

10 IMPACT STATEMENTS

January 2025 eBook



The 2024
Pay Later Report



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PAY LATER PLAN USAGE

01

56%



Share of consumers who used any type of pay later plan in the last 12 months, as of October

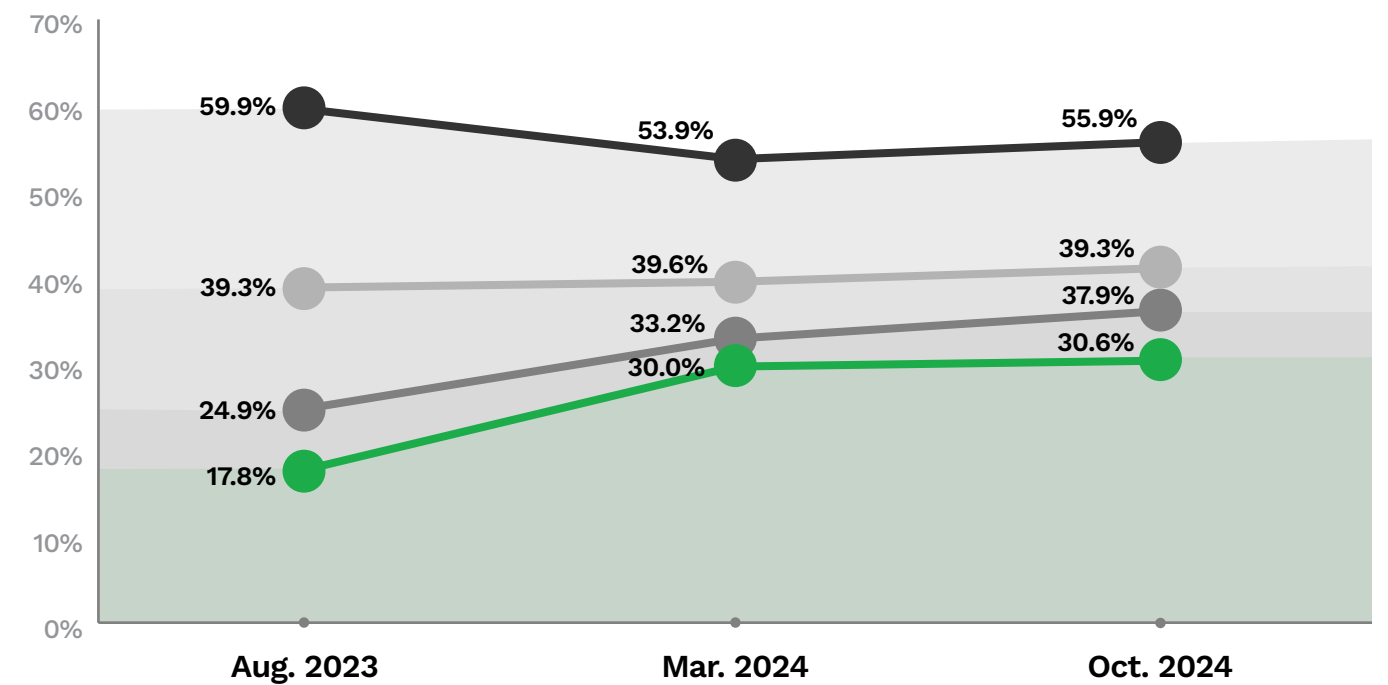
So what:

Consumer use of BNPL is rising, and merchants and acquirers should be prepared with the capacity to satisfy the growing demand.

FIGURE 1:

Pay later plan usage

Share of consumers that have used pay later plans in the last 12 months, by type of plan



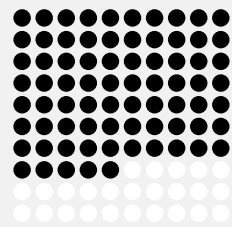
- Any type of installment plan
- General-purpose credit card installment plan
- Buy now, pay later
- Merchant store card installment plan

Source: PYMNTS Intelligence

Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024
 N = 5,248: Whole sample, September 30 – October 5, 2024; N = 2,655: Whole sample, fielded Feb. 13, 2024 – March 11, 2024; N = 2,859: Whole sample, fielded Aug. 8, 2023 – Aug. 12, 2023

02

75%



Share of financially struggling high earners who decided to use pay later plans in the last 12 months

