

BNPL providers take steps to increase growth in the US

Article

Two major US buy now, pay later (BNPL) providers took steps that will help them extend their offerings to new merchants in the US market:

- **Affirm [acquired](#) Returnly for \$300 million.** Returnly simplifies how merchants process returns by letting them offer customers store credit before the item is returned, [according to](#) Marketwatch. While instant credit presents a risk to sellers, returns are a [major](#) customer pain

point amid the pandemic; by simplifying them, sellers can improve satisfaction and loyalty. Affirm plans to maintain Returnly's operations while also introducing Returnly sellers to its BNPL offering, making it a merchant acquisition tool.

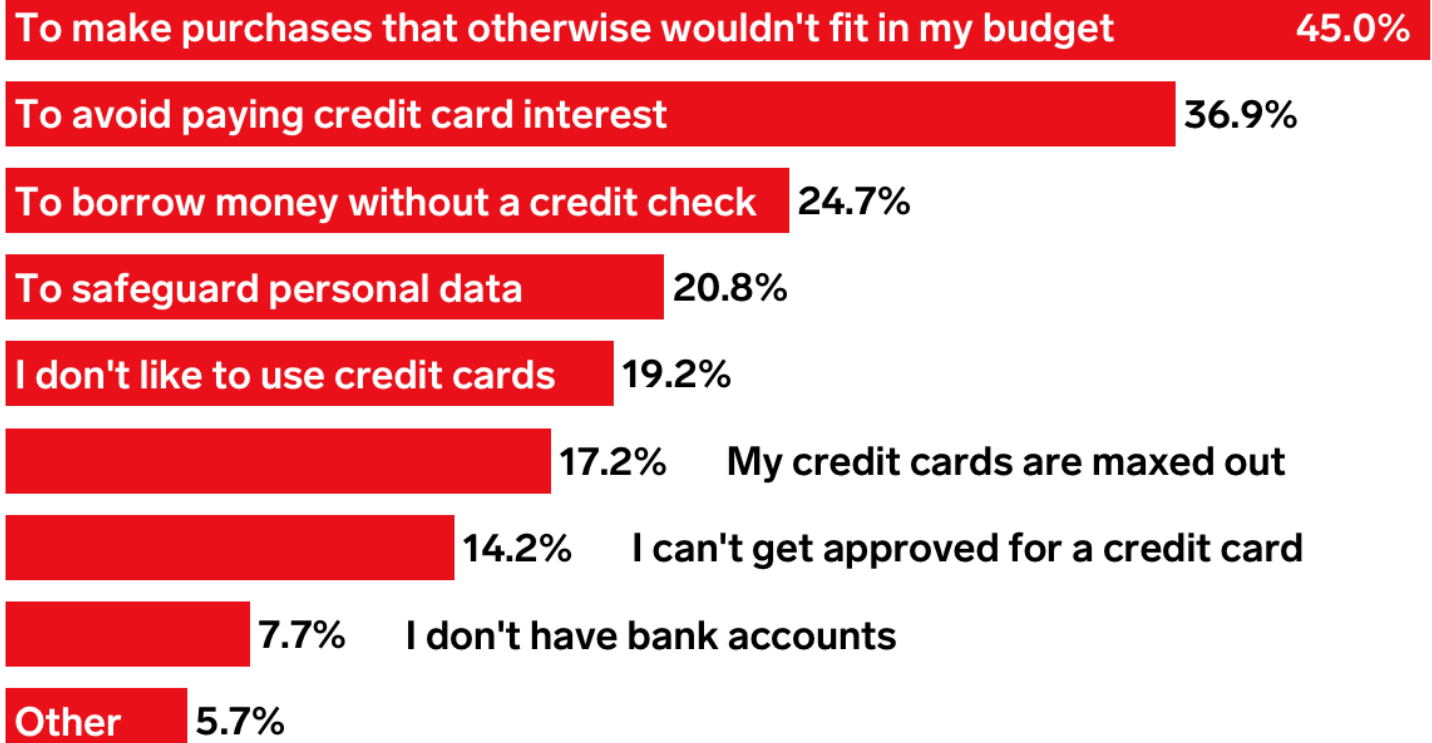
- **Splitit launched a gateway to simplify BNPL enablement.** Splitit Plus lets sellers use a single solution for BNPL transactions and card processing at a “competitive rate.” Merchants can enroll directly through Splitit or through more than 90 partners and, if approved, can integrate the gateway with their existing checkout solution providers and offer installment payments near-instantly. It also offers chargeback services and cash flow management.

The moves come as BNPL adoption surges in the US amid the pandemic. In March 2021, 55.8% of US consumers had used BNPL technology—a drastic increase from the 37.7% who had reported doing so last summer, according to The Motley Fool. Though the tech was gaining traction before 2020, the pandemic was an inflection point: Increased precautionary behavior led some shoppers who moved away from credit cards to embrace BNPL as a lower-risk alternative that still offered some payment flexibility. The payment method's popularity will only continue—FIS expects North American transaction share will nearly triple by 2024—as BNPL providers develop more robust offerings, habits formed during the pandemic stay the course, and younger consumers gain spending power.

Adding new offerings could help providers grow their reach and stand out against competition—while also diversifying their businesses. BNPL's increasing popularity is pushing established giants deeper into the space while players across the map forge major retail partnerships, including moves into niche spaces like travel or professional services, as a way to build brand loyalty and break through the noise. Tapping into new sources of potential client acquisition, as Affirm is through Returnly or Splitit is through its new gateway's value-adds, could help these brands reach untapped areas of the market and increase brand loyalty.. And with regulations emerging in some regions, diversifying their offerings could help providers add new paths to growth in case tighter rules follow in the US market.

Reasons Why US Consumers Use BNPL Services

% of respondents



Note: respondents were able to select multiple responses

Source: The Motley Fool, March 22, 2021

Methodology: The Ascent, a service from The Motley Fool, distributed the survey via Pollfish to 2,000 US adults ages 18 and over on March 10, 2021. Respondents were 59% female and 41% male.

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