

# Consumers are using BNPL for everyday purchases—here’s why that may spell trouble for consumer financial health

Article

**By the numbers:** More than half (56%) of US consumers used a pay later plan in the 12 months preceding October 2024, per a PYMNTS Intelligence survey. This includes traditional buy now, pay later (BNPL) plans and card-linked options.

Here's what they used them for:

- 42.1% of pay later users purchased clothing and accessories.
- 35.1% bought groceries.
- 29.6% used the plans for appliances.
- 29.0% used them for consumer electronics.
- And 28.5% used pay later for home furnishings.

**What this means:** While BNPL is often touted as a way to finance big purchases like appliances or travel, consumers are also using the plans for smaller, everyday purchases like groceries. They're using the plans like they would use a credit card.

And while this isn't necessarily a bad thing, it could be a concerning sign for consumer financial health.

- Relying on BNPL for everyday expenses like groceries signals that some consumers likely don't have the needed cash flow to get by.
- And frequent BNPL use can lead to overextension that may make it harder for consumers to meet other debt obligations.

**Why this matters:** This could be an issue given many consumers are already weighed down by credit card debt.

- Outstanding credit card balances totaled \$1.17 trillion in Q3 2024, up 8.1% YoY, per the Federal Reserve.
- And credit card issuers wrote off \$46 billion in seriously delinquent loans during the first nine months of 2024, a 50% jump from the same period in 2023, per BankRegData data reported by the Financial Times.

**Our take:** Even as consumers use BNPL for everyday purchases, providers aren't feeling the effects of consumers' financial strain.

Klarna's consumer [credit loss rate](#) was 0.44% for the first nine months of 2024. (However, this isn't a perfect comparison with credit card issuers—Klarna calculates its loss rate as a fraction of GMV rather than loans).

Despite losses from the BNPL industry remaining low, it doesn't mean BNPL habits aren't a cause for concern. Using BNPL for everyday items may be weighing down the credit card recovery: Consumers may be paying down their BNPL obligations first because they're smaller and more manageable.

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