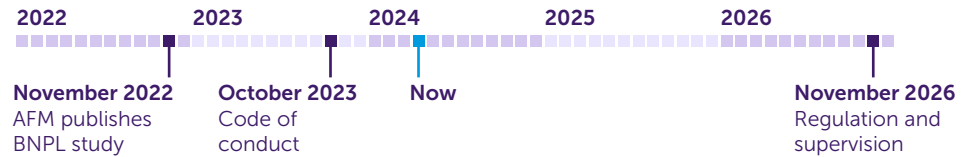


# 'Buy now, Pay later' Market update

**In short** In October 2023, the recast Consumer Credit Directive was adopted. As a result, the BNPL sector will be subject to supervision of the AFM by November 2026. The sector has continued to grow in size since the 2022 study. It has also taken steps to improve the quality of its services. For instance, a Code of Conduct has been in place since October 2023. BNPL providers will need to improve further ahead of the new legislation. In the short term, we specifically draw attention to the need to address the problem of the use of BNPL by minors.

**Some notable findings:**

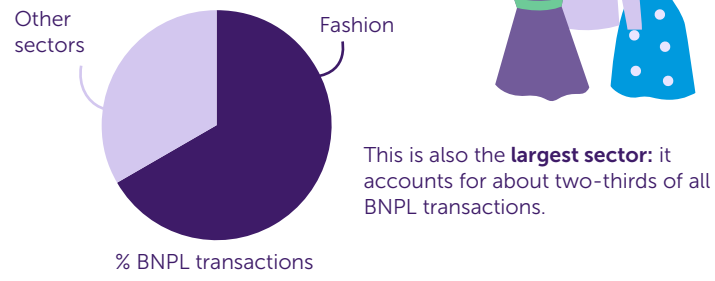
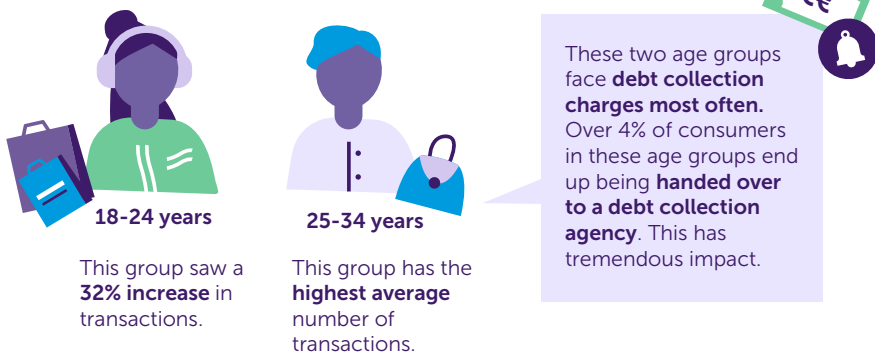
The BNPL market is evolving:



**1** Unauthorised use of BNPL by minors.



**2** Increased risk for users under 35.



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# 1. Introduction

This report is an update of the [exploratory study published in 2022](#). It is assumed that the reader is familiar with the content of that study. This update is not intended to be fully readable without knowledge of the prior study.

## Rationale behind the study and its objective

*Buy Now, Pay Later* (BNPL) makes it possible for consumers to defer payment of their online purchases, either partially or in full, until after delivery. Deferred payment is often available free of charge, and occasionally at a small fee. On the one hand, BNPL offers consumers advantages, such as flexibility, and helps stores to increase their sales. On the other hand, it is so easy for consumers to complete an order using BNPL that it can readily lead to debt habituation<sup>1</sup> and debt accumulation.

In November 2022, the Dutch Authority for the Financial Markets (AFM) published its exploratory study of the market for BNPL. Since the publication of this report, there has been widespread public interest in this phenomenon. The purpose of this market update is to provide insight into the development of BNPL services in the Netherlands in the period since then. This market update therefore does not seek to distinguish the different products covered by the umbrella term 'BNPL' and the potential impact of these differences on the quality of BNPL services. That is part of the study published in 2022.

## Reading guide

Chapter 2 describes the evolution of the market landscape and Chapter 3 looks at various developments in the quality of BNPL services. This is based, amongst other things, on written information that BNPL providers (voluntarily) shared with us and the additional clarification of that information obtained in interviews. The BNPL providers are the same five providers included in the 2022 study: Billink, In3, Klarna, Riverty and Tinka.<sup>2</sup> Additionally, we commissioned another consumer survey to gain better insight into the use of BNPL in the Netherlands.

Chapter 4 explains new regulation that is on the way. As a result of the recast Consumer Credit Directive (recast CCD), which was adopted in October 2023, BNPL providers will have to comply with new consumer protection rules within a few years. They will then become subject to supervision of the AFM. Finally, we present our main conclusions in Chapter 5.

This report has two appendices. In Appendix 1, we explain the approach used in this study. We also give a brief list of the main sources we have consulted. Appendix 2 sets out the results of the consumer survey regarding BNPL use in the Netherlands.

<sup>1</sup> By 'debt habituation', we mean a shift in the norm of saving for a purchase first or paying for it immediately towards deferred payment.

<sup>2</sup> It should be noted that the latest figures that we received from BNPL providers and that are used in this market update relate to 2022. However, any improvements made by providers since the publication of our exploratory study in November 2022 can only be reflected in the 2023 figures at the earliest. These figures are not yet available to us.

## 2. Evolution of the market landscape

### 2.1 Transaction characteristics

#### The number and value of transactions increase; the number of users slightly decreases

In 2022, BNPL providers processed roughly 45 million transactions totalling €4.8 billion. This represents an 8% increase in the number of transactions, as shown in Figure 1. The total value increased by 13%, which is moderately above the 10% increase in the consumer price index in 2022.<sup>3</sup>

Figure 1. Number and value of transactions

	2022	2021	Change
Total value of transactions	€4.8 billion	€4.2 billion	+13%
Number of transactions	45 million	41.6 million	+8%
Average value of transactions	€106	€101	+5%

Source: AFM data

The number of BNPL users declined by 8% in 2022 compared to 2021.<sup>4</sup> Whereas the five BNPL providers had around 7.1 million users in 2021 combined, the number of users decreased to around 6.5 million in 2022. The AFM Consumer Monitor Spring 2023<sup>5</sup> shows a similar trend.

Namely, 29% of those surveyed in 2023 reported having used BNPL in the past 12 months, compared to 38% in 2022.

Therefore, although the number of users has slightly decreased, transaction volumes continue to rise. It seems that existing users are using BNPL more frequently and that they are increasing their spending.

#### More people made online purchases during the pandemic

To put the above slightly declining user numbers into perspective, we considered the annual survey on ICT usage conducted by Statistics Netherlands (CBS).<sup>6</sup> Among other things, CBS examined the percentage of individuals (aged 12 and over) who made online purchases in the three months prior to the survey. This percentage fell from 77% to 74% between 2021 and 2022.

A decline in the number of consumers making online purchases could have implications for the BNPL market, since this payment method is mainly used online. The results of the CBS survey seem to align with the figures we have received from BNPL providers. It should be noted that the coronavirus pandemic led to a strict lockdown in 2021, resulting in the closure of many physical stores. This in turn prompted people to shift to online purchases. As pandemic restrictions were eased in 2022, society reopened, allowing people once again to choose between making online and in-store purchases.

<sup>3</sup> See [annual rate of change for CPI since 1963 | CBS](#).

<sup>4</sup> The number of users was calculated by adding up all the users of the five BNPL providers. Therefore, the reported figure does not represent unique users. A consumer using BNPL services of different providers was also counted multiple times; it is not possible to make a correction for this.

<sup>5</sup> The AFM commissions the Centerdata research institute to conduct online consumer surveys twice a year. This gives us greater insight into the intentions and behaviour of consumers in the financial markets. We posed several questions to over 1,000 respondents on their use of BNPL. The results are listed in Appendix 2.

<sup>6</sup> See [Nederlander koopt meer digitale producten maar minder goederen online | CBS](#).

## Growth of BNPL in physical stores

We see an increase in the number of physical stores offering BNPL as a payment option. The availability of this payment option expanded, reaching 256 stores in 2022 compared to 74 in 2021. The in-store transaction is completed using a specific payment card or the online environment of the provider or shop. Three of the five providers that participated in this market update facilitate this payment option. Customer information is mainly provided online. When issuing payment cards used in physical stores, the relevant provider verifies the customer's identity using iDIN.<sup>7</sup> We are positive about this solution, as it allows the provider to verify that the customer is at least 18 years old, for example.

