



Government
of Canada

Gouvernement
du Canada

Impressions of Buy Now, Pay Later Services

Interview Findings and ACET Methodological Report

Prepared for the Financial Consumer Agency of Canada

Supplier: EKOS RESEARCH ASSOCIATES INC.

Contract Number: 5R000-201828/001/CY

Contract Value: \$39,999.99

Award Date: March 2021

Delivery Date: October 4, 2021

Registration Number: POR 129-20

For more information on this report, please contact info@fcac-acfc.gc.ca

Ce rapport est aussi disponible en français

Canada 

Interview Findings and ACET Methodological Report

Prepared for the Financial Consumer Agency of Canada

Supplier name: EKOS RESEARCH ASSOCIATES INC.

Date: October 2021

This public opinion research report presents the methodology used to collect an online survey conducted with 1,034 Canadians by EKOS Research Associates Inc. on behalf of the Financial Consumer Agency of Canada. Findings are also described from 20 follow-up interviews with a subset of survey respondents who have used relevant services. The research study was conducted in March (survey), and April (interviews) 2021.

Cette publication est aussi disponible en français sous le titre Impressions à l'égard des services «Achetez maintenant, payez plus tard » : Résultats révisés des entretiens et rapport méthodologique de l'OÉCP.

This publication may be reproduced for non-commercial purposes only. Prior written permission must be obtained from Public Services and Procurement Canada. For more information on this report, please contact Public Services and Procurement Canada at: tpsgc.questions-questions.pwgsc@tpsgc-pwgsc.gc.ca or at:

Communications Branch
Public Services and Procurement Canada
Portage III Tower A
16A1-11 Laurier Street
Gatineau QC K1A 0S5

Catalogue Number:

FC5-74/1-2021E-PDF

International Standard Book Number (ISBN):

978-0-660-40797-5

Related publications (registration number: POR 129-20):

Catalogue Number FC5-74/1-2021F-PDF) (French)

ISBN 978-0-660-40799-9

© Her Majesty the Queen in Right of Canada, as represented by the Minister of Public Works and Government Services, 2021

TABLE OF CONTENTS

Executive Summary	1
A. Background and Objectives	1
B. Methodology	2
C. Key Findings (Follow-up Interviews)	4
D. Contract Value	6
E. Political Neutrality Certification	7
Detailed Findings (Follow-Up Interviews)	8
A. General Use	8
B. Marketing	10
C. Disclosure	11
D. Reasons for Use	13
E. Making Payments	16
F. Disputes	18
G. Impact on Credit Score	18
H. Advantages	18
I. Disadvantages	19
J. Using BNPL in the Future	20
K. Advice to Friends or Family	22
Summary and Conclusions	24
A. Fintech enabled services (Summary)	24
B. Credit Card Enabled/Installment Loans (Summary)	25
C. Conclusions	26
Appendix	27
A. Methodology	27
B. Survey Questionnaire	32
C. Interview Guide	48
D. BNPL Usage Scenarios	50

EXECUTIVE SUMMARY

A. BACKGROUND AND OBJECTIVES

The Financial Consumer Agency of Canada (FCAC) is an independent federal government agency tasked with ensuring that federally regulated financial entities comply with consumer protection measures set out in legislation, public commitments, and codes of conduct. Mandated to protect Canadian financial consumers, FCAC also promotes financial education to strengthen the knowledge, skills and confidence of Canadians and raise awareness of consumer rights and responsibilities.

Consumers are purchasing more goods and services online than ever before, particularly during the global pandemic. Nearly half of Canadians intend to continue using digital payments for the long term¹. In recent years, several “fintechs”² have developed services that integrate with point-of-sale platforms to allow consumers to use Buy Now Pay Later (BNPL) services in the retail e-commerce space to pay for goods and services. In addition, some financial service providers (including several federally regulated banks) offer a BNPL feature for certain purchases made with their credit cards.

BNPL services allow consumers to receive goods and services immediately, while spreading out their payments over time. BNPL is a form of credit, and BNPL services offered at the point-of-sale are marketed as a cheaper way to access credit almost instantly. BNPL services linked to the use of a credit card are also available. There are several types of BNPL services available; generally they fall into one of two categories:

1. Online BNPL services:

Online BNPL services provide consumers with instant access to credit at the point-of-sale and are often provided by a third party fintech, partnered with a merchant³. These online BNPL services allow consumers to spread their payments out over several equal installments, typically 4 payments over 6 weeks but in some instances through monthly payments. However, the

¹ <https://www.payments.ca/about-us/news/canadian-spending-and-purchase-habits-have-not-yet-retained-pre-pandemic-preferences>

² “Fintechs” refers to financial technology companies

³ “Online BNPL services” refers primarily to “fintech” enabled BNPL services primarily available in the retail e-commerce space but may include a small number of users who made online purchases using a credit card with a BNPL feature.

payment terms may vary depending on the BNPL provider. BNPL services may also be available in-store at the check-out.

2. Credit card based BNPL services:

There are several types of credit card based BNPL services currently available in Canada, including:

- “Traditional” credit card based BNPL services: with this type of credit card based BNPL service, consumers can choose to finance a purchase with a credit card and can generally choose to defer payments for a specific period of time or spread payments out into smaller equal monthly instalments. These types of credit card based BNPL services can be used in-store, and online at the point-of-sale. These types of BNPL services are often linked to store-specific or store-branded credit cards.
- “Post-purchase” credit card based BNPL services: with this type of credit card based BNPL service, consumers can choose to convert a portion of an outstanding credit card balance, or a specific purchase or purchases, into an instalment loan. With this type of BNPL service, generally no new credit is being originated, the purchase has already been made, and it is later converted to an instalment plan (a BNPL service plan).

FCAC is mandated to monitor trends and issues that could impact financial consumers and therefore, wished to learn more about the BNPL market in Canada through public opinion research focusing on consumer experiences with BNPL services.

B. METHODOLOGY

Survey

A bilingual, national online survey was conducted with 1,034 Canadians 18 years of age or older, between March 16 and 27, 2021. The sample included randomly selected respondents from all provinces and territories. The questionnaire covered awareness and use of BNPL services, as well as how the process unfolded for those using these services (consumer information provided about the service and conditions, type of purchases, as well as method of purchase), motivation for using this type of service, nature of any disputes and/or negative impacts from using these services.

The survey sample relied on EKOS' Probit panel, which is assembled using a random digit dial process for sampling from a blended land-line cell-phone frame, and provides full coverage of Canadians with telephone access. The distribution of the recruitment process is meant to mirror the actual population in Canada (as defined by Statistics Canada). As such, our more than 120,000 member panel can be considered representative of the general public in Canada (meaning that the incidence of a given target population within our panel very closely resembles the public at large) and margins of error can be applied.

Follow-up Interviews

From the online survey of 1,034, any respondent indicating use of BNPL services within the previous 18 months was asked about the possibility of a follow-up interview. Among the 66 individuals who indicated that they had used these services, 39 agreed to follow-up contact. A total of 20 interviews were conducted between April 21 and May 3, 2021. Participants were asked to describe their experience and provide feedback on their impressions of these services, including the perceived benefits and drawbacks. The interview guide can be found in Appendix B. Interview participants were provided with a \$50 honorarium for their time.

Results of the interviews are described, along with anonymized, illustrative quotes based on a review of the notes from interviews. It should be noted that the results are qualitative in nature. The analysis is based on multiple reviews of the notes by the three senior researchers conducting the interviews. These results are not generalizable and cannot be used to estimate the percentage of total Canadians who would hold a similar view. Results from the follow-up interviews do, however, provide additional detail and insight into the findings of the online survey (not described in this report) through illustrative experience and perspectives.

As per section 10.2.3 of Public Works and Government Services Canada's (PWGSC) Qualitative Research Standards, "Qualitative research is designed to reveal a rich range of opinions and interpretations rather than to measure what percentage of the target population holds a given opinion. These results cannot be used to estimate the numeric proportion or number of individuals in the population who hold a particular opinion because they are not statistically projectable"⁴. In order to avoid portraying these results as generalizable to the population, terms such as "a few," "some" and "most" are used to broadly indicate views, rather than using specific percentages. To ensure a common understanding of the terms used in the analysis, the following guidelines were used in analysing and reporting on participant results:

⁴ Public Services and Procurement Canada. *Qualitative Research. Standards for the Conduct of Government of Canada Public Opinion Research*. Last updated: Spring 2019.

- “A few participants” = at least two people but less than 25 per cent;
- “Some participants” = 25 to 49 per cent;
- “Many participants” = 50 to 75 per cent;
- “Most participants” = over 75 per cent; and
- “Almost all participants” = 95 per cent or more.

It should also be understood that the information provided by participants is subjective in nature, based on their own recollection, and perceptions of interactions with merchants and information provided. Respondents were not provided with a description to differentiate between online and credit card based BNPL services at the time of the interview. Any attribution to a specific service was determined based on the service described by the participant.

Appendix A provides the details of the methodology for the collection of the survey, along with the follow-up interviews.

C. KEY FINDINGS (FOLLOW-UP INTERVIEWS)

General Use of BNPL services

Those interviewed have all used a BNPL service for at least one purchase in the past 18 months. About two in three interview participants described experience using online BNPL services. Almost as many also said they had had experiences with a credit card based BNPL service, with some participants describing use of both types of services.

Participants who used online BNPL services, did so for purchases made online, typically in the previous six months at the time of the interview (later 2020 or early 2021). Purchases included a wide range of relatively lower value items such as sunglass lenses, clothing, summer tires, gardening supplies, often with a total purchase price of between \$100 and \$600. One participant used an online BNPL service for the larger purchase of a vacation booked online. Payment plans offered were most often between four and six payments, scheduled bi-weekly for two to three months.

Users of credit card based BNPL services were typically purchasing in-store, anywhere from a few months to 18 months prior to the interview. Purchases were more often for larger ticket items such as appliances and furniture, often with total prices from \$1,000 to \$5,000 or more. In some cases, this was a “Don’t Pay for XX Months” event. In most cases, a monthly payment plan was established spreading payments over a year or two.

Marketing

When using an online BNPL service for the first time, participants found out about it from information presented at check out, and had intended to use other methods of payment when making the purchase; often a credit card. In some cases, among those using this form of BNPL service for a second or third time, the offer of BNPL was factored into the decision, and they expected to be able to take advantage of this service.

Almost all users of credit card based BNPL services or installment loans/payment deferrals had previously been aware of this type of service offer prior to the most recent use of it; in some cases for decades, likely in the case of installment loans. Some participants had initially been made aware of them through advertisements on television, newspaper or flyers. Others were told about this service in-store.