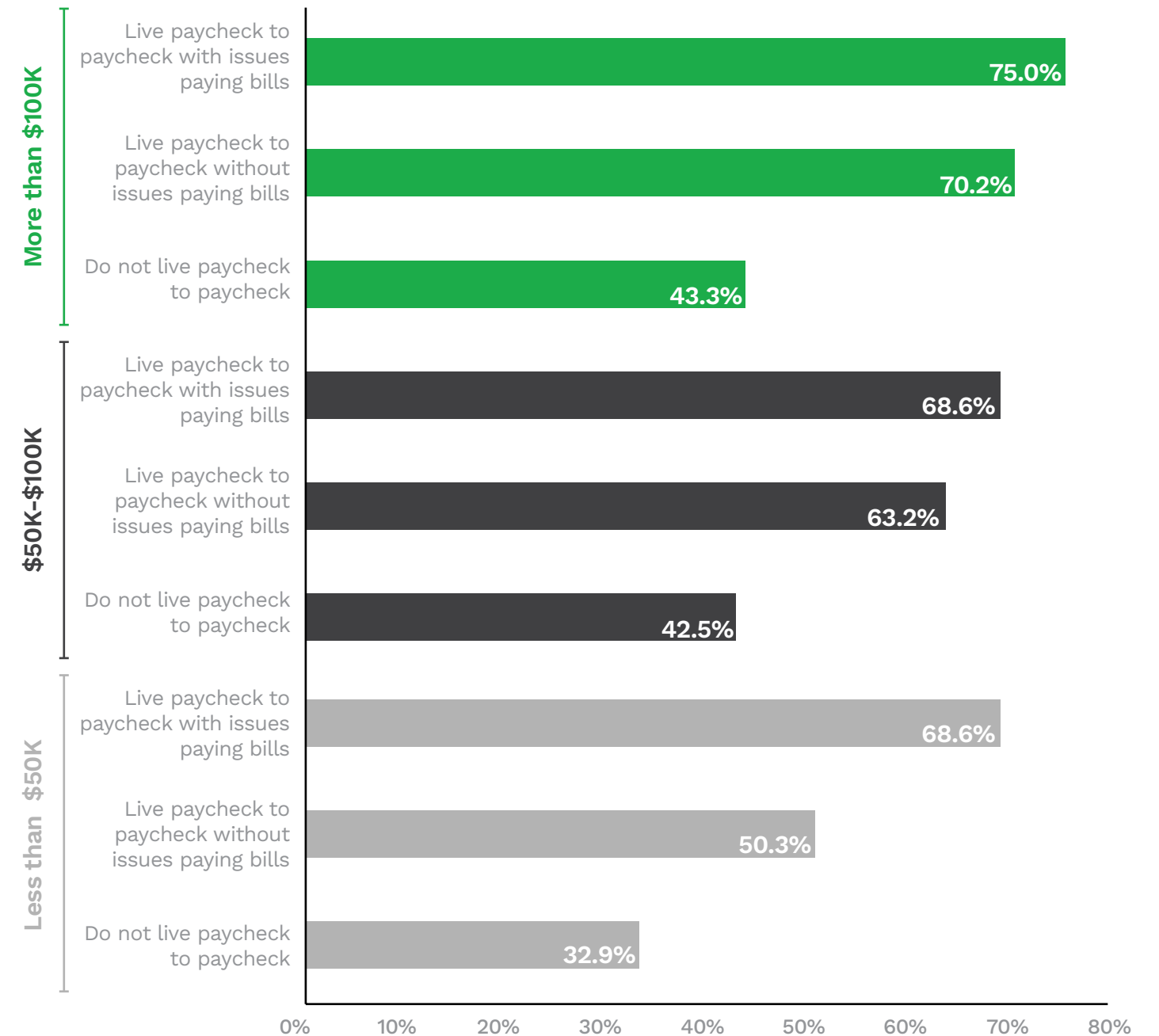
So what:

Consumers that struggle financially commonly leverage pay later plans, with more than two-thirds of these consumers having used them in the last 12 months. High-income consumers are also likely to use pay later plans indicating the plans are a valuable financial alternative for consumers with all financial lifestyles.

FIGURE 2:

Pay later plan usage, by income and financial lifestyle

Share of consumers who used a pay later plan in the past 12 months



Source: PYMNTS Intelligence
Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024
 N = 5,248: Whole sample, September 30 – October 5, 2024

03

18%

Share of consumers not living paycheck to paycheck who use installment plans because of convenience

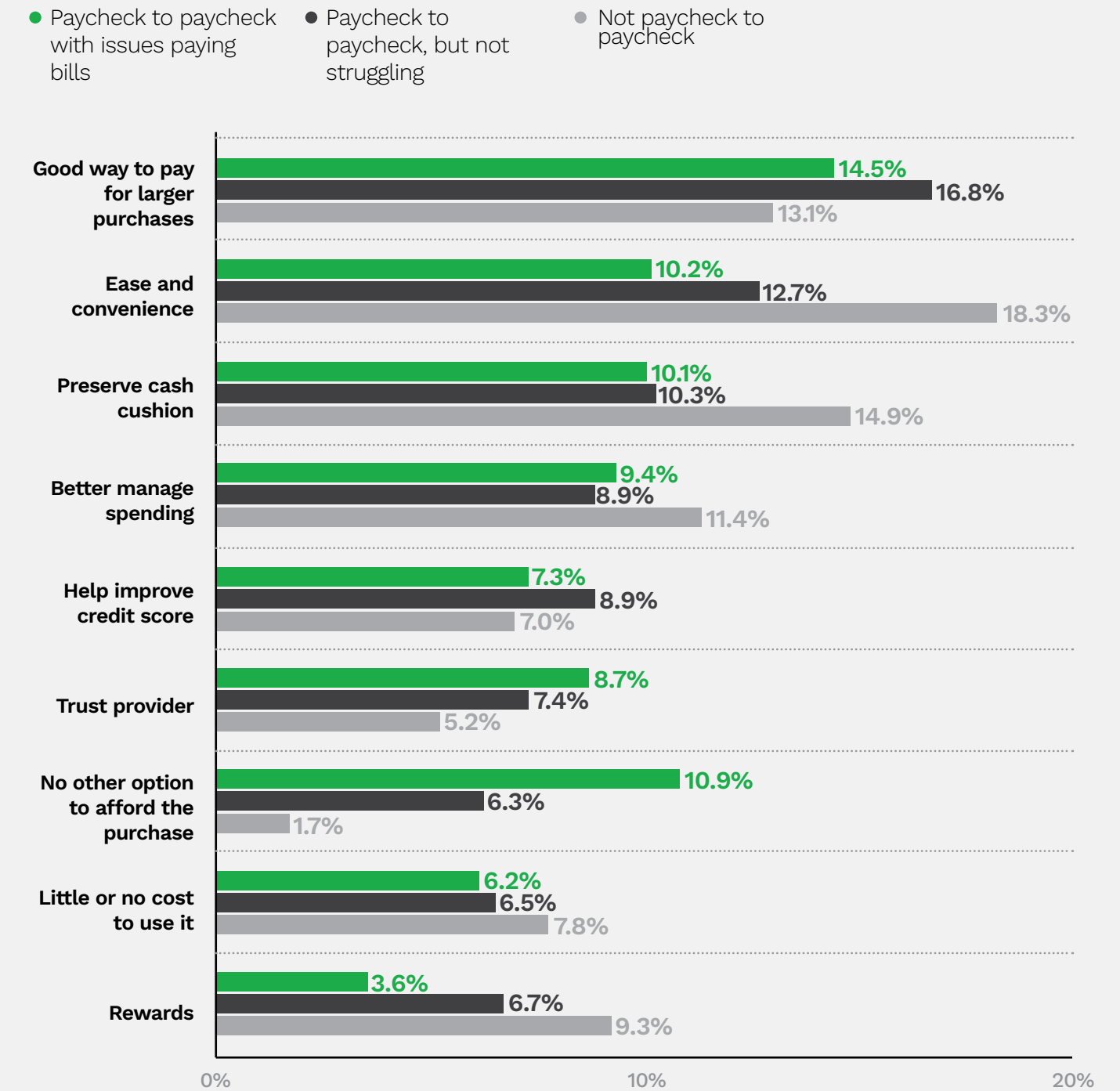
So what:

