

## **Addendum**

**February 2024**

This addendum pertains to the report titled “Comparative Analysis of Credit Card Interest Rates vs BNPL Fees in the Consumer Credit Market” authored by Associate Professor Lien Duong, Professor Grantley Taylor, and Dr Baban Eulaiwi at Curtin University. The report was published in July 2022 and commissioned by Financial Counselling Australia.

Following publication, the authors were contacted by Humm regarding a limitation related to the use of repayment options for the product, in which Humm clarified that their 10-payment plan is not available for amounts under \$500.

No explicit reference to this restriction was found in Humm’s fee schedule at the time of the report being published, nor have we subsequently identified any update to this schedule. Further, a separate search for information on BPAY Humm options yielded no information regarding this restriction.<sup>1</sup> Indeed, it appears the only method to ascertain this information was an indirect one, which would require a user to manually input various amounts into the repayment calculator to observe the available repayment options.

However, in keeping with our commitment to accuracy and in good faith, we have decided to amend the fee schedule (Table 2 in the report) in accordance with the clarification provided by Humm after publication. This amendment will note that the 10-payment plan for amounts less than \$500 should be listed as Not Applicable (N/A).

The revised Table 2 and Appendix 1 - Panel C2 should be as follows (with consequential updates to references throughout as relevant):

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<sup>1</sup> This search was performed in June 2023 after Humm contacted the authors.

**Revised Table 2:** Comparison of effective interest rates for different BNPL products

Effective annual interest rate								
	Afterpay	CBA StepPay	Humm - Little things (5 fortnightly repayments)	Humm - Little things (10 fortnightly repayments)		LatitudePay	ZipPay	
Purchase amount	Maximum late fee	Maximum late fee	Maximum late fee	Monthly fee only and no late fee	Max late fee and monthly fee	Max late fee	Monthly fee only and no late fee	Max late fee and monthly fee
\$30.00	39.27%	N/A	22.05%	N/A	N/A	39.41%	21.94%	39.94%
\$40.00	<b>28.25%</b>	N/A	16.13%	N/A	N/A	28.33%	16.08%	29.32%
\$50.00	28.25%	N/A	12.72%	N/A	N/A	<b>169.26%</b>	12.68%	23.15%
\$65.00	28.25%	N/A	<b>9.65%</b>	N/A	N/A	114.60%	9.63%	17.60%
\$100.00	28.25%	<b>22.05%</b>	19.65%	N/A	N/A	64.48%	12.68%	23.15%
\$150.00	28.25%	14.22%	19.65%	N/A	N/A	39.41%	12.68%	19.56%
\$200.00	28.25%	10.50%	19.65%	N/A	N/A	28.33%	16.08%	21.19%
\$267.00	28.25%	7.77%	<b>19.62%</b>	N/A	N/A	<b>20.55%</b>	14.35%	18.16%
\$272.00	<b>28.25%</b>	7.62%	19.23%	N/A	N/A	20.14%	14.07%	17.81%
\$350.00	21.36%	5.87%	14.66%	N/A	N/A	15.33%	14.61%	17.50%
\$400.00	18.46%	5.12%	12.72%	N/A	N/A	13.30%	16.08%	18.60%
\$500.00	14.53%	4.08%	10.06%	N/A	N/A	10.51%	<b>15.39%</b>	<b>17.41%</b>
\$700.00	10.18%	2.90%	7.09%	5.87%	12.95%	7.40%	14.51%	15.95%
\$1,000.00	7.03%	2.02%	4.91%	4.07%	8.99%	5.12%	9.97%	10.97%
\$1,500.00	4.63%		3.25%	2.70%	5.95%			
\$2,000.00			2.43%	2.02%	4.45%			

Revised Appendix 1 – Panel C2: Humm – Little things (10 fortnightly repayments)

10 fortnightly repayments (with monthly fees)											
Humm - Purchase amount	Max late fee	Total monthly fee	Late fee - No of fortnights over interest calculation	Late fee - Nominal interest rate	Late fee - No of compounding periods (over the year)	Late fee - Effective annual interest rate	Monthly fee - No of months over interest calculation	Monthly fee - Nominal interest rate	Monthly fee - No of compounding periods (over 12 months)	Monthly fee - Effective annual interest rate	Late fee and monthly fee - Total effective annual interest rate
\$30.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$40.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$50.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>\$65.00</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$100.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$150.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$200.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>\$267.00</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$272.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$350.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$400.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$500.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$700.00	\$48.00	\$40.00	8	6.86%	26	7.09%	5	5.71%	12	5.87%	12.95%
\$1,000.00	\$48.00	\$40.00	8	4.80%	26	4.91%	5	4.00%	12	4.07%	8.99%
\$1,500.00	\$48.00	\$40.00	8	3.20%	26	3.25%	5	2.67%	12	2.70%	5.95%
\$2,000.00	\$48.00	\$40.00	8	2.40%	26	2.43%	5	2.00%	12	2.02%	4.45%