Disclosure

Everyone using an online BNPL service described the presentation of information about the service as immediate, clear and easy to follow. Everyone said the terms and conditions were clearly laid out, including no interest or service fees, unless they were unable to meet their payment obligations.

For their most recent purchases using credit card based plans, all were presented with the BNPL option by the sales representative for in-person purchases. A few, however, noted that the paperwork outlining the detailed “fine print” terms (e.g., amount of payment required up front) were only provided to them after the purchase was made, and a few said it took some effort to obtain all relevant information. A few described “surprises” at the conclusion of the sale, including one seeing a higher than expected initial payment, and one who would incur a higher level of interest than expected in the case of defaulting on the payment plan.

Reasons for Use

The most common appeal or motivation for using a BNPL service was the way it made payments more manageable, by spreading them out into smaller amounts, making it easier for many to meet the financial obligation. Others talked about the convenience of the service in bridging a timing gap when a sudden need or opportunity arose, and they did not have the funds available, such as a sale or emergency arose. The BNPL was seen as buying them a little bit of time in those cases. Some described the flexibility of being able to keep their money for a longer period of time in case of other needs. Some also talked about the appeal of no interest and relative advantage over credit cards for this reason, wishing to take advantage of a “good deal”, seeing “no reason not to”. For a few participants, however, the BNPL was the only way that they could make the

purchase, not having access to the credit to cover the purchase or because the purchase was large.

Advantages

Using a BNPL service (either through a credit card or an online BNPL loan) was a positive experience according to most participants. They felt the service allowed them to make a purchase, in some instances, before they had enough savings. Further, most felt that spreading payments over time helped them budget, by making the purchase more manageable and reducing the need to juggle a number of financial obligations at the same time, or allowed them to hold onto their money for longer.

Disadvantages

Some participants noted the need for caution when using BNPL services. According to a few participants, some credit card based BNPL services have a service fee at the onset that should be considered in the overall cost. A few observed that BNPL services can create conditions where consumers make purchase decisions too quickly, or easily, or spend more than they intended. A few pointed to the inherent risk of a change in income, such as a job loss, or unexpected expense, such as a vehicle repair, that could affect their ability to make their payments, and lead to incurring interest charges or financial strain during repayment.

Using BNPL in the Future and Advice to Friends or Family

Some participants expect that they will use a BNPL service again in the future either to pay for larger purchases that they may not have money saved for at the time of purchase. Some said they would continue to use BNPL services for smaller items that can be paid off in a short amount of time. Most participants would recommend using a BNPL service to friends and family, advising that if they want to buy something, and could not pay for it right away, a BNPL service is a good option. Many participants noted that they would caution friends and family to be mindful of their ability to pay off the product with the service and not to use it to overspend.

D. CONTRACT VALUE

The contract value for the POR project is \$39,999.99 (including HST).

Supplier Name: EKOS Research Associates

PWGSC Contract Number: 5R000-201828/001/CY

Contract Award Date: March 3, 2021

To obtain more information on this study, please e-mail info@fcac-acfc.gc.ca

E. POLITICAL NEUTRALITY CERTIFICATION

I hereby certify as Senior Officer of EKOS Research Associates Inc. that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Communications Policy of the Government of Canada and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not include information on electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leaders.

Signed by:



Susan Galley (Vice President)

DETAILED FINDINGS (FOLLOW-UP INTERVIEWS)

A. GENERAL USE

Type of BNPL service used

All interview participants have used a BNPL service for at least one purchase. Across the 20 interviews, about two in three described one or more instances that involved online BNPL services used in the previous years. Just over half described one or more instances involving credit card based BNPL service or payment deferral services used over the last decade or more.

“Bought a few months ago, through a PayPal. Went to buy something online and at the end they showed a buy now pay later option.”

Because of the relatively small number of cases, age patterns are not clear, although credit card based BNPL service or payment deferral services were most often described by those 35 to 55 years of age. Online BNPL services were described with equal frequency among those under 35 and those 35 to 55 years of age.

History of BNPL Use

Only a few participants said they have only used this type of service once, describing their use of an online BNPL service for a purchase made within the previous six months. The majority of participants said they had experience with BNPL at least twice, up to a handful of times. Some described several experiences with online BNPL services for purchases made within the previous year.

I found out about it last fall (maybe October 2020), when I was doing online shopping on a US site for clothing.”

“(I) Became aware of this service a couple of years ago. I’ve used it 3 times now, each time for online shopping purchases.”

Many participants described use of credit card based BNPL services, made anywhere from a year to decades before the interview. In about half of these cases, they had only made purchases in-store. The other half described a mix of experiences with both in-store purchases, using a credit-card enabled service, and typically more recent experiences with online purchasing, using an online BNPL service.

“I’ve used this type of thing about 3 times over the last 5 years. I haven’t used it for any online purchases.”

“(I) Used (BNPL) first more than 10 years ago at furniture store, then again at a store 7-8 years ago, and more recently a year or so ago online.”

“(I) Have been aware of this type of service in furniture stores for years. Have used in 3 or 4 times at places like the Brick. Used a few years ago in this way. (I) Also used PayBright more recently (for an online purchase)”

Overall, there was no differentiation made by participants in terms of the appeal of credit card BNPL services compared to online BNPL services.

Types of Purchases

Participants describing use of an online BNPL service to buy lower cost items such as sunglass lenses, clothing, summer tires, gardening supplies, or pet supplies, typically purchased online. These purchases ranged in price from about \$100 to \$600. This was consistently the case, whether or not they were describing their first experience with BNPL services or had used this type of service several times and/or in many forms.

“It was for a backpack from one of those storage type retailers (online; about \$150).”

“I just used it for gardening supplies and equipment for \$400 a few months ago.”

“Maybe two or three months ago (for an online purchase of) a replacement pair of lenses for my sunglasses. That was the first time I used it or even came across it.”

Generally, the credit card based BNPL services or instalment loans were used for purchases made in-store, for considerably larger purchases such as for furniture (such as mattresses or bedroom sets) or appliances (freezer, refrigerator, stove, washing machine). A much wider price range was described for these items, from \$500 to \$7,000 or higher. Many of the larger purchases for furniture and appliances involved “buy now and don’t pay for XX months” types of promotions.

“I used it way back then with furniture company to buy couches. Don’t pay for 12 months. Brick or Leon’s. Have since used, more recently for stove (5 months ago) and now clothes washer (just recently).”

“Before the pandemic, we were wanting to take a trip. We had the money saved, but used a BNPL where we bought the trip and paid for it later. The trip was through Sunwing, it’s called Uplift, you pay a service fee, then they put you on a monthly plan for two years.”

B. MARKETING

Of the participants using online BNPL services for purchases, many were using it for the first time. Each of those using this type of service said they had initially been intending to pay through a credit card or bank account when they first found out about this service at the online check out. No one said, however, that the BNPL service was the reason they were making the purchase or that they would not have made the purchase had the service not been offered.

“During the transaction, I found that it was going to be interest free, come out in four payments and I didn’t see the downside.”

“The BNPL option just popped up when I went to purchase it (online).”

“The service was Sezzle and was offered as option in the online purchase. It offered a little summary/disclaimer type window.”

“For the online recently, I was on alert for it since they do that in stores.”

Many participants using the credit card based BNPL service said that they initially heard about BNPL services through advertisements on television, newspapers, or flyers. Some said that knowing about this service offer was a driver in their decision to make the purchase. For others, knowledge of this offer did not influence their decision. Some, however, said that they had not known about it until they were in the store making purchase decisions. For their most recent purchases, most participants said that they were presented with the BNPL option by the sales representative for in-person purchases.

“I probably heard ads or read ads in the paper or flyers. At purchase, there was information, I’m not sure how much I read, but I just did it because it was my plan to do it.”

“When we went into the store, lots of advertising. Also see it on the tv and flyers. It is in your face, everywhere. Even with the salespeople, they will say, ‘are you looking to finance.’?”

“The sale person told us that they had on one of their don’t pay for XX months, so we decided to go for that, although hadn’t been intending to do that.”

C. DISCLOSURE

Among those using an online BNPL for a purchase, the service, and payment plan were largely described as having been clearly explained, detailed and easy to follow. All participants making an online purchase also said that they received written information in an email, including the amount of each payment, number of payments and dates on which each payment was due. Most participants also said that the payment schedule and penalties were also laid out, although a few said that some information was provided after the purchase.

“(I) clicked and read about option of equal payments (4) over a few months. There was information about amount of payments, and you could choose timing of payments. I did not notice if there was anything about terms and conditions if payments not made, (although) I did see that there was no interest and no service payments. I received an email after purchase with this information and full details on amount and timing of payments. Also, I received email reminders in advance of each payment, and it notified me when I reached the last payment. It was all clear and easy to understand.”

“It gave me the number of payments, amount of each one, and schedule and dates of each one. It also gave me some terms and conditions. I saw it on the screen at check out and it emailed me a copy afterwards for reference. And, they also send an email to me a day or two before each payment as a reminder of the amount and date they will be coming up. It was very clear and easy to understand. I read the whole thing and looked for issues but didn’t see any.”

“There was lots of information, probably too much, but that’s the thing now days with all the [legal] details. It was for the most part put in terms that were understandable. It was easy to learn.”

“I was buying through the Oakley site but the payment option was PayBright. They said upfront in the information that you could pay in four payments and the money would come out of the bank account. I had to read more to feel confident, when they say things you have to ask yourself if there is some hook I don’t understand.”

Many of the participants who used credit card based BNPL services for purchases in-store said the terms of service were clearly presented to them, including particularly the number and amount of payments, as well as the payment schedule. At least a few, however, noted that the paperwork outlining the detailed “fine print” terms during an in-store purchase were only provided to them after the purchase was made or that it took some time and effort to obtain all of the information they felt they needed to make a decision.

“(Store name) for appliance and they were very good at providing full details and customer service re: set up and payment options. They provided paper copy for later reference as well.”

“At (store name) it wasn’t explained in detail, but seemed simple. Pay for it over two years, and if you make payments you are fine. If you don’t you pay interest from the time you bought it.”

“It seemed like there was not enough information provided, especially the first time. It seemed very rushed. They say you’ll be pre-approved, and then after the fact, you see all the fine print of how much you will get penalized. Not being given the information up front is deceiving.”

