

CAPCO

A UK SURVEY OF CONSUMER ATTITUDES TO BNPL



METHODOLOGY

During September and October 2020, Capco conducted a survey on the rise of Buy Now, Pay Later (BNPL) personal finance offerings. We set out to understand BNPL usage and where it fits in the wider consumer credit industry, as well as key trends for consumer spending habits and differing levels of financial education. The report represents a broad range of respondents, across six individual age demographics (18-24, 25-34, 35-44, 45-54, 55-64, 65+).

The survey was conducted in conjunction with **Brandwatch Qriously**¹, a market research and polling company that offers an online service to measure location-based public sentiments in real-time. We collected responses from 2,016 individuals;

all were UK-based, with the majority located in and around England's major cities, including London, Manchester, and Birmingham.

Out of the total sample size, 996 of respondents were male and 1020 were female. Individuals were distributed fairly evenly across our six age categories, with the 65+ demographic accounting for the highest proportion of respondents. However, the sample size varied between each question, depending on how the respondent answered. This feature, known as 'skip logic', changes the question a respondent sees next based on how they answer a question.

1. <https://www.brandwatch.com/products/qriously/>

INTRODUCTION

Buy Now Pay Later (BNPL) is a point-of-sale personal finance proposition, which like its title suggests, allows consumers to take a product and delay or stagger the payment. This flexible credit option has grown in prominence and popularity in recent years, namely with the emergence of Klarna, a Swedish digital bank and leading BNPL provider which came to the UK in 2014.² Over the past year, more than ten million people in the UK have purchased products or services through a BNPL scheme.³

Globally, BNPL is a fast-moving market, and today's providers are predominantly non-traditional lenders, such as fintechs and challenger banks. In October 2020, PayPal began offering three-part instalments in the UK (known as PayPal Credit 'Pay in 3')⁴, and Danish challenger Lunar's CEO shared his plans to enter the Nordic BNPL market.⁵ Over in Australia meanwhile, there was news that the bank Westpac had signed BNPL firm Afterpay as the first user of its banking-as-a-service (BaaS) platform to offer "customer-centric alternatives to traditional banking products" in 2021.⁶

So, what's so special about BNPL? The transparency of repayment mechanisms and slick customer journey present a new and appealing route to credit that attracts a broad customer base. A study conducted by Klarna and Researchscape⁷ revealed that 47 percent of people surveyed would like to be presented with an instant financing option whilst shopping online.

Unlike conventional credit checks, BNPL's online credit assessments are carried out in real-time and often have no impact on an individual's credit rating. BNPL products offer consumers instant financing results in near-immediate purchase approval that has the additional upside of helping merchants to increase conversions and drive more sales. Then when payments are due, BNPL sends alerts (by email or app) and offers automated repayment options to minimize the risk of missed payments and hence potential debt.

There have, however, been concerns about the transparency of BNPL payment terms. In June 2019, the Financial Conduct Authority (FCA) published its feedback and final rules⁸ on BNPL credit, to provide clearer information to consumers about BNPL offers; forbid providers from backdating interest on amounts of money that have been repaid by the consumer during the BNPL offer period; and make sure providers are proactively reminding customers when their BNPL offer period is about to end. In July 2020, the FCA issued temporary guidance for BNPL providers on customers financially impacted by COVID-19⁹, and have laterally proposed extended leniency measures due to the second UK lockdown¹⁰. Unsecured credit providers have also been told to expect further updates from the FCA in 2021¹¹.

This enhanced regulatory focus, coupled with growing BNPL usage, demonstrates that BNPL is here to stay. As new market entrants continue to disrupt this space, we have taken this opportunity to delve deeper into what consumers think, where BNPL fits within the wider consumer credit industry, and how banks – as trusted providers – can themselves take advantage of this new lending channel.

2. <https://www.nytimes.com/2014/08/25/technology/klarna-an-online-payment-system-popular-in-europe-eyes-global-expansion.html>

3. <https://www.which.co.uk/news/2020/01/can-shopping-with-klarna-clearpay-or-laybuy-hurt-your-credit-score/>

4. <https://www.pymnts.com/news/payment-methods/2020/paypal-expands-bnpl-pay-in-3-option-to-uk/>

5. https://techcrunch.com/2020/10/23/nordic-challenger-bank-lunar-raises-e40m-series-c/amp/?__twitter_impression=true&s=08&guccounter=1

6. <https://www.fintechfutures.com/2020/10/afterpay-signs-up-to-westpac-banking-as-a-service-platform/>

7. <mailto:https://www.klarna.com/knowledge/articles/instant-financing-heres-what-you-didnt-know/>

8. <https://www.fca.org.uk/news/press-releases/fca-publishes-final-rules-buy-now-pay-later-products>

