



Insights into the Future of BNPL

What will Buy Now Pay Later look like post-regulation? We asked 300+ merchants.

With Buy Now Pay Later (BNPL) expected to be regulated as a credit product, the Equifax 2023 BNPL Merchant Survey reveals some fascinating insights into an industry in flux.

THE POSITIVES OF LEGISLATION



57%

of merchants believe legislation will have a positive impact



59%

of merchants believe legislation will protect young customers



63%

of merchants believe legislation will encourage more businesses to adopt BNPL

THE CHALLENGES OF LEGISLATION



48%

believe legislation will make it harder for customers to get approval & usage will drop



52%

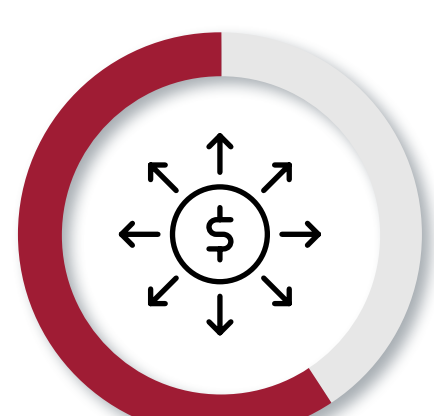
believe legislation will see smaller BNPL businesses bought out by banks/bigger companies



43%

believe legislation will prompt a switch back to traditional credit

While some merchants are concerned about the downsides of legislation, most believe it could be a positive development for sustained BNPL growth and profitability.



59%

view BNPL as important for financial inclusion

THE OPPORTUNITIES OF BNPL

Ensuring BNPL providers evaluate consumer creditworthiness and aren't enablers of debt are vital concerns for regulators across the globe. In introducing reforms to Australia, regulators aim to strike the right balance between consumer protection and innovation.

Our survey identified four trends that are expected to emerge post-legislation

1

BNPL will help increase purchase value size responsibly



Top 3 reasons BNPL appeals to merchants:

- ✓ Increase average sale size
- ✓ Attract new customers
- ✓ Make larger purchases more affordable

BNPL provider opportunity: Use data and risk analytics to identify profitable micro-segments of BNPL customers.

2

Merchant services and fees will improve



What merchants want from BNPL providers:

- 55% - improved services
- 49% - more flexibility in fees
- 47% - better packages

BNPL provider opportunity: use data segmentation to find trustworthy merchants with the right economics to partner with.

3

Trust in BNPL safety & security will increase



When asked whether merchants associate BNPL with safety and security:

- 43% said somewhat
- 30% said not very
- Only 24% said *strongly* associated.

BNPL provider opportunity: use quality data assets, machine learning and AI technology to demonstrate to regulators that the appropriate safeguards are in place against fraud, data loss and consumer defaults.

4

BNPL will unlock new revenue streams



Nearly 3 in 5 merchants predict BNPL will expand into new areas of saving, spending, debits and investing.

Merchants believe the BNPL leaders of tomorrow will be adept at challenging the status quo and diversifying to meet customer needs.

BNPL provider opportunity: use advanced data and analytics to gain insights into consumer behaviours to better identify growth opportunity indicators like customer lifetime value, life stages and next-best product for cross-selling and upselling.

Contact our sales team to discover how Equifax can help BNPL providers build profitability while promoting responsible lending with positive consumer outcomes.

solutions.equifax.com.au/bnpl-enquiry

Download BNPL Whitepaper

*The insight contained within this infographic is derived from the Equifax BNPL Merchant survey of 313 respondents, representing owners and directors from Australia's medium size merchant businesses.