While struggling consumers use installments primarily to afford larger purchases, more financially stable consumers prefer to seek convenience or even rewards.

FIGURE 3:

Top 9 motivators for pay later plan use

Share of consumers indicating the reasons they used a pay later plan, by financial lifestyle



Source: PYMNTS Intelligence
Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024
 N = 2,837 : Respondents who have used pay later plans in the last 12 months, fielded Sept. 30, 2024 – Oct. 5, 2024

SPENDING TRENDS



04

41%

Share of financially struggling credit cardholders who are currently making payments on installment purchases

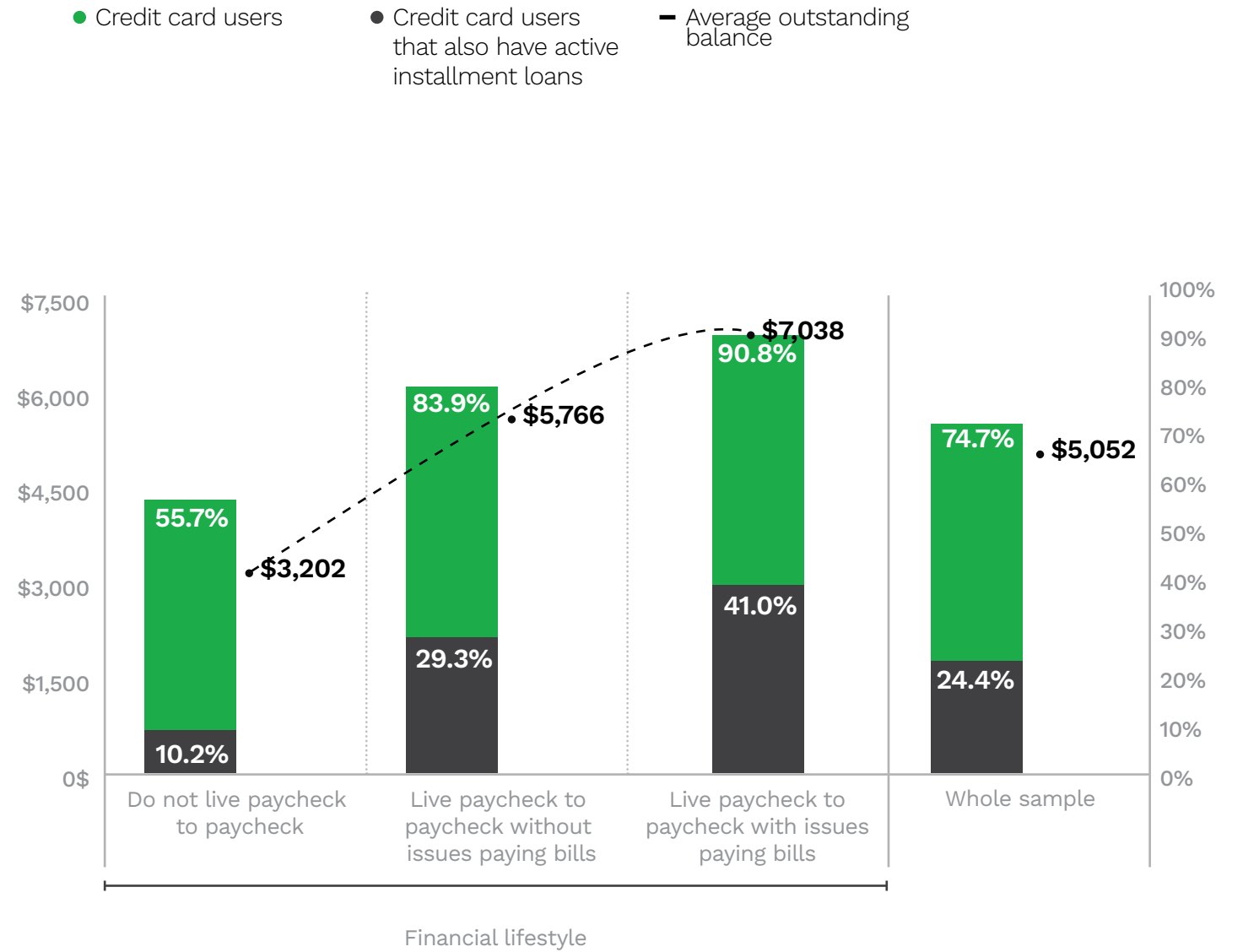
So what:

Financial insecurity seems to link to dependence on installments, as consumers who struggle to pay bills month to month are 4 times more likely to use card installments than non-paycheck to paycheck consumers, and they carry higher balances on their credit cards on average.

