

Is 'Buy now, Pay later' A Good Idea? - Natloans

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Is 'Buy now, Pay later' A Good Idea?

By Mary Nebotakis, Managing Director, Natloans, B. Eco, Dip. Financial Services

What is 'Buy now, pay later'?

Buy now pay later is a system of payment, facilitated by certain providers, which allows for one to purchase a product at any given time, only having to pay for after the fact, when one is better suited to do so. Sometimes it is paid for all at once, and sometimes the payment is completed via a series of small instalments. This service can be undergone for as long as eight weeks in some cases, and at times, even longer, depending on the retailer and the provider of the service. There is often a cap upon how the price at which buy now pay later is an acceptable option.

Pros

The chief and obvious benefit of buy now pay later is that it allows one to, in the moment, make a purchase of an item which they would be otherwise unable to buy. This seems particularly useful for young people and lower income earners as it stretches the scope of possibility for them, and enhances their buying power.

Another benefit of many providers of after pay is that it often comes without interest or fees, and indeed, without needing to wait hefty stretches of time in order to receive their items.

Cons

The chief detriment of after pay, it must be said, is one which is invisible to the overwhelming majority of its potential users. The fact is, that the use of buy now pay later products sharply decreases one's ability to receive a loan or finance, however unfair or unreasonable that may seem. The fact is, that when a lender can see on one's credit history that they've made use of the service, even if it were for

only a small sum of \$500, and over the course of four weeks months prior, the lender is very likely to count this payment as a liability, and refuse to give you finance, even if your payment is completed successfully.

Another detriment, although in control of the user and therefore not intrinsic to the system of buy now pay later, is the fact that through its wanton use, one can rack up a very hefty debt, through the process of purchasing things which they, in reality, may not be able to afford.

So?

Whilst buy now pay later may be, for some people, a very handy and convenient system which seems to enhance their purchasing power, the sharp detriments associated herewith must be kept in mind. If buy now pay later is made use of, it must be used with utmost care and premeditation.

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7/296 Bay Rd Cheltenham VIC 3192

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