

Amazon and Affirm extend partnership to Canada to boost sales, bolster market share

Article

The news: Amazon will let shoppers in Canada pay using buy now, pay later (BNPL) provider Affirm on both its English- and French-language sites within the next month, per a press

release—building on the brands' August 2021 US [partnership](#). Shoppers can apply and, if approved, finance purchases over \$50 in monthly installments.

Why it matters: BNPL is on a tear in the Canadian market.

- BNPL made up **just 3% of Canada's ecommerce transactions in 2021**, [per](#) FIS. But despite credit cards' popularity in the market, **nearly one-fifth (17%) of credit cardholders in the market** would consider BNPL for a large purchase in lieu of their card, [per](#) JD Power.
- And there's ample room to expand. **More than one-third of Canadians are familiar with BNPL**, [per](#) the Financial Consumer Agency of Canada. If awareness translates into use, it'll drive gains: **Growth in the market hit 30% annually as of July 2021**, [per](#) data cited by Interac, in part due to rising popularity among millennial and Gen Z shoppers as they gain spending power.

Amazon's opportunity: Bringing BNPL into the fold could ensure that Amazon doesn't lose sales as the payment method gets more popular in Canada.

By accepting BNPL—rather than avoiding third-party tie-ups, as it's historically done—Amazon is ensuring that customers who want to use BNPL don't leave for a rival retailer like [Walmart](#), which developed a BNPL solution for its co-brand users in Canada. This can help Amazon avoid attrition, build long-term loyalty, and generate sales.

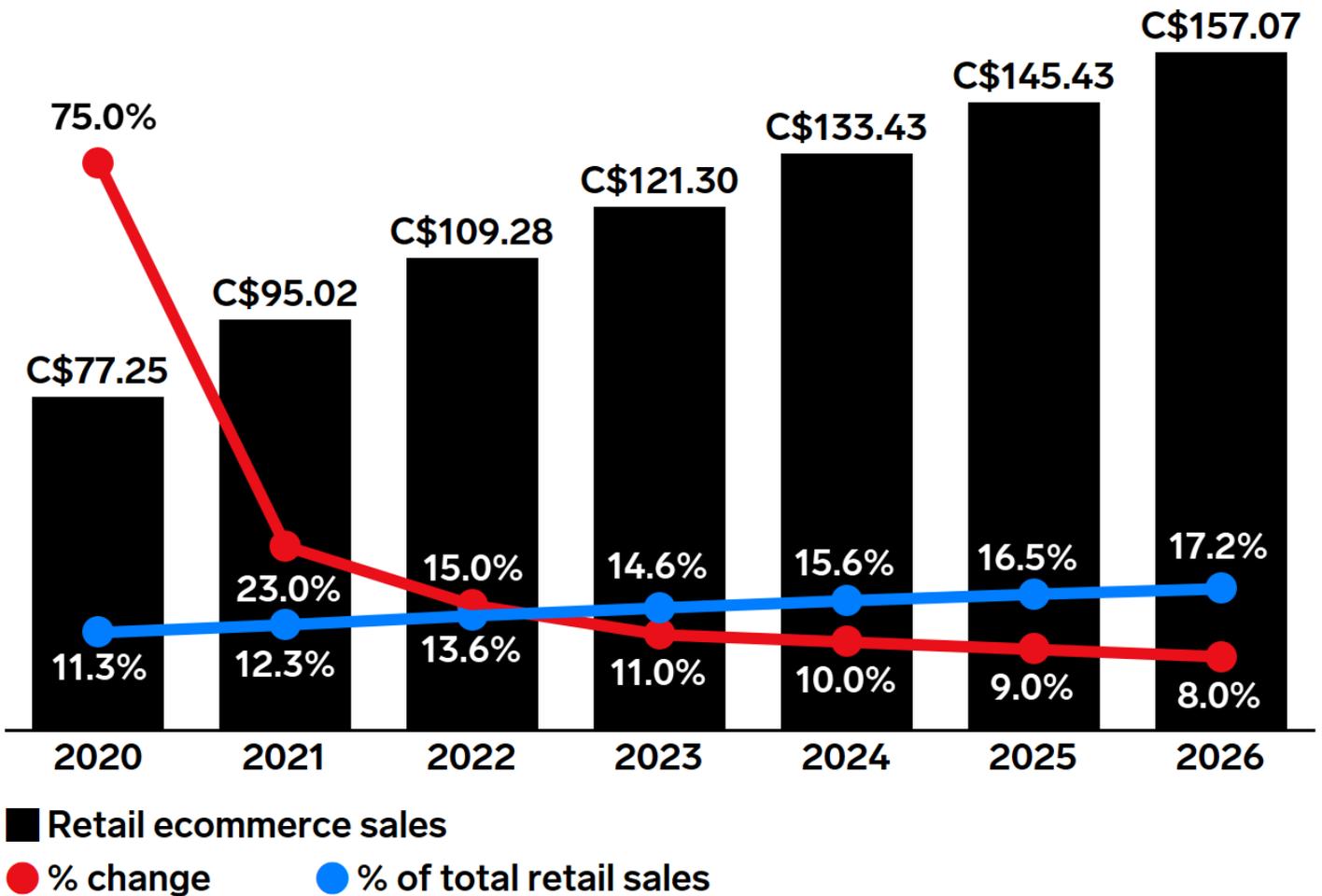
Affirm's opportunity: Partnering with Amazon can help Affirm maintain a strong market positioning in Canada.

- Affirm Canada—formerly known as **PayBright**—holds the majority of the Canadian BNPL market. And it's growing quickly: **GMV surged 116% annually in Q2 2022**, [per](#) the company's earnings, thanks to partnerships with players like [Clover](#).
- But competition is nipping at its heels. **Block-owned Afterpay**, which is Affirm Canada's closest competitor, recently let all **Square** sellers in Canada offer Afterpay as a payment method—a major expansion in the market. Other providers, including [Klarna](#) and major domestic [banks](#), are also bolstering their offerings in Canada.

Canadian ecommerce is set to [jump](#) 15%, reaching **CA \$87.16 billion (\$64.98 billion) this year**, and it will expand its reach to **17.2% of total retail by 2026**, per our forecasts. Partnering with the market's [largest retailer](#) could help Affirm accelerate its growth and crowd out the competition in a burgeoning sector, giving it a lasting advantage in the market.

Retail Ecommerce Sales in Canada, 2020-2026

billions of C\$, % change, and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales

Source: eMarketer, June 2022

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