The impact of the possibility to use BNPL as a payment method in physical stores is still limited. For every €100 paid with BNPL, only a small fraction, equivalent to 10 cents, was paid in physical stores in 2022. Nonetheless, the turnover from BNPL transactions in physical stores, which is roughly €4.9 million, has already risen by 126% compared to 2021. In our 2022 study, we noted that the convenience of BNPL normalises deferred payment, which can lead to debt habituation. A further increase in use of BNPL in physical stores could increase this debt habituation.

## 2.2 User characteristics

### Use by age group

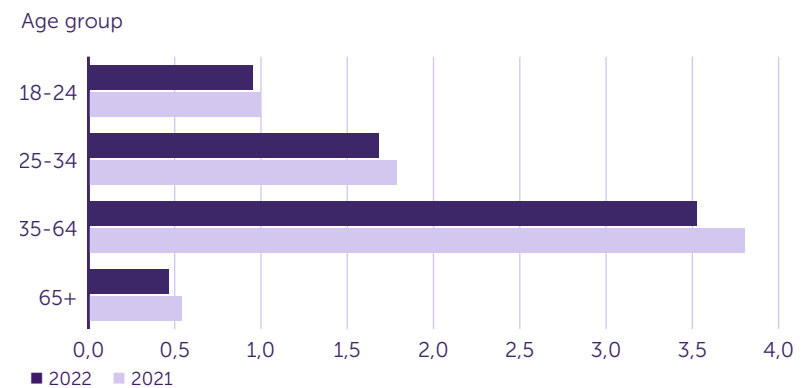
We see a decline in the number of users in each age group, as shown in Figure 2. The largest decline is seen in the group of over-65s (-14%). Despite the decrease in the total number of users, it is evident that in every age group the average number of transactions has increased compared to 2021. The number of transactions per age group is shown in Figure 3.

## Average number of transactions among young users grows by 32%

The increase amongst users aged between 18 and 24 is notable. The average transaction count per user in this group rose from 5.5 in 2021 to 7.3 in 2022, an increase of 32%. Users aged between 18 and 24 are now approaching the average number of transactions by consumers aged between 25 and 34. The latter group completed the most transactions, averaging 7.6 per user in 2022.

Young people are more financially vulnerable, as they have often not yet been able to build up financial buffers.<sup>8</sup> Worryingly, the number of transactions is growing fastest precisely among young customers.

Figure 2. Number of BNPL users in millions by age group

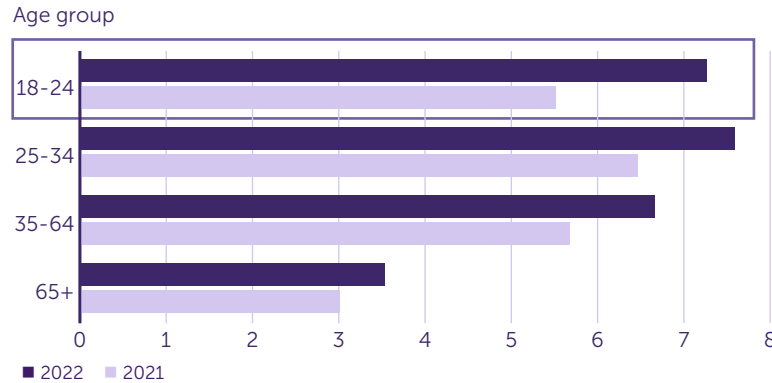


Source: AFM data

<sup>7</sup> iDIN is a service offered by banks that allows consumers to use their bank's login methods to identify themselves to other organisations.

<sup>8</sup> See [Aantal jongeren met betalingsproblemen groeit](#) | Netherlands Youth Institute ([nji.nl](#)).

Figure 3. Average number of transactions by age group<sup>9</sup>



Source: AFM data

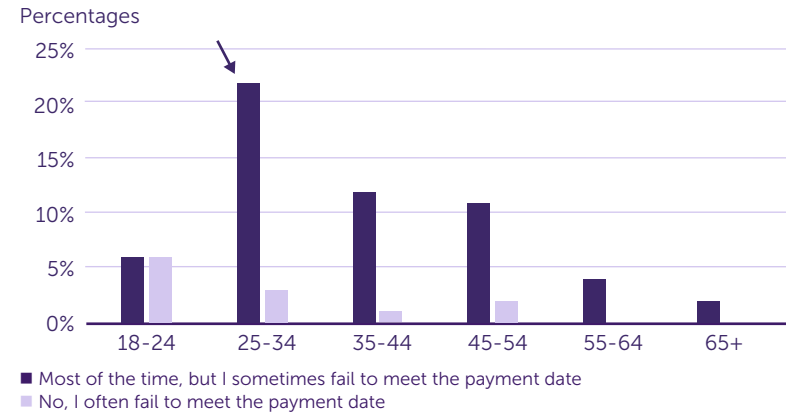
### Number of very frequent users grows by 31%

It is evident from the preceding paragraphs that the number of transactions and the value of those transactions are rising while the number of users is declining. A plausible explanation for this trend is that there is a growing group of very frequent users of BNPL products. Our analysis shows that the group of very frequent users (20+ transactions in one year) has indeed increased sharply, by 31% to almost 1 million users. A concern about this development is that there is an increased risk of debt habituation within this group.

### Users aged between 25 and 34 more often report missing a payment date

In the AFM Consumer Monitor Spring 2023, 12% of BNPL users said they had missed at least one payment date in the past twelve months.<sup>10</sup> This happens most often among users in the 25-34 age bracket. 25% of this user group reported having missed at least one payment date. Figure 4 shows how adherence to payment dates varies by age group.

Figure 4. Payment behaviour within set payment deadlines by age group<sup>11</sup>



Source: AFM Consumer Monitor Spring 2023

### Consumers under 35 are more likely to experience the consequences of missed payment dates

Figure 5 shows the percentages of users across various age groups that have incurred late payment fees. Figure 6 shows a similar breakdown for the handover to debt collection agencies. The relatively high occurrence rates amongst the two youngest age groups are striking. The BNPL providers charged late payment fees to 12.9% of users under 25 in 2021. They handed over 3.7% of this user group to a debt collection agency. These percentages increased to 13.2% and 3.9%, respectively, in 2022. A similar increase is also seen amongst consumers aged between 25 and 34. While 13.4% of users incurred late payment fees in 2021, that percentage grew to 14% in 2022. The percentage of users in this age group handed over to debt collection agencies grew from 4.5% to 4.7%.

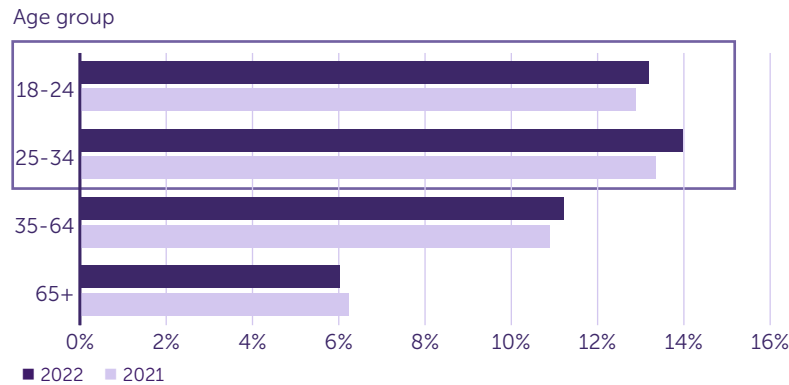
Although the increases compared to 2021 appear modest, they can have a major impact. The costs associated with late payment can be substantial. We address this further in Section 3.4.

<sup>9</sup> We have chosen to highlight certain information in several figures, for example by framing or shading this information.

<sup>10</sup> This is the sum of the 10% of respondents that said they sometimes missed a payment date and 2% that said they often missed a payment date (2%).

