

Goldman Sachs's BNPL sale could attract big interest—here's why

Article

The news: Goldman Sachs will consider selling its BNPL home improvement lending business, GreenSky, for \$2.1 billion, per the Wall Street Journal. The bank acquired GreenSky for \$2.24 billion in September 2021 to integrate the platform's capabilities into its Marcus banking app.

- GreenSky facilitates BNPL loans up to \$100,000 for home improvement projects.

- It does a hard credit pull before approving and offers no interest if the balance is repaid in the promotional period.
- Roughly 4 million consumers have financed more than \$30 billion using the platform since it launched.

Why is Goldman Sachs selling? Goldman is pulling back on consumer products across the board, including its Marcus brand.

- In February, Goldman stopped pursuing new credit card programs and abandoned plans for a branded consumer credit card.
- Goldman reported a **\$3 billion loss over nearly three years** from the unit that includes GreenSky and other transaction banking, credit card, and fintech businesses.

Is GreenSky an attractive purchase? As US consumers rely more on BNPL for purchases to combat persistent inflation and rising interest rates, there may be strong buyer interest for GreenSky.

- **Forty-six percent of US consumers** have used a BNPL service, up from 43% in 2022 and 31% the year before that, per a March LendingTree survey.
- And 27% of BNPL users say they **use the loans as a bridge to their next paycheck**, according to the survey.

Even though home improvement sales have slowed from their pandemic boom, many home renovations—like a broken pipe or leaking roof—are expenses that cannot be foregone, and they happen no matter what the state of the economy is. That could help whoever buys GreenSky tap an industry that's more resistant to market downturns than nonessential retail.

GreenSky's credit checks can also mitigate some BNPL risks:

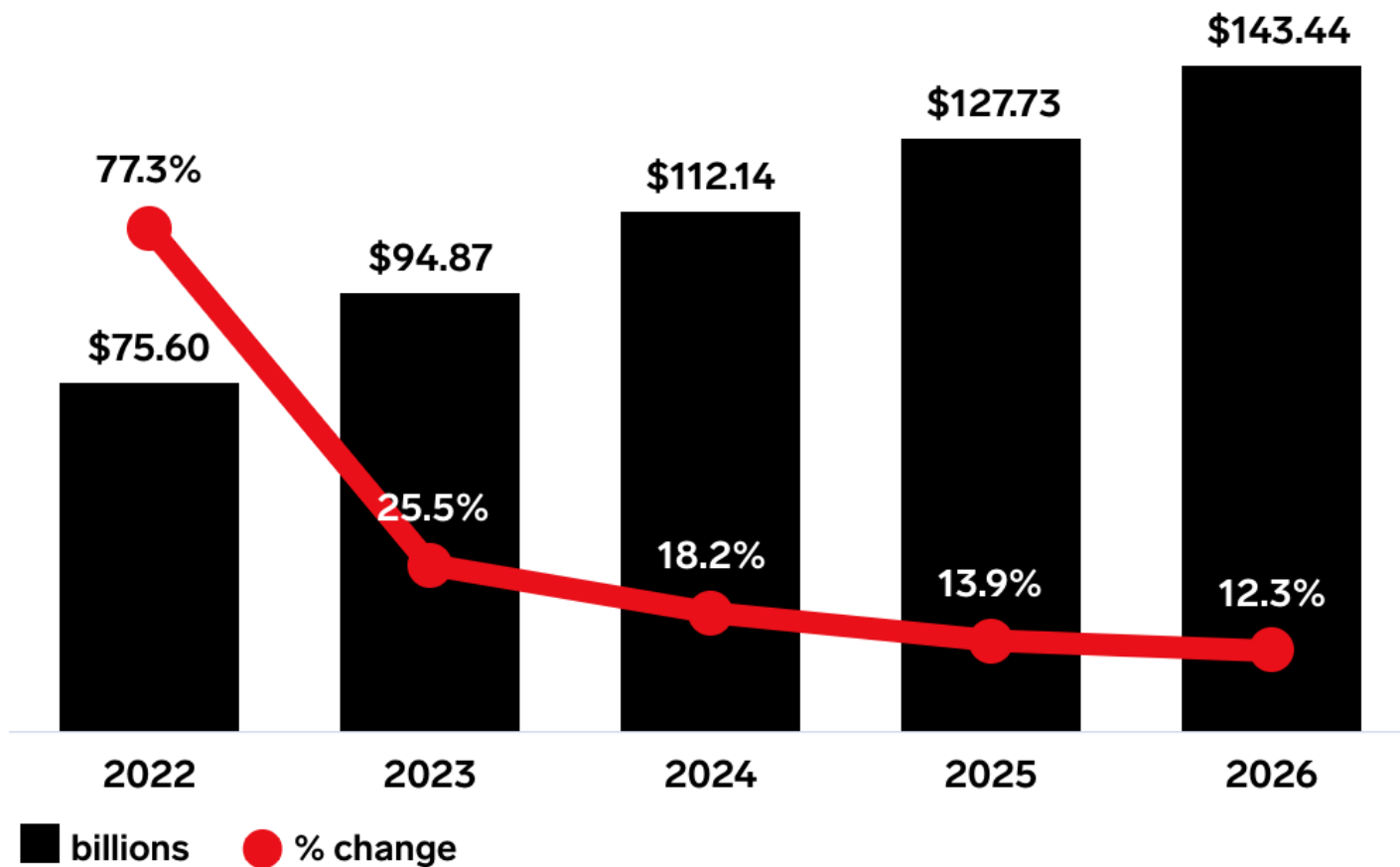
- **Forty percent of BNPL users have paid late** on a purchase, per LendingTree. And more than half (51%) said they've **regretted financing a purchase with BNPL**.
- With hard credit checks, GreenSky can help ensure its loans go to those who are most likely to pay them back. While this might limit the number of loans it can offer, it helps protect consumers and reduces the risk of defaults.

The big takeaway: After an explosive 2022 in which **BNPL payment value soared 77.3% YoY**, growth will slow to 25.5% YoY in 2023, hitting \$94.87 billion, **per** Insider Intelligence forecasts.

Despite the risks it poses to consumers, BNPL's ability to provide necessary lifelines and cheaper alternatives to high-interest-rate financing will keep the sector in growth mode, making GreenSky an enticing sale.

Buy Now, Pay Later Payment Value

US, 2022-2026



Note: includes products or services ordered using the internet, paid with a BNPL (buy now, pay later) service platform; excludes payments (such as bill pay, taxes, or money transfers), gambling and other vice goods sales

Source: eMarketer, June 2022

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

For more on what the potential sale means for Goldman Sachs and the banking industry, [click here](#) for our Banking Innovation analysts' take.

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