FIGURE 4:

Outstanding balances

Share of consumers with credit cards that have outstanding credit card balances and are paying installment loans



Source: PYMNTS Intelligence
New Reality Check: The Paycheck-to-Paycheck Report, November 2024
 N = 2,088: Respondents with at least one credit card, fielded Oct. 9, 2024 – Oct. 16, 2024



42% 

Share of pay later plan users who choose to pay in installments for clothing and accessories

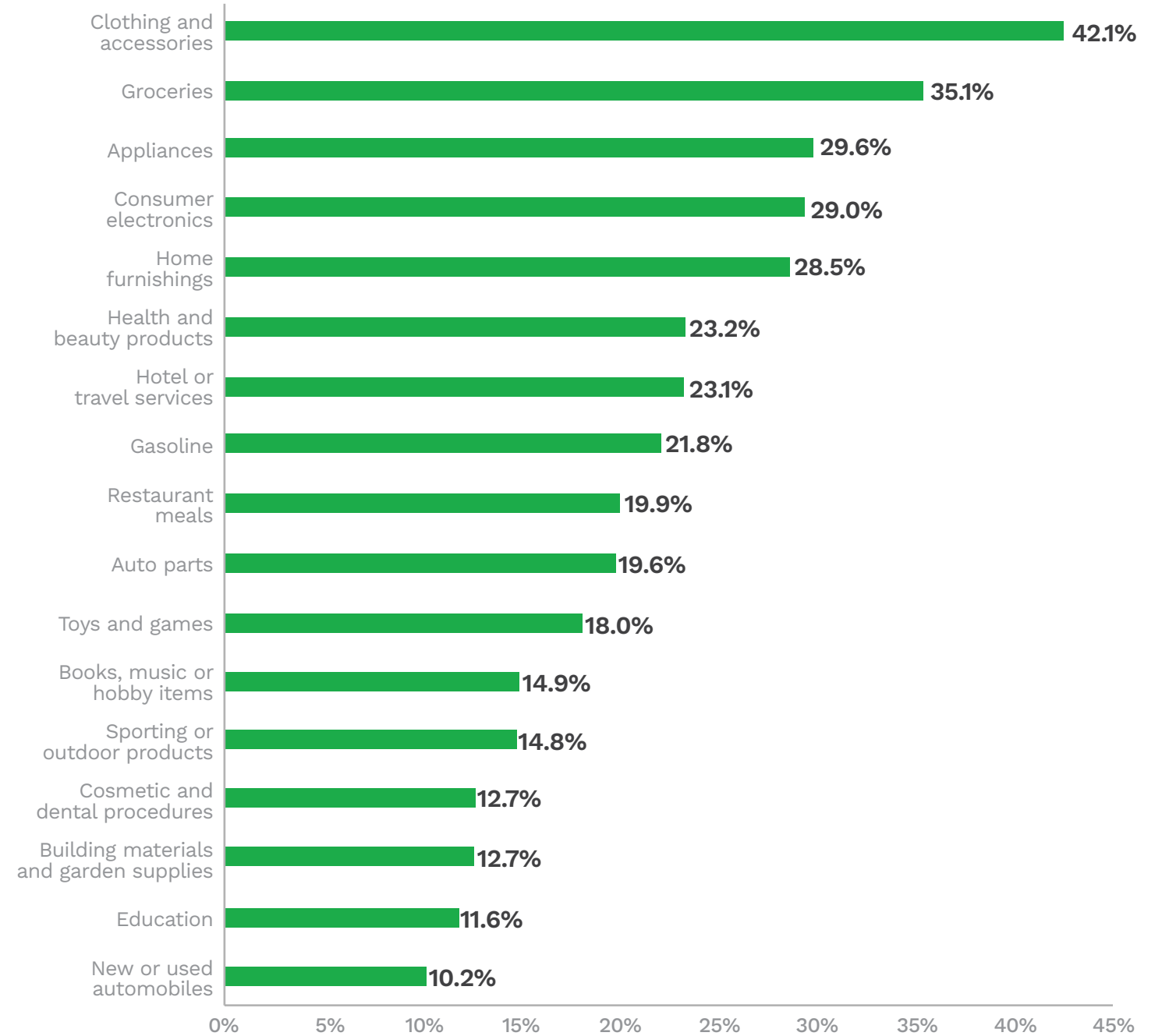
So what:

Pay later plans are used to buy a wide variety of products, but the reality that necessities like clothing and food lead the way suggests these plans play an important role in day-to-day life for many consumers.

FIGURE 5:

What consumers purchase with pay later plans

Share of pay later plan users who purchased select products in the past 12 months with the plans



Source: PYMNTS Intelligence
Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024
 N = 2,837 : Respondents who have used pay later plans in the last 12 months, fielded Sept. 30, 2024 – Oct. 5, 2024

06

25%

Consumers spend 25% more when using general-purpose credit card installment plans than when using BNPL plans.