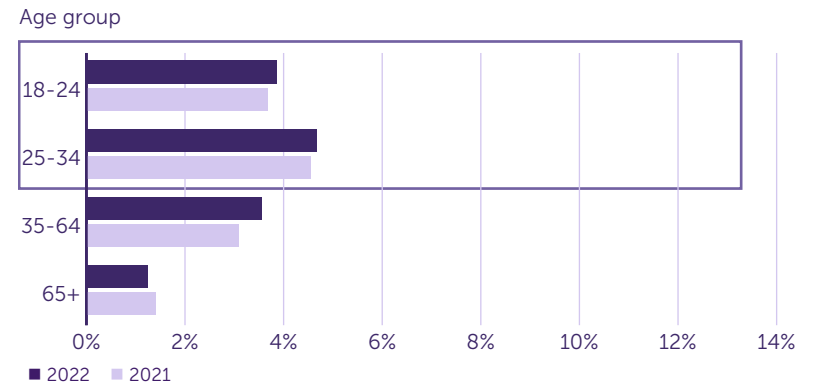
<sup>11</sup> 88% of respondents said they never missed a payment date. The full graph can be found in Appendix 2, Figure 14b.

Figure 5: Percentage of users charged late payment fees by providers, by age group



Source: AFM data

Figure 6: Percentage of users handed over to debt collection agencies, by age group



Source: AFM data

### 2.3 Transactions by sector

We have used information received from the BNPL providers to calculate the main sectors.<sup>12</sup> The outcomes expressed in euros and number of transactions are shown in Figure 7 and Figure 8 and are generally quite similar. However, there are significant differences between providers, which may be attributed to their focus on specific sectors.

#### Fashion sector by far the largest in the BNPL market

The fashion sector holds by far the largest share of the BNPL market. Roughly two out of every three transactions (67%) concern fashion, with approximately two-thirds (68%) of every euro being spent in the fashion sector. The fashion sector is followed by the much smaller home and garden products sector. The category 'other' is also fairly large and includes the mobility sector (scooters and bicycles), printing and online services.

<sup>12</sup> We asked the BNPL providers to categorise the retailers affiliated with them into the listed categories. Where an affiliated retailer operates across multiple sectors, they might have chosen to categorise the transactions under the main sector in which that retailer operates.

## Decline in sales of alcoholic beverages; sharp increase in use in the travel sector

Most sectors saw an increase in spending through BNPL in 2022 compared to 2021, apart from electronics and white goods (-3%) and alcoholic beverage sales (-15%). In terms of size, the travel sector has a modest role in the BNPL market (1.4%). Despite this, the sector is experiencing remarkable growth. This includes airline tickets, accommodation and package holidays.

Figure 7. Share of sectors in total amount of BNPL transactions

Sector	Weighted average outcome	Change in total amount of transactions
Fashion	67.96%	+13%
Home & garden	11.79%	+5%
Electronics and white goods	4.39%	-3%
Personal care	2.92%	+14%
Travel	1.40%	+289%
Supermarket/groceries	0.98%	+36%
Alcoholic beverage sales	0.29%	-15%
Other	10.28%	+33%

Source: AFM data

<sup>13</sup> See Figure 16 in Appendix 2.

Figure 8. Share of sectors in total number of BNPL transactions

Sector	Weighted average outcome	Change in number of transactions
Fashion	67.21%	+7%
Home & garden	8.05%	-4%
Electronics and white goods	2.33%	-19%
Personal care	4.57%	+10%
Travel	0.60%	+243%
Supermarket/groceries	1.85%	+26%
Alcoholic beverage sales	0.25%	-21%
Other	15.14%	+29%

Source: AFM data

## Suitability of BNPL for non-returnable or addictive products

The AFM Consumer Monitor Spring 2023<sup>13</sup> shows that the most frequently cited reasons for using BNPL stem from the uncertainty associated with online shopping, such as the trustworthiness of an online store. Consumers want to know that their purchase is in order and to their liking before they pay. People are unwilling to pay upfront for things that they may decide not to keep. From this perspective, products that customers generally cannot return, such as daily groceries with a limited shelf life and travel, seem less suitable for BNPL. It is not very likely that customers will return groceries because they do not like them. They also cannot cancel a holiday after returning home. For such products, there is a higher risk that consumers will use BNPL out of financial necessity, which may lead to irresponsible lending and debt accumulation. We note that these products can often also be purchased using a credit card. Thus, even without the option of using BNPL, customers can still purchase these products with borrowed money.



In the case of alcoholic beverages, it is common practice that customers cannot taste them upon delivery and subsequently return them, which defeats one of the main purposes for using BNPL for such purchases. That leaves concerns about the trustworthiness of online stores and whether the purchase is in order and can be delivered intact, as possible reasons for using BNPL when purchasing alcoholic beverages. This is countered by experts from Jellinek and the Trimbos Institute, amongst others, who have raised concerns that BNPL is so easy to use that it encourages excessive drinking and increases alcohol-related harm.<sup>14</sup> Balancing these arguments leads to the conclusion that addictive products such as alcohol are also less suitable for BNPL as a payment method.

### Use of BNPL for non-returnable or addictive products

Figures 7 and 8 show clearly that the use of BNPL in the travel sector has increased significantly. The figures also show that the use of BNPL in the category of alcoholic beverage sales has decreased. The available figures do not yet give a complete picture. For instance, it is not clear to what extent they include trips where payment is made only after returning home. For a more complete picture, we have, therefore, asked BNPL providers whether it is possible to purchase certain non-returnable or addictive products with BNPL at retailers affiliated to them. The results are shown in Figure 9.

Figure 9. Number of BNPL providers allowing payment for non-returnable or addictive products

Type of product	How many BNPL providers allow this option? (5 providers surveyed)
Groceries/perishable foods	2
Holidays/airline tickets, where the travel can take place before it is fully repaid	1
Alcoholic beverages	5
Soft drugs for recreational use	0
Gambling services	0

Source: AFM data

While all five BNPL providers allow payment for alcoholic beverages using BNPL, most providers indicated that this is possible occasionally or only in specific circumstances, or that the possibility is being phased out. This generates confidence that BNPL providers are predominantly committed to fulfilling their role as payment method providers in a responsible manner. We still have some concerns, however, given that two providers allow for the payment of groceries or perishable food via BNPL. Furthermore, one provider offers the option of deferred payment for holidays/airline tickets, allowing customers to travel before the trip is completely paid for. We urge retailers and the BNPL sector to continuously evaluate the suitability of BNPL as a payment method from a social viewpoint for all possible purchases.

<sup>14</sup> See [Alcohol op afbetaling bij webshops rukt op, experts willen dat kabinet ingrijpt](#) | RTL Nieuws.

## 2.4 Return behaviour in the context of BNPL transactions

When using BNPL, the purchase amount is debited only if the customer chooses to keep certain purchases and not return them.<sup>15</sup> In addition, there are often no charges for delivery or returns. These factors can contribute to customers ordering more than needed and then returning items at an excessive rate without any regard for the environmental footprint of their actions. The transition to a sustainable society is one of the most important challenges of our time.<sup>16</sup> This has prompted the AFM to investigate the return behaviour of customers who opt for deferred payment.

We used information received from the BNPL providers to calculate the return rate, comparing the number of returned orders with the total number of orders. We calculated the return ratio both in euros and in the number of transactions.

### For every €100, around €40 is returned

On average, 41% of the value of every order is returned. In other words: for every €100 paid by customers using BNPL, approximately €41 is returned. An almost identical picture emerges for the number of transactions, at 40.7%. This means that, for every 100 transactions, about 41 transactions include partial or full returns. Return behaviour appears stable, with minimal changes compared to 2021. It should be noted that this is a weighted average, and that the outcomes vary widely between providers. In the case of one provider, out of every €100 roughly €56 is returned. The highest return rate based on the number of transactions is 60.7%. In general, we see the highest return rates among providers that are most active in the fashion sector.

<sup>15</sup> This applies to a lesser extent to payment in instalments since this payment method requires the customer to pay the first instalment at the time of purchase.

<sup>16</sup> The sustainability transition is one of the three long-term trends providing direction of our supervisory approach, as set out in the AFM Strategy 2023-2026 and the AFM Agenda 2024. Both documents are available at: [Agenda \(afm.nl\)](#).

<sup>17</sup> See [Post- en pakketmonitor](#), tab 'Infrastructuur'.

<sup>18</sup> We have the return data for payment in instalments for one BNPL provider. The return rate is 13%, based on the number of transactions. Based on the volume in euros, the return rate is 9.7%.

<sup>19</sup> There may be gains to be made in the environmental footprint of the sold products themselves, the packaging materials that are used and by preventing the destruction of returned products.

<sup>20</sup> See <https://www.rtlnieuws.nl/editie/artikel/5380335/wehkamp-retourneringen-50-cent-bewustzijn-creeren-terugsturen>.

