

The Buy Now, Pay Later Market

Data Spotlight



Consumer Financial
Protection Bureau

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1. Introduction

The market for buy now, pay later (BNPL) credit, typically a four-payment loan with no interest used by consumers to make retail purchases, continues to expand.¹ Using data provided by six large BNPL companies,² we examine market trends and key metrics in the BNPL market for calendar years 2022 and 2023. The data demonstrates that BNPL products remain a popular financing choice with consumers.³

This spotlight is one of several Consumer Financial Protection Bureau (CFPB) reports that further public understanding of the BNPL market as part of the CFPB’s obligation to collect, research, monitor, and publish information relevant to the functioning of markets for consumer financial products and services.⁴ It builds upon our prior BNPL work, including our 2022 report on BNPL market metrics and practices (hereinafter “2022 Market Trends report”),⁵ a report exploring the financial profiles of BNPL users as part of our Making Ends Meet survey,⁶ and a report on BNPL usage that found that 21 percent of consumers with a credit record made at least one purchase using BNPL and that included findings on frequency of use, simultaneous BNPL loans, and the other credit characteristics of BNPL users.⁷

Currently, there is only minimal public data on the size of the BNPL market or market trends. The CFPB, however, was able to gather adequate data about BNPL products that enable us to provide general information about BNPL market trends.

For this spotlight, BNPL refers to the “pay-in-four” or “split pay” product: typically, a four-installment, no-interest consumer loan, with a down payment of 25 percent and the remaining three installments due in two-week intervals. Most firms that offer BNPL loans also offer other point-of-sale financing. Our data does not include these other forms of short-term financing, such as point-of-sale installment loans and credit card installment plans. The results in this spotlight are limited to BNPL products with four or fewer payments and do not include data

¹ This report was authored by Nicolas Salem and Laura Udis (CFPB Office of Markets).

² These entities—Affirm, Cash App Afterpay, Klarna, PayPal, Sezzle, and Zip—constitute large lenders in the “pay-in-four” BNPL market. See Jefferies Financial Group, Inc., *U.S. BNPL Industry Survey* (May 23, 2025).

³ Unless otherwise noted, this report uses the terms “consumers,” “borrowers,” and “users” interchangeably.

⁴ See 12 U.S.C. 5511(c)(3) & 5512(c).

⁵ Consumer Financial Protection Bureau, *Buy Now Pay Later: Market trends and consumer impacts*, (September 2022), <https://www.consumerfinance.gov/data-research/research-reports/buy-now-pay-later-market-trends-and-consumer-impacts/>.

⁶ Consumer Financial Protection Bureau, *Consumer Use of Buy Now, Pay Later* (March 2023), https://files.consumerfinance.gov/f/documents/cfpb_consumer-use-of-buy-now-pay-later_2023-03.pdf.

⁷ Consumer Financial Protection Bureau, *Consumer Use of Buy Now, Pay Later and Other Unsecured Debt* (January 2025), https://files.consumerfinance.gov/f/documents/cfpb_BNPL_Report_2025_01.pdf.

from other products that the companies may offer, including products that the companies and others may characterize as BNPL.

2. Key Findings

The following trends were observed from the data collected from six large BNPL firms:

- **The volume of BNPL loans continues to grow, albeit at a slower pace than in previous years.** From 2022 to 2023, the number of loans made by the lenders we surveyed increased by 23 percent, and the total dollar amount of loans originated increased by 26 percent when adjusted for inflation, representing slower rates of growth than in prior years (see Table 1).
- **The number of BNPL users has expanded in recent years.** The six firms in our sample reported a combined 53.6 million consumers who took out at least one BNPL loan in 2023, a 12 percent increase from 2022 (see Table 2). Since lenders do not necessarily know if a user has BNPL loans from other lenders, these metrics do not account for users who may have taken a BNPL loan across multiple lenders and thus likely overestimate the number of BNPL users.
- **Consumers are using BNPL more frequently and taking on larger loan amounts each year.** BNPL users took an average of 6.3 BNPL loans per lender in 2023, an 11 percent increase from an average of 5.7 BNPL loans in 2022. Further, the average annual dollar amount of BNPL loans that consumers took from a lender per year increased by 14 percent, from \$745 in 2022 to \$848 in 2023 when adjusted for inflation (see Table 2). Because the data collected was aggregate and not loan-level data, we could not account for consumers who may have used multiple BNPL lenders. Consequently, these metrics may understate the number and dollar amount of BNPL loans per consumer.
- **The incidence of late fees has declined.** In 2023, 4.1 percent of BNPL loans were assessed a late fee, and late fee revenue collected was 0.18 percent of total origination volume compared to 5.2 percent and 0.24 percent in 2022, respectively (see Table 3).
- **Charge-off rates have declined.** In 2023, 1.83 percent of loans were charged-off or uncollectible compared to a 2.63 percent charge-off rate in 2022 (see Table 4).

3. Data Collection Methodology

The CFPB obtained summary data from six large firms about their BNPL loans for each of the calendar years 2019-2023. We estimate that the six firms represented approximately 40 percent of the overall point-of-sale financing market in 2023, which includes the “pay-in-four” BNPL loans that are the subject of this spotlight as well as other forms of short-term financing, such as point-of-sale installment loans and credit card installment plans. The sample’s estimated share of the market is provided as a percent of the overall point-of-sale financing market because we are not aware of any estimate limited to the “pay-in-four” BNPL market. Our sample is not necessarily representative of the entire BNPL market.

