

GETTING BY ON BUY NOW

Half of Buy Now Pay Later Users buying essential items

- 30% of Australians have a Buy Now Pay Later account, equating to 5.8 million users
- Nearly two million Buy Now Pay Later users uncertain how they will pay for future outgoing payments as Covid19 unemployment and wage reduction hits
- Half of users buying essential items on Buy Now Pay Later to 'get by'
- Buy Now Pay Later customers in trouble urged to call providers and seek financial assistance

12 May 2020: New research from comparison site Mozo.com.au has found that half of Buy Now Pay Later (BNPL) users are putting essential items like food, warm clothing and appliances on their accounts, using the platform for necessary purchases. As the strain of Covid19 takes its toll, one third of Buy Now Pay Later (BNPL) users are concerned about their outstanding accounts, stating they're 'not sure' how they will pay for outgoing payments.

Nearly 70% of users admitted they are feeling 'financially stressed' about purchases they have made with one in four BNPL users opting to cancel their account in the last three months. For many, getting rid of Buy Now Pay Later is not an option with scheduled payments still set to come out of their account. Half of Aussie BNPL users admitted they were buying essentials on the platform to 'get by'.

"Many Buy Now Pay Later users are financially stressed and struggling to meet their payment obligations. If you do find yourself uncertain about how you're going to make repayments, be proactive about your situation and reach out to your provider. Don't wait for the late fees to hit. Providers like Afterpay will make an assessment based on your financial situation, whether that's the need for a time extension or changing the repayment amount," says Kirsty Lamont, Mozo Director.

"Buy Now Pay Later can be a good way to manage your cash flow, but before you make a purchase, weigh it up and ensure it suits your financial situation."

Mozo research found that a sizable 60% of BNPL users indicated that smaller digestible payments were influencing them to make purchases they wouldn't normally make, highlighting that Buy Now Pay Later options can make it very enticing to spend. One in four users are hiding their purchases from loved ones, indicating that a number of users aren't proud of their spending habits.

Under Covid19 lockdown clothing remained the most popular category of spending (30%) but this was followed by essential items like groceries (12%) and food and beverages (12%). Non-essential spending on items like electronics, homewares and self care experienced a decrease in purchasing frequency.

Hannah May from WA is an example of one of many young Aussies who have made the call to shut down her Buy Now Pay Later account due to the financial uncertainty Covid19 presented. She had her account for two years but found she was spending beyond her means.

“I definitely used Buy Now Pay Later for spur of the moment purchases on clothing and skincare but towards the end, my spending escalated to \$500 a fortnight. I became sick of living paycheck to paycheck and now that I’ve closed off my account I’m not tempted to spend beyond my means,” she said.

Those aged 25-34 are the most likely to shut down their Buy Now Pay Later accounts with 38% doing so in the last three months. Men are more likely than women to cancel their accounts while women are more likely to hold multiple accounts.

“Buy Now Pay Later has enjoyed a meteoric rise in Australia with user numbers growing from 400,000 in 2016 to two million in 2018, but Covid19 has proven to be a curveball that no one could foresee. The future of Buy Now Pay Later is looking a little more shaky - one in four users cancelling in the past three months is a sizable exodus,” says Lamont.

-ENDS-

For data or interviews requests contact:

Gemma Rasmussen at Mozo

PH: 0400 689690

E: gemma.rasmussen@mozo.com.au

Notes on calculations:

Mozo commissioned a survey of 1017 Buy Now Pay Later users conducted from 16 to 20 April, 2020. Users were asked about their Buy Now Pay Later habits. All data from that survey have been reported on, apart from two statistics - 60% of BNPL users indicated that smaller digestible payments were influencing them to make purchases they wouldn't normally make while one in four users were hiding their purchases from loved ones. This is from a Mozo of 1032 respondents and survey them on their Buy Now Pay Later habits between 8-9 October, 2019.

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