9. <https://www.fca.org.uk/publications/finalised-guidance/rent-own-buy-now-pay-later-and-pawnbroking-agreements-and-coronavirus-updated-temporary-guidance>

10. <https://www.pymnts.com/loans/2020/united-kingdom-financial-conduct-authority-gives-six-more-months-loan-holidays/>

11. <https://www.fca.org.uk/publication/call-for-input/woolard-review-unsecured-credit.pdf>

EXECUTIVE SUMMARY

Since 2014, when Klarna first launched in the UK, a wave of similar BNPL start-ups have succeeded in accessing funding and avoiding strict regulation to accelerate their growth. Indeed, Worldpay's 2020 payments report¹² revealed that BNPL providers in the UK are on course to double their market share of online purchases by 2023. But as regulators begin to impose stricter rules within this sector, and as the economic fallout of COVID-19 continues, what does this mean for the future of BNPL – and what opportunity does it present for banks?

The ethics of BNPL are very much the focus of public debate and scrutiny: a 'new death trap for millennials' and 'selling

debt as a quick fix during an economic crisis'^{13,14} are two of the less flattering judgements. The marketing and messaging around BNPL is often friendly and conversational in tone, with an emphasis on convenience, personalization, and ease. But the attraction for merchants is clear: leading BNPL player Klarna claims to increase average order value by 68 percent¹⁵. BNPL providers also seek to leverage the power of influencer marketing, which raises ethical questions, particularly given the youthful profile of some of the customer segments targeted by providers. However, that is not to suggest that opinions around BNPL are necessarily negative.

13. <https://www.ft.com/content/8c751ac6-bb63-11e8-94b2-17176fbf93f5>

15. <https://www.klarna.com/uk/business/campaign-instalments/>

OUR KEY FINDINGS:

1. BNPL COULD RISK PUTTING PEOPLE INTO DEBT.

Almost half of young respondents (18 – 34) have missed a BNPL payment.

2. FINANCIAL EDUCATION IS LACKING.

There is a popular misconception about BNPL – 44% are unsure whether BNPL means ‘taking on debt’ or ‘deferring a payment’. Among young people (18 – 34 years) this rises to a total of 57%.

3. CONSUMERS WOULD WELCOME BNPL REGULATION.

Over half of consumers surveyed want BNPL products to be regulated (54%); and 52% want providers to consider their credit history before financing is approved

4. THE CREDIT CARD CONTINUES TO BE THE MOST POPULAR FORM OF CREDIT...

74 percent of our respondents use a credit card.

5. ...BUT BNPL IS GAINING GROUND.

Almost half of BNPL users say BNPL is their preferred form of credit (46%) and would like BNPL integrated into their current account or credit card (45%).

6. THE PANDEMIC HAS PROMPTED INCREASED USE AMONG SOME CONSUMERS.

32 percent of respondents say it has increased their spending during COVID-19.

7. MARKET LEADING BRANDS ARE ALREADY ESTABLISHED.

Klarna is the most popular BNPL product with young people; PayPal credit is the most well-known provider across all generations surveyed.

We believe banks should be making a defensive ‘play’ in this space to maintain their existing market share. A number of paths present themselves:

1. Investing in instalment-based products within their existing suite of offerings
2. Creating their own standalone BNPL products
3. Partnering with a BNPL provider to provide either of the above services
4. Further refining their credit card offerings to enhance their appeal to new and existing customers.

1. About our respondents

A 2020 study¹⁶ conducted by pymnts.com revealed that 67 percent of millennials surveyed used BNPL products while shopping. In our study, we wanted to consider the impact of BNPL on a much wider demographic, spanning respondents between the ages of 18 and 65+. We were keen to gauge whether the most popular consumer credit offering – the revolving credit card – was still as popular with consumers, or whether it is now being challenged by BNPL solutions.

Although it might be assumed that BNPL attracts mostly millennial consumers, we found that within our sample of 2,016 individuals, most of those who have used BNPL in the past were in the 65+ age bracket (23 percent), followed by the 25-34s (18 percent) and then the 45-54s (17 percent).

The survey drew a near even split between males and females – 996 for males and 1,020 for females. This helped to give a more accurate representation when looking at the consumer trends of both demographics. Although there wasn't huge variation between genders across our age groups, we found that the older demographics skewed slightly towards a higher percentage of female respondents.

We asked respondents to share their annual individual income between the following salary brackets: up to £15,000; £15,000 – £24,999; £25,000 – £34,999; £35,000 - £44,999; £45,000 - £59,999; and £60,000+. Almost half of respondents (49 percent) chose not to disclose this information; across the remaining 52 percent of respondents, the majority (21 percent) of respondents selected between £15,000 and £35,000 for their incomes.

2. What does BNPL mean for banks?

We know that UK lenders are evaluating opportunities to develop their own instalments propositions, ranging from in-purchase on debit and credit cards, to post-purchase and to standalone capability.