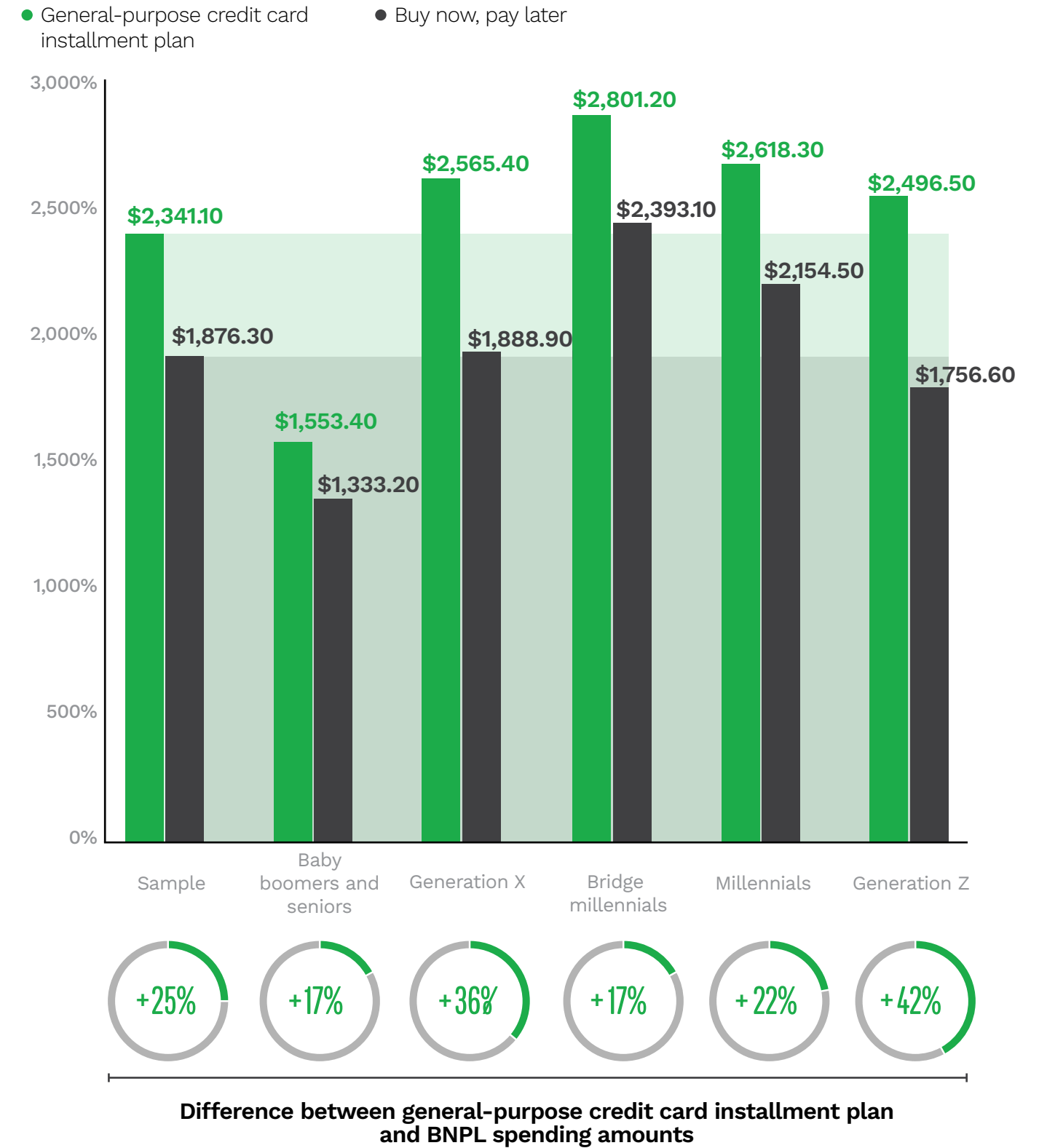
So what:

The total amount spent correlates to stage of life, with bridge millennials spending most and both older and younger consumers spending less. However, the youngest demographics exhibit the largest increase in spending amounts when using general-purpose installment plans rather than BNPL plans.

FIGURE 6:

Pay later spending

Average total spending on the products for via pay later plans, by demographic and type of plan



Source: PYMNTS Intelligence
Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024
 N = 1,957: Respondents who decided to use a general-purpose installment plan in the last 12 months; N = 1,909: Respondents who decided to use a BNPL installment plan in the last 12 months, September 30 – October 5, 2024

PAY LATER PLAN TIMING



07

47%

Share of consumers who learned about the availability of general-purpose credit card installment plans before the checkout process

