- they (the platforms) are untrustworthy

While the comments of those that had mixed feelings tended to be generally positive, these young people also expressed some reservations about the services – either for themselves, or out of concern for how it might impact others.

Overall thoughts on BNPL	BNPL Users (%)	BNPL Non-users (%)
Positive only	63	26
Negative only	12	56
Mixed	25	18

Thoughts on impact of BNPL on others

Positive impact on others	62	26
Negative impact on others	31	68
Mixed impact on others	8	5



7.1 ATTITUDES OF BNPL USERS

ALMOST TWO THIRDS OF BNPL USERS HAD ONLY POSITIVE COMMENTS TO MAKE ABOUT BNPL COMPARED TO JUST OVER A QUARTER OF NON-USERS.

JUST ONE IN EIGHT BNPL USERS HAD WHOLLY NEGATIVE COMMENTS ABOUT BNPL COMPARED TO OVER HALF OF NON-USERS.

ONE THIRD OF BNPL USERS THOUGHT THE SERVICES HAD A NEGATIVE IMPACT ON OTHERS COMPARED TO 68% OF NON-USERS.

Comments included:

“It’s really helpful and easy to use.”

“It’s convenient to pay later when I’m ready to.”

“I appreciate being able to use BNPL as I can pay in instalments.”

“[BNPL] is a unique concept that is helpful for uni students like me.”

“It works well for me between pay periods.”

“I feel quite positive about them as I am easily able to manage my payments.”

“Allows me to buy more stuff at once with my limited income and pay along.”

“Great as you can slowly repay back what you owe while being able to afford other goods.”

“They are very helpful in purchasing things that I want or need without being worried about not being able to repay other debts or even eat.”

“I like being able to pay in instalments with no interest. I bought my first pair of doc martins on Layby (the old way of paying off and then getting them). I like that I can now have what I want now and still pay it off.”

“Convenient and helpful for situations when you need something but don’t quite have the money for it just yet.”

“I am glad that buy now pay later products are available. They have allowed me to buy things over time, which makes it easier for me to manage my money each week.”

“Overall I really like using Buy Now Pay Later products. It lets me buy essentials that I need asap that would otherwise be almost impossible to save for.”

A further 33 comments from users were mixed. While they tended to be generally positive, users also expressed some reservations about the services – either for themselves or out of concern for how it might impact others.

For example:

“They are really good but can be dangerous depending on who’s using them. I personally only use it after I’ve paid off something. So I will never use [A]fterpay for multiple products at the same time.”

“Good! They help me manage my finances but also stress me out by having to think of more liabilities to consider financially.”

“[W]ould prefer not to use them if I had a choice.”

“I am ambivalent. On the one hand, it is liberating to be able to buy things you want/need (I’ll be honest, in my case it’s mostly *want*) that may otherwise be too expensive for one to afford, but on the other hand, I have found that it has fuelled my online shopping addiction and I have allowed it to get out of control to the point I prioritise on time repayments over e.g. saving for utilities, purchasing nutritious/enough groceries, etc.”

“I don’t like them but I need them because banks won’t give me a credit card, which I would much prefer to use as it builds credit history.”



AN ANALYSIS OF THE 24 YOUNG PEOPLE WHO REPORTED THAT THEY DID NOT KNOW HOW MUCH THEY OWED ON BNPL SERVICES REVEALED THAT 18 HAD ONLY HAD POSITIVE COMMENTS TO MAKE ABOUT BNPL SERVICES.

For example:

“I think they are a great way to get what we want these days when we need them as we are not always able to buy things immediately due to financial strains.”

“It works well for me between pay periods.”

7.2 ATTITUDES OF NON-USERS

Comments from non-users fell into several distinct categories. This included those who:

- avoided it because of concerns it would be bad for them financially
- considered it fine for others, “but not for me”
- preferred to pay up front for anything they purchased
- did not need the service
- did not trust the concept behind the product, and considered it exploitative
- felt they had insufficient information to make an informed decision.

