

Media Release

Tuesday, 10 June 2025

STOP THE HARMS! REGULATE WAGE ADVANCE PRODUCTS NOW SAY CONSUMER ADVOCATES

Consumer advocates from across Australia are calling on the Albanese Government to urgently regulate the proliferation of ‘wage advance’ products that are making the cost-of-living crisis worse for thousands of people and sending them into dangerous debt spirals.

The call comes as Buy Now Pay Later (BNPL) products are finally being regulated from 10 June – a move that has been welcomed by consumer advocates, after close to a decade of intense campaigning.

“We hear from people who call our frontlines with multiple wage advance contracts – sometimes their whole income is committed to repaying these loans” said Consumer Action Law Centre CEO, Stephanie Tonkin.

“These products encourage people to borrow against their future income to meet their essential living needs, and this can cause serious harm when there’s no extra money in the next pay cycle, only greater debt. The fees add up very quickly if you’re stuck in a cycle of borrowing now to pay more later,” she said.

Ms Tonkin said that wage advance products have no obligation to assess a person’s ability to repay the debt, nor to provide financial hardship assistance, so people are ending up in serious trouble.

“We want wage advance brought under the Credit Act as a priority to give people the same consumer protections as BNPL,” she said.

“It’s taken years for BNPL to be regulated – we can’t wait that long again.”

The Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024 which regulated BNPL as a 'low-cost credit contract' indicated it could also regulate wage advance. (see EM 2.43 [JC013125.pdf;fileType=application/pdf](#))

Quotes attributable to Roberta Grealish (Principal Solicitor) Consumer Credit Legal Service:

"While we welcome the regulation of BNPL, we know from experience how this game of 'whack a mole' works! Wage advance products now need to be brought within the Credit Act to prevent the harms that the new BNPL rules hope to address simply shifting into this space."

Quotes attributable to Fiona Guthrie, CEO Way Forward Debt Solutions:

"At Way Forward, we're seeing more and more clients trapped in a cycle of wage advance debt, including people whose entire income is being swallowed up by repayments. Wage advance companies are operating in a regulatory grey zone with vulnerable Australians paying the price. It's time for the Federal Government to bring these businesses under the same rules as other credit providers."

Quotes attributable to Drew MacRae, Senior Policy and Advocacy Officer, Financial Rights legal Centre

"With the BNPL reforms starting today, the Government has called a duck a duck and recognised Buy Now Pay Later as credit. The reforms were designed to allow the government to do the same with other emerging credit products like wage advance, which enables people to take out a loan for a chunk of their next pay and be charged a percentage of the amount advanced; the loan is repaid over subsequent pay cycles. These products look, walk and quack a lot like a payday loan but operate by exploiting similar gaps in the law as BNPL did. All of which is to say: wage advance is clearly credit and needs to be regulated as such. "

Quotes attributable to Financial Counselling Australia co-CEO Dominique Meyrick:

"Financial counsellors are seeing people trapped in relentless debt cycles because wage advance products don't include adequate affordability checks or offer the right hardship help - regulation under the National Credit Code would change that and help stop the harm."

Quotes attributable to Rosie Thomas, CHOICE, Director Campaigns and Communications:

"Today is an important day because Buy Now Pay Later will finally be treated as credit, ending a loophole in the law that Buy Now Pay Later loans were designed to exploit. But the work to close lending loopholes isn't done, and consumers will continue to be harmed, until wage advance is also regulated as credit."

ENDS