Our survey revealed that almost half of the respondents we surveyed do not use any form of credit, and almost 50 percent

of these respondents did not want BNPL linked with their credit card or in their current account.

However, among respondents who had used BNPL previously, 34 percent said they would welcome BNPL being an integrated feature with their current account or credit card (and 26 percent said not sure).

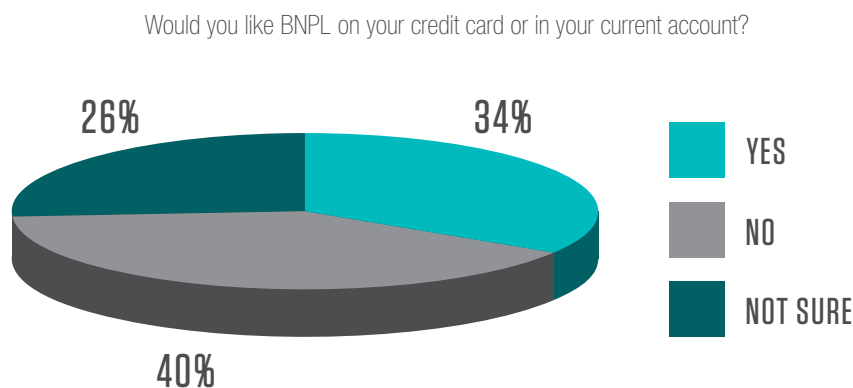


Figure 1: Results filtered by respondents who have used BNPL products.

16. <https://securecdn.pymnts.com/wp-content/uploads/2020/01/PYMNTS-Buy-Now-Pay-Later-January-2020-Tracker.pdf>

Interestingly, for those who have used the two most well-known providers of this survey group (Paypal Credit and Klarna) this rises to almost a 50 percent 'yes' response (44 percent and 49 percent respectively), which demonstrates the impact BNPL has had on their payment choices.

The survey has also revealed that BNPL could be eroding credit card usage, with almost half of respondents who have used BNPL previously stating that they would rather use BNPL over another form of credit (46 percent).

To sustain the profitability of their credit card businesses, banks and other credit providers should consider offering customers the ability to integrate a BNPL payments proposition within their current account or credit card, as a flexible feature, to provide tailored lending propositions to specific customer segments; and to build a standalone feature outside of their traditional card offerings.

Our survey highlighted a number of different consumer behaviours. Despite the rapid rise of BNPL, our data showed that almost half of respondents (45 percent) only use BNPL either a few times a year or less than once a year. However, the rate of BNPL usage is based on how often consumers can use these services, and we know that not everything can be paid

for using BNPL. As BNPL providers expand into more consumer 'verticals', and consumers begin using BNPL across a wider range of purchases, the rate of usage will presumably increase.

BNPL has gained traction across retail industries such as fashion, health & beauty, toys, and electricals¹⁷ but adoption has been slower for larger purchases. Having said that, Klarna seems to be testing the glass ceiling to the available market for BNPL, with Klarna Financing, which is available on products such as bikes (Peloton, Brompton, Raleigh and Halfords), electronics (Samsung) and furniture (Loaf).¹⁸ In order to increase the rate of usage of BNPL, providers will need to look to build a bigger presence in physical stores and enter new industries.

For industries that already have a financing industry behind them – the automotive sector being a prime example – BNPL could struggle to make a real impact. Car financing, for example, is already tied to customer experience. However, we believe there is a compelling case for banks to compete with BNPL providers by expanding into other industries that BNPL may not currently operate in, as their mature credit risk and underwriting capabilities – paired with their access to vast amounts of consumer data – will enable them to better assess risk and offer appropriate lending to their customers.

3. Current providers

BNPL providers have risen in popularity over the past few years, growing by 39 percent annually¹⁹ in the UK alone. Swedish bank, Klarna, was ranked as one of the most highly valued fintechs in Europe with a valuation of \$5.5 billion²⁰ - yet just 10 percent of survey respondents said they had used Klarna. Our survey also revealed that after credit card and point of sale (PoS) finance, PayPal Credit was the most used BNPL provider (19 percent), followed by Klarna (11 percent).

When we looked at the data for some of the other smaller providers, usage dropped further. Only 6 percent of respondents had used ClearPay, 4 percent had used V12 and 3 percent had used OpenPay or LayBuy.

How many of these credit and / or BNPL providers have you used?