Most participants said that they were comfortable with the amount of information they were required to provide to the BNPL vendor. A few, however felt that they needed to read through all of the detail to be sure they were not missing important information. One described the merchant as disorganized in how it presented the information and that it required some effort to obtain complete and accurate information.

“In-store, sales rep goes through details. First time was disorganized and took more than half an hour to get questions answered and you had to open an account with their credit card, which had not been advertised. And, there were service fees, which had not been transparent until time of purchase. So, sales rep went through but didn’t have all answers and had to go find out to provide answers, and there were surprises. Even after purchase decision, is when I found out would pay for all taxes and sales fees upfront so bill was higher than expected. This was not the case in most recent online purchase with PayBright, where information was instantaneous and clear, with no surprises.”

“I got the information from the salesperson in store. If you don’t ask questions though they don’t really volunteer much information. You have to be prepared to ask everything you need to know.”

D. REASONS FOR USE

Budgeting

The most commonly noted reason focused on the advantages of spreading payments out over time. This included lower payments that were more manageable to fit into a budget, and for some, meant that they did not have to place the full amount of the purchase onto a credit card, either because they could not pay off the full amount in time to avoid high interest charges, or because their credit card balance was already high. One person said that spreading the payments out reduced the stress experienced from juggling financial priorities. Some said that spreading the payments generally made it “easier”.

This type of rationale was common among those already aware of and intending to use the service for their purchase and those who were finding out about it for the first time. It was also common among those using an online BNPL service or credit card based BNPL service, for larger or smaller purchases (i.e., under \$500). The specific preference for avoiding charges to a credit card, however, was more pronounced among online BNPL service users. A few said that their credit card carries a large balance and they felt that the interest free option of BNPL services would be a better choice than increasing the balance on their credit card.

“This allowed me to make the purchases and to break the payments up so that they were small and manageable.”

“I could have used my credit card but my balance is dangerously high right now with pandemic. So, this was a nicer way to do it. And, from what I saw, there was no interest added to each payment as long as I paid on time, and there was no service charge. So, no negative reasons/down sides. I hate looking at my finances because it gives me financial stress and this was less stressful.”

“I would have used my credit card, but this made it easier to spread the payments out more.”

Budgeting

For many, use of the BNPL was largely motivated by the short-term bridging between a purchase and payments (i.e., timing), or that it allowed them the flexibility to hold onto their cash for longer, or simply that it seemed like a good offer to take advantage of. In terms of timing, some described an urgent need for the purchase (e.g., broken appliance) or opportunity (e.g., a sale), where it was helpful or convenient for them to defer payment for a period of time because they were caught by surprise. One seasonal worker said that they often need to jump on a purchase in spite

of being low on cash, knowing that the money will be there some weeks later when the payment is due. This type of rationale was often used in conjunction with the idea of “spreading out the payments”, and “interest free” conditions of the BNPL offer.

“The purchase was larger than expected. It was during the pandemic and not many fridges (were) available and (we) bought a more expensive one than planned. Because it was a big purchase, needed to use a buy now pay later.”

“I could have maybe done it with cash in a few months but (the) appliance was breaking, (there was) no choice. The upside to BNPL is no wait for emergency appliances and no interest incurred on credit card.”

One participant used an online BNPL service to pay for a vacation purchased from a major travel brand. This participant did not have enough money saved at the time of the vacation purchase and became aware of the option when browsing for vacations online.

“We didn’t have the money saved up ahead of time. [...] It’s an alternative way to make a purchase. We knew if we could buy it right away and pay for it later, that was the way to go.”

The flexibility to be able to keep their cash and not have to pay for the purchase until later was also appealing to some, as a third most popular reason. Although these participants suggested they could have paid for their purchase in cash or been able to easily pay off the credit card charge on time, they liked having the money available for other things (e.g., emergencies, other purchases). A few said they preferred not to “empty their bank account”.

“We were going to put it on a credit card and pay it down that way. We did have some saved to pay a lump sum. The BNPL helped keep more money in my pocket, and the payments were spread out and you could pay off with no interest. It spreads out a big payment over a long time. I take it home today but can pay it off for months. “

“This allows for greater flexibility if there were other things I wanted or needed to buy during that time, without having to pay interest on my credit card. Disbursing it is the advantage for me.”

“I did actually have the money I could have used in more recent purchase so could have gone that route, but this freed up the money for emergencies and other things. Since there was no interest or fees, and I could make the smaller payments, why not do it that way so that you don’t deplete your reserve.”

“I don't want to be left with the empty account, to deal with the unexpected.”

A few participants said they wanted to take advantage of the offer, either because they were attracted by the “no interest” aspect of it, or simply to “try it out”. A few said that there was simply no good reason not to use this service, if offered.

“We could have used credit card but not cash. A credit card would have meant interest and they were getting zero interest with BNPL.”

“Decided to go with this in order to keep the cash in saving for longer in case anything came up. Would have had the cash to pay for it through account otherwise. Since no interest and made it easy to pay over time, no reason not to use it.”

Necessity

A few said that the BNPL offer was the only real option to them because of a lack of credit card, a credit card balance at the limit or a purchase price that was too high for a credit card. This was almost exclusively noted by those making large purchases using a credit card based BNPL for an in-store purchase.

“In the first large purchase (\$7,000), there was no other option other than to buy in small payments and wait to pay down. I had a credit card, but not one I could use for that amount and it would have meant paying it all off within a month or so anyway and risking high interest payments, so this was the only real option.”

“I don't know what I would have done. It would have been a disaster. Maybe used an air mattress for a bed.”

“It was at a time when my finances weren't so good. I would have had to borrow at the credit union.”

Spending More with BNPL services

A few said they spent more on the purchase than they had planned as a result of the BNPL service, adding furniture or clothing to their purchase, or opting for a higher quality product. This over purchasing was referenced by these few participants for both online and credit card based BNPL services; for example, one participant purchased additional furniture when they intended to only buy an appliance as part of a credit card based BNPL transaction. Another participant decided to buy additional clothing items when they realized they could use an online BNPL service, and would not have any trouble paying it off in the four smaller payments.

“I think I would have bought less if I didn’t have access to it, but that would have been me losing out because I would not have gone back to purchase later at different times, as could afford it, and didn’t have any trouble paying it off.”

“I used it for some online shopping for clothing. I had not been aware of it, and the amount was a bit higher than I would have liked, and at checkout it offered the option of 4 payments. I thought “hey, I’ll try that” since it would help me spread it out.”

E. MAKING PAYMENTS

Almost all participants were finished making payments for their most recent BNPL service at the time of the interview. Many said that they kept track of payments through their own budgeting procedure, used even before using a BNPL service, such as a spreadsheet of expenses. Some relied on payments being automatically taken out of their account, aligned with their payday. Some depended on payment reminders through mailed or e-mailed statements, or a smartphone app from the BNPL vendor. Many participants paid for their purchase through their bank account, either through automatic withdrawals or payments that they initiated online through their bank.

“I have a spreadsheet of my monthly expenses. When I get paid, I go through my spreadsheet and see what I have paid and need to pay.”

“They also send an email to me a day or two before each payment as a reminder of the amount and date they will be coming up.”

“(We) Would pay an amount after every paycheck. I got paid twice a month, so put \$100 on it every pay day. My wife did the same thing. We paid it off early, while we had the money we paid as much as we could. (We) Paid it off in 6 months (instead of 2 years).”

“I’m distracted and you shouldn’t miss a payment or pay late. So, I put a cheat sheet in a place I see all the time, I can’t miss it.”

“We actually set up an automatic monthly payment online so we didn’t have to think about it, beyond checking it once in a while.”

Ability to Make Payments

Most participants were making payments for only one BNPL service at a time; when they pay off one purchase they considered using the service for a purchase in the future. The duration of payments was anywhere from four equal bi-weekly payments, to “do not pay for 48 months”.

“(It was) No payment no interest for two years.”

“It was four payments – one every two weeks for two months and payments were manageable.”

Most participants reported that they never missed a payment and did not pay any fees or penalties. Some participants using deferred payment services indicated that they paid off the purchase early by making payments as they were paid or had “extra cash”. Most participants said they remained confident that the BNPL service was the right choice to support the purchase and that they did not regret the purchase. Almost all participants stated that they did not have to defer other payments or the purchase of necessary items as a result of the BNPL payments.

“We actually paid it off in four months even though we had two years to pay. We made manual payments online. It was an automatic debit, but we made extra payments to pay off early. No penalties. Income wise, we are fine, we just don’t have savings.”

“We paid in installments, even though not required to do so, since it made sense to pay it when you can and spread it out. Otherwise, you are really just deferring the situation that you couldn’t deal with financially to a later time.”

“I did not miss any payment and paying them was not a hardship that means I had to do without on something else.”

Two participants, however, used their credit card, that carries a monthly balance, to make payments on their purchase that initially used a store-based credit card enabled BNPL. One participant said that they needed a loan to pay off their deferred payment BNPL service. Once the payments were required, the participant paid for the purchase on a credit card, then obtained a loan to pay off the credit card.

“Ended up having to put it onto a credit card and then needed a loan to pay that off, so it wasn’t so great after all, I had to pay interest anyway.”

F. DISPUTES

Only one participant said they had a dispute with the service or had to go through the dispute resolution process. This participant described their dispute with the payment structure of their deferred payment plan. This participant, who signed up for a new store credit card (that included a BNPL option), mentioned that the full amount of the purchase was charged to the card; they had to call the credit card company and the payment amount was adjusted and “easy to fix”.

G. IMPACT ON CREDIT SCORE

Most participants said they were not aware of the impact of a BNPL service on their credit score. Most believed that there would be no negative impact on their credit score. Some assumed that their credit score might even improve if payments are made on time or early, given the generally positive impact of on-time payment history on credit scores.

“I didn’t see anything that said there would be an impact on my credit score. As far as I know there isn’t any impact.”

“No impact on credit score that I could see or anyone told me about. In fact, as far as I’m concerned it would help build your credit since you are basically getting a loan and showing that you paid it off.”

“I don't know if this is good or bad for my credit rating. I imagine this is good as I regularly pay my credit card.”

H. ADVANTAGES

Most participants said that using a BNPL service was a positive experience. The service allowed them to make a purchase before they had time to save for the purchase, particularly when a large purchase was involved. Having the offer to make the full payment over time “interest free” is also a key draw.

“What is good is that obviously you get the product you want now. That’s very convenient, especially if it is something that is needed.”

“It’s been helpful and works well for me. I can’t spend when I don’t have it, I need to save for a rainy day, but when I don’t have enough for what I need and I know I’ll have new work and the money coming in, it is a great option.”

