

Affirm and Zip forge new growth pathways as BNPL competition heats up

Article

The news: Two buy now, pay later (BNPL) players made product announcements this week that should spur growth as BNPL competition intensifies.

Affirm will enter the cryptocurrency space with a trading feature. CEO Max Levchin revealed plans to let customers buy and sell cryptos from their Affirm savings accounts, which launched last June, per CNBC—just weeks after BNPL competitor **Zip** [said](#) it would let merchants accept Bitcoin payments and eventually enable crypto trading.

- The integration can help Affirm keep up with Zip—as well as **PayPal** and [other companies](#) dabbling in both BNPL and cryptos. It should also help Affirm draw more customers to its savings app and give the provider more customer touch points, which may increase their spending potential.
- It can also help Affirm maintain a close-knit relationship with **Gen Z and millennial consumers, which make up almost 75% of US BNPL users**, [according to](#) our forecasts. This demographic also comprises 32% of crypto owners in the US, [per](#) Logica Research—making them likely to go for Affirm’s new solution and potentially other financial products, like its [debit card](#).

Zip partnered with Adyen to scale its BNPL solution across Adyen’s global network. The BNPL provider will let shoppers in Australia, New Zealand, the UK, and the US use its solution at the payment processor’s merchants—which include retailers like **Microsoft** and **Gap**, per Finextra. Under the agreement, Adyen will also become Zip’s payment processing partner.

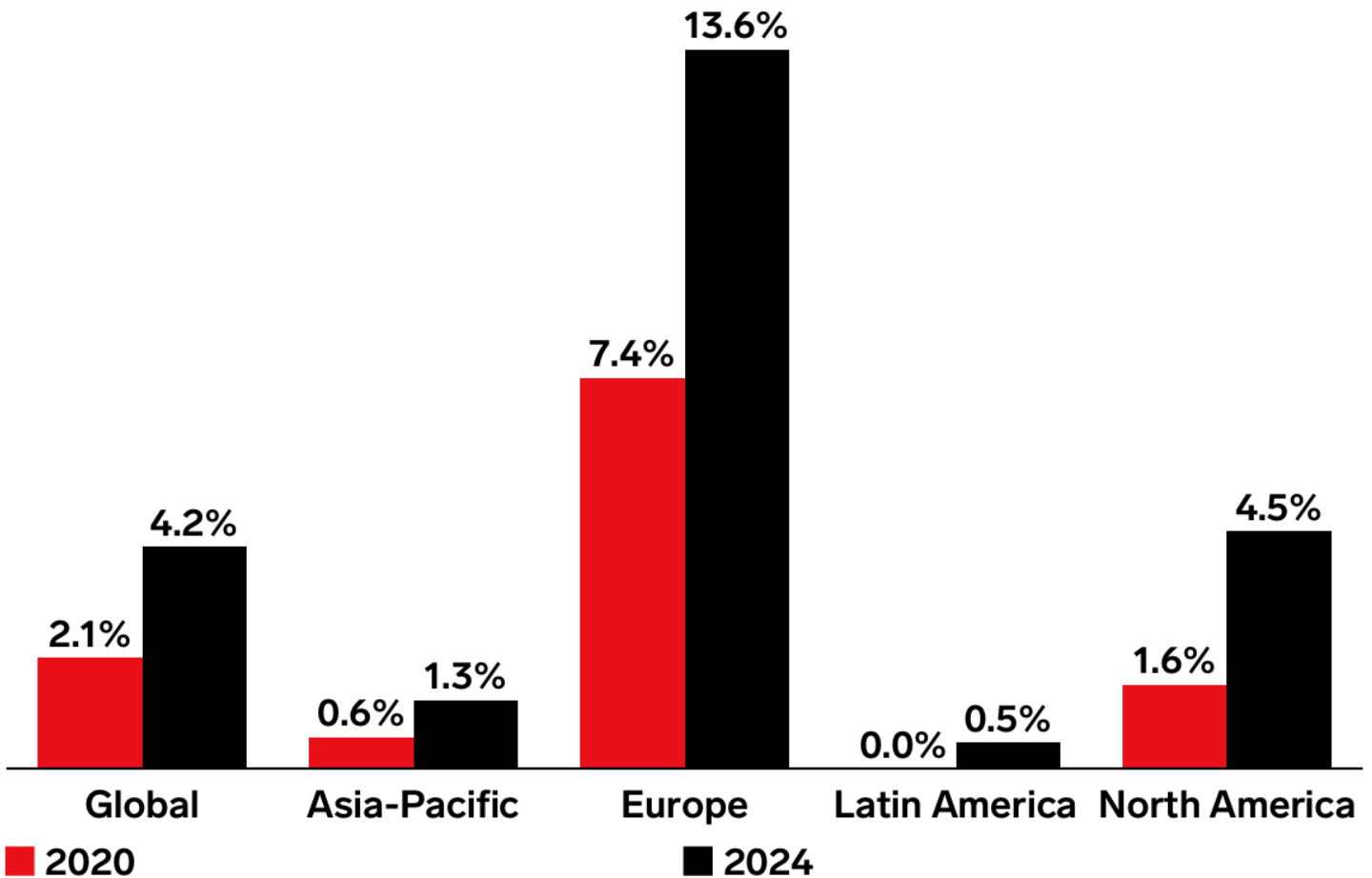
- **Adyen** [reported](#) **\$246 billion (EUR 216 billion) in processed volume in H1 2021**, up 67% year over year (YoY)—reflecting the company’s vast scale. Partnering with Adyen could give Zip a major volume and visibility boost.
- The partnership may also help diversify Zip’s partner network by giving the BNPL provider access to nonretail companies like **Booking.com** and **KLM**—letting Zip take advantage of niche BNPL segments like [travel](#).

The challenge: Product and geographic expansion are becoming increasingly necessary for incumbent BNPL providers like Affirm and Zip as new entrants join the space and threaten to eat up market share.

Just this month, **Mastercard** became the latest financial giant to enter the BNPL space with a proprietary BNPL solution in the US, the UK, and Australia [planned](#) for early 2022. **Visa** and [major banking brands](#) also jumped into the space—and their existing customer and merchant connections give them a market advantage against BNPL providers. Tie-ups and new products can help BNPL providers sustain customer engagement and open up new pathways to revenue growth.

Related Content: Interested in getting a deeper look at BNPL's global growth outlook? Check out this [BNPL chart report](#), where we give our take on market growth and potential challenges ahead.

Share of Ecommerce Transactions Made Using Buy Now, Pay Later Services



Note: percent of BNPL transactions made online

Source: Worldpay from FIS, "The Global Payments Report," February 2021

Methodology: Data is from the February 2021 Worldpay from FIS report titled "The Global Payments Report," which measures transactions across 41 countries.

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