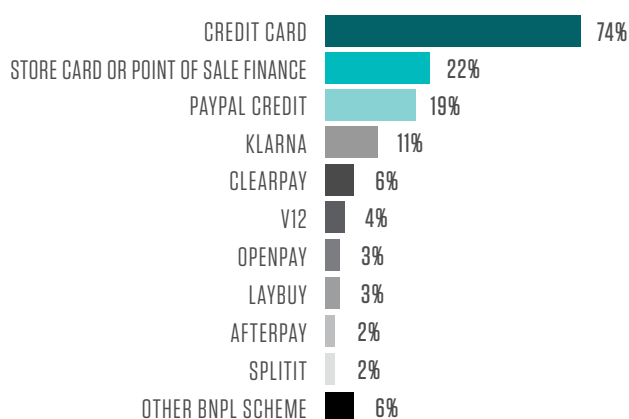


Figure 2: Survey respondents could select multiple credit types

17. <https://www.thisismoney.co.uk/money/cardsloans/article-7966159/Could-buy-pay-later-Klarna-kill-credit-card.html>

18. <https://www.klarna.com/uk/business/products/financing/>

19. <https://thefintechtimes.com/use-of-buy-now-pay-later-products-in-the-uk-set-to-more-than-double-by-2023-finds-new-worldpay-report/>

20. https://www.klarna.com/international/press/new-klarna-data-reveal-that-79-of-consumers-would-rather-be-healthy-than-wealthy-this-holiday-season/

Our research also highlighted which of the BNPL providers customers have missed payments with. Having identified the top three; ClearPay, Klarna and PayPal Credit, we were keen to see how user experience impacts the user journey and how that relates to repayment behaviours.

Of the three, ClearPay users led the pack in terms of non-payments, with 41 percent saying they had missed a payment. They were followed by PayPal Credit users (29 percent of users) and then Klarna users (27 percent of users).

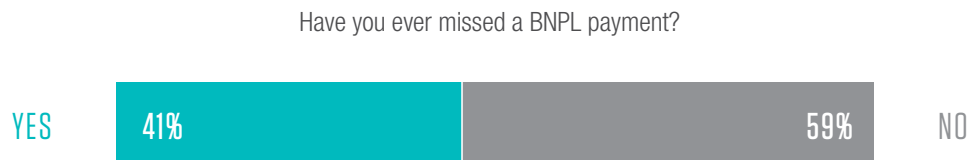


Figure 3: Results for respondents who had previously used ClearPay

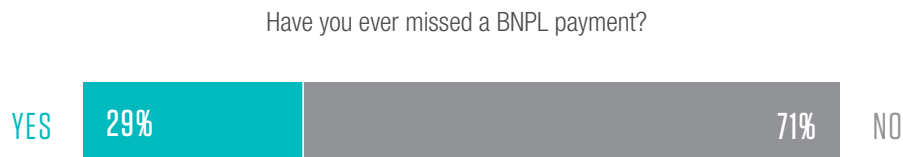


Figure 4: Results for respondents who had previously used PayPal Credit

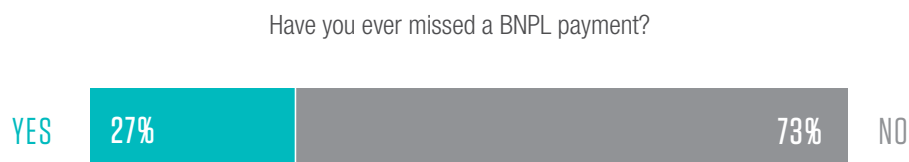


Figure 5: Results for respondents who had previously used Klarna

One interpretation of this data is that repayment may not be as evident as necessary. For some of these providers, (such as Klarna) when you defer a payment for 30 days, the consumer is given the option to turn off auto-pay²¹. Repayment then

becomes the consumers responsibility; it is not an automatic payment taken from the consumers bank account. By placing the onus on the consumer, it is likely that they may forget to make a repayment, which could lead to financial implications.

21. <https://www.klarna.com/us/customer-service/how-can-i-schedule-automatic-payments-autopay-or-turn-it-off/>

4. About our respondents

We also looked at how customers choose to pay, whether via instalments or one lump-sum payment. The majority (71 percent) said they prefer to split the cost into instalments, which all the above providers offer, whether over three, four, or six months.

When using BNPL, how do you typically opt to pay?



Figure 6: Question asked to all respondents who had previously used a BNPL provider

If this consumer preference towards instalments continues, it could pose a threat to incumbents and credit card profitability by attacking their interest income and enabling less affluent demographics to split costs and access credit.

5. Is BNPL viewed as ‘taking on debt’?

We asked respondents whether BNPL has made them spend more, to which 56 percent said ‘No’. Yet the remaining proportion, 44 percent, said ‘Yes’, which is still a fairly substantial figure. Is this because consumers don’t view BNPL as taking on debt? We asked them this very question – do you think BNPL is taking on debt, or just deferring a payment? Our data revealed that 44 percent said they weren’t sure, which could suggest a lack of financial education and could be a cause for concern given that a third of our respondents have used BNPL before. When we broke it down further into the 18-34 group, 57 percent of respondents said, ‘not sure’.

