

Revolut and Suncorp join other banks wading into BNPL as demand grows

Article

The news: Two more banks plan to offer buy now, pay later (BNPL) services as demand for the financing option surges.

- UK-based **Revolut** has a BNPL offering in early development, per the Evening Standard. CEO Nikolay Storonsky said the neobank is working on a checkout feature that would let

customers convert purchases into installments payments using its cards. The BNPL foray will likely be piloted in European markets next year.

- Australia-based **Suncorp** will launch its “pay later debit card,” according to The New Daily. The card can be used wherever **Visa** is accepted, and it will cap late fees at \$10 per transaction.

How we got here: Revolut and Suncorp join a [growing cohort](#) of banks exploring BNPL solutions with hopes to get in the space early.

The **Commonwealth Bank of Australia (CBA)** just [announced](#) a partnership with **Klarna** to bring BNPL to its vast retail network, and **Citibank** will launch a BNPL product in Australia in October, as two examples.

The financing solution has long been popular in Australia: **48% of internet users in the country reported using a BNPL service in the past 12 months** compared with 28% in the US, [per](#) an April 2021 Leger survey. Australia thus tends to act as a testing ground for BNPL providers, signaling what may be next in other markets.

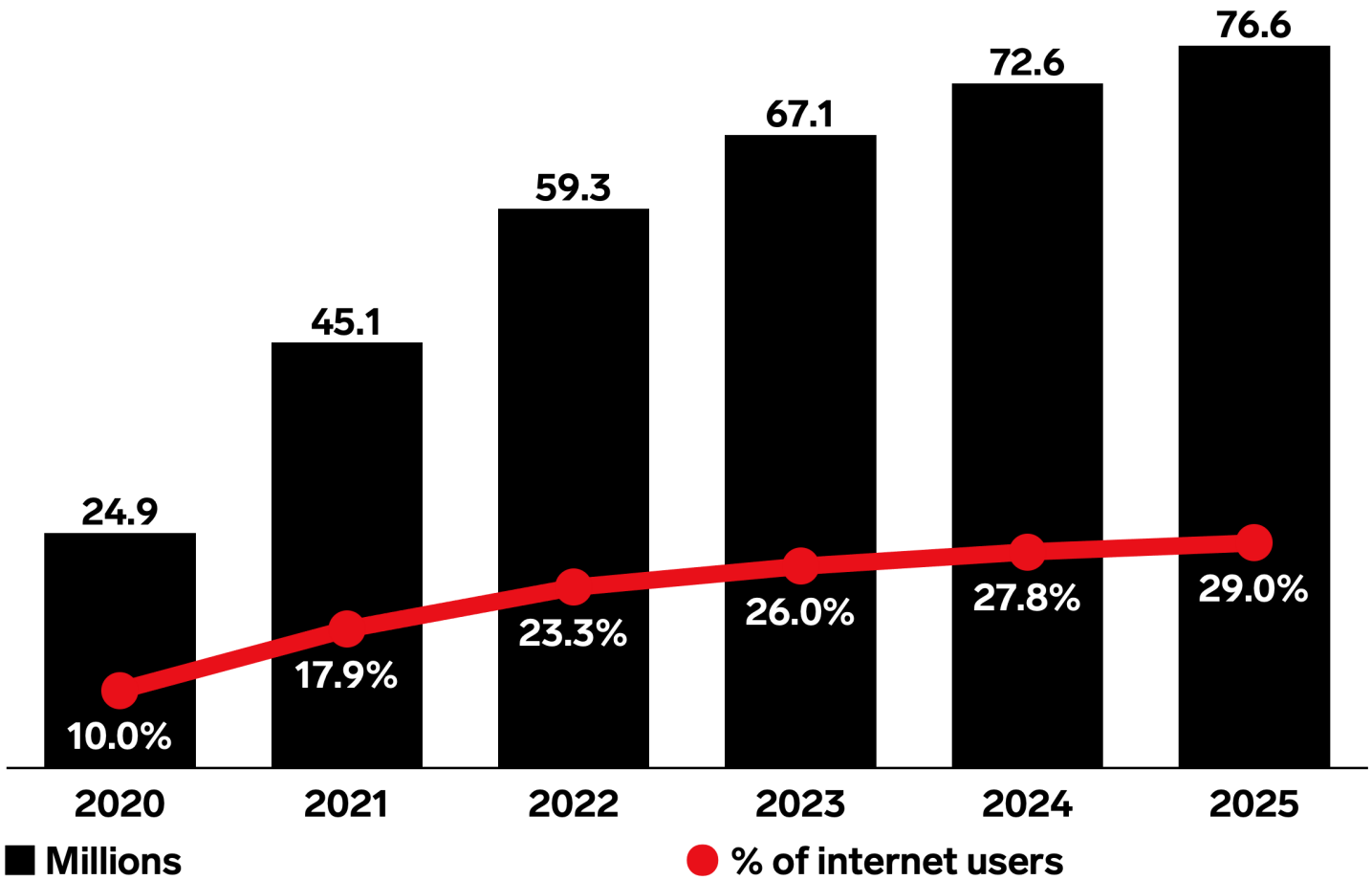
The bigger picture: The consumer-facing BNPL market is getting more intense as providers experience massive growth and look to [reshape](#) financial services by becoming super apps. By getting in on the space, banks can capitalize on this growth and fend off competition from BNPL players, which have been [creeping](#) into their [banking](#) territory.

- There is a massive market opportunity for banks in the space: **The number of US BNPL users is projected to reach 45.1 million in 2021** and will catapult to 76.6 million by 2025, [according to](#) our forecasts.
- Debit-focused offerings could be particularly appealing to customers because they’re easy to use and they offer a more streamlined payment process than many incumbent BNPL providers that require third-party mobile apps and approval processes.
- Thanks to their strong user bases and acceptance foundation, Revolut and Suncorp’s offerings could take off and take market share away from incumbent BNPL providers in their respective markets. Their success in the space could also further threaten credit cards, which have already [taken a hit](#) from BNPL’s growth.

Related content: *Eager to read more about Revolut’s BNPL ambitions? [Check out](#) what our Banking analysts have to say.*

Buy Now, Pay Later Service Users

US, 2020–2025



Note: Ages 14+; internet users who have accessed a buy now, pay later account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services. Buy now, pay later (BNPL) services are defined as interest-free solutions provided by third-party payment platforms that allow consumers to purchase and finance a product or service, and pay in scheduled installments; also known as digital installments, installment lending, and point-of-sale financing. Users are typically allowed to pay off balances in weekly, bi-weekly, or monthly installments. Failing to adhere to a predetermined payment plan will usually lead to late fees and interest charges. Consumers access these solutions at the point-of-sale (online or in-person), usually via a merchant's website or app, via the third-party provider's app or via proximity mobile payment apps like Google Pay and Apple Pay. Examples include Affirm, Afterpay, Klarna, Sezzle, and PayPal's BNPL service. Excludes services that provide a revolving line of credit, and retailer- and bank-branded financing options.

Source: eMarketer, May 2021

Methodology: Estimates are based on the analysis of survey and traffic data from research firms, historical consumer adoption and buying trends, payment adoption trends, reported company data, interviews, demographic and socioeconomic factors, and macro-economic

conditions.

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