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Youngest, lowest income earners most likely to pay Buy Now, Pay Later late fees

The last 12 months has seen a significant shift in spending behaviour of Australian consumers - what they are buying, how they are buying, and the way they are choosing to manage their finances. But at what cost?

Australians are increasingly cancelling credit cards and shunning cash in favour of debit cards and digital payment methods offering interest-free payment instalments, namely, Buy Now, Pay Later (BNPL).

According to recent findings from a DBM & Finto study about BNPL*, over half (53%) of all those surveyed have used at least one BNPL system with highest usage recorded by female consumers (57%), though their male counterparts are catching up.

BNPL is also predominantly used by younger people with more than two thirds (68%) of 25-39-year-olds having previously used it; according to the survey.

While this payment method provides simplicity, flexibility and affordability relative to other forms of credit, for those unable to make repayments, debt can quickly accrue.

ASIC reported in 2020 that one in five BNPL users have foregone essentials like food to meet their repayments.

A recent DBM & Finto study found 1 in 6 (16%) BNPL users have previously been charged late or additional fees.

Concerningly, this figure is almost twice higher amongst the youngest users, with 30% of 18-24-year-olds previously being charged for missing a payment.

"Missed payment fees are most likely to be incurred by those with the lowest incomes; 23% of those earning less than \$30k per annum were charged late fees," says Tony Williams, DBM Consultants Executive Director.

With a host of new entrants capitalizing on the burgeoning BNPL market, the prospect of tighter self-regulation and credit checking will be necessary to help quell the increasing scrutiny of industry regulators.

Williams says there is also strong support for tighter regulation from consumers themselves.

"Our survey revealed that almost two thirds (64%) of respondents believed BNPL needs more financial regulation," he adds.

About DBM Consultants

[DBM Consultants](#) is one of Australia's leading market research and consulting companies and part of the APAC-wide Illuminera Group. A specialist research and insights consultancy with 30 years' experience, over 50 financial

services brands use DBM metrics. DBM has deep experience in financial services, telecommunications, government, energy, media and education sectors.

About Fonto

[Fonto](#) is a next generation consumer data business that seamlessly integrates daily transactional information with survey responses to create a unique data ecosystem. Businesses in any category can access rapid insight into the changing dynamics within their markets and the broader consumer landscape.

** About the DBM + Fonto survey: National survey of 2,100 Australians conducted in August 2021.*

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