A report by the financial advice site Money.co.uk, “Shop now, stress later²²”, suggests that 18 to 24-year-olds on BNPL schemes such as Klarna, Clearpay, Zilch and Laybuy owe about £225 each. Despite often being labelled as a generation of ‘savvy shoppers’, Money.co.uk suggests that the temptation of using BNPL could be leading consumers into a ‘dangerous cycle of unmanageable debt²³’.

When we looked at the data for our youngest demographic, the 18-34-year olds, almost two-thirds of respondents said that BNPL had made them spend more (62 percent). Similarly, 50 percent of this same cohort we surveyed also admitted to missing a payment.

Have BNPL services made you spend more?

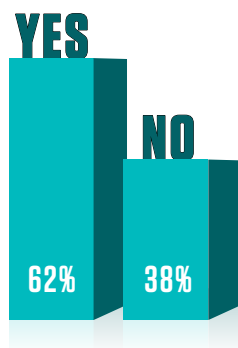


Figure 7: Our Qriously survey responses from 18-34-year-olds

22. <https://www.money.co.uk/guides/generation-debt-trap>

23. <https://www.money.co.uk/guides/generation-debt-trap>

Have you ever missed a BNPL payment?

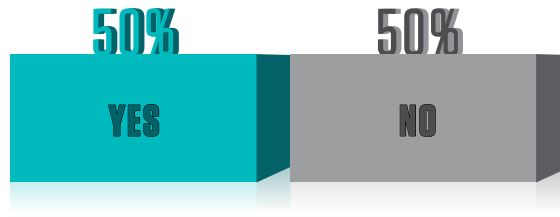


Figure 8: Our Qriously survey responses from 18-34-year-olds

Is this a result of enticing brand marketing from popular retailers or are the repercussions for non-payment not taken as seriously as those associated with more traditional forms of credit? For PayPal Credit, Laybuy and Clearpay, there are financial penalties for late payments and customers can be referred to credit agencies²⁴ (although Clearpay have stated this has not ever happened in their four years of operations²⁵). Klarna²⁶ stated that there is no impact on credit score could potentially encourage bad spending habits, such as revolving debt and an unhealthy attitude towards it.

On the other hand, growth in BNPL usage amongst younger consumers could be a positive. The ability to manage small amounts of debt, without the stress or worry of negatively impacting their credit score, could in theory, assist in improving their financial literacy and money management abilities. However, this would require an existing understanding of debt and good money management!

6. Regulation

BNPL is transforming the way consumers pay. It is rising in both popularity and convenience, yet because of its newness has not been as regulated as more traditional credit products, such as the credit card. To date, the majority of BNPL providers do not

charge customers interest, and therefore currently fall beyond the remit of regulation by the Financial Conduct Authority (FCA). But what does this mean for consumers, and how do they feel about using these offerings?

Do you think BNPL providers should be regulated?

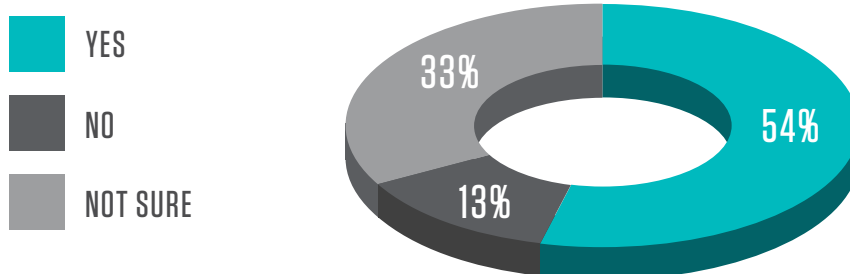


Figure 9: Question asked to all respondents

24. The Era of Buy Now, Pay Later, Capco whitepaper, November 2020.

25. <https://www.which.co.uk/news/2020/01/can-shopping-with-klarna-clearpay-or-laybuy-hurt-your-credit-score/>

26. <https://www.theguardian.com/money/2020/oct/03/klarna-debt-buy-now-pay-later-fees-interest>

54 percent of our respondents said they wanted BNPL to be regulated. An even higher majority of those who use BNPL or other forms of credit support BNPL regulation too (71 percent).

However, we thought it was interesting that out of all respondents for this question, 33 percent were 'not sure' whether BNPL should be regulated. This implies that there is a potential lack of financial education around the risks or understanding of the role of regulatory authorities.

The survey results also revealed that a third of respondents who had used BNPL or credit cards had missed a payment, which may be because of a lack of transparency around penalties. This could have an adverse impact on consumer's credit scores

and their long-term ability to borrow, which is one of the key reasons why the FCA are currently reviewing this new lending proposition.

As BNPL services continue to grow, providers can expect to face greater regulatory scrutiny in terms of transparency and customer treatment, which may create issues for both the providers and their customers. We're seeing buy now, pay later companies like Klarna face a crackdown by the Financial Conduct Authority, as part of a sweeping inquiry²⁷ into lending practices in the unsecured credit market. And in April of this year, the FCA announced that this review²⁸ will be an important building block for the FCA's Consumer Credit business priority.

