

Bankrate

Over Half of Buy Now, Pay Later Users Have Experienced at Least One Problem

Nearly 2 in 5 U.S. adults have used at least one buy now, pay later service

NEW YORK - April 11, 2024 - Buy now, pay later (BNPL) services are increasingly popular, and a new Bankrate survey found that 56% of BNPL users say they have encountered at least one issue while utilizing these services. The most common problems include spending more than they should have (29%), missing a payment (18%), and facing difficulties with returning a purchase/obtaining a refund (18%). Click here for more information:

<https://www.bankrate.com/loans/personal-loans/buy-now-pay-later-survey/>

The most common reasons why buy now, pay later users say they chose this payment method are the ability to spread out cash flow (50%), followed by the appeal of low or 0% interest rates (37%), knowing exactly how much they owe and how long the plan will last (33%), and easy access to credit (27%). Additionally, 26% of BNPL users perceive this payment method as more responsible than traditional credit cards.

"While buy now, pay later can be a useful way to spread out the financial impact of a big purchase, it also represents a slippery slope that can lead to overspending," said Bankrate Senior Industry Analyst Ted Rossman. "The terms vary widely from provider to provider and merchant to merchant. Individual circumstances, such as your credit history, play an important role as well."

Overall, nearly 2 in 5 U.S. adults (39%) say they have used BNPL services (i.e. installment lenders, often short-term products such as four interest-free payments over six weeks). Popular platforms include PayPal Pay in 4/PayPal Pay Later (16%), Affirm (12%), Afterpay (12%), and Klarna (11%).

Younger generations are more likely to have utilized buy now, pay later services and are more likely to have experienced issues. Specifically, millennials are most likely to have used a buy now, pay later service (55%; ages 28-43), closely followed by Gen Zers (51%; ages 18-27). In contrast, Gen Xers (31%; ages 44-59) and baby boomers (25%; ages 60-78) are less likely to have utilized BNPL services. Moreover, 76% of Gen Z

BNPL users state they have had at least one issue, surpassing millennials at 65%, Gen Xers at 42%, and baby boomers at 32%.

BNPL usage is relatively consistent across income brackets. Some 43% of those with annual household incomes in the \$80,000-\$99,999 range have used these services, followed by 40% in both the \$50,000-\$79,999 and under \$50,000 brackets, and 39% among individuals earning \$100,000 or more annually.

“It's easy to trick yourself into thinking it's only \$50 here and \$100 there, but those payments can still add up quickly,” Rossman added. “And as BNPL pushes more into services, it's notable that 38% of U.S. adults are willing to go into debt this year for discretionary purchases such as travel, dining and live entertainment. BNPL may feel more responsible than making minimum credit card payments, but it's still debt.”

Methodology:

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,276 U.S. adults, of whom 875 have used Buy Now Pay Later services. Fieldwork was undertaken between March 4-6, 2024. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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