The following quotations are illustrative of the range of views expressed:

“I think they encourage a vicious cycle of debt. You should always pay for items in full rather than receiving them first.”

“I’d rather not use it because I might forget about the payments.”

“I don’t think I would ever use them because I don’t buy things that I don’t have the money for and I don’t want to pay interest.”

“I am not very informed about these products, however, I personally would not consider using them and they seem to make money off of people that cannot pay the interest and money back within a certain period of time. As such, I would prefer to just not purchase a product if I had to resort to BNPL products.”

“I have never used them. I understand their usefulness to others who may not have funds to purchase products then and there but personally, I prefer to only purchase products if I can afford them at the time. I have also had several friends use these services and find themselves using most of their weekly wages to pay off their debt.”

“Awesome for some people with lower income who need staple items, e.g. Shoes for work. And I can see how this would help people who are very in control of their spending. As for me? It’s toxic to me. I don’t know how but I keep telling myself that I can’t afford this \$400 item but I’m like oh yes I can afford 4 fortnightly payments of the \$100. And find myself spending my future money, therefore requiring me to use the buy now pay now items for my everyday things. As I’m only 19 and don’t meet credit card requirements.”

“I think it is absolutely disgusting that these apps exist and prey on young people who might not necessarily have the funds or the knowledge to deal with the pressures that consumerism puts on them to constantly buy things. Often it leads to debt and debt is very hard to get out of.”

“They prey on people who can’t make repayments later and financially hurt them.”

“Manipulative, encourages excess consumption and purchasing. Tricks people into thinking they can afford something even though they cannot its full price at the time.”

7.3

SUMMARY OF ATTITUDES TOWARD BNPL

Based on the responses, young people appear to be using BNPL services responsibly and applying their judgement.

Many users noted that there were risks but considered these to be outweighed by the benefits of a post-purchase payment system (e.g. “They’re useful and a good thing but you have to be careful.”).

Those who were worried about forgetting or missing a payment tended not to use BNPL, while those who did use BNPL did not appear to be concerned about their level of debt.

A small number of young people reported that they had stopped using BNPL as they had overspent.

There were a variety of views amongst non-users of BNPL. Some were neutral (e.g. “Not something I would use, but can understand its interest for others”); considered they didn’t need it (“I don’t think it’s really necessary for my age”); or felt they did not know enough (“I’m not sure how it works so I have not used it”).

The majority of negative comments towards BNPL services, came from young people who had never used these services. Amongst this group there is a strong perception that BNPL services are dangerous and can lead people into debt.

While some of the young people who expressed such sentiments were concerned for themselves (e.g. “I do not use them for fear of not being able to pay back money owing...”; “I do not want to be in debt”), others were worried about the well-being of others (e.g. “It is an easy and slippery slope into debt for many.”; “They are dangerous...[t]hey target poor populations.”).



8

APPENDIX A – SURVEY

You are invited to take part in a research study about the use of Buy Now Pay Later services by young people aged 18-24. The research is conducted by the University of Technology Sydney Institute for Public Policy and Governance on behalf of the NSW Council of Social Services and Youth Action.

The survey will take approximately 10 minutes to complete, and completing this survey is entirely voluntary. Your responses will remain anonymous, confidential, and private.

By participating in this survey:

- I understand that my responses will be anonymous. I understand the purpose of the study, what I will be asked to do, and any risks/benefits involved.
- I understand that being in this study is completely voluntary and I do not have to take part.
- I understand that my survey responses cannot be withdrawn or changed once they are submitted.
- I understand that information about me will be stored securely and will only be used for purposes that I have agreed to.
- I understand that information about me will not be given to others without my permission, except as required by law.
- I understand that the results of this study may be published, and that publications will not contain my name or any identifiable information about me.

What is your age?

- Under 18 19 20 21
 22 23 24 25 or above

If Under 18 or 25 or above:

Thank you very much for your interest in this survey, but we are only looking for the experiences of 18-24 year olds. We do think your views and opinions are important, so if you would like to participate in future research by NCOSS or Youth Action that is relevant to you, please click Yes below and we can add you to our list. This list will only be used for research purposes.