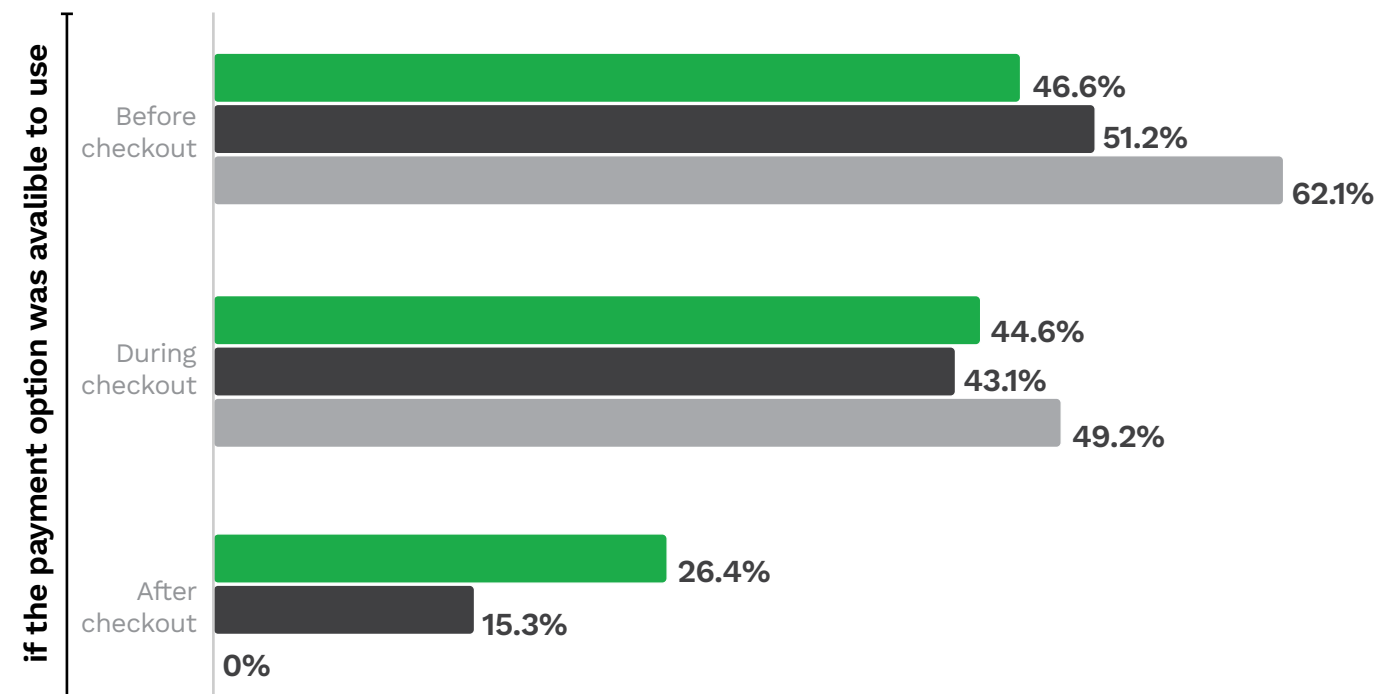
So what:

Merchants have work to do to improve pay later visibility, as consumers are much more likely to be aware of BNPL options before or at the point of payment than card installment options. Despite this, one-quarter of those using general purpose installment plans did not learn about their availability until after checking out.

FIGURE 7:

When consumers learn about pay later availability

Share of respondents that used pay later plans that learned about their availability before, during or after checkout



- General-purpose credit card installment plan
- Merchant/store card installment plan
- Buy now, pay later

Source: PYMNTS Intelligence

Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024

N = 1,957: Respondents who decided to use a general-purpose installment plan in the last 12 months; N = 655: Respondents who decided to use a merchant or store card installment plan in the last 12 months; N = 1,909: Respondents who decided to use a BNPL installment plan in the last 12 months, September 30 – October 5, 2024

08

70%

Share of consumers who have not yet used pay later plans who would prefer to learn about pay later options before checkout

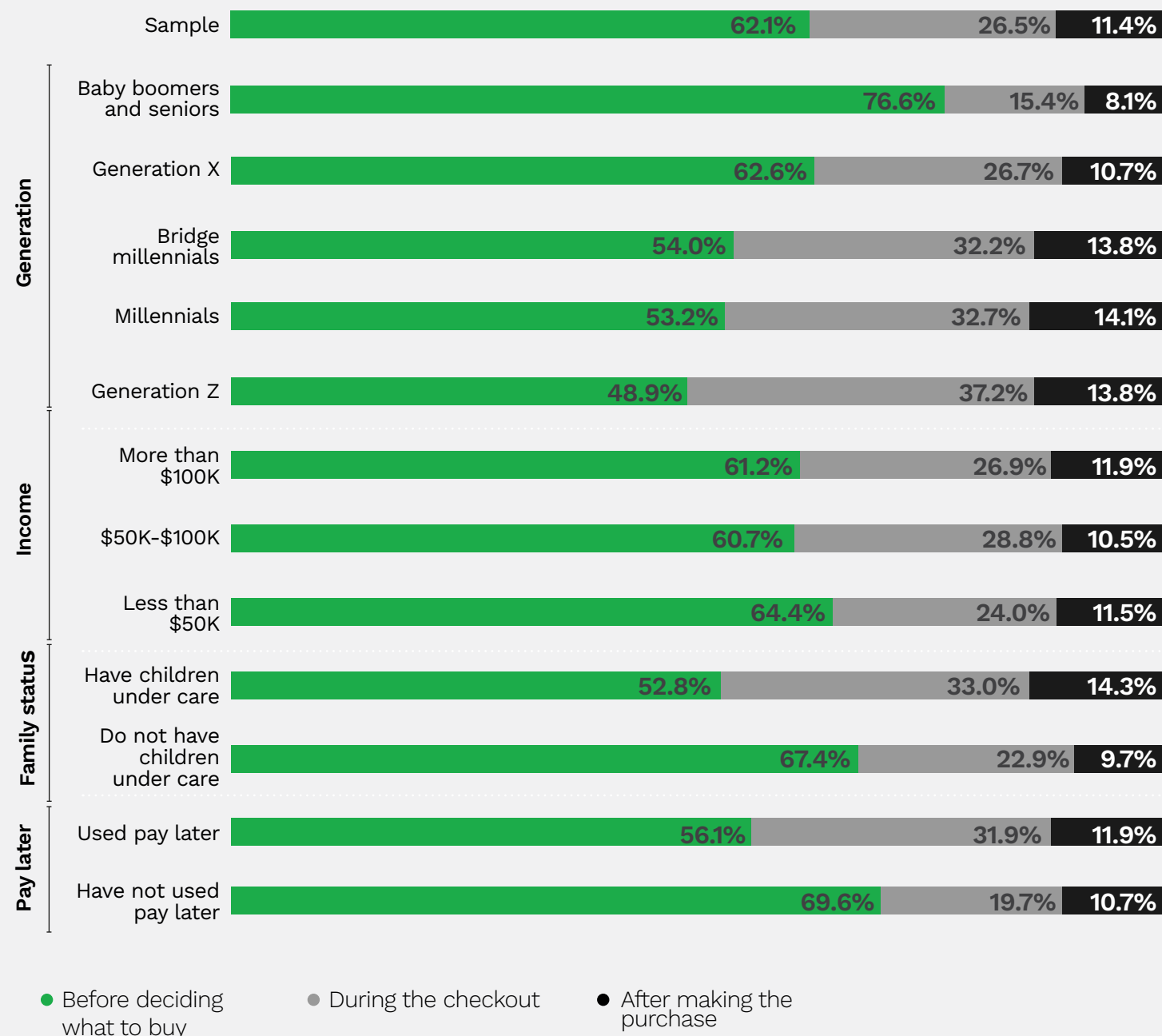
So what:

