

Affirm, Afterpay, and Zip look to maintain momentum despite looming threats

Article

The news: Major buy now, pay later (BNPL) players launched new features, and one invested in an overseas opportunity.

Affirm introduced Adaptive Checkout to give consumers increased payment flexibility.

- The feature shows customers a side-by-side comparison of BNPL options—biweekly or monthly payments—for each transaction at checkout, per a press release.
- Adaptive Checkout increases the chances of customers using Affirm’s BNPL solution by offering increased payment flexibility so customers can choose a plan that suits their needs.
- **Fifty-two percent of consumers in Australia, the UK, and the US** said that convenience and flexibility were major benefits of BNPL, [per](#) Marqeta.

The Money by Afterpay app will let customers retroactively turn a payment into installments.

- The [soon-to-launch](#) lifestyle and money management app includes a savings account and a physical debit card and helps users manage their BNPL payments.
- The new feature, dubbed Retro, lets users turn any transaction made within 72 hours using the Money by Afterpay debit card into installments, per a press release. Depending on their spending limit, customers can convert **up to \$200 worth of transactions with Retro**.
- Retro can make Money by Afterpay a more attractive card product, helping bring more users to the app and card. And it gives customers more opportunities to spend with Afterpay, which can increase volume. The feature also brings Afterpay up to speed with issuers like [Chase](#) and [Monzo](#), which also offer retractive BNPL features.

Zip acquired a \$50 million minority stake in India-based BNPL startup ZestMoney.

- The startup offers its **more than 11 million users** short-term and long-term installment loans and works with **more than 10,000 online merchants** in India, including **Amazon** and **Flipkart**, per a press release.
- The strategic investment gives Zip a foothold in the Indian market—a region we [said](#) was untapped by mainstream BNPL players. It also supports Zip’s global expansion [strategy](#) and likely opens new revenue-generating opportunities in India, which is seeing robust ecommerce [growth](#).

Challenges ahead: BNPL offerings have become immensely popular, but profitability and regulatory challenges are becoming more [pronounced](#) as competition heats up.

Forty-seven percent of both US and UK consumers and 60% of Australian consumers have used a BNPL solution, per Marqeta. But while these solutions have experienced an adoption surge in the last year, profitability remains complicated: **The average profit margin in the BNPL industry is -2.6%**, per IBISWorld senior industry analyst Yin Yeoh. And [looming regulations](#) coupled with the recent surge in [BNPL entrants](#) might make it hard for existing players to retain market share and boost profitability.

Related content: Check out the [Affirm](#), [Afterpay](#), and [Quadpay \(now Zip\)](#) sections of [The Buy Now Pay Later Report](#) for a deep dive into their offerings and a closer look at the BNPL landscape.

Consumers Who Have Used BNPL

% of respondents



Source: Marqeta, "2021 State of Credit," September 16, 2021
Methodology: Data is from the September 2021 Marqeta report titled "2021 State of Credit." 3,500 people were surveyed in July 2021 using Propeller Research to reach people in Australia, the UK, and the US.

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