We did not conduct any research on return behaviour for purchases where the customer pays directly. However, the Post and Parcel Monitor (Post- en pakketmonitor) issued by the Dutch Authority for Consumers and Markets (ACM), shows that only 12.3% of all consumer parcels were returned in 2022.<sup>17</sup> In addition, our data shows that the return rate is only 13% where the customer has opted to pay in instalments<sup>18</sup> and paid the first instalment at the time of purchase.

### Responsibility for role in ecological chain

In addition to a company's efforts aimed at achieving climate neutrality, we generally see that parties are aware of their role as providers of a payment method in the ecological chain. We also note that they can take more concrete actions in this regard. BNPL providers can, for example, use their position to steer customers toward more sustainable ordering and return choices. BNPL providers can also insist on sustainability aspects in the operations of the online stores they work with.<sup>19</sup>

Wehkamp serves as an example here, having adopted a policy of charging customers 50 cents per returned item to discourage excessive return behaviour since April 2023.<sup>20</sup> There are also examples of guiding customers toward more sustainable delivery options, by providing insight into the carbon emissions of various delivery options. One BNPL provider offers customers insight into the carbon emissions of their purchases through its app. The app also gives customers tips on sustainable use of their purchases. We encourage the BNPL sector to continue and, where possible, intensify its efforts to work with online stores and customers to prioritise sustainability in transactions.

## 3. Quality of service

In the study published in 2022, we noted that there are both benefits and risks associated with BNPL. In this chapter, we outline the latest developments regarding the quality of BNPL services. We also explain what improvements BNPL providers have carried out.

Despite the progress that the providers made, there is still room for improvement. We also expect that all providers will need to further adjust their policies and processes in line with the recast CCD, which must be implemented in the Netherlands by November 2026. In Chapter 4, we discuss the most relevant changes we foresee.

### 3.1 Self-regulation

#### Code of Conduct is a step forward in consumer protection

In October 2023, the Netherlands became the first country in Europe to welcome self-regulation for BNPL. Billink, In3, Klarna and Riverty have each committed to adhering to a Code of Conduct. Amongst other things, the Code requires providers to provide clear information on costs, conditions of use, and payment obligations. Providers must also implement a timely and adequate complaints procedure to support consumers in the event of disputes. We are positive about this Code, which aims to enhance the quality of BNPL services. However, to ensure that consumers enjoy adequate protection, it remains necessary to regulate this form of credit at the European level.

#### Affiliation of BNPL providers to the Code of Conduct is desirable

We support the call in the Code of Conduct for all BNPL providers to join in. This includes (online) retailers that provide BNPL services themselves, since they have a significant share of the deferred payment market. Affiliation of all BNPL providers to the Code of Conduct contributes to the professionalisation of this sector ahead of the introduction of the new European legislation.

### 3.2 Provision of information

#### Observations from the 2022 study

In 2022, we concluded that there was room for improvement of the provision of information on BNPL. It was often not mentioned during the purchase process that late payment fees will be charged in case of late payment, nor what the amount of these fees was. Additionally, the general terms and conditions were difficult to find and often written in legal language, which compromised their readability.

#### General terms and conditions in plain language

Several BNPL providers took steps to increase the clarity and accessibility of their information in 2023. For example, three providers reported that they had rewritten their general terms and conditions in simpler, more customer-friendly language. One provider further reported that its terms and conditions now also state a clear minimum age limit of 18 years.

#### Code of Conduct

The move towards simpler, customer-friendly language is also part of self-regulation. The Code of Conduct requires the drafting of general terms and conditions at language level A2. Providers must also clearly inform consumers about the consequences of late payment, before issuing a BNPL loan. Collection charges should, at a minimum, be displayed in an easily findable place on providers' websites and applications, along with a link to information on the breakdown of those charges.

#### Doubts about clear information before completing purchases

In the AFM Consumer Monitor Spring 2023, we asked BNPL users whether they received clear information on various aspects of the

BNPL service before completing their purchase.<sup>21</sup> The results, shown in Figure 10, are quite remarkable. On the one hand, they show that the abovementioned improvements were much needed. On the other hand, they suggest that additional efforts may be needed to achieve a sufficient level of information transparency.

Strikingly, only about one in seven users (14%) said they received clear information about the costs they could incur in case of a missed payment before completing their purchase. It is also notable that only two out of three users (63%) know clearly in advance when they must pay. These two aspects combined mean that BNPL users may face some unwelcome surprises.

Figure 10. Clear information received before completing purchase



Source: AFM Consumer Monitor Spring 2023

21 The Consumer Monitor 2022 also includes a question on information disclosure. We have since refined the wording of the question by adding the words 'prior to completing the purchase' ('voorafgaand aan het afronden van de aankoop'). As a result of this revision, we do not compare the 2022 and 2023 outcomes.

22 These signals come from consumer organisations, sector associations and concerned parents.

23 The figures referred to also include users as young as 12 years old.

### 3.3 Provision of BNPL to consumers

#### Observations from the 2022 study

In 2022, we noted that all BNPL providers use acceptance criteria to establish whether a consumer can use their services. The assessment does not include a full-fledged check of income and expenses. In addition, providers carry out only limited age checks to make the payment process as swift and effortless as possible. The customer enters a date of birth and if this shows that the customer is not yet 18, deferred payment is refused. However, the customer does not always have to prove this date of birth. This allows minors to circumvent age checks by entering an incorrect date of birth.

#### Concerns about possible transactions by minors

We have been receiving signals for some time indicating that minors are circumventing age checks.<sup>22</sup> As minors are an extremely vulnerable target group, we have investigated iDEAL transactions connected to BNPL providers by underage account holders. The analysis shows that almost 600,000 iDEAL transactions, which can be linked to BNPL providers, were made through accounts in a minor's name in 2023. The users concerned are mainly aged between 13 and 17.<sup>23</sup> The average transaction amount is around €50. It cannot be determined with certainty how many of these nearly 600,000 transactions are in fact unauthorised BNPL transactions by minors. Nevertheless, considering this data and other signals, the AFM has serious concerns about the use of BNPL among minors.

#### Caveats regarding data: over-and underestimation possible

The number of transactions mentioned above is subject to several caveats. For example, the transactions may concern both products where payments are made immediately and credit products where payment is deferred in one or three instalments. Also, minors cannot

open and manage a bank account on their own. There is always a legal representative, usually a parent, who is a joint account holder. We have not been able to establish whether parents initiated these transactions. It is conceivable, for example, that divorced parents might use their minor child's account to buy goods. These caveats may lead to an overestimation of unauthorised BNPL use by minors.

At the same time, we believe that there is a real possibility that a significant proportion of the transactions do involve unauthorised BNPL use by minors. It is not implausible, for example, that the transactions in our analysis were largely executed by minors themselves. The analysis shows a sharp rise in the number of transactions from the age of 13. This is the age at which minors are allowed to have a side job, such as stacking shelves, and hence generate their own income.

Finally, we cannot rule out the possibility that minors executed even more unauthorised BNPL transactions, but these transactions are not shown in the data available to us. For instance, our insights are confined to iDEAL transactions that can be linked to BNPL providers. However, these providers also use payment systems other than iDEAL<sup>24</sup> or other payment methods such as bank transfers. In addition, the abovementioned figure does not include transactions where the order was fully returned and no payment was made. The data we received from BNPL providers shows that over 12% of all BNPL transactions are fully returned.

### Action needed to address the use of BNPL by minors

All BNPL providers require their customers to be at least 18 years old, as set out in the Code of Conduct.<sup>25</sup> However, the process of ensuring that all customers are in fact at least 18 years old needs to be strengthened. The providers currently do not verify the accuracy of the customer's date of birth for every transaction. They only do so risk-based, with order value being one of the determining factors.

<sup>24</sup> Such as SEPA Direct Debit.

<sup>25</sup> Article 6 of the Code of Conduct.

<sup>26</sup> See Section 1:234 and Section 3:32 of the Dutch Civil Code.

The Code of Conduct also introduces a brief warning text, alerting customers that the minimum age for using BNPL is 18 years old. This is unlikely to be an effective remedy for any minor who deliberately circumvents age verification checks.

In the Netherlands, it is generally not allowed to issue a (BNPL) loan to minors because they lack (legal) capacity.<sup>26</sup> The Code of Conduct therefore states that a transaction can, in principle, be reversed if it comes to light that a minor has used BNPL. In the Code of Conduct, affiliated providers pledge to adopt a lenient attitude in respect of any (residual) debt of the customer.

