

MEDIA RELEASE

Friday, 17 September 2021

NEW RESEARCH INTO YOUNG PEOPLE AND BUY NOW PAY LATER PRODUCTS REVEALS LARGELY POSITIVE EXPERIENCE, BUT QUESTIONS REMAIN

Young people across NSW are largely using Buy Now Pay Later (BNPL) services to responsibly manage their finances and access goods and services otherwise out of reach, new research suggests.

But while many young people reported a positive experience with the platforms, 20% of users reported not knowing what they owed and 22% of users were relying on credit cards to pay for BNPL.

Commissioned by NCOSS, in partnership with Youth Action, the research reveals how and why young people across NSW are using these increasingly popular new payment platforms.

“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,” NCOSS CEO Joanna Quilty said.

“The results 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.”

Youth Action CEO Kate Munro said the research provided important insights into how young people across NSW were using these new financial products.

“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 NSW, which need to be addressed,” Ms Munro said.

The research presents findings from a survey of 297 young people (aged 18-24) in NSW, including Aboriginal and Torres Strait Islanders, people with a disability and those with caring responsibilities.

Some key findings include:

- With just under half of the young people (49%) surveyed reported using BNPL, the majority of BNPL users were positive about their experience with the new payment platforms.
- 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.
- BNPL platforms are also more likely to be used by younger people in low and medium socioeconomic areas.
- 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.
- 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%).

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

Ms Quilty said the research raised a number of important questions which needed further examination.

“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.”

To access the research, visit [here](#).

For more information about NCOSS, visit: www.ncoss.org.au

For more information about Youth Action, visit: www.youthaction.org.au

Media contact: Nick Trainor 0407 078 138