7. The impact of COVID-19 on BNPL

It is no secret that the COVID-19 pandemic has had, and will continue to have, a highly detrimental impact on individuals, businesses and the economy in general. The combination of economic downturn, paired with the restrictions on going out, has likely spiked ecommerce volumes, resulting in an increase in BNPL usage. In fact, research conducted by retail insights firm Edge by Ascential predicts²⁹ that the COVID-19 pandemic is expected to add £5.3 billion to UK ecommerce sales this year, bringing sales to a total of £78.9 billion.

However, this comes with its own risks, as consumers may not realise what they are spending. This year in the UK, the unemployment rate rose to 4.5 percent between June and August, ONS³⁰, an estimated 1.5 million people were unemployed between June and August, while redundancies stood at 227,000.

We were interested to find out how BNPL usage may have changed during COVID-19, given the current economic uncertainty.

Has your usage of BNPL services increased during COVID-19?

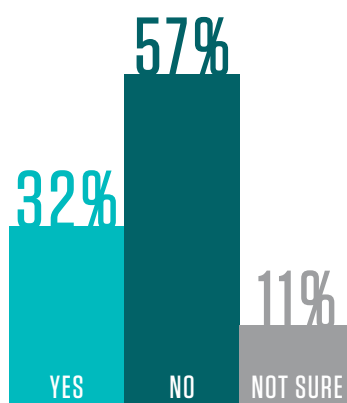


Figure 10: Answers from respondents who have used BNPL previously

27. <https://www.thetimes.co.uk/article/klarna-in-spotlight-as-fca-launches-crackdown-on-unsecured-credit-0dsvllqj>

28. <https://www.fca.org.uk/news/press-releases/christopher-woolard-chair-review-unsecured-credit-market-regulation>

29. <https://www.prnewswire.com/news-releases/covid-19-to-add-5-3bn-to-uk-ecommerce-in-2020--301080427.html>

30. <mailto:https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/coronavirusandtheimpactonoutputintheukeconomy/june2020>

As Figure 10 above shows, it appears that BNPL usage has not increased during COVID-19 amongst our consumer sample group, with almost 60 percent of respondents responding 'No'. On the other hand, almost one-third of people surveyed that said their usage increased during COVID-19, which aligns with media reports of increased BNPL spending during the COVID-19 period³¹.

BNPL products offer consumers the ability to make a purchase and pay it off via a pre-agreed number of interest-free

instalments, making such transactions both affordable and seamless. However, when onboarding a new customer, there is also a need to consider the potential future state of an individual's finances (especially given the current UK recession and warnings of an imminent 'Second Wave' of COVID-19³²). The FCA have consequently launched a review into the unsecured lending market, and namely BNPL for this reason.³³ Klarna has said it had tightened its rules on lending as a result of COVID-19.³⁴ The question is, will other providers be following suit?

CONCLUSION

We are seeing more banks enter the BNPL and instalments space, which suggests BNPL is viewed not simply as a fad but recognized as a segment that is growing faster than any other online payment method³⁵. Such is the depth of that BNPL footprint that reportedly, almost one in five UK consumers say that they would not shop with a retailer who didn't offer a BNPL option³⁶ - this should act as a wakeup call for not only retailers but as a potentially lucrative opportunity within the larger credit market.

The combination of BNPL's frictionless customer experience, point-of-sale business model and competitive, interest-free lending terms could be putting traditional credit forms under threat. Banks and credit card companies now need to

think more strategically about their market offerings. While instalments and BNPL are a relatively new lending channel, they would not require banks to completely remodel their current business models to make a defensive play in this space.

As displayed in Figure 11 below, our survey has highlighted that credit card users who have also used BNPL could be moving away from high-interest credit because BNPL is an easy-to-use and flexible way to pay. Given recent news that the cost of credit card borrowing will be increasing as the winter holidays approach³⁷, coupled with a record-number of credit card users paying off the debt during UK lockdown³⁸, credit card usage is expected to continue to drop³⁹.

31. <https://www.yourmoney.com/credit-cards-loans/young-adults-turn-to-buy-now-pay-later-schemes-during-lockdown/>

32. <https://www.theguardian.com/world/2020/oct/21/warning-of-tens-of-thousands-of-deaths-in-england-from-covid-19-second-wave>

33. <https://www.globalbankingandfinance.com/paypal-launches-pay-in-3-buy-now-pay-later-loans-to-uk-in-time-for-black-friday-and-christmas/>

34. <https://www.bbc.co.uk/news/technology-53465978>

35. <https://www.pymnts.com/today-in-data/2020/rising-popularity-of-buy-now-pay-later/>

36. <https://www.thisismoney.co.uk/money/cardsloans/article-7966159/Could-buy-pay-later-Klarna-kill-credit-card.html>

37. <https://www.theguardian.com/money/2020/oct/15/uk-banks-plan-to-hike-cost-of-credit-card-borrowing>

38. <https://www.ukfinance.org.uk/covid-19/consumers-paid-down-credit-card-bills-during-lockdown>

39. <https://www.bbc.co.uk/news/business-53416676>

Would you prefer to use a BNPL service over another form of credit (e.g. credit card or store card)?