Spreading payments out over time, according to most participants, allowed the purchase to be more manageable and reduce their financial stress. BNPL services were viewed by participants as providing flexibility; not all purchases need to be made using this service, but when needed, it is a desirable option to defer or spread payments out over time, and for some, to keep their money in their savings account for longer.

“A positive is that it gives you the flexibility to get what you need or wanted. Gives you time to pay it off.”

“Having the money to pay it at any time, but not having to [tie to paycheques], gave me greater flexibility to keep the savings and use it how I wanted to use it.”

“Yes, I would use it again. It helped me not feel stressed by higher payments and being over my card limit. I paid them through my credit card, but was easily able to pay those amounts on my card. We’ve all had more anxiety this year and seeing these small amounts caused less anxiety and I liked that! It made it less stressful.”

Most participants said that the BNPL services they used were clear and transparent, with no surprises after the purchase. A few experienced surprises when making in-store purchases.

“It was a good experience, especially the most recent online experience. That was easy and clear to understand, easy to set up and make payments.”

I. DISADVANTAGES

Some participants said that they have to be cautious in using a BNPL service. One negative is that some BNPL services have a service fee at the onset or other hidden costs, or conditions that need to be considered in the overall cost.

“A downside is that there is a fee at the front, and often taxes are needed to be paid up front.”

“I had a (promotional) code to get \$150 off. But, it also offered a payment plan option at the end online at the checkout. When I clicked on it though and then tried to use the \$150 discount code, it would not work, so I had to back out of the payment plan option. Why would it not allow you to still get the savings if you used this payment plan?”

Also, the ease of use, and deferral of payments, can make the purchase too easy to make, according to a few. Others spoke of the inclination to spend more than they intended. One participant noted that the deferral of payment resulted in a large payment at the end of the term that they still had not saved for.

“I do need to be careful myself, and think about how much I’m spending and whether I really need it.”

“The disadvantage is that a lot of people can get into trouble because they don’t see the total amount, they just look at what the monthly payments would be.”

“If you just want something, you are better off waiting and saving up. For sure there is a risk of buying something you don’t need. Everyone wants to keep up with the Jones’s. It’s convenient, they can pay for it later, so it can get very dangerous.”

Similarly, a few said that BNPL services that involve opening a credit card can entice more purchases on that card. Further, some said that any change in income, such as a job loss, or unexpected expense could affect their ability to pay according to the BNPL payment plan and could be a negative outcome.

“The (credit card incentive) purchase resulted in us putting more things on the credit card and we ran that up a bit and added to our (debt) problem.”

“(Although payments had already been completed) In the last year I did lose my job, and (I) would need to think about if I could make payments (if I used the service again). The fees scare me a bit. (I) wouldn’t want to get into that; you could drown in it.”

J. USING BNPL IN THE FUTURE

Most participants anticipate that they will use a BNPL service again in the future. These participants said that, depending on the circumstances, they would search for or select a BNPL service to pay for a purchase. For many, they pointed to the timing issue and being able to delay payment for a period of time, or having an unexpected or immediate need.

“Yes, I would definitely use it again. It works well for me as a seasonal worker. I know what payments are and when. I need to buy when I know the money is going to be coming in, even if it’s not already in, but that way I can buy, and juggle the few weeks or so.”

“Yes, would definitely use it again. No downside, no negative impact. It saves you money by allowing you to hold onto your money for longer in case of emergency. Since no interest and easy to pay, and simple to use, why not.”

“(Yes) Probably for things for the home, not just frivolous things. If my TV went in the middle of a hockey game, would make us go buy one right away.”

Some participants said that the likelihood depends on the type of product; for some, the service is best suited for larger, tangible items such as furniture and appliances. For a few others, the purchase can be small, such as clothing, which could be paid off easily.

“Yes, for the right circumstance. For a large ticket item. Maybe we buy a house and buy appliances, it would be an expensive time and could finance the appliances with no interest.”

“Yes, sometimes it can be handy for a big purchase. Like \$4,000 or \$5,000, instead of emptying the account. Just for the sake of not being penalized, like having a choice between staggered payments and avoiding paying taxes, then I would go for the second option.” (translated)

“(Yes, but) I wouldn’t use it for a large purchase, I wouldn’t want hundreds of dollars coming out every month. We tend to save for large purchases.”

Many participants also said that the conditions or terms of the service would also have to be desirable. Services that involve no interest and no service fees, as long as the payments are made, are the preferred conditions, according to some participants. A few participants acknowledged that they would use BNPL services again that involve an initial service fee for larger items. According to these participants, the service fee was deemed to be a small percentage of the overall cost and the benefits of making the purchase right away were worth the cost.

“Yes, if there was 0% interest and you don’t want to pay/can’t pay up front, why not? As long as you can make the payments and there is an option to make equal, smaller payments along the way so you are not just deferring the pain, then yes. You have to be able to make easy payments along the way to spread it out though or you are just pushing a problem down the road but it will still be a problem.”

“Would not do lump sum again, but would use the other type where you may get a few months reprieve but then have to pay it down so not just deferred entirely.”

A few participants said that they would not use a BNPL service again in the future, predominantly because they feel they are now in a better financial position to save for purchases rather than committing to payments over time. These few participants felt that they now have the financial capacity to save money for an intended purchase, or pay for the purchase with cash (or credit card, and pay off the credit card monthly) so as to not have payments to make later on.

“We are now at a better place financially. Would like to stay in it, so much more likely to wait and save up rather than use another BNPL service.”

K. ADVICE TO FRIENDS OR FAMILY

Most participants said that they would recommend the specific BNPL service they used as a good option. In all, no one said they would firmly not recommend the service to a friend or family, although one said that it is not for those who are experiencing financial uncertainty.

“I would suggest looking into it. I had a very positive experience and they were easy to use.”

“I wouldn’t suggest it for someone who isn’t financially stable. Just because you have the money today, doesn’t mean you’ll have it later.”

Many participants, however, stipulated one or more caveats. Some noted that they would caution friends and family to be mindful of their ability to pay off the product with the service. Some said that the service should not be used to overspend, or purchase items that are nice to have rather than need to have (i.e., not luxury items). One stipulated that it should be reserved for use with trusted merchants (i.e., with a good reputation).

“I would say yes, it’s a good way to go, if you can’t pay for it right away then why not? Just as long as you are mindful of what you are spending and don’t overspend in terms of being able to pay it back.”

“Yes, would recommend, again, particularly if the company has a good reputation and good customer service/reviews.”

“Go into it with your eyes open. If you don’t think you could make the payments today, why could you make them tomorrow? Anyone who possibly doesn’t have guaranteed employment or struggle with their budget skills wouldn’t do well.”

Further, some participants said that they would ensure friends and family were aware of all fees associated with the purchase, and that the interest charges can be very high if they do not pay off the product within the terms of the payment plan.

“Watch out for the hidden fees. Add it all up. They might say there is a low interest, but if you add up all the payments, it may be 50% more than what the item cost in the first place.”

“Would tell them to make sure to make their payments, because if you don’t the interest will come through and that defeats the purpose.”

“For example, (for) my daughter, I would tell her to be careful. I would ask her if she really needs it, to make sure it's a reliable source, that the plan is clear.” (Translation)

SUMMARY AND CONCLUSIONS

A. ONLINE BNPL SERVICES (SUMMARY)

Participants who used online BNPL services, did so for online purchases, typically made in the previous six months at the time of the interview (late 2020 or early 2021). Purchases included a wide range of typically smaller items, often with a total purchase price of between \$100 and \$600⁵. When using this service for the first time, they found out about it from information presented at check out, and had intended to use other methods of payment when making the purchase; often a credit card. In some cases, among those using this form of BNPL service for a second or third time, the offer of BNPL was factored into the decision, and they expected to be able to take advantage of this service.

Almost all participants described the presentation of information about the service as clear and easy to follow. Payment plans offered were most often between four and six payments, scheduled bi-weekly for two to three months. Almost everyone said the terms and conditions were clearly laid out, including the amount and schedule of payments, and no interest or service fees, unless they were unable to meet their payment obligations. No one, however, recalled clear information provided about impact on credit score, if any. They all described the process of staying up to date and making payments as being convenient and easy to follow. Although one did not recall email reminders, all other participants did say they received reminders, and in some cases confirmation of payment. One also described the mobile app to be very user-friendly and helpful.

All participants said that payment amounts were low enough (typically \$25 to \$100 bi-weekly), so that they did not present any challenges or financial strain in meeting obligations. No one described disputes with payments.

They each said they would use the service again; more than half had already done so. They each said that they would also recommend the service to others, provided users were comfortable with their ability to meet the payment obligations so that they did not incur interest, and that payments would not cause them financial strain. They described the service as convenient and easy to use, allowing them to avoid charging the full purchase price on a credit card or

⁵ 1 purchase was for a vacation, featuring a considerably higher price, with payments spread over several years.

withdrawing the full amount from the bank, instead spreading payments out (i.e., into several smaller, more manageable amounts).

B. CREDIT CARD BASED BNPL SERVICES (SUMMARY)

Users of these services were typically purchasing in-store, anywhere from a few months to 18 months prior to the interview, although almost all of them had been aware of this type of service offer prior to the most recent use of it. Purchases were more often for larger ticket items such as appliances and furniture, often with total prices from \$1,000 to \$5,000 or more. A few had originally found out about this type of service from store advertising (e.g., flyers, television), but some found out in-store, and users generally were presented with details in-store. Most were motivated to use this type of service because the purchase price was higher than they could pay for immediately in cash or than they could charge on a credit card. For some, the purchase was an urgent need, resulting from some event such as a move or appliance breakdown. Some, however, said it was attractive to be able to avoid charging the full amount to a credit card or withdrawing the full amount, allowing them greater financial flexibility for other things. Some also said that avoiding interest was a priority because they were already carrying a high balance on their credit card.

Feedback about information provided for this type of service was more varied. Although some said they were given full details and the information was clear and easy to follow, some said they were not given all relevant details up front, in advance of the purchase, and some said they had to “dig” to get all of the answers they were looking for. One described the situation in-store at the time of purchase as disorganized, requiring many questions and more than half an hour to obtain a clear picture of the terms and conditions. Several described “surprises” at the conclusion of the sale, including a higher than expected initial payment, and higher level of interest charged in the case of defaulting the payment plan.