Given that minors are a very vulnerable target group, who are not even allowed to take out (BNPL) credit, every BNPL transaction by a minor is in fact one transaction too many. The risk that these transactions occur on a widespread basis, justifies a plea for the immediate introduction of identity and age verification for every BNPL transaction. We therefore call on the legislator to work with the BNPL sector in quickly adopting an effective approach aimed at combatting the use of BNPL by minors. Mandatory age verification using iDIN, for example, could provide a solution.

BNPL providers have informed us that BNPL is absolutely not intended for use by minors and are willing to discuss this problem with the legislator. They note that tackling this problem effectively requires a broad approach, which includes e-commerce players.

### Registration with BKR remains necessary to prevent problematic debts

The Code of Conduct states that BNPL providers will combat debt accumulation by, for instance, blocking an individual's account in case of arrears. While this measure helps protect financially vulnerable consumers, it remains possible for individuals to take on debt with other providers. To prevent problematic debts, it is therefore essential to consult the debt register of the Credit Registration Agency (Bureau

Krediet Registratie, 'BKR') before granting BNPL. BNPL arrears should also be registered with the BKR.

We are therefore positive that the Code of Conduct includes a commitment to explore voluntary affiliation with the BKR. We understand that the providers have commenced exploratory talks with the BKR on how to register BNPL credit, the impact this may have on other parties consulting the BKR and the cost of BKR affiliation. In addition, it should also become technically possible to shape the affiliation with the BKR in a meaningful manner.<sup>27</sup> We strongly encourage maintaining the ongoing efforts to establish registration with the BKR.

### 3.4 Costs and consequences of late payment

#### Observations from the 2022 study

In 2022, we raised concerns about the late payment fees charged to consumers by certain BNPL providers. While the average purchase amount is about €100, the late payment fees charged by providers average around €15 and reach €40 if the consumer is handed over to a debt collection agency. These costs represented a substantial part (up to 40%) of some providers' revenues in 2021 and could have been profitable. This is at odds with consumers' interests. In addition, there is legal uncertainty about the legality of these charges.

#### Slight increase in charges; shifts in dependence on charges as a revenue source

The cost of missing a payment date increased by around €1 on average compared to 2021. Additionally, we observe certain adjustments in the extent to which providers rely on late payment fees as a revenue source, both in positive and negative terms. In the case of one provider, this dependence decreases from 33% to 22%.

<sup>27</sup> The BKR's systems focus on registering arrears for each individual consumer credit. However, for BNPL loans, it may make more sense to register arrears at the user level, since BNPL allows consumers to take out a large number of small loans. A large number of small arrears can collectively create a vulnerable situation that makes registration with the BKR desirable.

<sup>28</sup> It should be noted that consumers who pay late are not necessarily better off in the absence of penalties. A customer who is handed over to a debt collection agency as soon as possible instead of being charged a penalty may end up incurring greater expenses.

<sup>29</sup> The results of this experiment can be found on our website.

By contrast, another provider saw its percentage of revenues from late payment fees increase from 40% to 45%.

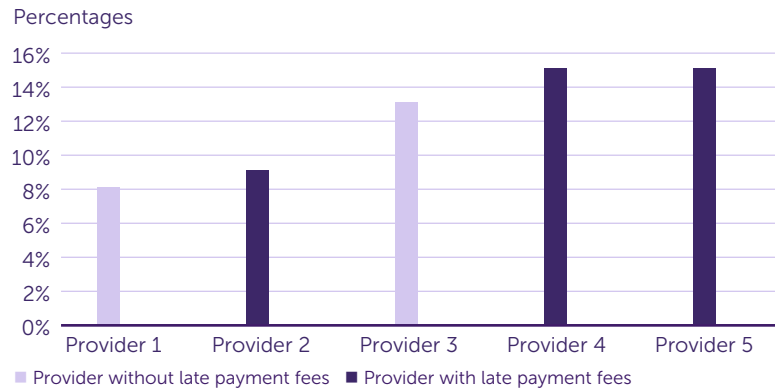
It should be noted that the latest figures we received from BNPL providers and use in this market update relate to 2022. Thus, any improvements made by providers since the publication of our exploratory study in November 2022 can only be reflected in the 2023 figures at the earliest. We do not yet have these figures.

#### Impact of charges on meeting payment dates

Some, although not all, BNPL providers charge late payment fees for missing a payment date. This group claims that customers are more likely to pay on time if there is a 'penalty' for late payment. The figures on payment behaviour do not support this claim. Figure 11 shows that the percentage of transactions in 2022 where the payment date was missed (to the point where a penalty may follow) varies between providers. The providers that charge penalties are shown in dark purple in the figure. The providers who do not charge any fees are shown in light purple.<sup>28</sup>

We note that the sectors in which BNPL providers operate, and the composition of the customer base can vary greatly from one provider to another. It is therefore possible that penalties may be an effective means of pressure for one provider and not for another. We encourage BNPL providers to ensure that more customers pay on time and fewer face late payment fees. To do this, it is important to understand what obstacles consumers experience, develop interventions that can help them pay on time, measure the impact of these interventions, and share this knowledge. The behavioural experiment conducted by the AFM and Riverty in 2023, for example, shows that sending text message reminders leads to fewer customers incurring late payment fees.<sup>29</sup>

Figure 11. Percentage of transactions where payment date is exceeded



Source: AFM data

### Number of payment postponement requests increases by 55%

Our information shows that the providers received around 1.6 million requests to postpone payments in 2022, an increase of 55% compared to 2021. Figure 10 in Section 3.2 shows that only one out of every ten BNPL users in the AFM Consumer Monitor Spring 2023 reported having received clear information prior to the transaction on how to reach out to their BNPL provider if they encounter payment difficulties. It therefore seems unlikely that many consumers are aware of the possibility to request postponing a payment. This makes it all the more worrying that the number of payment postponement requests has increased to such a degree, suggesting an increase in the number of people experiencing payment difficulties.

### Possibly unlawful fees

BNPL products are exempt from the Financial Supervision Act (Wet op het financieel toezicht, 'Wft') provided that (i) the total cost of the credit is insignificant; and (ii) the credit is repaid within three months.<sup>30</sup> In various court cases, including a case before the Supreme Court of the Netherlands, the question has been raised whether late payment fees charged by BNPL providers should be considered as part of the total cost of the credit or whether these costs are permissible debt collection charges.<sup>31</sup> The Supreme Court has yet to rule on this matter. It did, however, submit preliminary questions on the matter to the Court of Justice of the European Union (CJEU) in June 2023.<sup>32</sup>

Given the average handling time at the CJEU, a ruling is not expected until the end of 2024 at the earliest. Depending on its answer, it is possible that the current practices of some or all BNPL providers are not in line with the exemption in the Wft.

### AFM welcomes investigation into actual collection charges incurred

All five examined providers have committed to investigating the extent to which the collection charges paid by consumers correspond to the actual collection costs they incur. This commitment is also set out in the Code of Conduct. We welcome this investigation.

<sup>30</sup> Section 1:20(1)(e) of the Financial Supervision Act (Wft).

<sup>31</sup> Before the Supreme Court, this question is designated as 'prejudiciële vraag 22/01716' (preliminary question). See also the underlying case at the District Court of Gelderland, 1 December 2021, ECLI:NL:RBGEL:2021:6428.

<sup>32</sup> Supreme Court, 30 June 2023, ECLI:NL:HR:2023:1006.



## 4. New regulation on the way

In the exploratory study published in 2022, we stated that we support the proposal of the European Commission from June 2021 to regulate BNPL within the scope of the recast CCD. After a legislative process lasting more than two years, the recast CCD was adopted on 18 October 2023.<sup>33</sup> The Netherlands has two years to transpose this directive into national legislation. Lenders have a further twelve months to make the necessary changes. As of 20 November 2026, the requirements of the directive will also apply to BNPL providers in the Netherlands.

Compared to the previous directive, the recast CCD makes significant changes to the consumer credit rules, both in scope and content. This chapter discusses the main changes for BNPL.

### 4.1 Regulated and exempted BNPL schemes

The recast CCD describes BNPL as a scheme whereby the creditor grants credit to a consumer, free of interest and without any other charges, for the exclusive purpose of purchasing goods or services provided by a supplier (retailer).<sup>34</sup> Such schemes fall, in principle, within the scope of the new legislation, subject to a number of exemptions, which we explain below.

#### Exemption for deferred payments by suppliers of goods or providers of services

Suppliers of goods or providers of services offering deferred payments are exempt from the recast CCD if they offer this option without cooperation with a third party.<sup>35</sup> The payment may be deferred for up to 50 days after the delivery of the goods or provision of the service. Furthermore, suppliers may not charge any interest or other fees, except for limited charges payable for late payments in accordance with national law.

