

Holiday BNPL spending shows BNPL growth drivers at work

Article

The news: US shoppers spent \$16.6 billion dollars this holiday season using buy now, pay later (BNPL) plans, [per](#) Adobe Analytics data from November 1 to December 31.

- BNPL volume increased 14% year over year (YoY).
- Total online holiday sales reached a record \$222.1 billion this season, per Adobe, up 4.9% YoY.

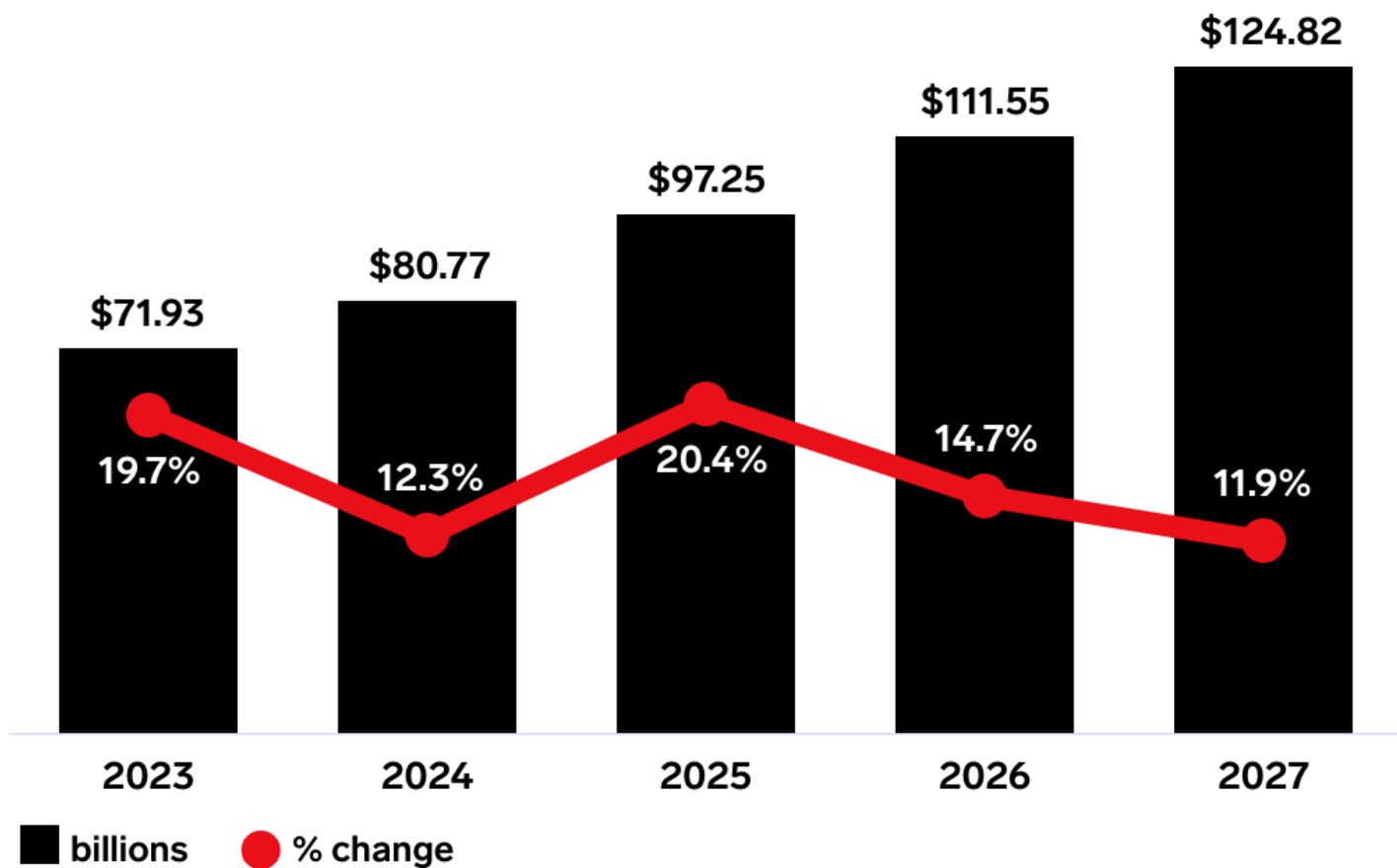
What led to BNPL's growth?

- **Tightening credit standards.** More than **one-third (33.9%) of domestic banks tightened standards for credit card loans** in Q4 2023, per the Federal Bank of St. Louis. This made it harder for riskier consumers to get approved for credit cards, pushing them to alternatives like BNPL.
- **Older users.** Despite the majority of BNPL users being millennials or Gen Zers, older generations are warming to the payment method. About **29% of Gen X used BNPL in 2023**, but this share will jump to **40.5% by 2027**, according to our forecasts. The share of baby boomers will jump from 13% in 2023 to 17.9% in 2027.
- **More use cases.** Consumers can use BNPL in more product and service categories. **Affirm** recently partnered with an eyewear retailer, for example, and **Klarna** partnered with a B2B car-rental company.
- **Greater acceptance.** BNPL debit cards and partnerships like Affirm's with Walmart have made it easier to use BNPL in stores.

What's next? All of these drivers will boost BNPL's growth throughout 2024. **US BNPL payment value is expected to grow 12.3% YoY in 2024 to reach \$80.77 billion**, according to our forecasts. Transaction value will skyrocket to \$124.82 billion by 2027.

Buy Now, Pay Later Payment Value

US, 2023-2027



Note: includes products or services paid with a buy now, pay later service platform; excludes payments such as bill pay, taxes, or money transfers, gambling and other vice goods sales

Source: Insider Intelligence | eMarketer, July 2023

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