

# PayPal ramps up BNPL program with monthly payment solution

## Article

**The news:** PayPal expanded its buy now, pay later (BNPL) program with Pay Monthly, which lets customers pay for purchases between \$199 and \$10,000 in six to 24 monthly installments, per a press release.

**More on Pay Monthly:** Customers need to apply at checkout to use Pay Monthly, which may carry interest. The solution is rolling out to US customers in the next few weeks and will

automatically become available to merchants at no additional cost.

Pay Monthly also lets merchants offer dynamic messaging during the shopping journey to make customers aware of their BNPL options before they check out—which PayPal already offers with its other BNPL offering. The feature resembles [Affirm's Adaptive Checkout](#) tool, though Affirm's solution lives on the checkout page.

**Key context:** PayPal's Pay in 4, which lets customers pay for purchases in biweekly installments, launched in August 2020. The product has become a major growth driver for the company: **Pay in 4 delivered \$3.6 billion in volume in Q1, growing 256%** from the same period last year, CEO Dan Schulman said on the firm's earnings call.

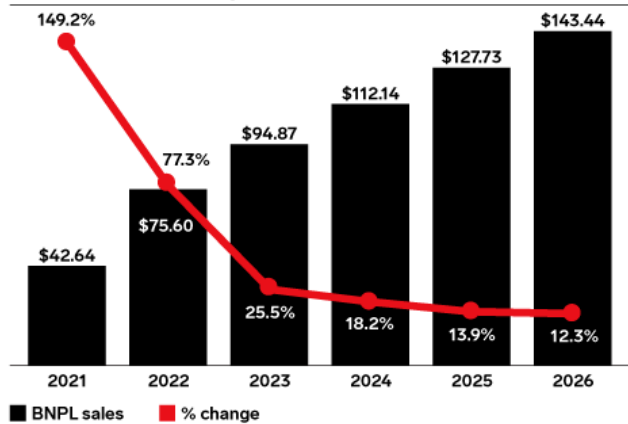
Schulman said at a conference last week that PayPal would [ramp up](#) its BNPL offering, among other growth initiatives. He said **200,000 merchants have moved PayPal's BNPL option upstream** on their product pages before the checkout step but noted there's room for growth in the sector: **The number of US BNPL users is expected to hit 79 million this year, with payment volume reaching \$75.6 billion, according to** Insider Intelligence forecasts.

**What this means:** PayPal wants to tap into higher-dollar-value purchases and bring its BNPL program in line with what other providers offer.

- Previously, PayPal's BNPL customers could only make purchases under \$600. But Pay Monthly gives them a higher spending threshold that can be applied to lucrative product categories like travel, furniture, and consumer electronics.
- Pay Monthly also makes PayPal a more attractive option for frequent BNPL users. Customers wanting to purchase more expensive items would've previously opted for credit cards or BNPL incumbents like **Affirm**, which offers a \$17,500 spending limit. But now, Pay Monthly can help PayPal compete more aggressively in the BNPL sector.

## US Buy Now, Pay Later (BNPL) Sales, 2021-2026

billions and % change



Source: Insider Intelligence, June 2022

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