The recast CCD considers such deferred payments as commonly used business practices that are beneficial for consumers. In this regard, the new directive gives as an example the case of deferred payment of medical bills where hospitals give time to consumers to pay for medical expenses.<sup>36</sup>

#### Restriction of the exemption for large online suppliers of goods or providers of services

The recast CCD recognises the special position of large online suppliers of goods or providers of services.<sup>37</sup> Examples include well-known fashion brands, retail chains or furniture companies. Given their access to a large customer base and financial capacities, they could develop BNPL schemes on a large scale.<sup>38</sup> To protect consumers and competition in the market, an additional restriction applies to the above exemption concerning the number of days for which a payment

<sup>33</sup> Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC is available here: [Directive - EU - 2023/2225 - EN - EUR-Lex \(europa.eu\)](#).

<sup>34</sup> Recital 16 recast CCD.

<sup>35</sup> Article 2(2)(h) recast CCD.

<sup>36</sup> Recital 17 recast CCD.

<sup>37</sup> This includes enterprises that do not fall under the category of micro, small and medium-sized enterprises (SME) according to Recommendation 2003/361/EC. SMEs are enterprises that employ fewer than 250 persons and that have an annual turnover not exceeding €50 million or an annual balance sheet total not exceeding €43 million.

<sup>38</sup> Recital 17 recast CCD.



may be deferred. Large online suppliers are exempt only if they offer deferred payment for up to 14 days after the delivery of the goods or provision of the services.<sup>39</sup>

The exempted period is considerably shorter than the 50 days applicable to smaller enterprises. Nevertheless, it is debatable whether this restriction of the exemption will be sufficient to protect consumers (including minors) and market competition. It remains uncertain which parties can rely on this exemption. Some BNPL providers offer direct shopping through their platform or have ambitions to do so in the future. This raises the question of whether BNPL providers that also act as a shopping platform can rely on the exemption and thus circumvent regulation. It is also unclear to what extent the exemption applies to large online stores that act as marketplaces and offer deferred payment for other merchants, such as Amazon, Zalando and Bol. These parties have a significant share of the deferred payment market.

Therefore, it is necessary that the legislator clearly delineates the exemption in question. In addition, consumers who are customers of large suppliers that are ultimately not within the scope of the recast CCD should also enjoy adequate protection against the risks of deferred payment.

## 4.2 Provision of information

The new regulation includes detailed requirements for credit providers regarding the provision of information. We outline these requirements below, divided into advertising rules and pre-contractual information requirements.

<sup>39</sup> Article 2(2)(h) recast CCD.

<sup>40</sup> Article 8(1) recast CCD.

<sup>41</sup> Article 8(7) recast CCD.

<sup>42</sup> Article 8(8) recast CCD.

<sup>43</sup> We assume this means a period after the due date of a payment obligation before a loan is labelled as behind schedule or in arrears during which no fees (including collection fees) are charged yet.

<sup>44</sup> Article 53(7) of the Decree on Conduct of Business Supervision of Financial Undertakings under the Wft (Gedragstoezicht financiële ondernemingen Wft, 'BGfo') in conjunction with Article 2:2 of the Further Regulations on the Supervision of the Conduct of Financial Undertakings Financial Supervision Act (Nadere regeling gedragstoezicht financiële ondernemingen Wft, 'Nrgfo').

<sup>45</sup> See Article 53(9)(a), (b) and (c) BGfo.

## Advertising rules

The recast CCD requires that advertisements concerning credit include a warning about the fact that borrowing money costs money.<sup>40</sup> In addition, a prohibition applies in respect of advertisements that:<sup>41</sup>

1. encourage consumers to seek credit by suggesting that credit would improve the financial situation of those consumers;
2. state that existing credit agreements or credit registered in databases have little or no influence on the assessment of a credit application; and
3. falsely suggest that credit leads to an increase in financial resources, constitutes a substitute for savings or can raise a consumer's living standards.

Member States may additionally prohibit advertisements that:<sup>42</sup>

4. highlight the ease or speed with which credit can be obtained;
5. state that a discount is dependent on taking credit; and
6. offer 'grace periods' of more than 3 months for repayment.<sup>43</sup>

Some of these rules already apply in the Netherlands. For example, credit providers are required to include the warning 'Watch out! Borrowing money costs money' ('Let op! Geld lenen kost geld') in their advertising.<sup>44</sup> Rules similar to those mentioned under points (2) and (4) are also already in force in the Netherlands.<sup>45</sup> While these rules do not currently apply to BNPL providers, they will apply to them under the new legislation.

## Pre-contractual information requirements

Various requirements relating to the pre-contractual provision of information will enter into force.<sup>46</sup> These concern different characteristics of the credit, such as information about the credit provider, duration, the risks associated with the credit and cost of the credit, including the cost and consequences of late payment. This pre-contractual information is intended to help consumers compare and choose between credit products. The pre-contractual information must be provided by means of the ‘Standard European Consumer Credit Information’ form.<sup>47</sup> This form determines the format, layout, and order of the information. The form must, for example, include a summary of the most important information on the first page.

The recast CCD allows Member States to introduce less stringent rules for providers of specific types of credit, such as BNPL.<sup>48</sup> Even under a ‘lighter information regime’, however, providers are still required to provide more information about their products to consumers than is currently the case. Considering the current situation, as set out in Section 3.2, BNPL providers will therefore need to further adjust the content, design, and amount of their customer information.

### 4.3 Creditworthiness assessment, costs and arrears management

#### Requirements related to the creditworthiness assessment

The new legislation includes the requirement to conduct a thorough assessment of the consumer’s creditworthiness before granting credit.<sup>49,50</sup> The aim of this assessment is to prevent over-indebtedness and other irresponsible lending practices. The recast CCD leaves

<sup>46</sup> Article 10 recast CCD.

<sup>47</sup> Article 10(2) recast CCD.

<sup>48</sup> Article 2(8) recast CCD.

<sup>49</sup> Article 18 recast CCD.

<sup>50</sup> While this obligation was already established under the previous directive, it has now been further specified with a view to providing a more harmonised framework within the European Union.

<sup>51</sup> Article 31 recast CCD.

<sup>52</sup> See [Wat is de maximale rente die ik betaal voor een lening?](https://www.rijksoverheid.nl/onderwerpen/wat-is-de-maximale-rente-die-ik-betaal-voor-een-lening) | Rijksoverheid.nl.

room for Member States to further shape the requirements for the assessment, taking into account proportionality. Nevertheless, the recast CCD provides a specific framework for the creditworthiness assessment, including an income and expenses check, for instance. This check may require the provision of information and evidence of income (or other sources of repayment), assets and debts, as well as other financial commitments. Providers may consult external databases for this purpose, but not social media.

Despite leaving room for proportionality, the provisions of the recast CCD indicate that BNPL providers will have to request information on their customers’ income, expenses, and debts in some way. As set out in Section 3.3, the current acceptance processes of BNPL providers are not yet aligned with this requirement.

In addition, it is important to note that the recast CCD does not prescribe a minimum age for entering into a credit agreement. Effective measures are therefore needed at the national level to prevent the use of BNPL by minors. As stated in Section 3.3, mandatory age verification using iDIN, for example, could offer a solution in this regard. We call on the legislator to introduce such rules as soon as possible and not wait until the recast CCD is implemented.

#### Modification of BNPL cost structure

The new legislation allows Member States to cap various costs of credit.<sup>51</sup> They may also prohibit certain charges or fees. Similar rules already exist in the Netherlands. For example, the total cost of credit has been capped at 15% of the outstanding debt per year by law since 1 January 2024.<sup>52</sup> Furthermore, costs related to potential defaults are deemed to be included in the total cost of credit. Consequently, credit

providers may not charge any other fees besides the aforementioned credit fee.<sup>53</sup> Collection charges for late payment are therefore not permitted. Credit providers may charge a delay fee. However, this fee replaces the regular interest rate and cannot be higher than this rate. These existing provisions are also likely to apply to BNPL when the recast CCD enters into force in the Netherlands.<sup>54</sup>

As explained in Section 3.4, late payment fees constitute a significant part of the current cost structure of BNPL providers. We assume that BNPL providers will have to adjust their cost structure once the recast CCD enters into force in the Netherlands.

