# Submission: Credit and financial services targeted at Australians at risk of financial hardship

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### Alcohol is no ordinary commodity. It is one of the leading contributors to death and disability in Australia and is a causal factor in over 200 disease and injury conditions.

Alcohol is no ordinary commodity. It is one of the leading contributors to death and disability in Australia and is a causal factor in over 200 disease and injury conditions. It is for this reason that alcohol should not be marketed and delivered in the same way as fast fashion online retailers.

Of serious concern is the increasing promotion and use of ‘buy now pay later’ services to purchase alcohol. This submission concentrates on this specific form of unlicensed financial service (as per term of reference (a)(ii)) however the issues raised may be applicable to other services.

These services increase availability and accessibility of alcohol products through fractional upfront payments and easy delivery options. The use of quasi-credit for addictive substances and the promotion of these online is of particular concern for vulnerable populations, including dependent drinkers, underage drinkers, and people in lower socioeconomic groups. The burden from alcohol use is 1.9 times higher in the lowest socioeconomic group when compared with the highest socioeconomic group. Increased availability of alcohol is also associated with harm to innocent third parties through an increase in assault, domestic violence, road crashes, and child maltreatment.

It is well established that increases in availability and decreases in the price of alcohol lead to increased harm from alcohol. It follows that measures such as ‘buy now pay later’ have the potential to increase alcohol harm and alcohol dependency. Price is a crucial modifier in alcohol purchasing behaviour; in fact, increased price is one of the best ways to reduce consumption. The use of ‘buy now pay later’ services for alcohol subverts established mechanisms to minimise harm to public health from alcohol, by enticing the consumer with a much lower upfront price. There is a substantial risk that this will simultaneously increase alcohol and credit dependency.

These factors lead to several specific concerns, including:

* Concerns for vulnerable populations, including dependent drinkers
* Alcohol sales not being subject in a meaningful way to the responsible service of alcohol
* Undermining public health outcomes through increased availability and decreased upfront price of alcohol.

## Recommendations

FARE submits a number of recommendations to the committee in regards to ‘buy now pay later’ services:

1. Prohibit the use of ‘buy now pay later’ services, or other unregulated credit-like services to purchase alcohol.

2. Prohibit the advertising and sale of alcohol with fractional costing.

3. Regulate the sale and advertisement of alcohol online to ensure that it abides by responsible service of alcohol provisions in all states in which it is available for delivery.

4. Conduct a public inquiry into the online sale, advertisement and delivery of alcohol.

[view the submission](https://fare.org.au/wp-content/uploads/FARE-submission-to-inquiry-into-credit-and-financial-services-targeted-at-Australians-at-risk-of-financial-hardship-Nov-2018.pdf)

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