

The impact of Buy Now, Pay Later in the US

Afterpay has commissioned Oxford Economics to examine how US consumers and merchants are leveraging BNPL and BNPL's impact on the US economy overall. These insights will help key decision makers better understand the impact BNPL has on the ever-changing economy. This summary highlights how consumers want a more diverse checkout, the money they're saving using BNPL and the value BNPL provides retailers. Information in this report was gathered through surveys from customers who use BNPL and merchants who use Afterpay—supplemented by data provided by Afterpay and evidence from other third-party sources.



Diversity at checkout

Consumers are looking for more flexibility and better access when it comes to their omnichannel experience.



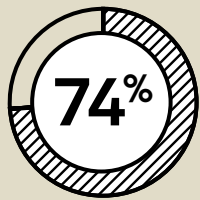
Saving is smart

BNPL has provided them with a **low-cost option** to spread payments, enabling them to **manage their budgets better** and helping **mitigate financial stress**.



The value of our wallets

Financial wellbeing is top of mind. BNPL helps consumers reduce financial stress, as it is cheaper than other forms of credit and it enables access to credit when other sources are not available.



of Gen Z and Millennial customers used BNPL at least 1x month



Nearly **2 in 5**

consumers used BNPL services in the last 12 months



Almost **half** of users used it more than 1x a month in the past 12 months



Nearly **1 in 5**

would use BNPL services, if available, to **cover a sudden, unexpected bill**, and would prefer it to borrowing from other sources [banks or other providers, or from friends and family].

If repayments are missed, a **\$500 purchase made using a credit card would accrue almost**

4 times

in interest in 12 months compared to the **cost of missing BNPL payments** for the same purchase.¹

Afterpay customers indicated that using the service helped them

77% reduce financial stress **better manage their finances** **67%**

60% and **save more** compared to other BNPL customers

This preference for BNPL **19%** services to address unexpected large expenses is nearly on par with those who favor credit cards for such circumstances. **20%**



A majority of BNPL users surveyed said that **BNPL helps them**

manage their finances **61%**

with a similar proportion indicating that it **helped them manage the impact of inflation** in particular.

Two thirds of our survey respondents reported that BNPL helps them

reduce stress **70%**

related to large expenses and in particular, **67%** reduce stress by **spreading out costs related to holiday spending**

avoid interest

BNPL is cheaper than using credit cards **70%** with more than two-thirds of BNPL customers surveyed indicating that they do so to avoid paying interest-bearing credit card debt.

Nearly a quarter of the BNPL customers surveyed had used Afterpay and it was the

most trusted **46%**

and **used brand** among those who had tried it. **45%**



of Afterpay users **prefer it over credit cards**

Methodology

The findings presented in this report were based on a bespoke survey of 1,390 U.S. BNPL customers, 1,000 U.S. merchants offering Afterpay services, and supplemented by data from Afterpay and other third-party sources. A bespoke consumer survey was designed for this study and administered to a representative sample of the U.S. population by YouGov, from which BNPL customers were identified and BNPL-specific questions were fielded to them. Insights regarding merchants were drawn from responses to a merchant survey designed for this project. The survey was administered by Pureprofile, facilitated by Afterpay, and was fielded to a survey of U.S. merchants using Afterpay.

1. The calculations assume that a 20.7% annual interest rate, equivalent to the commercial bank credit card interest rate, applies and the outstanding balance starts accruing interest 45 days after the purchase with monthly compounding. Commercial bank interest rates sourced from FRED Economic Data, "Commercial Bank Interest Rate on Credit Card Plans", May 2023.