A change in when pay later plans are offered could result in greater consumer usage, as more than 60% prefer to know they are available before deciding what to buy.

FIGURE 8:

When consumers want to learn about pay later availability

Share of consumers preferring to learn about Pay Later before, during or after checkout, by demographic



Source: PYMNTS Intelligence
Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024
 N = 5,248: Whole sample, September 30 – October 5, 2024



76% 

Share of buy now, pay later users who are very or extremely satisfied with using BNPL

So what:

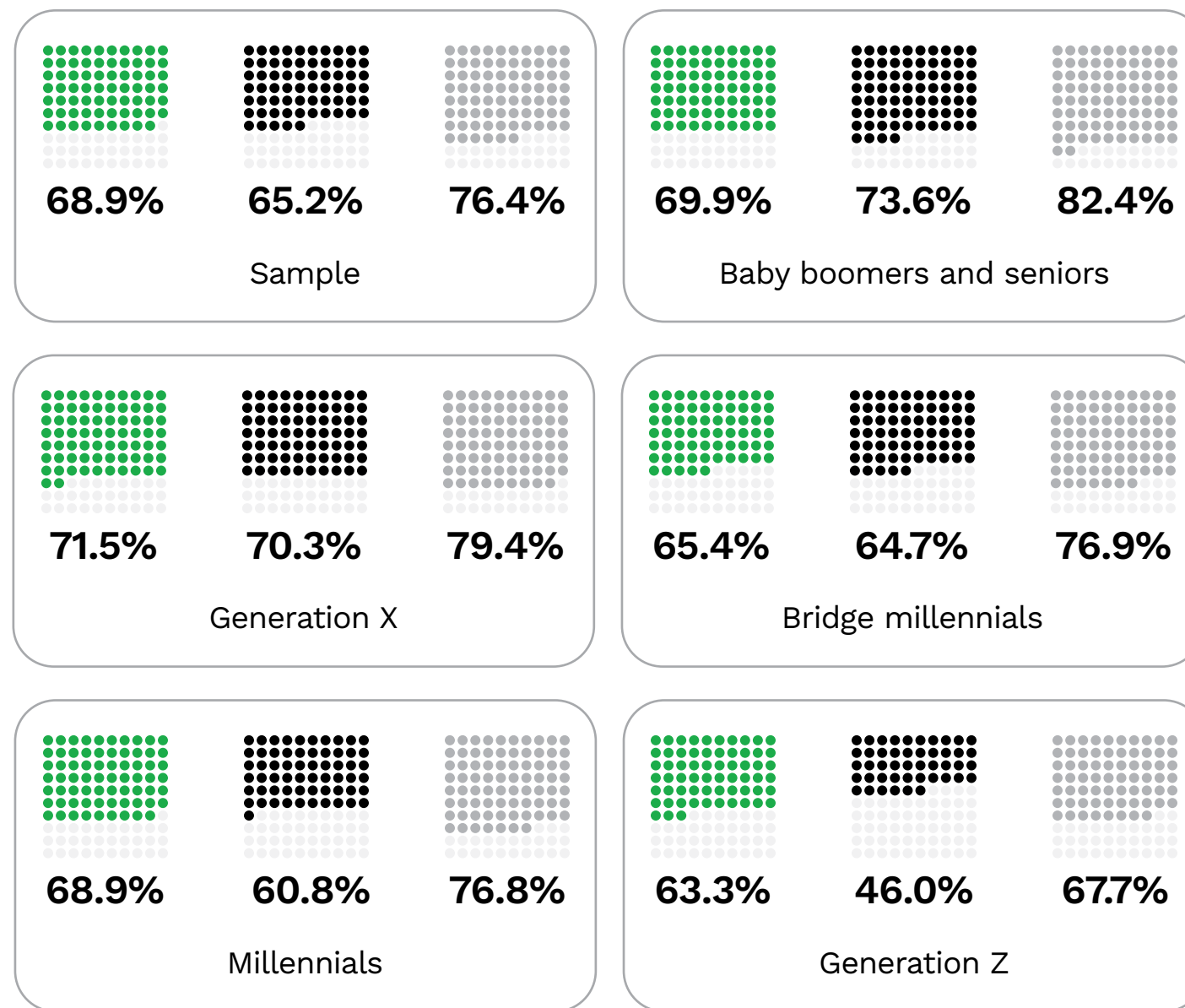
BNPL plans carry much higher satisfaction rates and notably are always made available at or before checkout, unlike other pay later plans (see Figure 7). This suggests that consumers would like these offers presented earlier in the purchase process.

