

Affirm bids farewell to Australia to hone in on US, Canada business

Article

The news: US-based buy now, pay later (BNPL) provider **Affirm** shut down its business in Australia at the end of February, [according to](#) its website. The company is now only present in Canada and the US.

Digging deeper: A lot has changed since Affirm started operating in Australia—which may have complicated operations in the market and led to its departure.

- The company entered Australia through a partnership expansion with **Peloton** in late 2021—back when ecommerce was **booming** and Peloton was **benefiting** from strong at-home fitness demand. The firm **represented 20% of Affirm’s revenues** for the year ended June 30, 2021.
- But rapid interest rate hikes, the rising cost of living, and normalizing ecommerce brought all that to a halt. **Ecommerce sales growth in Australia hit 25% year over year (YoY) in 2021 but slowed to 4% the following year, according to** Insider Intelligence forecasts.

Australia was already a competitive market to operate in—it’s home to BNPL giants like **Block-owned Afterpay** and **Zip**, and other providers like **Klarna** and **PayPal** have also moved in. Combined with macroeconomic headwinds, this could have made it difficult for Affirm to grow its business in Australia.

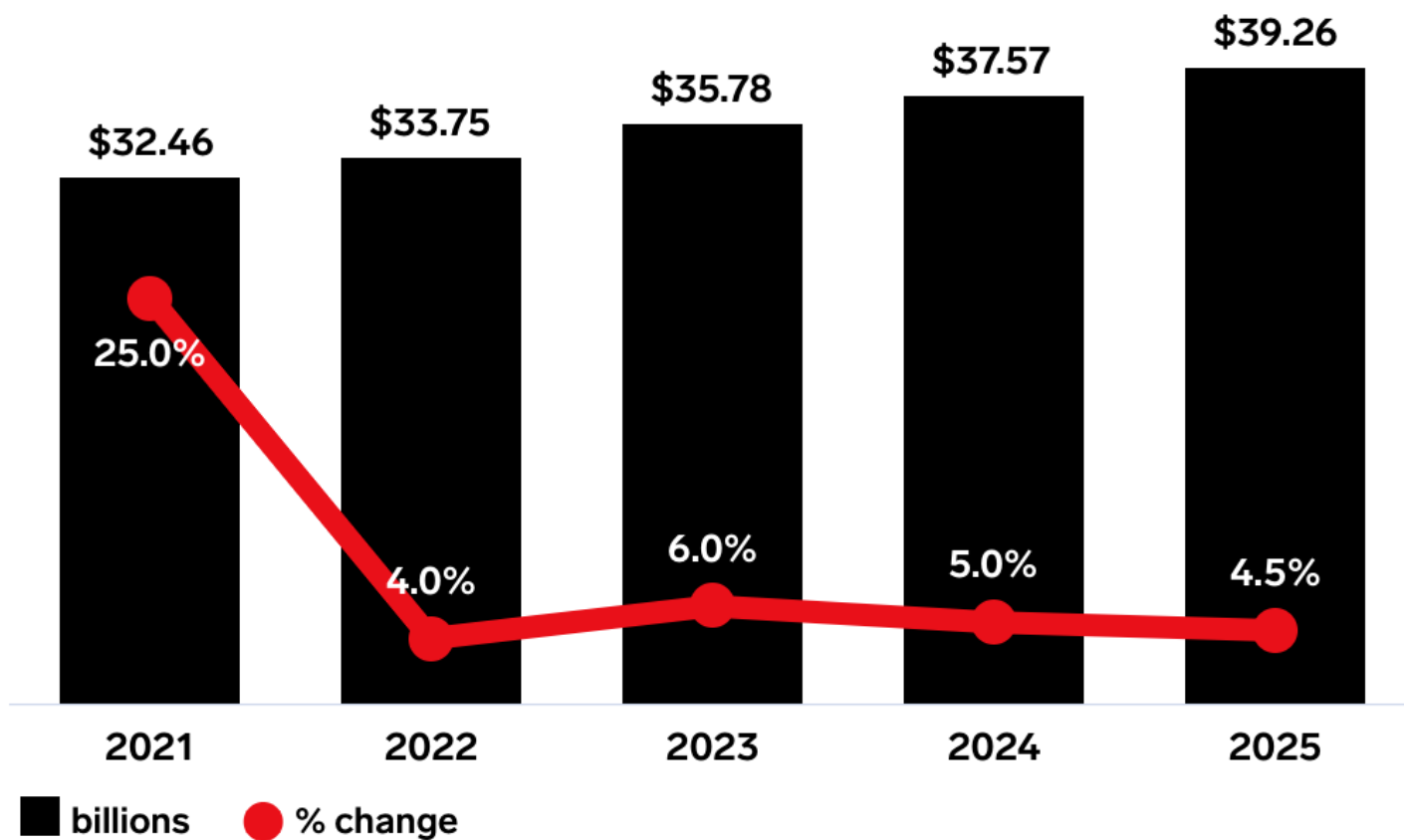
What this means: Affirm is giving up a major BNPL market—but it’ll also minimize costs and improve profitability.

- Australia had **about 7 million BNPL customer accounts** as of June 2022, **according to** the Reserve Bank of Australia.
- And BNPL payment value had reached \$16 billion, **about 2% of card purchases that year**—making it an attractive market for providers.
- But the payment method’s popularity makes it more difficult for newcomers to take market share from established players.

By exiting Australia, Affirm can reduce its operating costs and rein in losses: The company’s **operating losses reached \$360 million** in the three months ending December 31, 2022—up from \$196 million the previous year. Minimizing global reach is a tactic **Zip** has employed, and so far, it’s **paid off financially**. Affirm can now focus on improving its business in its home market and in neighboring Canada.

Retail Ecommerce Sales

Australia, 2021-2025



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales

Source: eMarketer, December 2022

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

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