

# Zip ‘in discussions’ to buy Sezzle amid BNPL market upheaval

Article

**The news:** Buy now, pay later (BNPL) provider **Zip** confirmed reports that it is “in discussions” to acquire rival **Sezzle**. The disclosure notes that these talks are preliminary and that there’s “no certainty” that a transaction will happen.

**Key context:** Zip has been on an acquisition tear over the past several years. The BNPL provider purchased US-based BNPL firm **QuadPay** to incorporate it into its service and more

recently [purchased](#) EU-based **Twisto** and Middle East-based **Spotii** to expand internationally. At the time of the latter two acquisitions, the firm said more acquisitions could be on the horizon.

**What it means:** Buying Sezzle could help Zip scale and diversify.

- Zip has performed well: In 2021, the firm posted **\$5.8 billion in volume** (+176% annually), with **7.3 million shoppers** (+248% annually), [per](#) its annual report. It also more than doubled its retail partners to reach **over 51,000 merchants** worldwide.
- Sezzle's network—which boasted **\$1.6 billion in sales, 3.2 million customers, and 44,400 merchants** as of Q3 2021—could substantially elevate its positioning. And Sezzle is more popular in the US: **11% of US respondents to a Momentive [poll](#) had used Sezzle, compared with just 4% who had used Zip.**

Sezzle also offers unique attributes that could complement Zip's business, like a bevy of long-term financing [partners](#). And Sezzle's [tie-up](#) with **Discover** can enable cross-sell into a large base.

**The bigger picture:** Diversification and scale are set to dominate the US BNPL landscape this year in the face of mounting competition and impending regulation.

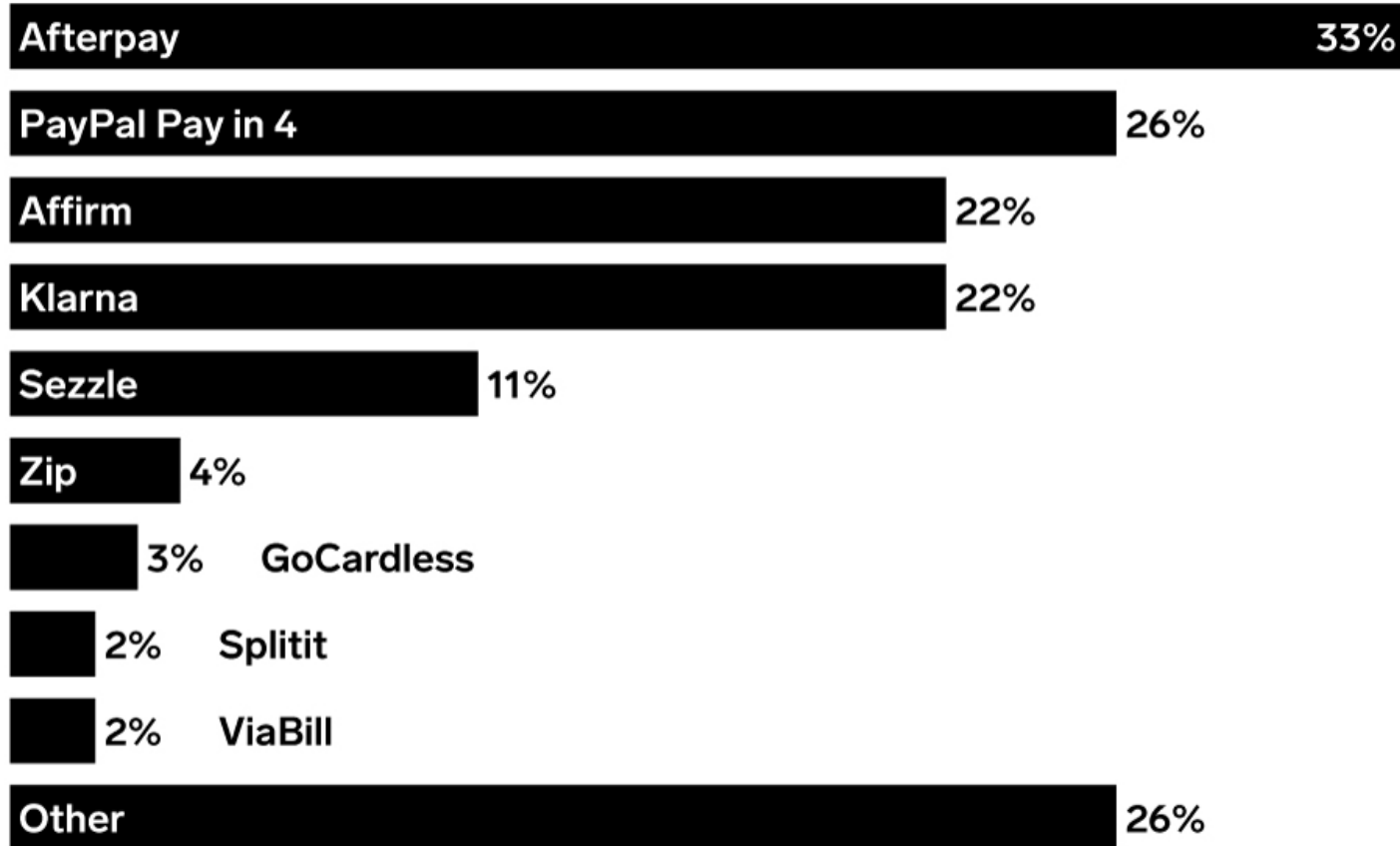
With BNPL poised to [reach](#) **more than 3 in 10 US digital buyers by 2023**, more providers are jumping into the ring, including incumbent issuers and card networks. Their customer relationships and wide reach could disintermediate digital-first giants that currently dominate the market—a trend that's already pushed pure play providers to ramp up merchant partnership efforts, move into niche verticals, and diversify their offerings. Acquiring Sezzle could move Zip forward in its push to grab share through scale and diversification.

At the same time, BNPL providers are waiting for the other regulatory shoe to drop: The UK and Australia have already declared plans to regulate the sector, and the Consumer Financial Protection Bureau (CFPB) recently [launched](#) an inquiry into major US BNPL players, which included Zip but not Sezzle. Finding ways to scale—and partnering with a firm that has established bank tie-ups—might offer Zip agility to comply with future regulations.

**Go deeper:** Check out "[Insider Intelligence's Payment Trends to Watch in 2022](#)" to learn more about what we think is in store for BNPL this year.

# Buy Now, Pay Later (BNPL) Services Used by US Adults, Aug 2021

% of respondents



Note: n=622; among those that have used BNPL services in the past 12 months  
Source: SurveyMonkey and Momentive as cited in company blog, Aug 24, 2021

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