

Bread brings virtual cards to BNPL push with Marqeta partnership

Article

The news: Bread Financial and Marqeta launched a one-time-use virtual card for Bread Pay, a suite of buy now, pay later (BNPL) products, per a press release. The virtual card lets consumers apply for and immediately use their preferred Bread Pay product at checkout—either online or in-store—without having to download another app.

Bread will use Marqeta's virtual card issuance, tokenization, and Just in Time funding capabilities.

What this means for Bread: Formerly Alliance Data Systems, Bread rebranded in March 2022, taking up the name of the BNPL startup it **acquired in 2020 for \$450 million**. The name change highlights Bread's BNPL ambitions and refocus to become a more tech-forward and consumer-focused brand.

- **More than 95% of Bread's loans are installment-based**, and it's projecting year-end loans to total between \$21 and \$22 billion.
- Virtual cards can make checking out with Bread Pay more seamless—boosting Bread's checkout conversion and payment volume.

What this means for Marqeta: Marqeta has a large presence in the BNPL space; it powers virtual cards and other payment solutions for **Klarna, Zip, and Amount**.

And BNPL is “still growing very fast,” CFO Mike Milotich said during Marqeta's Q2 2022 earnings call, following extraordinary growth at the height of the pandemic. The partnership with Bread can further boost Marqeta's volume by connecting it to Bread's **more than 600 merchants** across a variety of verticals.

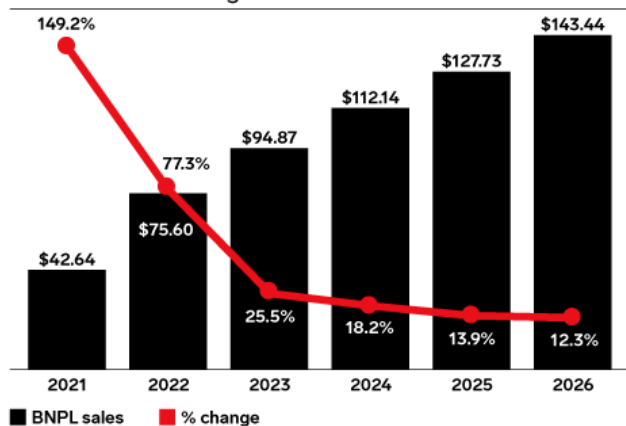
Zooming out: US buy now, pay later payment volume is projected to reach **\$143.44 billion in 2026**, an almost 90% increase from 2022, per our forecasts. Streamlining its BNPL solutions will help grow Bread's reach, but it faces steep competition in the sector.

- We forecast that Klarna, **Afterpay**, and **Affirm** count close to **70 million BNPL users in the US**, and newer entries from **Block** and **PayPal** as well as card-linked installment offerings like **Visa** or **Mastercard Installments** will only intensify this competition. And **Apple Pay Later** just landed on iPhones, which will be a major shake-up in the BNPL landscape due to Apple Pay's extensive market penetration.
- BNPL fintechs are feeling the heat as that competition collides with waning investor interest, growing regulatory scrutiny, and fears of a recession.

Since Bread is primarily a card issuer, its diversified offerings should keep it well positioned to overcome BNPL market gyrations. And Bread can also connect its BNPL products to its cards, which could bolster use.

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

billions and % change



Source: Insider Intelligence, June 2022

276084

eMarketer | InsiderIntelligence.com

*This article originally appeared in **Insider Intelligence's Payments Innovation Briefing**—a daily recap of top stories reshaping the payments industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

- Are you a client? [Click here to subscribe.](#)
- Want to learn more about how you can benefit from our expert analysis? [Click here.](#)