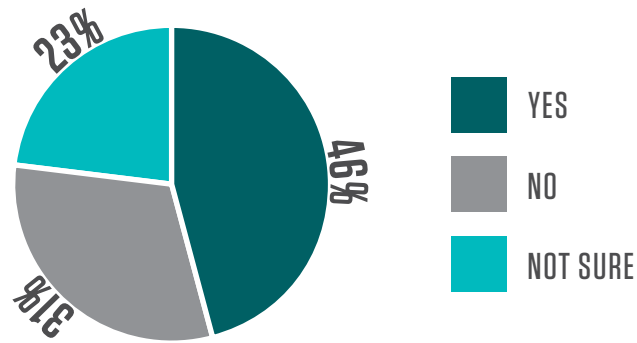


Figure 11: Responses by BNPL users, excluding credit card users

Credit cards still have a place in today's financial services landscape however, and providers have an opportunity to further cater to specific customer segments and personas that cannot be accommodated by BNPL offerings, such as the facility to offer points and cashback incentives to reward regular use. After all, our survey found that BNPL use is largely sporadic and there will be customers who still depend on their credit card for day-to-day or more frequent expenditure (such as bills), but BNPL could be eating away at card margins⁴⁰.

For this reason, along with the industry's increased regulatory scrutiny (in the aftermath of the Payment Protection Insurance controversy and consumer debts spiraling) and consumer appetite for such, banks and other lenders that already conduct credit checks, and have a longstanding relationship with the regulator are in a good spot to provide trusted BNPL solutions and can leverage this as a competitive strength.

While BNPLs may be operating in a grey area today, this won't be for long. Now's the time for banks and other trusted financial services firms to manage the shift towards a more diverse lending landscape, by:

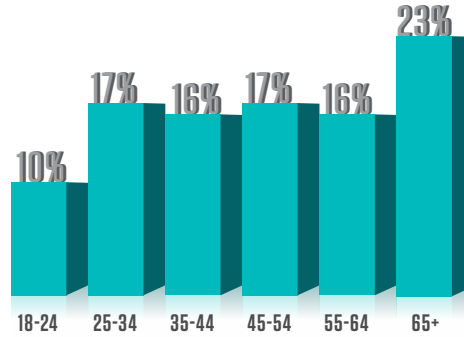
- 1) Looking at investing in instalments solutions
- 2) Creating standalone BNPL products
- 3) Partnering with a BNPL provider to provide either of the above services
- 4) Further refining credit card offerings to appeal to new and existing customers.

Need help? Contact Capco to discover how we are working with world-leading banks, card merchants, and other key financial services players to develop innovative, new end-to-end payments products and services straight into their customers' hands.

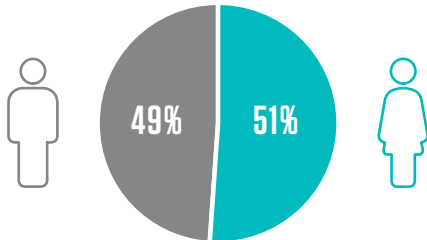
40. <https://www.afr.com/companies/financial-services/1-7b-of-bank-card-revenue-under-pressure-20200116-p53s02>

APPENDIX

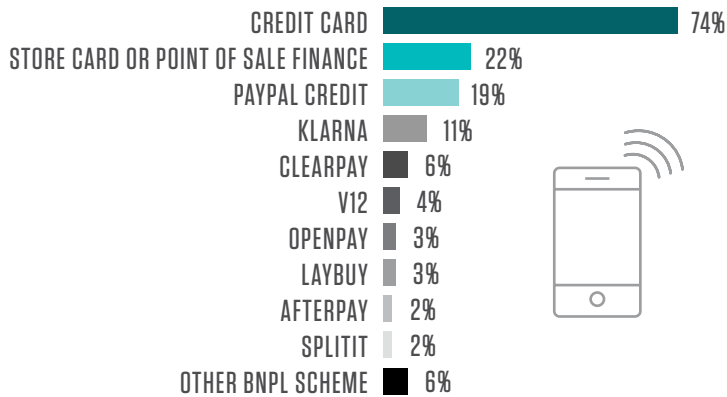
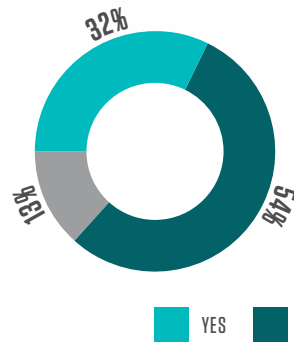
HOW OLD ARE YOU?



