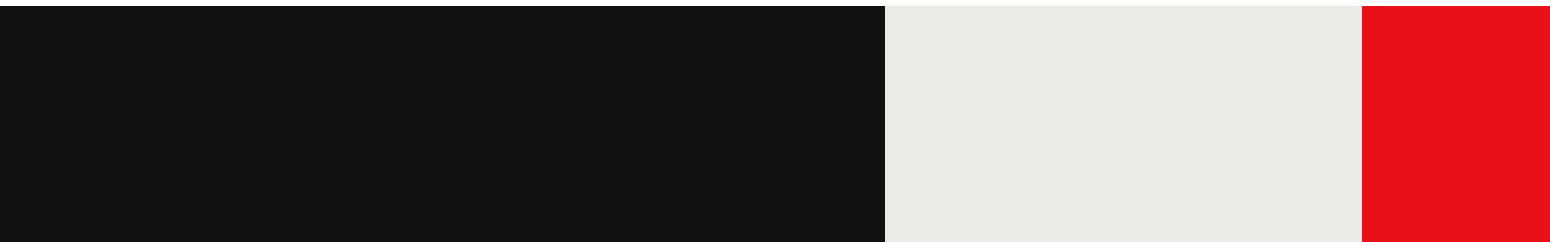



Affirm's funding win can support growth in 2025

Article



The news: Affirm scored a long-term capital partnership with investment firm **Sixth Street** to fuel the company's growth plans, per a press release.

- Sixth Street will purchase up to \$4 billion worth of Affirm's loans in a three-year agreement.
- This will let Affirm **extend more than \$20 billion in loans** over the three-year period.

Affirm has 130 investors across multiple funding models. As of September 30, 2024, Affirm's total funding capacity was \$16.8 billion, a 50% bump over the last two years, according to the

BNPL provider.

Why this matters: Securing this funding helps Affirm grow its BNPL volume. We expect **Affirm's BNPL payment value will total \$30.58 billion in 2025**, growing 15% YoY, per our forecasts.

To that end, Affirm has launched a bevy of growth ventures this year.

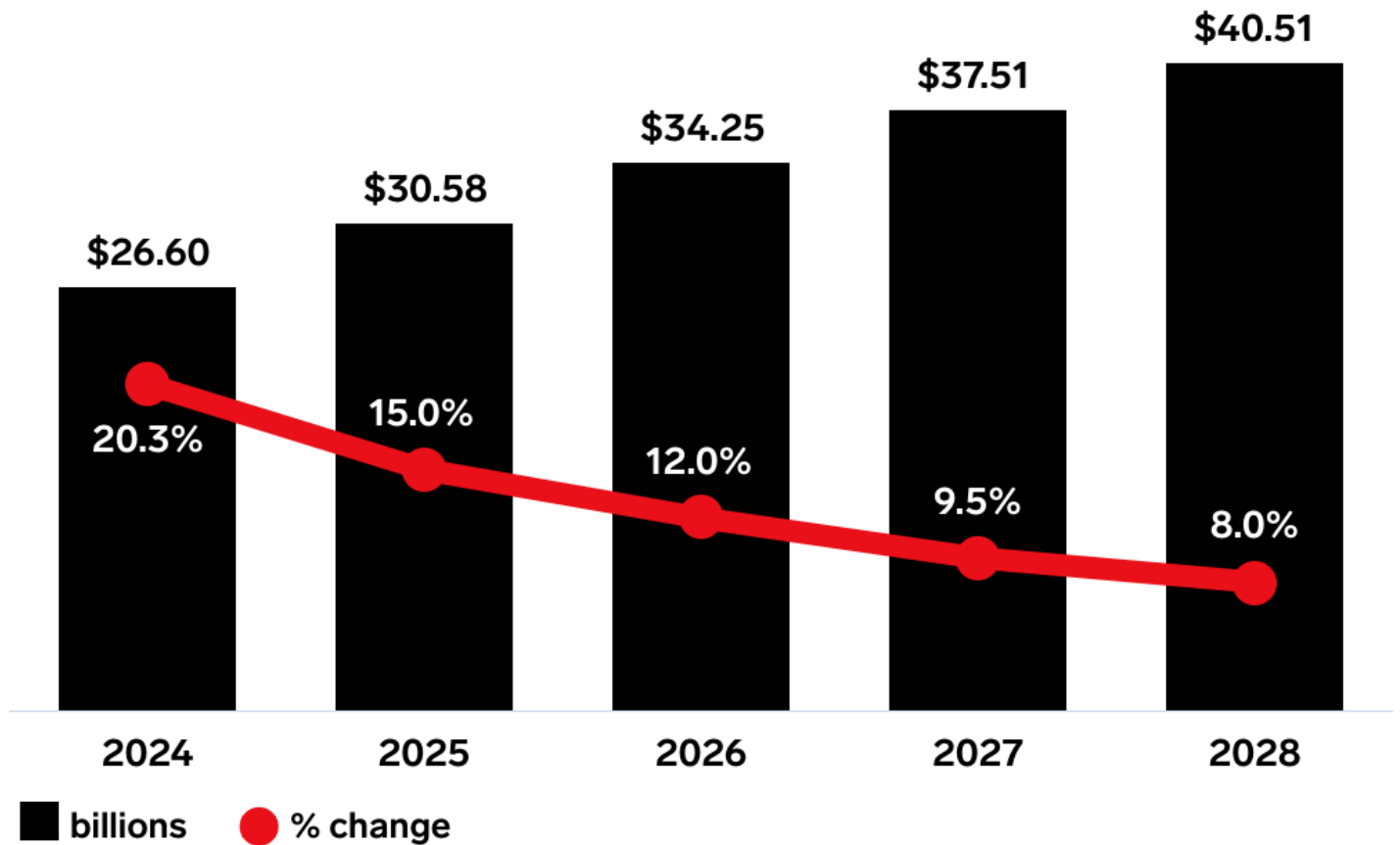
- Affirm **launched in the UK** last month. The company previously only operated in the US and Canada.
- The provider **scored a partnership with Apple Pay**, widely expanding its availability in stores as well as online.
- Affirm also **added new BNPL options like Pay in 2 and Pay in 30**, offering customers more payment flexibility.

Our take: Last year, concerns abounded over BNPL fintechs' profitability and long-term viability. Because BNPL players like Affirm have to fund their loans from the market, unlike banks, they were more exposed to the cost of rising interest rates, leading to valuation drops for many.

But **funding has remained strong** for Affirm since it expanded heavily into interest-bearing loans. That helped the company attract investors interested in higher yield loans. This trajectory is a good sign for the industry moving forward and proves investors are confident in BNPL's future.

Affirm Payment Value

US, 2024-2028



Note: includes products or services paid with Affirm; excludes payments such as bill pay, taxes, or money transfers, gambling and other vice goods sales

Source: EMARKETER Forecast, August 2024

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