

# Affirm builds out consumer and merchant networks

## Article

The buy now, pay later (BNPL) solutions provider counted 5.4 million active consumers and 11,500 merchants at the end of its [fiscal Q3 2021](#) (ended March 31, 2021). Its consumer base grew 60% year-over-year (YoY), decelerating from the 92% YoY growth it posted in the comparable period last year, but its transactions per active customer grew 10% YoY, picking up from 5% YoY a year ago. And its number of merchants surged approximately 140% YoY,

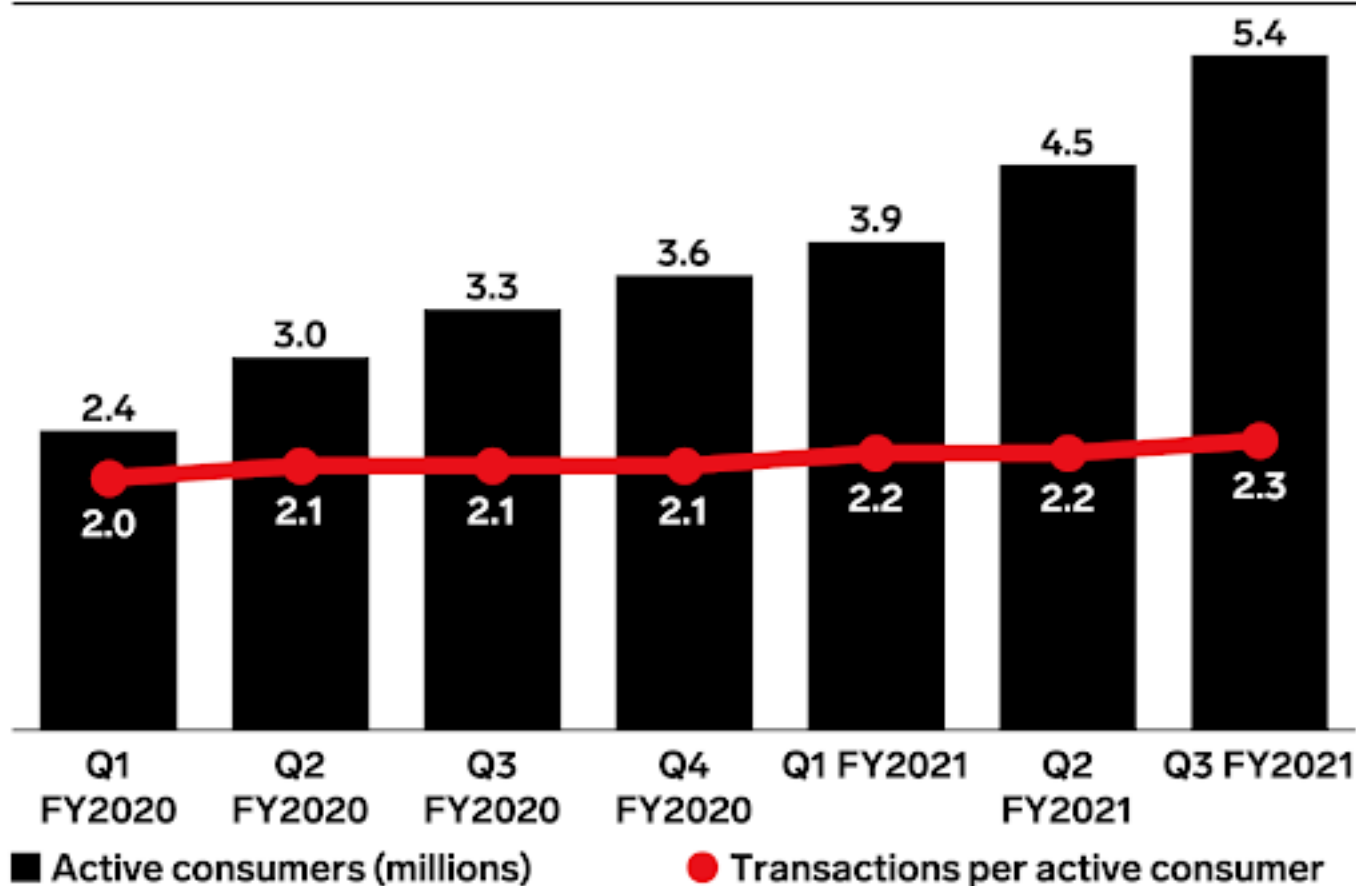
helping it grow its gross merchandise volume (GMV) 83% YoY to reach \$2.26 billion for the quarter.

**Affirm is positioned for greater success in the coming quarters thanks to the travel resurgence and efforts to widen its merchant acceptance.**

- **The bounce back of travel and ticketing will bolster Affirm's GMV.** The industries are set to recover as pandemic conditions improve, increasing the segment's share of Affirm's GMV: It already grabbed an 11% share in April, up from 9% in its most recent quarter, CFO Michael Linford said on the company's earnings call. And since the company already boasts travel-focused partnerships with firms like American Airlines, Expedia, and Vrbo, Affirm is in line to rack up more volume and build its appeal among consumers.
- **And Affirm's partnership with Shopify should help it quickly bring in thousands of merchants.** Affirm teamed up with Shopify so the ecommerce platform provider could offer merchants its own BNPL solution, dubbed Shop Pay. The solution is already available to 12,500 Shopify merchants, and it should reach many more of Shopify's 1.7 million clients when it becomes generally available at the end of June. That should help Affirm quickly expand its acceptance network so that it can attract more users and better take on BNPL competitors like Afterpay, which counts approximately twice as many merchants as Affirm in North America alone.

**Strong performances from BNPL providers like Affirm are bad news for issuers dealing with drops in credit card debt.** Major issuers like Capital One, Discover, and Synchrony saw their card balances decline on an annual basis as consumers paid off their debts—with the help of stimulus payments and unemployment benefits from the US government—and have avoided accumulating new debt, per The Wall Street Journal. Issuers are reportedly stepping up solicitations in an attempt to build up their card balances and the revenues they earn from them, but BNPL solutions may make this process more difficult as they offer financing options that can carry less debt risk. Issuers could step up their rewards offerings to pull consumers away from BNPL options, but companies like Affirm are set to be a thorn in their side for years to come.

## Affirm Active Consumers



*Note: Affirm's fiscal Q3 2021 ended March 31, 2021. An active consumer is defined as a consumer who engages in at least one transaction with Affirm during the 12 months prior to the measurement date. Transactions per active consumer is defined as the average number of transactions that an active consumer conducted with Affirm during the 12 months prior to the measurement date.*

*Source: Affirm, 2021*

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