

# Affirm sharpens focus on profitability after strong quarter

## Article

**By the numbers:** Affirm's gross merchandise volume (GMV) hit \$3.9 billion in its fiscal Q3 (ended March 31, 2022), increasing 73% year over year (YoY), per its earnings release. GMV growth decelerated from the same period last year (+83% YoY).

- Active merchants reached 207,000, up from 12,000 during the same period last year.

- Active customers hit 12.7 million, **surging 137% YoY** and more than doubling Q3 2021 growth.
- Total transactions reached 10.5 million, more than doubling from last year. Transactions per active user hit 2.7, compared with 2.3 during the same period last year.

**More on this:** During the company's [earnings call](#), executives discussed three factors that helped fuel growth.

- **Shopify partnership.** The firm said that active merchant growth was driven mostly by [Shopify](#) merchants adopting Shop Pay Installments, Shopify's buy now, pay later (BNPL) solution powered by Affirm.
- **Customer engagement.** Affirm said that **81% of transactions in Q3 were from repeat customers**. This reflects Affirm's strong brand loyalty, something that may have been more complicated to secure as BNPL competition ratcheted up.
- **Pent-up travel demand.** CEO Max Levchin said Affirm's travel and ticketing segment outperformed expectations: Volume doubled from the same period last year, in line with wider [trends](#) in the travel sector. **Expedia, Vrbo, and Priceline** were in the top 10 of Affirm's partners by volume in Q3. The company also became widely available for **American Airlines'** customers during the quarter.

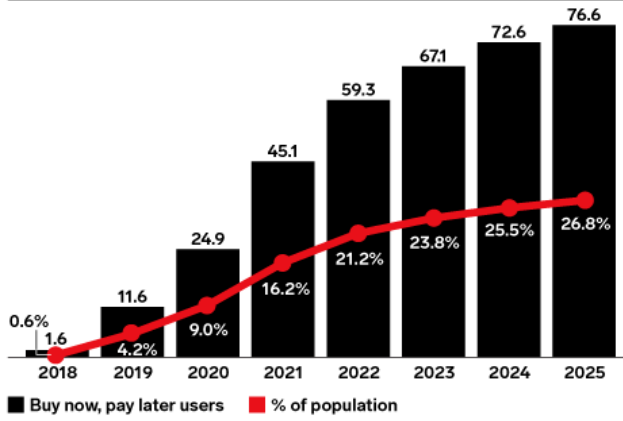
**What's next?** Affirm is still focused on achieving profitability, which it inched closer to in Q3. To that end, it outlined two solutions that can help drive user and spending growth.

**Adaptive Checkout** shows customers a side-by-side comparison of BNPL options—biweekly or monthly payments—for each transaction at checkout. This gives customers more clarity and the flexibility to choose the option that best fits their needs, increasing the chances of spending. Affirm added Adaptive Checkout to its **Google** Chrome extension and recently [integrated](#) the solution into **Fiserv's Carat**. Affirm's expanded partnership with Shopify will also involve integrating the product.

Affirm's **super app**—which ties together its shopping, payments, and financial services offerings—[launched](#) in January. Although the app is still in the early stages, it can be a key growth tool by routing shopping traffic to Affirm's platform. That would also increase customer engagement with Affirm's other tools—like a forthcoming crypto trading feature—and boost monetization per user.

## US Buy Now, Pay Later Users, 2018-2025

millions and % of population



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

Source: Insider Intelligence, May 2021

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[InsiderIntelligence.com](https://www.insiderintelligence.com)