Buy Now, Pay Later’s Suddenly Uncertain Future

August 18, 2022 By: Daniel Keyes

Overview

The U.S. buy-now, pay-later (BNPL) industry’s future is far from settled even though its popularity has surged in recent years, particularly since the beginning of the coronavirus pandemic. BNPL products have successfully modernized layaway and created an appealing alternative to credit cards, but regulatory concerns, interest from payment titans, and a looming recession all cast a shadow over the industry. These potential shifts in the industry will alter how the fintechs that have built the industry into what it is today operate and create new opportunities for FIs to break into the space.

In this report, Javelin Strategy & Research examines BNPL products’ popularity in the United States and lays out the industry’s top players, identifying three key segments of firms. The report also analyzes three major shifts the industry faces in the near future. The intent is to understand what regulation, the entrance of card networks, and a recession could mean for the BNPL space. Additionally, the report looks at how those changes would affect the different segments of BNPL players going forward.

Key questions discussed in this report:

- How popular has the U.S. BNPL industry gotten in recent years and why?
- What are the three key segments of BNPL players and what are their roles and business models?
- How could regulation, new efforts by card networks, and a recession affect the industry overall as well as specific segments of BNPL players?

Companies Mentioned:

Affirm, Afterpay, American Express, Apple, Block, Chase, Consumer Financial Protection Bureau, Equifax, Experian, Fiserv, Mastercard, Klarna, PayPal, Sezzle, Splitit, Square, Synchrony, TransUnion, Visa, Zip

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