

BNPL widens its net to capitalize on consumers' rising living costs

Article

Trendspotting: Buy now, pay later (BNPL) products aimed at helping consumers pay for necessities are becoming increasingly popular as the rising cost of living wears away at consumers' budgets.

- **Rent:** US companies like **Till**, **Jetty**, and **Flex** and Canada-based **Zenbase** let renters split payments into installments. Some work directly with tenants to help them pay their rent and

can charge additional fees.

- **Food:** Deliveroo and Klarna partnered so customers can [pay for carryout and groceries](#) using BNPL. And politicians slammed British supermarket [Iceland](#) for its BNPL offering, which it claimed would help shoppers during the cost of living crisis.

Consumers have also expressed interest in even broader BNPL use cases:

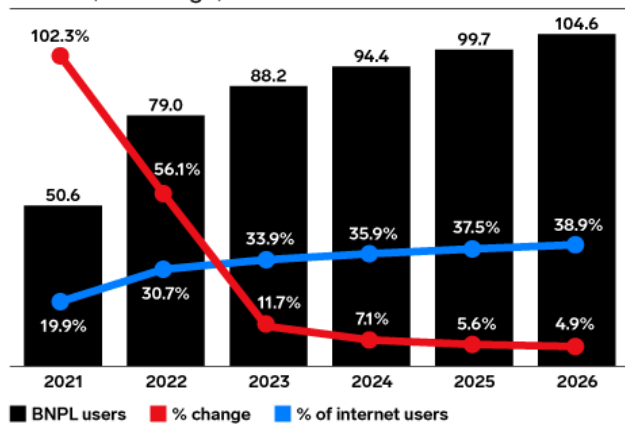
- **Healthcare:** 42% of US consumers said they'd [use BNPL to pay for medicine](#) and prescriptions, according to a Pymnts report.
- **Education:** And 38% said they'd pay for education and certifications with BNPL, per Pymnts.
- **Holiday shopping:** Another 40% of US consumers plan to [pay for gifts using BNPL](#), per a Bluedot survey. And almost half of Gen Z shoppers (48%) said they planned to use BNPL over the holidays.

Why it could work: By 2026, [almost 40% of US internet users will use BNPL](#), per Insider Intelligence forecasts—a surge in popularity echoed worldwide.

- As it grows and providers diversify for growth, the mix is shifting: Apparel and beauty merchants' combined share of BNPL volume has **dropped from 80% in 2019 to around 59%** last year, per the Consumer Financial Protection Bureau (CFPB)—which we expect to continue.
- Stubborn inflation and fears of global recessions could also fuel BNPL's growth as consumers look for novel ways to extend their buying power and cover expenses.

US Buy Now, Pay Later (BNPL) Users, 2021-2026

millions, % change, and % of internet users



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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What's the risk?

- **Debt:** However you spin it, BNPL is adding to consumers' debts. That can exacerbate shoppers' financial woes by normalizing unsustainable borrowing. And as the economic picture darkens, BNPL providers may also struggle to get those loans back as the likelihood of customers defaulting jumps.
- **No regulation:** There's little oversight tailored to BNPL platforms. And although regulation appears to be on the way in both the [US](#) and the [UK](#), its absence leaves customers exposed and unprotected.
- **Reputational damage:** Companies targeting consumers who struggle to pay for food or housing without taking on debt open themselves up to accusations that they're exploiting the financially vulnerable. Even if they market it as helping shoppers, BNPL firms need to be careful to avoid permanently damaging their brands.

Keep reading: Check out our [US Buy Now, Pay Later Forecast](#) for more on BNPL's projected growth.

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