### **Arrears management that takes due account of customer's situation**

The new legislation envisages the provision of various measures concerning arrears management.<sup>55</sup> These include measures related to refinancing of a credit agreement, extending the term, postponing repayment, reducing the borrowing rate, offering a payment holiday and debt forgiveness. Credit providers must also have processes and policies in place for the early detection of consumers experiencing financial difficulties and refer them to debt advisory services.<sup>56</sup>

The current arrears management policies of BNPL providers consists mainly of payment arrangements, such as postponing repayment. The new legislation may therefore require providers to develop more comprehensive and diverse arrears management policies that take due account of the particular circumstances of individual customers. Consumers with structural problems may, for example, need more comprehensive solutions, such as a reduction of credit costs or debt relief.

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<sup>53</sup> Section 7:76 of the Dutch Civil Code in conjunction with Article 11 of the Cost of Credits (Loans) Decree (Besluit Kredietvergoeding).

<sup>54</sup> These existing provisions will apply in respect of BNPL if the Cost of Credits (Loans) Decree is not actively amended.

<sup>55</sup> Article 35 recast CCD.

<sup>56</sup> Article 36 recast CCD.

## 5. Conclusion

In October 2023, the recast CCD was adopted. As a result, the BNPL sector will be subject to supervision of the AFM by November 2026. The sector has continued to grow in size since the 2022 study. It has also taken steps to improve the quality of its services. For instance, a Code of Conduct has been in place since October 2023.<sup>57</sup> BNPL providers will need to improve further ahead of the new legislation. In the short term, we specifically draw attention to the need to address the problem of the use of BNPL by minors.

### 5.1 BNPL continues to grow and develop

#### BNPL is growing; increased risk for users under 35

In 2022, BNPL providers processed roughly 45 million transactions totalling €4.8 billion, signalling the further growth of BNPL. The average number of transactions is growing fastest amongst users aged between 18 and 24, rising by 32% to 7.3 transactions per year.

Consumers under 35 are more likely to experience the consequences of missed payment dates. Relative to other age groups, they tend to incur late payment fees and be handed over to a debt collection agency most often. The costs associated with late payment can be substantial. We encourage BNPL providers to continue to explore how they can ensure that more customers pay on time and that fewer customers face late payment fees. We also stress the importance of increased attention to customers aged between 18 and 24, as they are more likely to be financially vulnerable.

#### AFM welcomes investigation into actual collection charges incurred

We see both positive and negative shifts in the extent to which providers rely on late payment fees as a revenue source. All five examined providers have committed to investigating the extent to which the collection charges paid by consumers reflect the actual collection costs they incur. This commitment is also set out in the Code of Conduct. We welcome this investigation.

#### Action needed to address the use of BNPL by minors

All the BNPL providers require their customers to be at least 18 years old, as set out in the Code of Conduct. Analysis shows, however, that almost 600,000 iDEAL transactions that could be linked to BNPL providers were executed through accounts in a minor's name in 2023, with an average transaction amount of approximately €50. The users concerned are (mainly) aged between 13 and 17 and are likely to circumvent the age checks carried out by BNPL providers. There is a real risk that these transactions involve unauthorised BNPL use. Minors constitute an extremely vulnerable target group to whom (BNPL) credit may not generally be provided. We call on the legislator and the BNPL sector to work together in quickly adopting an effective approach aimed at efficiently halting the use of BNPL by minors.

#### Various developments indicate debt habituation

We see various developments indicating that deferred payment is normalising. One is the emergence of a group of regular users executing at least twenty transactions per year. This group has grown by 31%. There is also a noticeable increase in the number of physical stores offering BNPL as a payment option. An increasing number of

<sup>57</sup> It should be noted that the latest figures that we received from BNPL providers and that are used in this market update relate to 2022. Any improvements made by providers since the publication of our exploratory study in November 2022 can only be reflected in the 2023 figures at the earliest, however. These figures are not yet available to us.

consumers are also using BNPL to buy products that are generally non-returnable, such as groceries and travel. For such products, the risk that consumers choose for BNPL of financial necessity seems higher. We consider debt habituation as undesirable and as a social issue.

### **For every €100, around €40 is returned**

Our analysis shows that for every €100 paid by customers using BNPL, around €40 is returned. In general, we see the highest return rates among providers that are most active in the fashion sector. With BNPL, the purchase amount is debited only if the customer chooses to keep certain purchases and not return them. In addition, there are often no charges for delivery or returns. These factors can contribute to customers ordering and returning more than needed. We encourage the BNPL sector to work with online stores and customers to ensure more attention is paid to the environmental impact of their transactions.

## **5.2 BNPL providers must make further improvements ahead of the new regulation**

### **Code of Conduct is a step forward in consumer protection**

A Code of Conduct for BNPL was adopted in October 2023. Amongst other things, the Code of Conduct requires affiliated providers to provide clear information on costs, conditions of use, and payment obligations. They must also implement a complaints procedure. Furthermore, the Code of Conduct states that BNPL providers will combat debt accumulation by, for instance, blocking an individual's account in case of ongoing payment arrears. While this measure helps protect financially vulnerable consumers, it does not prevent individuals from subsequently incurring debts with other providers. We therefore strongly encourage maintaining the ongoing efforts to establish voluntary affiliation with the BKR Credit Registration Agency.

### **New legislation will have major impact on BNPL**

The recast CCD was adopted in October 2023. As a result, the BNPL sector will become subject to our supervision by November 2026 at the latest. The new rules have far-reaching implications for BNPL providers. They require them to adjust the content, design, and amount of their customer information in view of the forthcoming advertising rules and pre-contractual information requirements. By way of illustration, we note that only about one in seven users (14%) currently state they have received clear and timely information about the costs in case of missed payment before using BNPL. The current acceptance processes also need to be adapted, given that BNPL providers will have to obtain more information about the income, expenses, and debts of their customers. We further assume that BNPL providers will need to alter their cost structure. Finally, we expect that BNPL providers will have to develop more comprehensive and diverse arrears management policies that take due account of the particular circumstances of individual customers.

### **Exemption from regulation for large online sellers**

Under the recast CCD, large online sellers are exempted from regulation if they offer deferred payment for up to 14 days, preventing them from developing large-scale BNPL schemes. It remains uncertain which parties can rely on this exemption. Some BNPL providers, for example, offer direct shopping through their platform and major online marketplaces, such as Amazon, Zalando and Bol, offer deferred payment as a payment option for other sellers. Therefore, it is essential that the legislator clearly delineates this exemption. In addition, consumers who are customers of large suppliers that are ultimately not within the scope of the recast CCD should also enjoy adequate protection against the risks of deferred payment.

## BNPL sector moves forward

By adopting a Code of Conduct, BNPL providers have already taken steps to improve the quality of their services. It is a positive that they are committed to implementing improvements under a common framework. This allows them to anticipate the upcoming legislation as a collective. In the discussions we have had with the sector, we see a strong commitment to ongoing improvement. We are therefore confident in our cooperation with the sector in successfully implementing the new legislation.

# Appendix 1: Approach and sources

This section explains the approach used in this study. We also give a brief list of the main sources we have consulted.

## Approach

We undertook the following activities for this market update:

- Consumer research – questions were asked to a representative panel of consumers in the AFM Consumer Monitor Spring 2023.
- Desk research – this is based on online/publicly available information. The relevant sources are stated in the reference list below.
- Interviews with foreign supervisory authorities – Discussions were held with ASIC (Australia) and the FCA (United Kingdom), amongst others, on developments in the BNPL market landscape. In addition, the AFM joined the European Supervisory College for Klarna under the direction of the Swedish Financial Supervisory Authority (Finansinspektionen) as an observer member.
- Information request and interviews with BNPL providers – we sent an information request to the five selected BNPL providers included in this market update and further discussed the information they provided us with in interviews.
- Information from banks – We asked three Dutch banks for information regarding possible BNPL use by underage account holders.
- Data quality control – We depend on the quality of the underlying data we receive from market participants for the data quality of this market update. We carried out light quality checks on the data received. We discussed any flaws that were discovered in the data. These were partially resolved. We assume that the data in this report provides a representative picture of the market.
- Interviews with market participants – We discussed the impact of the new regulation with the five selected BNPL providers and potential new entrants, including large online platform stores.
- Round table discussion – We facilitated a joint discussion with the five selected BNPL providers on late payment fees and other market developments.