Payment plans for this type of service ranged from monthly payments over one or more years, or “don’t pay for XX months” at which point the entire amount would be due. In the case of the latter, many described a process of establishing payment plans, where they could set the amount of the payment that they would be comfortable with in order to meet the end due date. One person, who had not done so, experienced financial strain at the end and incurred considerably more in interest charges than originally intended; The lesson learned for this person was the value and necessity of setting up a payment plan, in spite of the attraction of the “don’t pay” feature. Several also spoke of the caution needed to “avoid the trap” of having to pay significantly more than the purchase price at the end of the payment plan.

These users also said they would use the service again, particularly for a larger purchase where it would not be possible to pay for/charge the full amount, provided they could set up a payment plan, with payments that they could meet without financial strain. They said they would also recommend this type of service to others for the same purpose and with the same caveats in mind. Several also said that they would have to have trust in the store merchant in order to use the service, assuming that even if they did not know the BNPL service provider, the store would be putting its brand on the line and therefore, they could trust it.

C. CONCLUSIONS

Users generally described BNPL services as convenient and easy to use, helping them to make purchases that gave them some control of the timing of payments, which they found useful. Online BNPL services have a more recent track record, with most having only used them for online purchases between 2020 or 2021. Everyone described the service as easy to use, saying information was presented immediately and clearly. Impact on credit score, if any and under what conditions, was the only information apparently lacking, based on recall. All users had concluded their payment plan saying that payment amounts and schedules were easy to meet and they had completed the plan without dispute or hardship. Everyone said that they would use it again and the merits of the service were ease of use, payments made more doable or giving them greater flexibility financially.

Those using credit card based BNPL services also had good experiences, although there was some variation in the level of detail provided. Their experiences, however, were drawn from a wider pool of service providers/merchants, over a longer period of time (up to decades), leading more naturally to less consistency in service and even in participant recall. Similarly, more recent experiences suggest that monthly payment plans are set up right away, or that consumers are offered the option of setting up payment plans to avoid getting into situations where they are paying more than they had expected at the time of purchase.

Interview participants generally found BNPL services to be very helpful and easy to use. They offer opportunity to make purchases that might not otherwise be possible, as well as greater financial flexibility. Provided there is clear and comprehensive information about terms and conditions, including easy to follow payment schedules, with some form of payment reminder to keep users on track, they seem to work well, for those who have appropriately assessed their own ability to meet the obligations.

APPENDIX

A. METHODOLOGY

Online Survey

The survey questionnaire was developed by the FCAC Project Authority with a review by EKOS Research. The questionnaire covered awareness and use of BNPL services, as well as how the process unfolded for those using these services (consumer information provided about the service and conditions, type of purchases, as well as method of purchase), motivation for using this type of service, nature of any disputes and/or negative impacts from using these services.

Following programming, the survey was pre-tested with 42 respondents (25 in English, 17 in French). The average time it took respondents to complete the survey was 7 minutes online and 11 minutes by telephone. Since no significant changes were made these cases were retained in the final sample.

In each case, respondents to the survey were 18 years of age and older and were randomly selected. The sample included all provinces and territories, and the survey was administered in English and French, as well as with an accessible link for those using a mobile phone or screen reading technology. The survey sample relied on an EKOS' *Probit* panel, which is assembled using a random digit dial process for sampling from a blended land-line cell-phone frame and provides full coverage of Canadians with telephone access. The distribution of the recruitment process is meant to mirror the actual population in Canada (as defined by Statistics Canada). As such, our more than 120,000 member panel can be considered representative of the general public in Canada (meaning that the incidence of a given target population within our panel very closely resembles the public at large) and margins of error can be applied. All households/ individuals in the *Probit* panel are contacted by telephone and the nature of the panel is explained in greater detail (as are EKOS' privacy policies) and demographic information is collected. At this time, the online/off-line as well as landline/cell phone status is ascertained to determine the method of completing surveys (i.e., online, telephone, or mail). This variable of 'type of telephone service' (cell phone only, landline only or both) collected at the time of screening is used to determine cell phone only sample. As with any random digit dialing sample, *Probit* panel cases are considered to be a probability-based sample.

A total of 1,034 completed cases are included in the sample, collected between March 16 and 27, 2021. The associated margin of error is up to plus or minus 3.1%, at a .95 confidence interval (i.e., 19 times out of 20) in the case of results with a 50%/50% split. A total of 66 individuals in the sample indicated that they had used a BNPL service. This sub-sample carries a margin of error of up to plus or minus 12.2%. The regional distribution is as follows:

Table 1 – Regional Distribution of Survey Sample

Province/Region	Number of completed cases
British Columbia	141
Alberta	137
Manitoba & Saskatchewan	82
Ontario	391
Quebec	217
Atlantic	66
Total	1,034

The survey collection process included a bilingual email invitation message sent to the identified and randomized online sample. The email message, sent by EKOS to all sampled *Probit* panel members, included a brief description of the survey and assurance of confidentiality, along with a hypertext link to the survey website. Once invited sample members clicked on the survey link, they were directed to a website containing the survey instrument. The respondent could complete the survey on any device connected to the Internet in their official language of choice or using an accessible version for those using screen reading technology for the visually impaired. It was also designed to be mobile friendly.

The questionnaire was installed on a secure webserver and mounted using the PIN system, so only individuals with a valid PIN had access to it. The PIN also allowed respondents to go back into a case at any time to complete the questionnaire before it was completed (submitted by clicking the link provided in the invitation email). A progress bar was featured on every page of the online survey to show participants how much of the survey remained to be completed. They were able to read the privacy policy, or use an accessible version at any time. Respondents were also informed they had the opportunity to complete the survey in English or French, using the bilingual survey link with language toggle available on each page of the survey. As part of the sample of Canadians, 15% of *Probit* panellists with a preference for conducting surveys by telephone, or where online sample strata were low, were interviewed by telephone, through a trained, bilingual team of interviewers.

Respondents were also informed in the invitation that all responses are completely confidential and no responses would be linked to individual names. EKOS maintained technical support for the survey throughout the data collection period, including both a 1-800 number and an e-mail. Respondents were informed of their rights under the Privacy and Access to Information Acts, and how those rights are protected throughout the research process. This included: informing respondents of the purpose of the research; identifying the sponsoring department and research supplier; informing respondents that their participation in the study is voluntary and that the information provided would be administered according to the requirements of the *Privacy Act*. Any information that compromises the quality of the data collected would be provided to participants after they have completed the questionnaire, including information about the sponsor of the study. Many questions in the survey were directed to the subset of 66 BNPL service users. Since there are no known population figures for this subset, and there is a weight value calculated for each respondent in the overall the sample, the same weight value was applied throughout the data set, including for questions directed to the sub-set of BNPL users. Results were also compared for the BNPL sub-set questions using weighted and unweighted data, showing limited differences.

Once the survey data was collected, each database was reviewed for data quality. Coding was also completed. Survey results were weighted based on Statistics Canada data according to age, gender, education and region to ensure the sample was representative of the general public aged 18 years and older.

Data tables were created for each survey to isolate results for major subgroups to be used in the analysis (e.g., results for each question by key demographic segments, such as age cohort, gender, region, etc., as well as by whether or not they used this type of service).

Response Rates and Non-Response Bias

The response rate for the online baseline survey was 17.6%, using a formula developed by the Marketing Research Intelligence Agency in conjunction with the Government of Canada. A total of 3,946 email invitations were sent, of which 13 were returned as undeliverable, for a resulting valid sample of 3,933. A total of 882 valid cases were completed and none were screen screened out of the survey as ineligible⁶, as the responding numerator in the calculation of the response rate. The resulting response rate was 19.2% online. A total of 1,831 panel members were attempted by telephone, with 45 returned as invalid telephone numbers, for a valid sample of

⁶ Under 18 years of age.

1,786. Of these 154 were completed (152) or found to be ineligible (under 18). The resulting response rate was 8.6% by telephone.

Table 2 – Survey Response Rate (Online and Telephone)

	Online	Telephone
Total Invited	3,946	1,831
Invalid	13	45
Valid Sample	3,933	1,786
Non-responding	3,006	1,621 ⁷
Partial completed	45	11
In-scope Responding	882	154
Ineligible	0	2
Completed	882	152
Response Rate (In-scope responding units/ valid sample)	19.2%	8.6%

A comparison of each unweighted sample with 2016 Census figures from Statistics Canada suggests that there are similar sources of systematic sample bias in the survey, following patterns typically found in most general public surveys. There is a somewhat more educated sample in each survey than found in the population with 36% reporting university degrees, compared with 26% in the population. There is also a slight under representation of Canadians over the age of 65 (18% compared with 22% in the population), and among Canadians born outside of Canada in each survey (12% versus 22%).

Follow-Up Interviews

Among the 1,034 survey respondents, 66 said they had used BNPL services within the previous 18 months. Each was asked about their willingness to conduct a follow-up interview. A total of 39 agreed, of which 20 completed a follow-up telephone interview between April 21 and May 3, 2021. Participants were asked to describe their experience and provide feedback on their impressions of these services, including the perceived benefits and drawbacks. The interview followed a set of nine questions including some prompts for more detail. No formalized definitions were provided to participants at the time of the interview. The interview guide can be found in Appendix B. Interviews lasted approximately 25 to 30 minutes and participants were provided with a \$50 honorarium for their time.

Interviews were recorded for the purposes of developing a set of notes for each interview. These were used in order to describe overall themes of responses, along with anonymized, illustrative

⁷ Includes 56 refusals.

quotes. Results are described based on content analysis conducted from a review of the notes conducted by the three senior researchers involved in interviews. No formalized coding of responses took place. Instead, the two lead researchers involved in interviewing created a set of notes based on their review of the summary notes from each interview, and an assessment of key themes presented, along with a rough tally of numbers of participants saying something falling into the same theme. This process included flagging some of the most illustrative quotes for any given theme. It should be noted that the results of the interviews are qualitative in nature. These results are not generalizable and cannot be used to estimate the percentage of total Canadians who would hold a similar view. Results from the follow-up interviews provide additional detail and insight, however, into the findings of the online survey (not described in this report) through illustrative experience and perspectives. As per section 10.2.3 of PWGSC's Qualitative Research Standards, "Qualitative research is designed to reveal a rich range of opinions and interpretations rather than to measure what percentage of the target population holds a given opinion. These results cannot be used to estimate the numeric proportion or number of individuals in the population who hold a particular opinion because they are not statistically projectable"⁸. In order to avoid portraying these results as generalizable to the population, terms such as "a few," "some" and "most" are used to broadly indicate views, rather than using specific percentages. To ensure a common understanding of the terms used in the analysis, the following guidelines were used in analysing and reporting on participant results:

- "A few participants" = at least two people but less than 25 per cent;
- "Some participants" = 25 to 49 per cent;
- "Many participants" = 50 to 75 per cent;
- "Most participants" = over 75 per cent; and
- "Almost all participants" = 95 per cent or more.