ARE YOU MALE OR FEMALE?

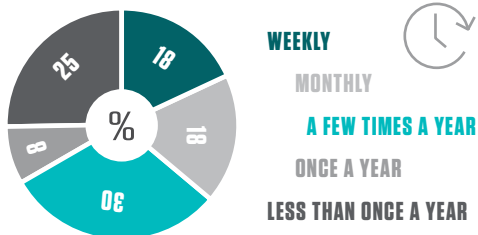


HAVE YOU USED CREDIT (I.E. CREDIT CARD) OR ANY 'BUY NOW PAY LATER' PROVIDERS BEFORE?



HOW MANY OF THESE CREDIT AND / OR BNPL PROVIDERS HAVE YOU USED?

HOW OFTEN DO YOU USE THESE PROVIDERS?

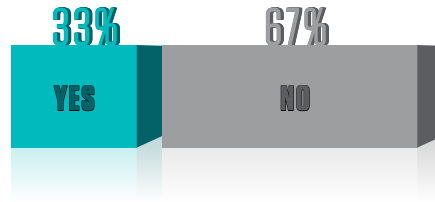
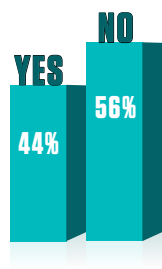


DO YOU THINK OF 'BUY NOW PAY LATER' (BNPL) AS TAKING ON DEBT OR DEFERRING A PAYMENT?



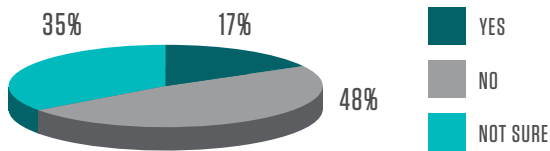


HAVE BNPL SERVICES MADE YOU SPEND MORE?

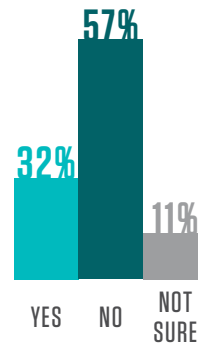


HAVE YOU EVER MISSED A BNPL PAYMENT?

WOULD YOU PREFER TO USE A BNPL SERVICE OVER ANOTHER FORM OF CREDIT (E.G. CREDIT CARD OR STORE CARD)?



HAS YOUR USAGE OF BNPL SERVICES INCREASED DURING COVID-19?



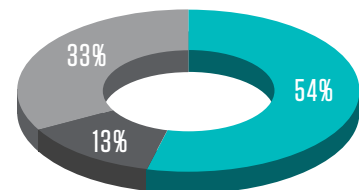
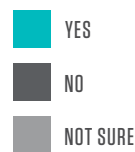
WHEN USING BNPL, HOW DO YOU TYPICALLY OPT TO PAY?

SPREAD COST OVER MULTIPLE INSTALMENTS

DEFER FULL AMOUNT AND PAY OFF IN ONE PAYMENT

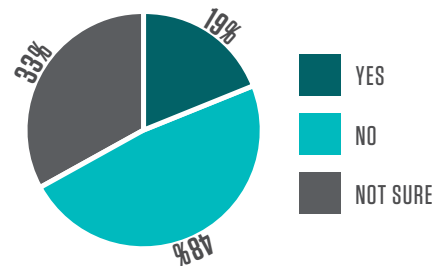


DO YOU THINK BNPL PROVIDERS SHOULD BE REGULATED?

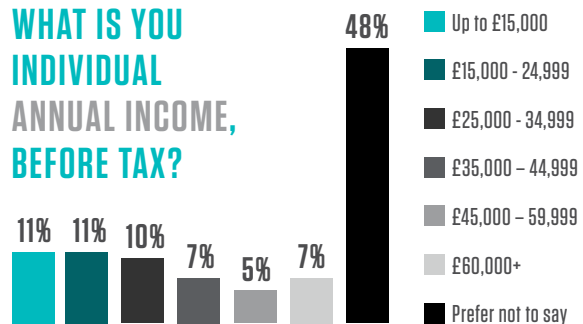


DO YOU THINK THAT A BNPL PROVIDER SHOULD CONSIDER YOUR CREDIT HISTORY BEFORE LETTING YOU USE THEIR SERVICE?

WOULD YOU LIKE BNPL ON YOUR CREDIT CARD OR IN YOUR CURRENT ACCOUNT?



WHAT IS YOUR INDIVIDUAL ANNUAL INCOME, BEFORE TAX?



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