

Consumers turn to BNPL to alleviate financial pressures over the holidays

Article

The data: Twenty percent of US respondents plan to use buy now, pay later (BNPL) this holiday season, [per](#) a survey by the Electronic Transactions Association (ETA) and The

Strawhecker Group (TSG).

Why it matters: Tougher economic challenges this year that may affect consumers' holiday shopping—making flexible payment methods like BNPL more appealing.

- **Inflation.** The core personal consumption expenditures (PCE) price index increased 5.1% year over year (YoY) in September—just shy of the worst inflation since the early 1980s. That's one reason **72% of respondents** said they're concerned about the affordability of gifts, compared with 61% who said the same last year, per ETA and TSG.
- **Layoffs.** Job uncertainty is running high against the backdrop of wider economic shifts over the last few months. Fears that the steep tech retrenchment will ripple across the broader economy might make consumers more cautious about how they spend this year.

BNPL tends to be popular around the holidays—but economic anxieties may make consumers even more likely to lean on BNPL this year. US BNPL spending per user is expected to increase 13.5% year over year (YoY) in 2022 and reach \$957.46, according to Insider Intelligence forecasts. Last year, the average US BNPL user spent \$843.37.

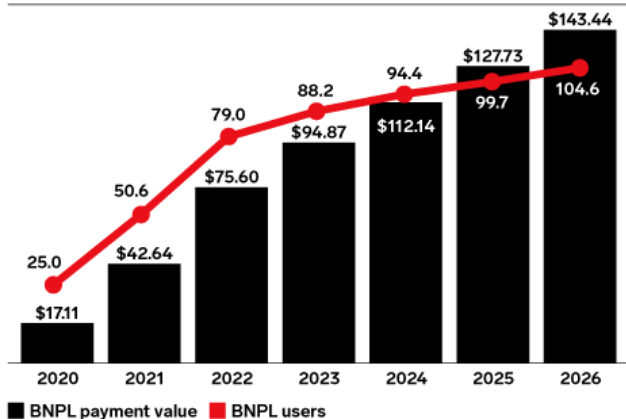
What this means for payment players: Holiday spending is set to be a major boost for BNPL incumbents like **Afterpay** and **Klarna** as consumers try to stretch their holiday budgets. Partnerships with high-traffic retailers like Amazon and **Target** will help bolster providers' payments volume and revenues.

This could help BNPL incumbents navigate the onslaught of tighter funding, incoming regulation, and competition from payment heavyweights like **Visa** and **Mastercard**, which have been ramping up their BNPL programs. At stake is an expected \$75.60 billion in US BNPL payment volume this year, per Insider Intelligence forecasts.

Related content: Check out our [US Buy Now, Pay Later Forecast 2022](#) spotlight report to learn about the factors influencing the sector's growth in 2022.

US Buy Now, Pay Later (BNPL) Payment Value and Users, 2020-2026

billions and millions of users



Note: ages 14+; internet users who have accessed a BNPL account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services; excludes payments (such as bill pay, taxes, or money transfers), gambling and other vice goods sales

Source: Insider Intelligence, June 2022

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