It should also be understood that the information provided by participants is subjective in nature, based on their own recollection, and perceptions of interactions with merchants and information provided.

⁸ Public Services and Procurement Canada. *Qualitative Research. Standards for the Conduct of Government of Canada Public Opinion Research*. Last updated: Spring 2019.

B. SURVEY QUESTIONNAIRE

WINTRO

Online Intro

Thank you for agreeing to take part in this short survey being conducted on behalf of the Government of Canada by EKOS Research Inc. The survey should take no more than 15 minutes to complete and is voluntary and completely confidential.

The information provided will be administered according to the requirements of the Privacy Act. Your responses will not be used to identify you, and none of your opinions will be attributed to you personally in any way.

This survey is registered with the Canadian Research Insights Council's Research Verification Service. The project verification code is: 20210317-EK202

INSTRUCTIONS

* If you leave the survey before completing it, you can return to the survey URL later, and you will be returned to the page where you left off. Your answers up to that point in the survey will be saved.

* If you have any questions about how to complete the survey, please call EKOS at 1-866-211-8881 or email us at online@ekos.com. Thank you in advance for your participation.

PINTRO

Phone Intro

Hello, my name is ... and I'm calling from EKOS Research Associates. May I speak with _____?

We are conducting a short survey on behalf of the Government of Canada by EKOS Research Inc. The survey should take no more than 15 minutes to complete and is voluntary and completely confidential.

The information provided will be administered according to the requirements of the Privacy Act. Your responses will not be used to identify you, and none of your opinions will be attributed to you personally in any way.

This survey is registered with the Canadian Research Insights Council's Research Verification Service. The project verification code is: 20210317-EK202

PRIV

This call may be recorded for quality control or training purposes.

QAGE

Please indicate the age category you belong to:

Under 18	97
18 to 24	1
25 to 29	2
30 to 34	3
35 to 39	4
40 to 44	5
45 to 49	6
50 to 54	7
55 to 59	8
60 to 64	9
65 to 69	10
70 to 74	11
75 and older	12
Prefer not to say	98

Q2

Do you currently have a personal chequing or savings account with a bank, credit union or trust company? Please include any joint account you may have with someone else.

Yes	1
No	2
Prefer not to say	98

Q3

How familiar are you with Buy Now Pay Later services?

"Buy Now Pay Later" services are a type of credit which allow you to purchase a product or service immediately and then pay for it over time (for example, through 4 equal payments made every two weeks). In Canada, some of the more prominent Buy Now Pay Later services include PayBright, Sezzle and Afterpay. Buy Now Pay Later services may also be available through a credit card. When shopping online, the Buy Now Pay Later payment options may be explained at the checkout stage. When shopping in person at a store, the cashier or sales representative may explain Buy Now Pay Later options.

Never heard of them	1
Heard of them, but not at all familiar	2
Not very familiar	3
Familiar	4
Very familiar	5
Prefer not to say	98
Don't know	99

Q4

In the past 18 months, have you used a Buy Now Pay Later service?

Yes	1
No	2
Don't know	99

Q5

For the next set of questions, please think about your most recent experience(s) with a Buy Now Pay Later Service. In the past 18 months, how many times have you used a Buy Now Pay Later service?

1	1
2	2
3	3
4	4
5	5
More than 5	6
Prefer not to say	98
Don't know	99

Q6

In the past 18 months, have you used Buy Now Pay Later services through 2 or more different providers (this may include providers such as AfterPay, Sezzle, and Paybright)?

Yes	1
No	2
Prefer not to say	98
Don't know	99

Q7

In the past 18 months, have you had to make your scheduled payments for two or more BNPL purchases at the same time?

Yes	1
No	2
Prefer not to say	98
Don't know	99

Q8 [1,5]

What type of Buy Now Pay Later service did you use?

Select all that apply

Buy Now Pay Later service for an online purchase <Hover description: When shopping online, these services are presented to you at the checkout stage as alternative payment options. For example, you may see the option to pay with a credit card, a debit card, paypal and the logo of a Buy Now Pay Later service (sometimes promoted as an option to "Pay in 4").> 1

Buy Now Pay Later "Virtual Card" service <Hover description: Some Buy Now Pay Later providers offer a "Virtual Card" option through participating retailers. You apply for a "virtual card" as you would for a conventional credit card. The virtual card, however, is only valid at the retailer you received it through, and the credit provided is only valid for a 24 hour period. If you apply for and receive a virtual card through a participating retailer, you will be given the option to pay using the "virtual card" at checkout. After you complete your purchase you will be provided with a payment plan outlining your payment schedule and payment amounts to pay off your "virtual card" purchase.> 2

Buy Now Pay Later service feature on your existing credit card <Hover description: Certain credit card providers offer a Buy Now Pay Later feature for certain purchases made with their credit cards. Depending on the credit card issuer, you may only be able to use the card at specific retailers. These types of arrangements allow you pay for a specific

qualifying purchase (or set of purchases) over time using a structured payment plan, these plans usually include a promotional interest free period or a lower interest rate.> 3

Buy Now Pay Later service feature on a new credit card <Hover description: Certain credit card providers offer a Buy Now Pay Later feature for certain purchases made with their credit cards. Depending on the credit card issuer, you may only be able to use it at specific retailers. These types of arrangements allow you pay for a specific qualifying purchase (or set of purchases) over time using a structured payment plan, these plans usually include a promotional interest free period or a lower interest rate.> 4

Buy Now Pay Later service in-store <Hover description: Buy Now Pay Later plans may also be offered and provided in-store at the point of sale.> 5

Prefer not to say 98

Don't know 99

Q9 [1,15]

For what reason(s) did you choose to use a Buy Now Pay Later service?

Select all that apply

To avoid interest and fees on my other credit products 1

The promotional interest rate 2

I don't have a credit card 3

I have a credit card, but I don't like using it 4

I've reached my credit limit with my credit card(s) 5

I couldn't afford the entire purchase right away 6

I wanted to borrow money without a credit check 7

I have trouble getting approved for other types of credit (e.g. a credit card) 8

To help me budget 9

A sales assistant/cashier promoted the Buy Now Pay Later option 10

The Buy Now Pay Later service was advertised on the merchant's website 11

The Buy Now Pay Later service was advertised in-store 12

I wanted to try it out 13

To avoid interest and fees 14

Other (please specify) 77

Prefer not to say 98

Don't know 99

Q10 [1,8]

What type of product or service did you purchase using a Buy Now Pay Later service?

Select all that apply

Electronics 1

Clothing and fashion items 2

Furniture or appliances 3

Household essentials 4

Groceries 5

Books, movies, music, games and other entertainment 6

Travel (e.g. vacation packages) 7

Other (please specify) 77

Q11

Before you made your purchase, were you provided with any information about the costs and terms and conditions of the service?

Yes	1
No	2
Prefer not to say	98
Don't know	99

Q12

How clear was the information you were provided before you made your purchase?

Very clear	1
Somewhat clear	2
Somewhat unclear	3
Very unclear	4
Prefer not to say	98
Don't know	99

PREQ13

On a scale of 1 to 5, how easy to understand were each of the following:

Q13A

The amount of each scheduled payment

Very difficult to understand 1	1
Difficult to understand 2	2
Neither difficult or easy to understand 3	3
Easy to understand 4	4
Very easy to understand 5	5
Prefer not to say	98

Q13B

Your payment schedule (i.e. when you would be making scheduled payments)

Very difficult to understand 1	1
Difficult to understand 2	2
Neither difficult or easy to understand 3	3
Easy to understand 4	4
Very easy to understand 5	5
Prefer not to say	98

Q13C

How your payments would be made

Very difficult to understand 1	1
Difficult to understand 2	2
Neither difficult or easy to understand 3	3
Easy to understand 4	4
Very easy to understand 5	5
Prefer not to say	98

Q13D

The amount of any penalties or interest charges for any missed or partial payments	
Very difficult to understand 1	1
Difficult to understand 2	2
Neither difficult or easy to understand 3	3
Easy to understand 4	4
Very easy to understand 5	5
Prefer not to say	98

Q13E

The total cost of the purchase, including any interest and fees	
Very difficult to understand 1	1
Difficult to understand 2	2
Neither difficult or easy to understand 3	3
Easy to understand 4	4
Very easy to understand 5	5
Prefer not to say	98

Q13F

The impact on your credit score	
Very difficult to understand 1	1
Difficult to understand 2	2
Neither difficult or easy to understand 3	3
Easy to understand 4	4
Very easy to understand 5	5
Prefer not to say	98

Q13G

How to resolve a potential dispute	
Very difficult to understand 1	1
Difficult to understand 2	2
Neither difficult or easy to understand 3	3
Easy to understand 4	4
Very easy to understand 5	5
Prefer not to say	98

Q14

How much was the last purchase you made using a Buy Now Pay Later service for?

<[Phone version]Interviewer: Read list>	
Under \$100.00	1
Between \$100.00 to \$200.00	2
More than \$200.00	3
Prefer not to say	98
Don't know	99

Q15

If you have used a Buy Now Pay Later service more than once, how much have your purchases typically been for?

<[Phone version]Interviewer: Read list>

Usually under \$100.00	1
Usually between \$100.00 to \$200.00	2
Usually more than \$200.00	3
It varies depending on what I am shopping for	4
Prefer not to say	98
Don't know	99

Q16

When you signed up for a Buy Now Pay Later Service, how confident were you that you would be able to make all of the scheduled payments on time and in full for your purchase(s)?

Not confident at all	1
Moderately confident	2
Very confident	3
Prefer not to say	98
Don't know	99

Q17

Did you spend more or less money (in total) using the Buy Now Pay Later service than you would have spent if you did not use it?

I spent much less	1
I spent a little less	2
I spent about the same amount	3
I spent a bit more	4
I spent much more	5
Prefer not to say	98
Don't know	99

Q18 [1,7]

How did you make your scheduled payments?

Select all that apply

<[Phone version]Interviewer: Read list>

Credit card	1
Linked bank account (chequing account/debit card)	2
Paypal	3
Pre-paid card	4
E-transfer	5
Online bill payment	6
Other (please specify)	77
Prefer not to say	98
Don't know	99

Q19

Did you make all of your scheduled payments on time and in full?

