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BUY NOW, PAY LATER: FINANCIAL INNOVATION OR OVER-INDEBTEDNESS TRAP?

CONTRACTS

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BNPL IS CREDIT, EVEN IF IT IS NOT ALWAYS PERCEIVED AS SUCH

Many consumers do not recognize that they are acquiring a financial product. The lack of clarity in presenting BNPL as a payment option can conceal its true credit implications, making informed decisions more difficult.

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CURRENT REGULATION IS INSUFFICIENT AND FRAGMENTED

In Europe and Latin America, traditional legal frameworks exclude many BNPL products due to their characteristics (low amounts, short terms, no interest), leaving consumers unprotected against abusive practices or lack of transparency.

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THE BNPL MODEL ENCOURAGES IMPULSIVE CONSUMPTION AND OVER-INDEBTEDNESS

By removing the friction of immediate payment, BNPL promotes unplanned purchases. This can lead consumers to accumulate multiple small debts that, combined, compromise their financial stability.

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REGULATORS ARE REACTING, BUT GAPS REMAIN

Authorities such as the European Commission, the FCA in the UK, and the CFPB in the US are developing specific frameworks for BNPL, including creditworthiness assessments, contractual transparency, and consumer rights. However, implementation is uneven and still ongoing.

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