

Affirm's strong quarter got a boost from its debit card—but it may have to get creative to keep up its current pace

Article

By the numbers: Affirm's gross merchandise volume jumped up 32% year over year (YoY), totaling \$7.5 billion in its fiscal Q2 2024 (ended December 31, 2023), per its earnings release. The year prior, GMV rose 27% YoY.

- **The number of active consumers increased 13% YoY to 17.6 million**, and transactions per active consumer jumped 25% YoY to 4.4. This is a slowdown from the same period last year, when active consumers and transactions per account grew 29% and 38% YoY, respectively.
- Active merchants grew 15% YoY to 279,000, down from 49% YoY growth the prior year.
- 30-day delinquencies were flat on an annual and quarterly basis.
- **Revenues shot up 48% YoY to total \$591 million**, far outpacing last year's 11%.

Spotlight on the Affirm Card: The buy now, pay later (BNPL) company's debit product helped propel growth.

- The Affirm Card volume hit \$397 million in Q2, up from just \$11 million a year ago.
- And 30% of card volume was in store.
- The **card also boasted 700,000 active consumers** at the end of Q2, compared with just 50,000 last year.
- Affirm Card users on average **transacted four times more often** than overall users.

The Affirm Card is also helping the company reach new spending categories.

- More than 30% of the card's pay now volume and more than 20% of the card's pay later volume were in categories that Affirm did not historically address—like grocery, restaurants, and auto parts and services.
- Grocery stores and restaurants are predominantly in-store purchases—areas BNPL has struggled to tap into.

Looking forward: Affirm forecasted strong but slower growth next quarter.

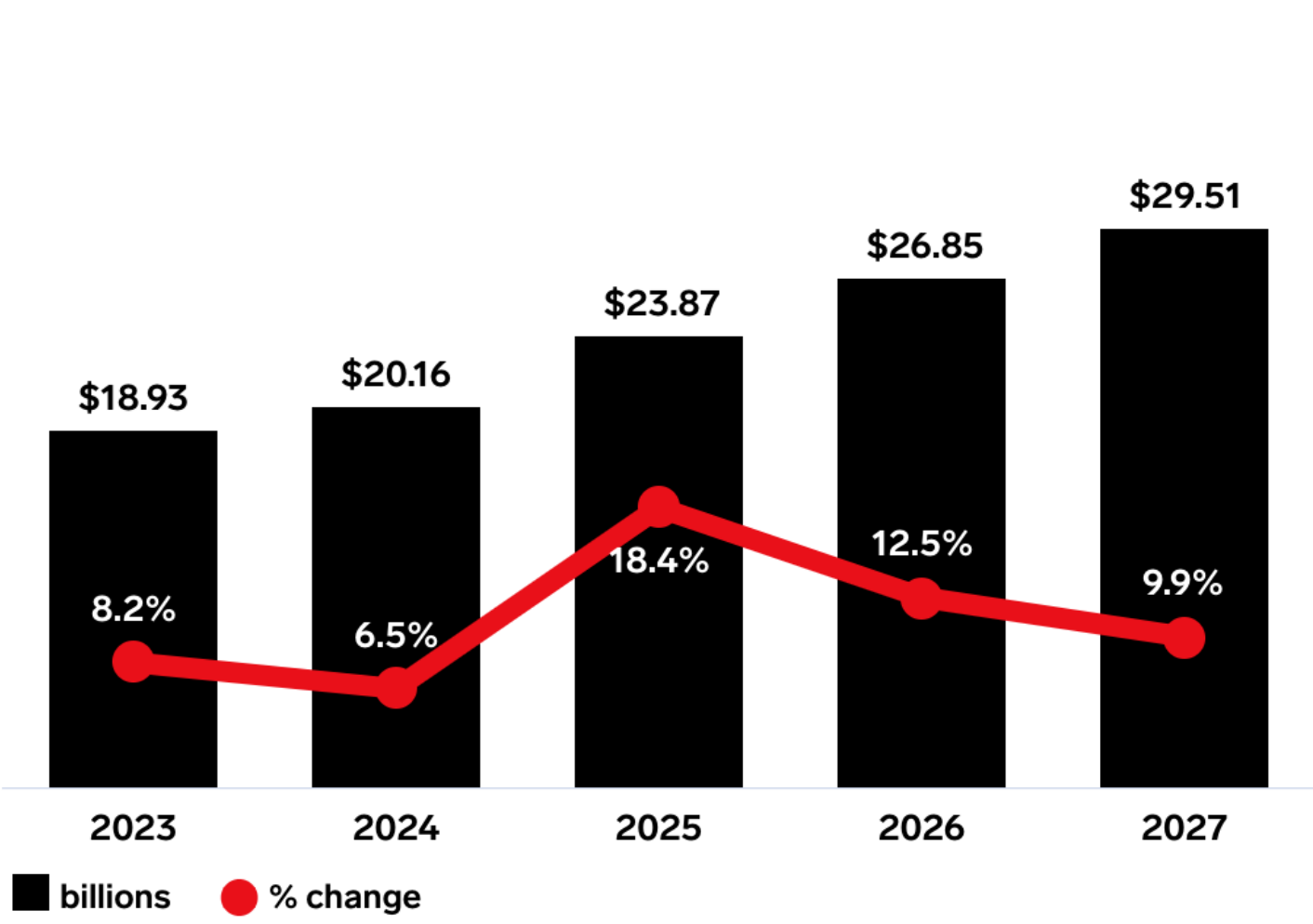
- It expects to range from \$5.8 billion to \$6 billion approximately 26%–30% YoY growth.
- Revenues are expected to range from \$530 to \$550 billion, a roughly 39%–44% YoY increase.

Our take: BNPL players like Affirm have enjoyed strong growth as they move in store and into new categories, while also cutting costs through efforts like layoffs and reducing risk profiles.

Moving forward, they may have to get creative to sustain growth. Affirm, for example, [shut down its rewards program](#) last week. And if consumer spending [slows in 2024](#), BNPL firms will have a harder time pulling this off.

Affirm Payment Value

US, 2023-2027



Note: includes products or services paid with Affirm; excludes payments such as bill pay, taxes, or money transfers, gambling and other vice goods sales

Source: Insider Intelligence | eMarketer, July 2023

Insider Intelligence | eMarketer

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