FIGURE 9:

Consumer satisfaction

Share of consumers who are satisfied when using pay later plans

- General-purpose credit card installment plan
- Merchant/store card installment plan
- Buy now, pay later



Source: PYMNTS Intelligence

Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024

N = 1,957: Respondents who decided to use a general-purpose installment plan in the last 12 months; N = 655: Respondents who decided to use a merchant or store card installment plan in the last 12 months; N = 1,909: Respondents who decided to use a BNPL installment plan in the last 12 months, September 30 – October 5, 2024

2025 **OUTLOOK**

10

35%

Share of parents likely to use buy now, pay later plans in the next 12 months

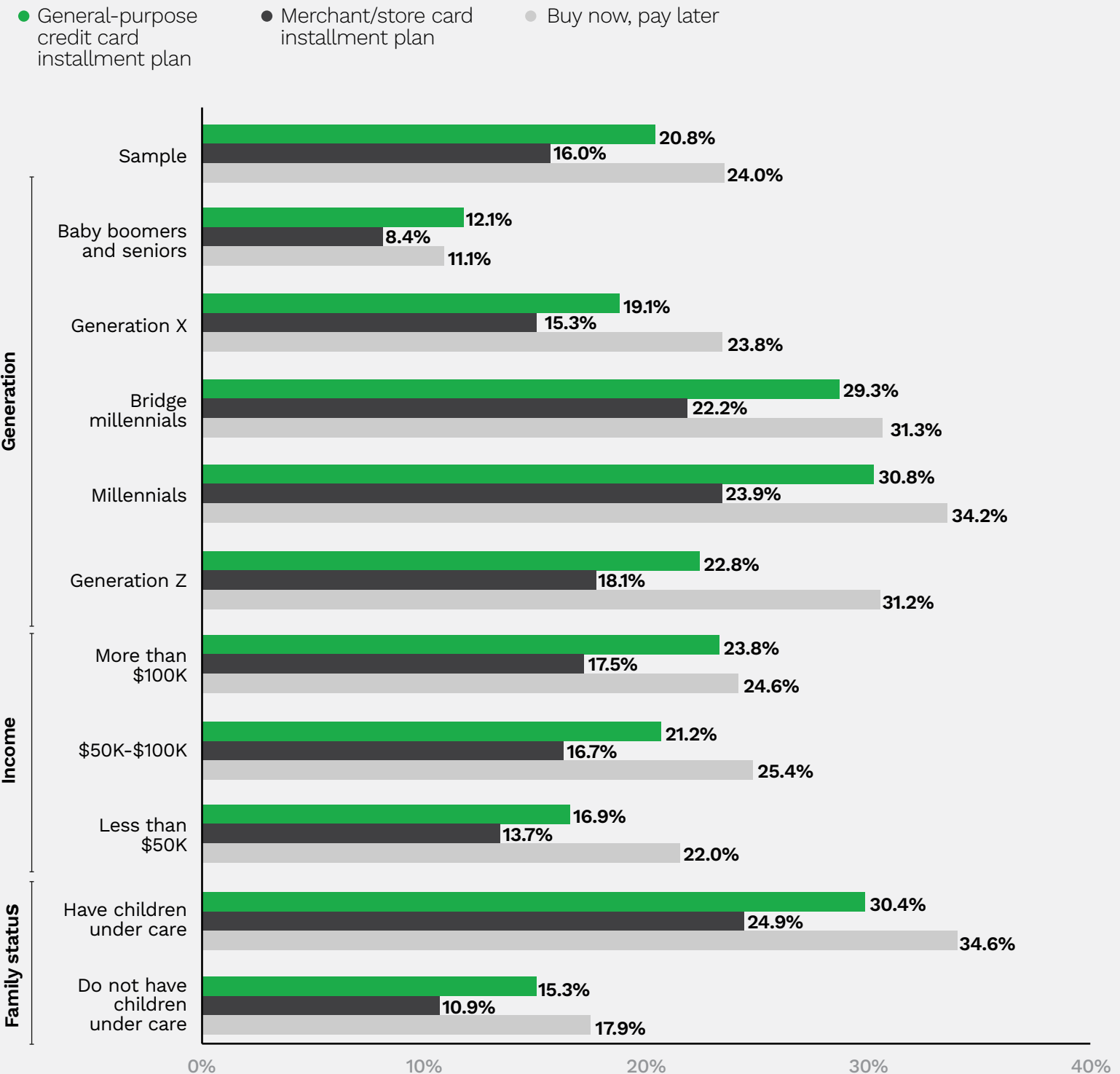
So what:

For merchants to increase installment payment usage, data suggests, parents and younger consumers seem to be the most attractive demographics to target.

FIGURE 10:

Future pay later use

Share of consumers who are very likely to use pay later plans in the next 12 months



Source: PYMNTS Intelligence

Pay Later Plans Could Boost Holiday Sales If Shown Before Checkout, November 2024

N = 5,248: Whole sample, September 30 – October 5, 2024

ABOUT

DISCLAIMER ■

PYMNTS INTELLIGENCE

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