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- RTL Nieuws (2022) [Alcohol op afbetaling bij webshops rukt op, experts willen dat kabinet ingrijpt](#)
- RTL Nieuws (2023) [50 cent per retourartikel: 'Zoveel terugsturen is niet meer normaal'](#)
- VFN (2023) [BNPL Code of Conduct](#)

## Appendix 2: Outcomes AFM Consumer Monitor

The AFM regularly conducts consumer research to obtain valuable insights from consumers that are used to inform our supervision. The feedback and signals the AFM receives allow us to carry out supervision more effectively and efficiently. The figures below show the outcomes of the AFM Consumer Monitor. The fieldwork was carried out between 3 and 25 April 2023 amongst the LISS panel of Centerdata, an independent non-profit research institute. The questionnaire was completed by a sample group representative of the Dutch population aged 18 and above. A total of 1163 respondents completed the questionnaire.

Figure 12. Which payment method(s) have you used in the past 12 months to buy things online?

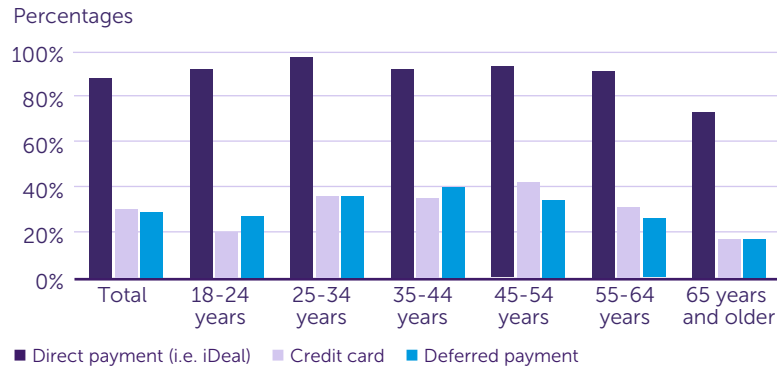


Figure 13. Approximately how often have you used deferred payment as a payment method in the past 12 months?

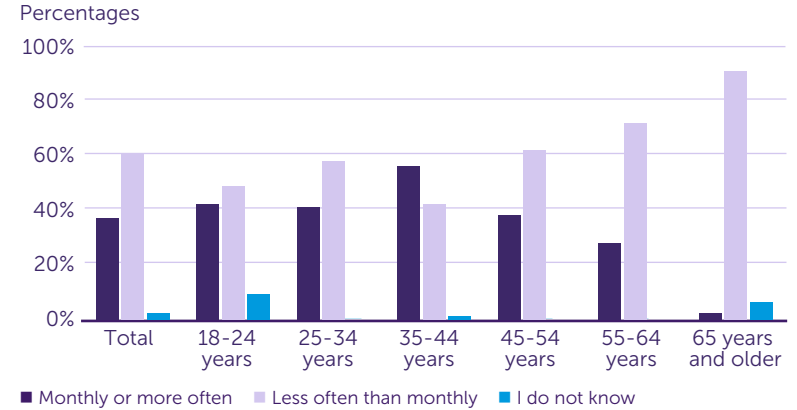


Figure 14a. You have occasionally used deferred payment to buy things in the past 12 months. Were you able to meet the payment date?

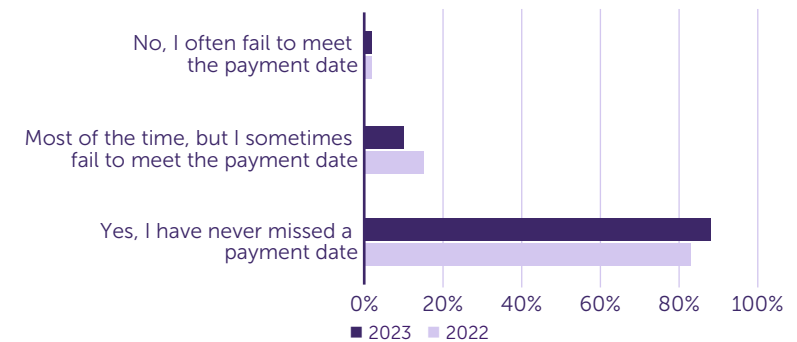




Figure 14b. You have occasionally used deferred payment to buy things in the past 12 months. Were you able to meet the payment date?

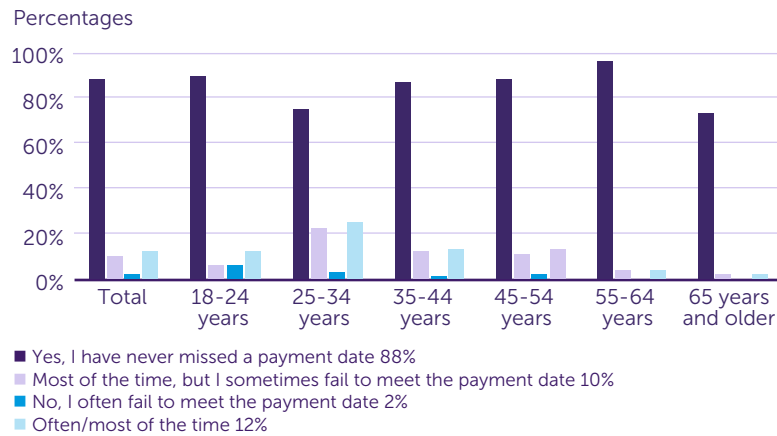


Figure 15. You have occasionally used deferred payment. Which payment method(s) have you previously used in the past 12 months to buy things online?

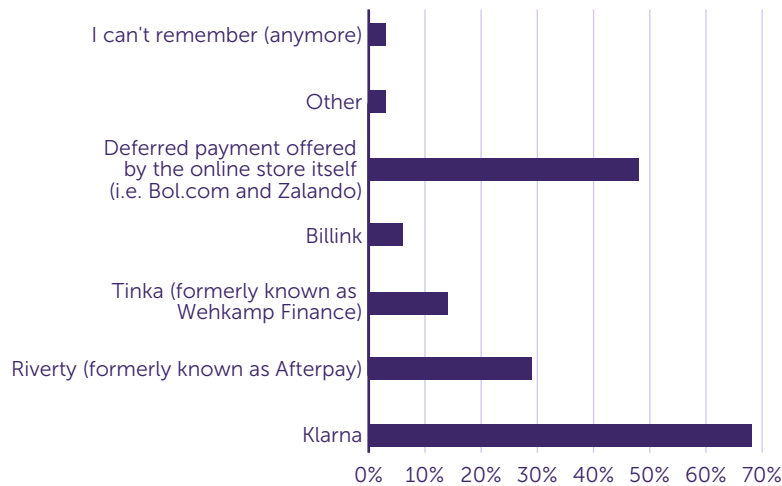


Figure 16. Why did you use deferred payment as a payment method in the past 12 months?

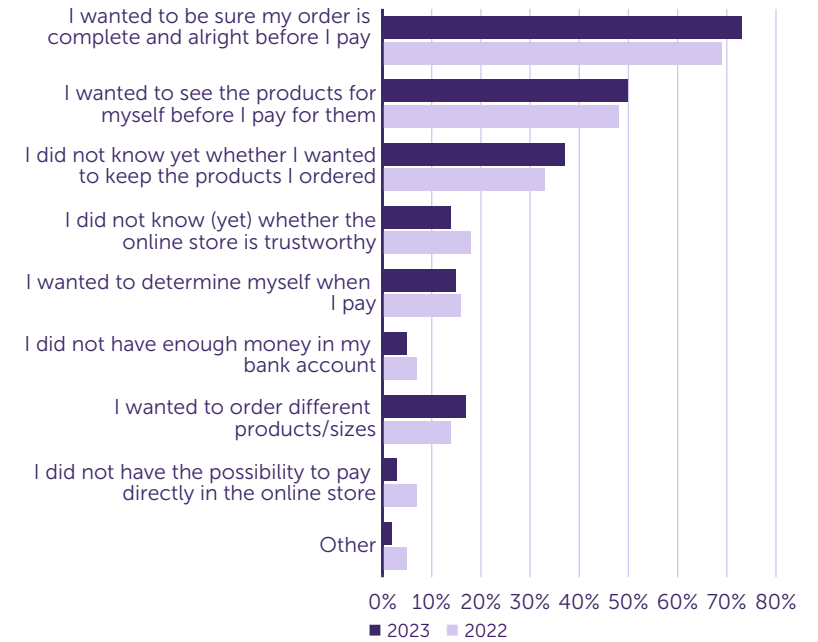


Figure 17. When using deferred payment, I received clear information, before completing the purchase, about...