I have paid it off in full and made all my payments on time	1
I have paid it off in full, but I missed payments or paid less than the minimum	2
I am still making my payments	97
Prefer not to say	98
Don't know	99

Q19B

Up to this point, have you made your payments on time and in full?

Yes	1
No	2
Prefer not to say	98
Don't know	99

Q20 [1,4]

Which of the following have happened when making your scheduled payments?

Select all that apply

<[Phone version]Interviewer: Read list>

I have missed one or more scheduled payments	1
I have made one or more partial/incomplete payments	2
I did not pay off the total balance I owed by the end of the repayment term (for a structured repayment plan)	3
Other (please specify)	77
Prefer not to say	98
Don't know	99

Q21 [1,6]

As a result, which of the following happened?

Select all that apply

<[Phone version]Interviewer: Read list>

I was charged a fee	1
I was charged interest	2
My interest rate increased	3
I lost my interest-free grace period	4
It negatively impacted my credit score	5
Other (please specify)	77
Prefer not to say	98
Don't know	99

Q22 [1,8]

In order to make a scheduled payment for a purchase made using a Buy Now Pay Later service, have you ever had to do any of the following?

Select all that apply

<[Phone version]Interviewer: Read list>

Gone into overdraft on my bank account	1
Delay paying another bill	2
Borrow money from family and/or friends	3
Go over my credit card limit	4
Take out a cash advance	5
Take out a loan	6
Cut back or gone without essentials (e.g. groceries or meals)	7
Other (please specify)	77
None of the above	97
Prefer not to say	98
Don't know	99

Q23

Have you made a complaint or tried to resolve a dispute about a Buy Now Pay Later service?

Yes, please specify	77
No	78
Prefer not to say	98
Don't know	99

Q24

How clear was the dispute resolution process to follow?

Very clear	1
Somewhat clear	2
Somewhat unclear	3
Very unclear	4
Prefer not to say	98
Don't know	99

Q25

Were able to resolve your dispute to your satisfaction?

Yes	78
No, please specify	77
Prefer not to say	98
Don't know	99

Q26

Do you intend to continue using Buy Now Pay Later services in the future?

Yes	1
No	2
Prefer not to say	98
Don't know	99

Q27 [1,3]

For what reasons do you intend to continue using Buy Now Pay Later services?

Please specify	77
Prefer not to say	98

Q28

How has the pandemic impacted your online shopping habits in general?

<[Phone version]Interviewer: Read list>

I shop online significantly more	1
I shop online somewhat more	2
No change	3
I shop online somewhat less	4
I shop online significantly less	5
Prefer not to say	98
Don't know	99

Q29

Overall, how would you rate your experience using a Buy Now Pay Later service?

Very poor	1
Somewhat poor	2
Neither poor nor positive	3
Somewhat positive	4
Very positive	5
Prefer not to say	98
Don't know	99

Q30

Would you consider using a Buy Now Pay Later service?

Yes	1
No	2
Prefer not to say	98
Don't know	99

Q31 [1,11]

For what reasons would you consider using a Buy Now Pay Later service?

Select all that apply

<[Phone version]Interviewer: Read list>

To avoid paying credit card interest	1
The promotional interest rate	2
I don't have a credit card	3
I don't like using credit cards	4
I've reached my credit limit with my credit card(s)	5
I can't afford the entire purchase right away	6
I want to borrow money without a credit check	7
I have trouble getting approved for other types of credit (e.g. a credit card)	8
It could help me budget	9
I just want to try it out	10
Other (please specify)	77
Prefer not to say	98

Don't know 99

Q32 [1,5]

For what reasons would you not consider using a Buy Now Pay Later service?

Select all that apply

<[Phone version]Interviewer: Read list>

I prefer using other payment methods	1
I don't understand how it works	2
It's too expensive	3
I don't need the credit	4
Other (please specify)	77
Prefer not to say	98
Don't know	99

Q33

What effect do you think applying for and using a Buy Now Pay Later service may have on your credit score?

A large, negative effect	1
A small, negative effect	2
No effect	3
A small, positive effect	4
A large, positive effect	5
Prefer not to say	98
Don't know	99

Q34

On a scale of 1 to 5, how well do you understand how Buy Now Pay Later services work?

Don't understand it at all	1
Understand it only a little bit	2
Understanding it moderately	3
Understand it	4
Understand it very well	5
Prefer not to say	98
Don't know	99

Q35 [1,3]

Is there anything else you would like to say about Buy Now Pay Later services that you have not been given a chance to say?

Yes, please specify	77
No	78
Prefer not to say	98
Don't know	99

Q36 [1,9]

What other credit products do you have?

Select all that apply

<[Phone version]Interviewer: Read list and accept yes/no for each one>

1 credit card	1
More than 1 credit card	2
Overdraft on my bank account	3
Payday loan	4
Personal loan	5
Personal line of credit	6
Home equity line of credit	7
Mortgage	8
Other (please specify)	77
None of these	97
Prefer not to say	98
Don't know	99

Q37

Please select the statement below that most accurately applies to you:

<[Phone version]Interviewer: Read list>

I always pay off my credit card balance in full and on time	1
I usually pay off my credit card balance in full and on time, but occasionally carry a balance	2
I regularly carry a credit card balance	3
I regularly make late payments	4
I regularly pay less than the minimum payment	5
Prefer not to say	98
Don't know	99

Q38

Please select the statement below that most accurately applies to you:

I have used a payday loan once	1
I have used a payday loan a few times	2
I regularly use payday loans	3
Prefer not to say	98
Don't know	99

Q39

Have you ever had difficulty paying back a payday loan?

Yes, please explain	77
No	78
Prefer not to say	98

QINDIG

These last questions will help us group your answers with others that we will receive in this survey. Are you an Indigenous person, that is, First Nations, Métis or Inuk (Inuit)?

<[Phone version]INTERVIEWER, IF ASKED: The terms "First Nations" and "North American Indian" can be interchanged. Some respondents may prefer one term over the other. "Inuit" is the plural form of "Inuk". If the respondent answers Eskimo, code Yes.>

Yes	1
No	2
Don't know	98
Prefer not to say	99

QETHN

What is your ethnic or cultural background?

African	1
Caribbean	2
Caucasian/European	3
East Asian	4
Latino/Hispanic	5
Middle Eastern	6
South Asian	7
Other (please specify)	77
Prefer not to say	98
Don't know	99

QBORN

Were you born in Canada?

Yes	1
No	2
Don't know	98
Prefer not to say	99

QBORNB

In what year did you first immigrate or move to Canada?

Please specify:	77
Don't know	98
Prefer not to say	99

QGENDR

What is your gender?

Male	1
Female	2
Prefer to self-describe:	77
I prefer not to say	99

QEDUC

What is the highest level of education you have completed?

Less than a high school diploma	1
High school diploma or equivalent	2
Some college or university without a diploma, certificate or degree (includes some trade, vocational or technical school, CEGEP, or university)	3
College diploma or certificate (includes completed trade, vocational or technical school, or CEGEP)	4
University undergraduate degree	5
University graduate degree (including professional degrees)	6
Don't know	98
Prefer not to say	99

QINC

Which of the following categories best describes your total household income last year (2020)?

Household income is the total income of all persons in a household combined, before taxes

Under \$20,000	1
\$20,000 to just under \$40,000	2
\$40,000 to just under \$60,000	3
\$60,000 to just under \$80,000	4
\$80,000 to just under \$100,000	5
\$100,000 to just under \$150,000	6
\$150,000 and above	7
Prefer not to say	98
Don't know	99

QINCB

Since the beginning of March 2020, has your total monthly household income...

Fallen by more than one-third	1
Fallen by less than one-third	2
Stayed more or less stable	3
Increased but by less one-third	4
Increased by more than one-third	5
Prefer not to say	98
Don't know	99

QEMP

Which of the following would best describe your current work status?

Working full-time, that is, 35 or more hours per week	1
Working part-time, that is, less than 35 hours per week	2
Self-employed	3
Unemployed, but looking for work	4
A student	5
Retired	6
Not in the workforce (e.g., homemaker, not looking for work)	7
Seasonal employee laid off for the season	8
Temporarily unemployed but waiting to be recalled	9
Permanently laid-off and looking for work	10
Not working due to disability, illness, caring for someone else, mandatory quarantine or self-isolation, etc.	11
Not working due to other reasons (including unpaid household work, student, etc.)	12

Other (please specify)	77
Prefer not to say	98

QEMP2

Before March 2020, which of the following would best describe your work status?

Working full-time, that is, 35 or more hours per week	1
Working part-time, that is, less than 35 hours per week	2
Self-employed	3
Unemployed, but looking for work	4
A student	5
Retired	6
Not in the workforce (e.g., homemaker, not looking for work)	7
Seasonal employee laid off for the season	8
Temporarily unemployed but waiting to be recalled	9
Permanently laid-off and looking for work	10
Not working due to disability, illness, caring for someone else, mandatory quarantine or self-isolation, etc.	11
Not working due to other reasons (including unpaid household work, student, etc.)	12
Other (please specify)	77
Prefer not to say	98

QHOM

Do you currently own or rent your home?

Own, with a mortgage	1
Own, without a mortgage	2
Rent	3
Prefer not to say	98

QLANG

At home, what language do you speak most often?

English	1
French	2
Other (please specify)	77
Prefer not to say	98

QMARITAL

What is your current marital status?

Married	1
Living with partner (common-law)	2
Separated	3
Divorced	4
Widowed	5
Single (never married)	6
Prefer not to say	99

QCHILD

Are you financially responsible for any children living in your household or currently living somewhere else? If so, how many?

Yes (please enter number of children) :	1
No	2
Prefer not to say	99

QPOSTC

To help us better understand how results vary locally and by region, please provide the first three characters of your postal code.

Please specify :	77
I prefer not to say	99

QPROV

In which province or territory do you live?

Alberta	2
British Columbia	1
Manitoba	4
New Brunswick	7
Newfoundland and Labrador	10
NorthWest Territories	12
Nova Scotia	8
Nunavut	13
Ontario	5
Prince Edward Island	9
Quebec	6
Saskatchewan	3
Yukon	11
I prefer not to say	99

QCONSENT

Lastly, do you consent to being contacted for additional follow-up questions?

Yes	1
No	2

Name:	1
Email:	1
Telephone:	1
Ext.	1

THNK

This survey was conducted on behalf of the Financial Consumer Agency of Canada (FCAC). Thank you very much for your participation. This survey is registered under the Federal Access to Information Act. Your answers have been saved and you may now close your browser window.

