

# Affirm turns in strong earnings, highlights ambitious growth initiatives

Article

**By the numbers:** Affirm's gross merchandise volume (GMV) increased 77% year over year (YoY) in its fiscal Q4 (ended June 30, 2022), per its earnings release. The jump is a slowdown

from 106% YoY growth in the same period last year.

**Digging deeper:** CEO Max Levchin [said](#) Affirm experienced strong growth despite evolving ecommerce and economic trends.

- Ecommerce penetration retreated back to its pre-pandemic trend line during the quarter, Levchin noted. Like many other buy now, pay later (BNPL) providers, ecommerce makes up the bulk of Affirm's retail business.
- Levchin also said Affirm began to see signs of inflation-related stress from "certain low-credit-segment consumers" in Q2. But he added that the firm's underwriting process—which involves using credit reports, credit scores, and key shopping information—helped it avoid high charge-off levels.

Despite these factors, **Affirm's active customers increased 96% YoY**, and more merchants started offering Affirm, both of which helped fuel transaction growth. Travel and ticketing were [once again](#) key drivers for the company, increasing 87% YoY and 443% from Q4 2019. **American Airlines, Expedia, Priceline, and Vrbo** were among Affirm's top 10 merchants in Q4.

**What's next?** Affirm plans to be more cautious with expenses going into the second half of the year as economic uncertainty roils markets. But CFO Michael Linford said Affirm plans to invest in engineering and product talent to support Affirm's product roadmap. He also pointed to the upcoming holiday season as a key growth opportunity.

Here are a few initiatives Affirm has in the works that can also help it expand its product suite and boost GMV:

- **Rewards.** The company plans to launch an Affirm Rewards beta test next month. The solution will let Affirm customers earn rewards at checkout and redeem points through the Affirm app. It will help Affirm tighten customer loyalty and compete more aggressively with credit cards and providers like **Klarna** that also have rewards programs.
- **Debit+.** Levchin said Affirm will add "significant features" to Debit+, which connects to customers' bank accounts so they can make standard debit or installment payments. The product has seen strong momentum—**GMV per active Debit+ consumer is more than 40% higher than non-Debit+ consumers**, per Levchin—so building it out should help spur engagement.
- **International expansion.** Affirm rebranded its Canadian BNPL brand, **PayBright**, to Affirm Canada. Former PayBright CEO Wayne Pommen will now lead Affirm's international expansion

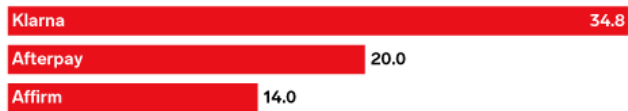
efforts, which can help drive more customer and merchant adoption.

- **Inclusive credit.** While details remain slim, Levchin said Affirm plans to deploy new features to help it reach customers who have been left out of the “traditional credit-reporting infrastructure.”
- **Potential acquisitions.** Affirm has no merger & acquisition (M&A) targets yet, Levchin did note the uptick in consolidation in the space and said that the firm is keeping a close eye on the market.

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### US Buy Now, Pay Later (BNPL) Users, by Platform, 2022

millions



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, June 2022

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