

Amazon brings BNPL to US customers through Affirm partnership

Article

The news: Amazon partnered with buy now, pay later (BNPL) provider **Affirm** to offer customers a more flexible payment option, per a press release.

- Through Affirm, Amazon customers can split purchases of \$50 or more into monthly installments. The companies are testing the feature with select customers and are planning a widespread rollout in the coming months.

- Affirm's solution requires a brief application prior to loan approval, and according to the company, some Amazon customers' loans will bear interest.

Why it's worth watching: Affirm is Amazon's first direct US BNPL partner—before this, if customers wanted to pay for an Amazon purchase in installments, they needed to go through third parties. But the retail giant has toyed with BNPL services in other markets.

For example, customers can use **Afterpay's** BNPL services on Amazon when shopping through the Afterpay app. But the Affirm-Amazon tie-up lets customers shop directly from Amazon and check out using Affirm.

Amazon has offered a proprietary BNPL option, Amazon Pay Later, for customers in India since April 2020, and it's been widely successful: **As of July 2021, Amazon Pay Later had amassed 2 million users and processed more than 10 million transactions.** Although we expected Amazon to bring the solution to the US, the company likely went through Affirm instead to avoid added costs and lean on an existing BNPL customer base.

Affirm's opportunity: Partnering with the largest ecommerce player in the US gives Affirm an edge against competitors.

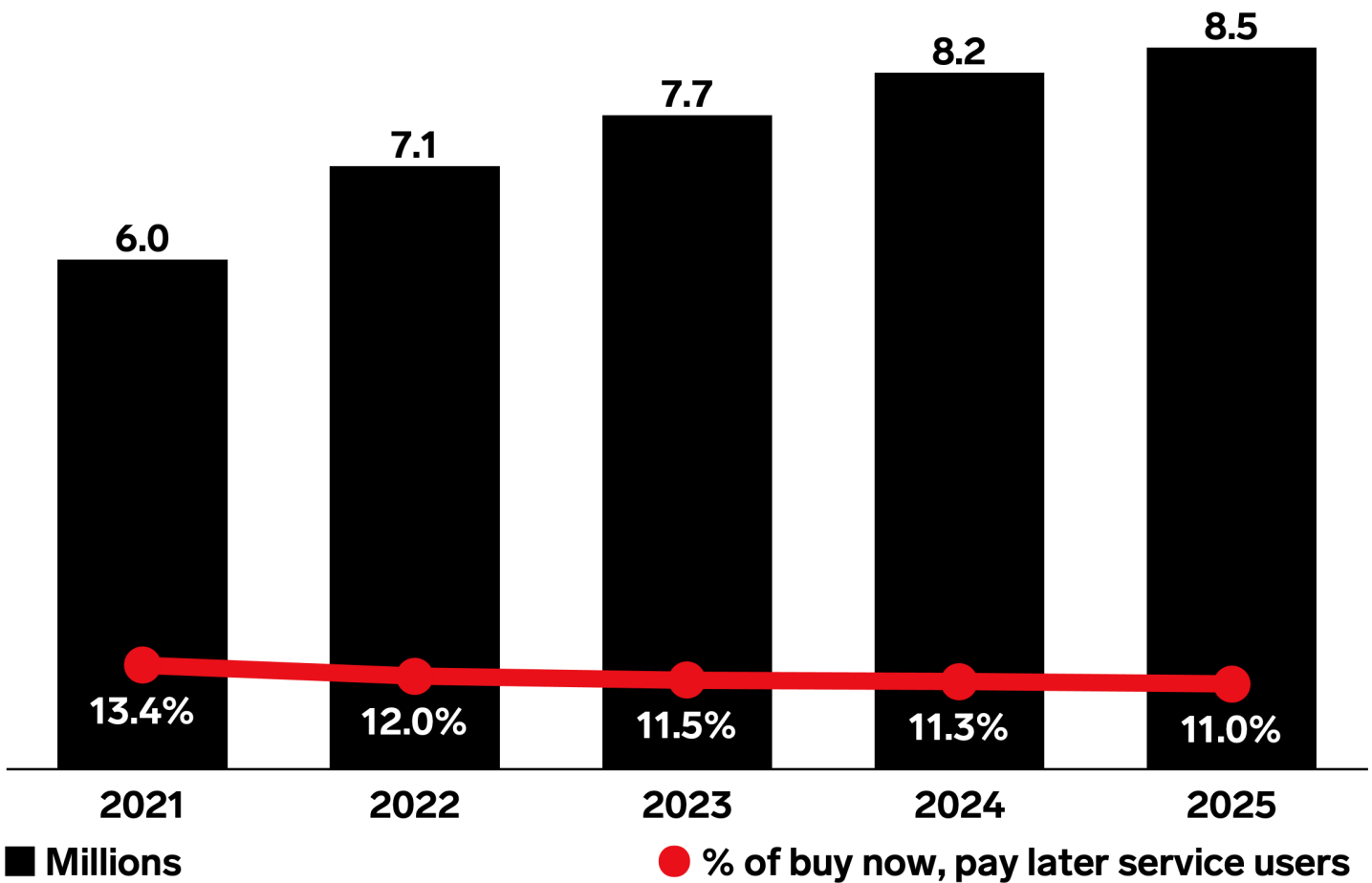
- This year, **Amazon's ecommerce sales are expected to hit \$386.40 billion, accounting for 41.4% of all online sales in the US,** per eMarketer forecasts from Insider Intelligence. The partnership could expose Affirm to more of Amazon's customer base, which can increase volume.
- It should also help prop up Affirm's share of US BNPL users, **which has gradually decreased over the past three years, contracting from 24% in 2019 to an estimated 13.4% this year,** per our forecasts.

Amazon's benefit: The tie-up can help Amazon stay ahead of other merchants as BNPL rapidly grows into a necessary tool for merchants to offer customers. It can also increase payment flexibility, which might appeal to customers looking for noncredit ways to finance transactions.

Go deeper: *To learn more about Affirm's position in the BNPL space and what its partnership with Amazon might mean for competitors, check out [The Buy Now, Pay Later Report](#).*

Affirm Users

US, 2021–2025



Note: Internet users who have accessed their Affirm account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services. Buy now, pay later (BNPL) services are defined as interest-free solutions provided by third-party payment platforms that allow consumers to purchase and finance a product or service, and pay in scheduled installments; also known as digital installments, installment lending and point-of-sale financing. Users are typically allowed to pay off balances in weekly, bi-weekly, or monthly installments. Failing to adhere to a predetermined payment plan will usually lead to late fees and interest charges. Consumers access these solutions at the point-of-sale (online or in-person), usually via a merchant's website or app, via the third-party provider's app or via proximity mobile payment apps like Google Pay and Apple Pay. Examples include Affirm, Afterpay, Klarna, Sezzle and PayPal's BNPL service. Excludes services that provide a revolving line of credit, and retailer- and bank-branded financing options.

Source: eMarketer, May 2021

Methodology: Estimates are based on the analysis of survey and traffic data from research firms, historical consumer adoption and buying trends, payment adoption trends, reported company data, interviews, demographic and socioeconomic factors, and macro-economic conditions.

