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Online Travel Update: Here Come the Regulators on Buy Now, Pay Later Products

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This week's Update features several stories detailing a recent report by the U.S. Consumer Financial Protection Bureau (CFPB) regarding mounting consumer credit concerns with buy now, pay later credit products. The CFPB report can be found here.

Here Come the Regulators

("Buy Now, Pay Later: Market Trends and Consumer Impacts," September 15, 2022 via Consumer Financial Protection Bureau)

("'Buy Now, Pay Later' Lenders to Be Subject to Same U.S. Oversight as Credit Card Companies," September 15, 2022 via MLex) (subscription may be required)

Given the meteoric rise of buy now, pay later (BNPL) products, it shouldn't be that surprising that the consumer financing method is now garnering the attention of U.S. regulators. Last week, the CFPB issued a report on the consumer impacts of BNPL, suggesting that lenders providing these vehicles merit regulation similar to that governing credit card companies. Key takeaways from the report include the following:

- The five firms surveyed for the report originated 180 million BNPL loans totaling $24 billion in 2021 (a near 10-fold increase over 2019 levels)
- Loan approval rates are rising (over 73 percent of applicants were approved in 2021)
- Late fees are becoming more common (over 10 percent of borrowers were charged a late fee in 2021)
- Identified areas of potential consumer harm arising from these products include (i) inconsistent consumer protections, (ii) borrower data harvesting and (iii) the most obvious, borrower debt accumulation and overextension

In the coming months, the CFPB plans to issue interpretive guidance and/or rules to ensure that BNPL providers follow existing federal baseline requirements for credit cards. BNPL providers will also be subject to supervisory examinations, like credit card companies. Finally, the CFPB plans to identify the data practices that BNPL providers should avoid. What effect this regulation may have on issuers or users of BNPL remains unclear (particularly, for industry darlings like Hopper), though increased regulation (and the

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likely increased payment friction) could potentially reduce its popularity among travelers. I'm sure this won't be the last story on this subject. Stay tuned.

TripAdvisor Launches Content Studio

(*"Tripadvisor Launches Marketing Services for Travel and Non-Travel Brands," September 21, 2022 via Phocus Wire*)

Seeking to leverage the first-party traveler data that it is most known for, TripAdvisor announcedits plan to launch a new in-house creative and content studio to serve clients both inside and outside the travel industry. The studio, named Wanderlust, will develop campaigns, influencer and social media activations, and interactive video and voice experiences. As part of its announcement, TripAdvisor identified the San Diego Tourism Authority as its first client.

Google Introduces Eco Filters to Hotel Search

("Google Search Adds Train Bookings, Eco-Filters for Hotel and Air," September 20, 2022 via Phocus Wire)

Trying to identify the most eco-friendly available accommodations for your next trip, Google has a filter for that. Building on its introduction of eco-friendly badges for qualifying hotels last fall, Google has now added functionality allowing users to limit display results for hotels to only those hotels that are eco-certified. Similar functionality will be available for flights with lower-than-average emissions. According to Google, it is working with the U.S. Green Building Council and Global Sustainable Tourism Council to better refine its hotel eco-certification data.

Other News:

Expedia C.E.O. Sees Plenty of Room Left for Growth in Online Travel

September 21, 2022 via Skift (subscription may be required)

Expedia Group C.E.O. Peter Kern is correct that there is a whole big world out there with lots of opportunities for online travel companies to grow.

Hopper Rides Rise of Fintech Projects to Major Growth

September 21, 2022 via Skift (subscription to be required)

Hopper's strategy to focus on fintech has it well-positioned to take advantage of the growing appetite for products that make trip planning less stressful.

CLEAR Makes Foray into Hotels via Virdee Partnership

September 20, 2022 via Phocus Wire

Secure identity company CLEAR is entering the hotel segment through a partnership with Texas-based hospitality startup Virdee.

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Group Travel Planning Startup TrovaTrip Lands $15 Million to Expand Creator Network

September 20, 2022 via Phocus Wire

Portland-based travel planning and booking startup TrovaTrip has snagged $15 million in funding to bring more creators onto its platform.

Posted in Online Travel Update

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