

The impact of Buy Now, Pay Later in Canada



Buy Now, Pay Later (BNPL) services have become a popular alternative payment method in Canada.

BNPL services allow shoppers to make purchases and pay in installments over a short period of time.



Forecasts indicate

BNPL will grow four-times faster than overall consumer spending in Canada in 2023.¹

BNPL provides shoppers with

a cost-effective payment method to help them better manage their finances.

Our survey revealed three key reasons why Canadian BNPL shoppers use BNPL services:

1. Nearly seven out of ten BNPL shoppers believe BNPL helps them

avoid high-interest credit card debt.

2. Two-thirds of BNPL shoppers agreed that BNPL services

reduce financial stress.

3. A majority of respondents agree that BNPL services are

cheaper than other sources of funds.



More than half of all BNPL shoppers indicated that the service helps them

better manage the impact of inflation.



Two-thirds of BNPL shoppers agree that BNPL

helps reduce stress related to spending on holiday gifts and expenses.



Younger shoppers² and financially vulnerable groups³ value BNPL services the most.

Gen Z and Millennials

Gen Z have lower incomes, so BNPL is useful to help



manage their spending on a tight budget.

While Millennials have higher incomes, they need to



balance rising spending needs with a desire to build their retirement savings.

BNPL provides a useful, low-cost tool to help them to navigate this financial challenge.

Financially vulnerable groups

For newcomers to Canada being able to



avoid high-interest credit card debt is the most important benefit.

For low-income households

avoiding high-interest credit card debt and alleviating financial stress were key benefits.

For minorities



the stress-reducing effect of BNPL was a key benefit.

Snapshot of the Afterpay customer.

Top verticals



Apparel and accessories



Beauty and cosmetics



Home and Garden

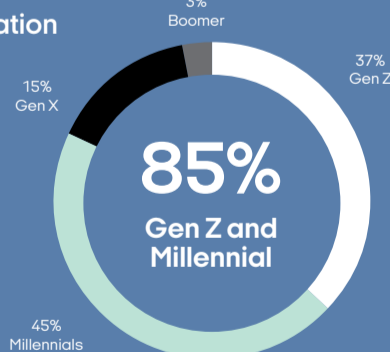


Footwear



Animals and Pet Supplies

Generation



Afterpay is a highly valued brand among BNPL shoppers...

Among BNPL shoppers surveyed, a higher proportion of those who used Afterpay agreed that BNPL

1. **is cheaper** than other payment options
2. helps them **avoid high-interest credit card debt**
3. helps to **reduce the financial stress** of large purchases

...and helps merchants serve their customers better.

Afterpay merchants surveyed indicated that BNPL provided exposure to new customers, increased customer retention and led to a rise in customer repeat purchases. Afterpay merchants also told us that it helps their business to reduce costs.

\$224 million⁴ boost to sales

\$44 million⁴ in cost savings