

20 August 2024

John-Paul Drake
Director, Drakes Supermarkets
Via Email:
Reception.SA@drakes.com.au



Dear John-Paul,

I am writing on behalf of the [South Australian and Northern Territory Financial Counsellors Association](#) (SAFCA). We wish to express our deep concerns regarding the recent introduction of buy now pay later (BNPL) payment options in your stores.

About SAFCA

SAFCA is the peak body for financial counsellors in South Australia and the Northern Territory. We support financial counsellors to achieve the best possible outcomes for financially vulnerable people and support the financial counselling sector to adopt and maintain best practice through professional development, advocacy and law reform within a social justice lens.

About Financial Counsellors

Financial Counsellors provide free, independent and confidential services, usually available through community organisations and community legal centres. They are skilled and qualified professionals who work with people to address debts, payment plans and much more. If you want to know more about what they do, you can find it [here](#).

SAFCA's Request

We commend Drakes Supermarkets for its longstanding commitment to community values, customer satisfaction and engagement through philanthropy. However, we wish to express our deep concerns regarding the recent introduction of buy now pay later (BNPL) payment options in your stores.

Financial counsellors, dedicated to supporting those facing financial hardship, have long raised concerns about the impacts that BNPL has on individuals; and have been alarmed to learn about Drakes adoption of this service. While we understand the growing popularity of BNPL services (even within your customer base), we believe its implementation could lead to unintended consequences for your valued customers and, consequently, the trusted reputation Drakes holds within the community.

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Financial counsellors: information, advocacy and support for people in financial difficulty

Our concerns stem from the unregulated nature of BNPL products, the sophisticated marketing techniques employed, and the potential impact on individuals facing financial difficulty. BNPL services use targeted marketing and an easy application system to attract users. As you may be aware, a Choice survey in 2022 highlighted that one in five BNPL users had missed or were late with a repayment. Of this number, a further forty per cent took out loans to pay back their BNPL debts, further exacerbating their financial burdens¹.

Furthermore, there is significant concern that the current economic crisis is seeing people use buy now pay later options to pay for essential services like utilities and food. The Choice survey referenced earlier found that one in four people had done this. This is a concern for our workforce who are seeing clientele who have never accessed financial support before, and they are turning to these products to make ends meet, in turn gaining financial burden of ongoing BNPL fees and debts. This client group are not aware of the number of accessible options in the community where they can access free emergency food and ongoing discounted grocery shops, without having to use BNPL to afford to eat.

We acknowledge the forthcoming regulations on buy now pay later services, but we believe that proactive measures can be taken now to align with Drakes' core values. Therefore, we respectfully request that you consider removing BNPL from your customer payment options, fostering a business environment that prioritises the financial well-being of your clients and community.

Understanding the complexities surrounding this matter, I would be happy to arrange a meeting at your earliest convenience to discuss this further. Your commitment to addressing these concerns will undoubtedly reinforce the trust Drakes Supermarkets has built within our South Australian communities.

Please feel free to contact me at 0423 085 432 to schedule a meeting or to discuss any aspect of this letter.

Thank you for your time and consideration.

Yours sincerely



Kate Fox
Executive Officer



Mark Henley
SAFCA Board Member and Chair of Advocacy Advisory Group

¹ [Regulate Buy Now, Pay Later like other credit products to boost customer safeguards, consumer groups say](#), Financial Counselling Australia media release, December 23, 2022.