- Yes, I would like to be contacted for other research projects

What is your first name?

What is your last name?

What is your email address?

In this survey, we are particularly interested in your views or experience with Buy Now Pay Later (BNPL) products.

These include Afterpay, Zip Pay, Payright, Openpay, Humm, Klarna, Brighte, Bundll, Laybuy and LatitudePay

1. Thinking overall, how do you feel about Buy Now Pay Later products?

2. How often do you use Buy Now Pay Later services to make purchases?

- I never use them
 I use them only a few times a year
 I use them a few times a month
 I use them at least once a week

3. Have you used any of the following Buy Now Pay Later services to make purchases in the last 4 weeks?

No	Yes	Afterpay
No	Yes	Zip Pay Payright Openpay Humm
No	Yes	Klarna
No	Yes	Brighte
No	Yes	Bundll
No	Yes	Laybuy LatitudePay OzSale/OurPay

4. Do you use Buy Now Pay Later products to purchase:

No	Yes	Gifts for others
No	Yes	Groceries Alcohol
No	Yes	Clothing, footwear and personal accessories
No	Yes	Furnishings and household goods
No	Yes	Health and personal care
No	Yes	Communication Entertainment Education Travel/holidays

5. How much do you currently owe on all your Buy Now Pay Later products?

(just enter the number - you don't need to enter '\$')

- I owe (in dollars) _____
 Don't know/can't say

6. How do you typically make repayments for Buy Now Pay Later purchases?

No	Yes	Debit card or direct debit from my bank account
No	Yes	Credit card
No	Yes	PayPal
No	Yes	BPAY
No	Yes	Pre-paid card
No	Yes	Don't know/can't say
		Other (please specify) _____

7. In the last 4 weeks have you received a late fee for your Buy Now Pay Later purchases?

- No Yes

8. In the last 4 weeks, how many times have you have missed a payment or received a late fee for your Buy Now Pay Later purchases?**DEMOGRAPHICS**

Finally, we want to ask you a few questions about yourself. All of this information will be kept confidential and not shared with anyone outside this project.

10. Which gender do you identify with?

- Female Male Non-binary / gender diverse
 My gender identity isn't listed. I identify as: _____
 Prefer not to say

11. In which postcode do you live? _____**12. Do you speak a language other than English?**

- No, English only Mandarin Italian Arabic
 Cantonese Greek Vietnamese
 Other (please specify) _____

13. Are you of Aboriginal or Torres Strait Islander origin?

- No Yes, Aboriginal
 Yes, Torres Strait Islander Yes, both Aboriginal and Torres Strait Islander
 Prefer not to say

14. Are you currently working?

- I am not currently working Yes, working full-time Yes, working part-time

15. With respect to your main job, are you employed as a casual or on a fixed-term contract:

- Casual Fixed-term contract

16. For how many weeks have you not been working? _____

17. Are you currently a part-time or full-time student at a TAFE, university or other educational institution?

- Yes, studying part-time Yes, studying full-time I am not studying

18. Do you currently have a student loan debt (e.g. Higher Education Loan Program HELP debt)?

- No Yes

19. Which of the following best describes your current living arrangements?

- Living with my parents Living with other family Living with my partner
 Living in a sharehouse Living alone
 Other (please specify) _____

20. Do you pay rent or board?

- No Yes Prefer not to say

21. Are you living with a disability?

- No Yes Prefer not to say

22. Are you caring for someone in your household?

- No Yes

THANK YOU VERY MUCH FOR COMPLETING THIS SURVEY.

We are planning to hold an online forum soon with a group of young adults to discuss the issues around Buy Now Pay Later services that come out of this survey. Participation in this forum will be anonymous. If you would like to participate in this forum, click Yes below.

If you would like to participate in other research by NCOSS or Youth Action that is relevant to you, please click Yes below and we can add you to our list. This list will only be used for research purposes. We can also enter you in a draw for \$100 voucher as a thank you for completing the survey

- Yes, I would like to participate in the online forum
 Yes, I would like to be contacted about future research



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