C. INTERVIEW GUIDE

The Financial Consumer Agency of Canada has commissioned EKOS Research to conduct public opinion research on Canadians' awareness, use and experiences with Buy Now, Pay Later services. As part of this study, EKOS is conducting a number of one-on-one interviews with Canadians, talking specifically about their experiences with using Buy Now, Pay Later services. You recently completed our survey on this topic and indicated your willingness to be contacted for a follow-up interview. In this interview, we will ask some follow-up questions about your experiences using this type of service.

The interview is expected to last about 20 minutes. Participation is voluntary and your confidentiality will be respected. No information that might directly or indirectly reveal your identity will be released or published without your specific consent to the disclosure. The interview will, however, be recorded to allow the interviewer to prepare summary notes from the interview. The recording will be destroyed once the project has been completed.

1. Tell me about how and when you have used a BNPL service? (General use)
 - a) How many times have you used it?
 - b) When did you first use it? Last use it?
 - c) Where did you use the BNPL service? (online/in-store through a credit card?)
 - d) What have you used it for (type of purchase, rough amount, type of store)?
2. How did you first learn about BNPL services? (disclosure and marketing)
 - a) With your first purchase made using a BNPL service, when was the idea of using a BNPL service introduced to you? And how was it introduced? (online or in-person, on the website/introduced by a salesperson)?
 - b) Was any product information (how it worked) provided to you before you used the BNPL?
3. How was this information (product details) presented to you? Did you find it easy to understand?
4. What was your reason/reasons for using the BNPL service? (reasons for use)
 - a) Did you have another means of payment available at the time? If so, what was it/were they?
 - b) How would you have paid for the item(s) if BNPL had not been an option?
 - c) Why did you choose the BNPL service over these other payment options? What did you feel the advantages were for you?
 - d) At the time you used the BNPL service, were there any downsides of the using the BNPL service? If so, what were they?
5. Let's talk about how it went with making payments. First, how did you keep track of your payments (when they were/are due, how much they were/are going to be, etc)? (Payments)
 - a) Are you currently making payments for a BNPL purchase(s)?

If “Yes”:

- a) How many BNPL payments are you currently making (for separate purchases)?
 - i) What challenges or difficulties does this present? For example, have you had to go without something essential to make a payment, such as groceries? Have you missed or delayed paying other bills to make a BNPL payment?
- b) How are you making your BNPL payments? E.g. Credit card? Bank account?
- c) How many payments, if any, have you missed?
 - i) How many have been late?
 - ii) What fees or penalties did you have to pay?

If “No”:

- a) How did you make your BNPL payments? E.g. Credit card? Bank account?
- b) How many BNPL payments were you making (for separate purchases)?
- c) What challenges or difficulties did this present? For example, did you have to go without something essential to make a payment, such as groceries? Have you missed or delayed paying other bills to make a BNPL payment?
- d) How many payments, if any, did you miss?
 - i) How many were late?
 - ii) What fees or penalties did you have to pay?

6. Describe any negative or positive impacts using BNPL has had for you.

- a) If negative, is there any ongoing or past dispute about this or is it now resolved?
- b) If yes, tell me about the dispute resolution process, what steps have you taken to resolve your dispute?
- c) Was/has the process (been) clear and easy to follow?
- d) What did you think about the process?
- e) What impact does BNPL have on your credit score?

7. Would you use the BNPL again? Why or why not?

8. If a friend or family member asked you for your advice about using a BNPL service, what would you tell them? Why?

9. Overall, how would you describe the experience of using this type of service? Would you say it was positive or negative? Would you say this type of service is a good thing or a bad thing? Do the benefits outweigh any negative outcomes in your circumstances?

10. What thoughts related to BNPL would you like to share that you haven't shared yet?

Thank you for your participation

D. BNPL USAGE SCENARIOS

Scenario 1 – Works for Me (Seasonal Work)

- 40-45 year old male in Atlantic Canada. Employed as seasonal worker.
- Made online purchase for gardening supplies & equipment (about \$400) in spring 2021 (time sensitive purchase).
- Has used online BNPL service 3 times. Has also used Home Depot CC online in the past.
- First time with online BNPL service, was offered option at online checkout – 4 equal payments over 2 months. Email was sent with payment plan, dated, terms, etc. He found the information easy to follow and payments easy to make and keep track of.
- Works well for him because his work is irregular, with highs and lows from week to week (“feast or famine”). Doesn’t always have the cash for time sensitive purchases, but knows when we will be working and money coming in.
- Does not like to give out cc information online. Wants to avoid paying interest or accruing debt. Very concerned about debt, as well as use of credit cards and identity theft. Previously had identity stolen with Capital One card, resulting in thousands of dollars charged to his card for expensive overseas airfares. Even though Capital One assumed responsibility, he is very cautious about where he gives out his cc information.
- He has never had an issue with payments (i.e., missed a payment or had a dispute about payments). He makes payments through bank account. “I never buy anything unless I know I will have the money to pay it off. I’m very careful about that.”

Scenario 2 – Check it Out (Pilot testing)

- 25-29 male in Ontario. Employed full-time
- Found out late in 2020 when making online purchase (pop up at check out offering 4 payments with no interest or service charges – Sezzle). Also offered option of 1 payment deferral without penalty. Email was sent with all relevant information – payment amounts, dates, method of payment options, option for deferral, penalty conditions and charges, etc. All very clear and easy to follow.
- Purchase was \$150 equipment/clothing needed for commute to work. Have since used online BNPL service another time.
- Intended to use cc to make purchase, but was curious about Sezzle offer and wanted to find out more. Researched it online at time of offer/purchase and decided to try it. Also downloaded and used the mobile app for same reason – curious how well it worked. Found app easy and clear to use (making and tracking payment – provided notifications of payment required, confirmations of payments made, confirmation of a deferral without penalty, etc). He also decided to defer 1 payment to try it and see how it works (even though he had the funds to pay for it). Everything worked as advertised. Not aware of impact on credit score and he never received notification of any inquiries into his credit score. (He is signed up for credit check notifications.)

- Other than wanting to try it, it also meant he did not have to incur a charge to his cc at the time of purchase and would not be subject to interest which was motivation for using it. It also meant he could hold onto more of his money for longer (especially with the deferral option).
- Even though he had the money to pay for the purchase initially and also to pay for the payment when due, he made the payment through his cc, in order to further extend the period of time he would be holding onto his money without penalty.
- He also used this opportunity wanted to explore how well the app worked. He was impressed with functionality of the app, in particular (e.g., the deferral option offered possible deferral dates as well as method of payment, and confirmation that he had selected his 1 non penalty deferral).

Scenario 3 – Newer is Better (Confusion of Old)

- 30 - 34 female in Ontario, employed
- Have known of and used in-store Don't Pay for 24 months in furniture stores (e.g, Leons, the Brick) for more than a decade.
- Used for furniture purchase 10 years ago, and then mattress 7 years ago. More recently made a purchase online and was offered option at check out (PayBright).
- First time, found out through store flyer and then was also offered by salesperson in-store, but store was disorganized. Sales staff was not adequately prepared with the details of the offer and could not answer questions. Then she was told that she had to have store cc, and service fees were not transparent until time of purchase. Only after the purchase she found out that taxes needed to be paid entirely up-front which was a surprise, so amount required up front was much higher than expected.
- PayBright by comparison was simple and clear and there were no surprises or disorganization.
- The first time (10 years ago), there was no other option (\$7,000 purchase and credit limit was not that high). Paid the first one in installments so that it was entirely paid before due date. Did not want the risk of not being able to pay it on time. There were no further surprises along the way after initial problem.
- The much smaller purchase made using PayBright was very manageable payments. No issues with paying it off.

Scenario 4 – Maxed Out (Making it Manageable)

- 35 – 39 female in Ontario, employed
- Found out and used in online purchase of clothing in fall 2020. Had intended to use credit card. Offered online BNPL service at online check out (QuadPay). Googled it separately and decided to try it, since cc balance was already high, and purchased more than had intended to purchase (in US dollars). It offered 4 installments over 2 months.
- Have since used it 4 more times, each time for just under \$100 (e.g., PayBright).
- Used the service because cc balance was high and not able to pay off without interest. She has since used BNPL other times because her cc was maxed out and no other credit was available. The BNPL

made it possible to make small purchases, and pay in small, manageable amounts. It reduced the financial stress of thinking about it.

- In the end she was able to meet payments even when they were stacked together from several purchases/payment plans in the same period. No hardship or penalties/late fees incurred.

Scenario 5 – Pay on Don't Pay - (Lesson Learned)

- 40-44 male in Ontario, employed
- Have been aware of and used this service 3-4 times over years in place such as Brick/Leons furniture, on Don't Pay for 24 months.
- More recently he used for an online purchase of mattress (PayBright) with 4 payments. He never got to stage of payments because he returned the mattress and purchased a more expensive mattress from a higher end mattress store that offered BNPL service.
- Originally bought furniture, and other household items that were larger purchases. Salesperson explained first in-store (had not been intending to go that route to pay for it). He did not spend more than intended for purchase, but also was not offered the option to pay down the balance in installments that he recalls. This Don't Pay for 24 months was a better option than using his cc and incurring interest charges for a long period of time. He was not "disciplined enough though to make payments on it", so he had to pay it off in one lump sum when it came due. He used his cc at that point to pay it off, and then had to apply for personal loan to pay off cc balance. In the end, he paid more than intended, but also learned a lesson. He will not purchase that way again unless there are monthly payments set up that come out automatically, which he can budget around.
- He found that PayBright was clear and easy to follow and would have been manageable to pay. The same is true for the mattress store – clear and he is able to meet the payment obligations. He needed this option for the higher end mattress though because he was too close to his limit on his cc to accommodate the size of the purchase.

Scenario 6 – The Allure (Taking Advantage)

- Male, 65 to 69 in Prairies. He and partner both work as contractors and sometimes need a cushion for larger purchases.
- Went into Brick/Leon's furniture chain for fridge, and found bedroom set while shopping. (They had had the same bedroom set for 30 years). They decided to take advantage of Don't Pay for 24 months to purchase both at the same time. He had used Don't Pay plan previously so was aware of this option for years, although had not originally intended to use it for the purchase of the fridge. The fridge ended up costing more than expected, however, because of pandemic, and then they added in the bedroom set as well. They would have had to put some of it on credit card and incur interest if not for Don't Pay for 24-month option.
- They set up as payment of roughly \$100 bi-weekly coming from the bank account of each partner and paid it off in 6 months.
- There was a small fee at the start, but minimal, and acceptable for the added flexibility of not putting on cc.