For each firm in our sample, we collected the following aggregate data points:⁸

1. Number of unique users
2. Number of loans originated⁹
3. Dollar amount of loans originated
4. Number of loans that were assessed at least one late fee
5. Dollar amount of late fees assessed
6. Dollar amount of late fees collected
7. Number of loans charged-off
8. Dollar amount of loans charged-off

In addition to tracking and analyzing the change in the above data points for our sample across the survey period, we also used the data to calculate other key metrics such as average yearly BNPL loans per unique user at an individual company, and the ratio of late fees and charge-offs to total origination volume. Further, the firms in our sample provided de-identified, aggregate, summary data exclusively about their user base and loan portfolio. All data is aggregated and averaged over the portfolio of loans. We did not collect data at the loan or account level. As such, all metrics regarding the number of unique users and their usage patterns are limited to a given consumer’s BNPL usage at a given firm in our sample, and do not account for consumers that have taken out loans with two or more BNPL lenders. Note that the various dollar values in this spotlight have been adjusted for inflation.¹⁰ The Appendix provides the non-inflation adjusted nominal dollar values.

⁸ Some of these data points were previously collected and reported in our 2022 Market Trends report data collection. However, the 2022 Market Trends report included only five of the six lenders we surveyed for this spotlight. As such, the figures reported differ from the exact metrics released in the 2022 Market Trends report.

⁹ We asked firms to include data for BNPL loans originated by any bank partners.

¹⁰ Using data from the Bureau of Labor Statistics’ CPI-U (all items, not seasonally adjusted), we adjust dollar values for inflation with 2024 as the reference year. To obtain the annualized values, we take the average CPI-U for all months in the given year.

We also utilized public information regarding the BNPL market, including firms' earnings statements and information on mobile app downloads, where appropriate, to supplement the data we collected directly from lenders.

4. Results

4.1 Market Trends

The volume of BNPL originations continues to grow, albeit at a slower pace than in previous years. Table 1 shows the aggregated loan and dollar origination figures from the six lenders we surveyed from 2019 through 2023. In 2023, the lenders in our sample originated 335.8 million BNPL loans totaling \$45.2 billion, with an average loan size of \$135 when adjusted for inflation. While the origination volume for the lenders we surveyed reached new highs in 2022 and 2023, growth has slowed when compared to the prior years of dramatic market expansion (see Table 1).

TABLE 1:

BNPL loan origination volume and average loan size

Metric	2019	2020	2021	2022	2023
Loan originations (millions)	19.8	77.9	196.6	273.8	335.8
Dollar originations (billions)	\$2.7	\$10.8	\$29.5	\$35.8	\$45.2
Average loan size	\$136	\$138	\$150	\$131	\$135

Note: Dollar figures are inflation-adjusted

One factor contributing to slowing BNPL annual growth rates may be recent efforts by the industry to diversify beyond the traditional BNPL product, such as by offering longer-term installment loans and conventional credit cards.¹¹ In recent years, several BNPL firms have been steadily tightening their underwriting standards, a notable trend that may also help account for slowing growth in the broader industry.¹² In addition, growth at the firms in our sample may

¹¹ Business Wire, *Afterpay's New Monthly Payment Solution Gives Consumers More Ways to Pay* (Oct 5, 2022), <https://www.businesswire.com/news/home/20221005005274/en/Afterpays-New-Monthly-Payment-Solution-Gives-Consumers-More-Ways-to-Pay>; American Banker, *Affirm expands interest-bearing loans, plans FICO partnership* (May 10, 2023), <https://www.americanbanker.com/payments/news/affirm-expands-interest-bearing-loans-plans-fico-partnership>; and Klarna Press, *Klarna Card launches in the US alongside new money management tools, empowering consumers to take control of their finances* (June 1, 2022), <https://www.klarna.com/international/press/klarna-card-launches-in-the-us-alongside-new-money-management-tools-empowering-consumers-to-take-control-of-their-finances/>.

¹² 2022 Market Trends report, pg. 45.

have slowed for part of 2023 due to one large new entrant into the BNPL market in March 2023, although that entrant subsequently discontinued its proprietary product a year later.¹³

4.2 Borrower Usage

Despite slowing growth in recent years, the BNPL market continues to significantly expand its user base with consumers using the product more frequently and taking on larger BNPL loan amounts per year. In 2023, the firms we surveyed reported a combined 53.6 million consumers who took out at least one BNPL loan, a 12 percent increase from the prior year (Table 2).¹⁴ While this figure is markedly higher than other recent estimates of the number of U.S. BNPL users,¹⁵ it is likely overstated as we did not have individual account-level data and could not account for consumers that may have taken BNPL loans from multiple lenders. Nevertheless, our data indicates that the number of consumers using BNPL continues to rise. To put these figures in context, our data on BNPL usage represents approximately one percent of total spending volume in the credit card market in 2023.¹⁶

Our data also provides insights into BNPL consumers' average usage patterns, particularly the number and total dollar amount of BNPL loans that consumers incurred per year at a given lender. Both annual usage metrics increased in the past two years: the average number of loans a consumer took increased by 11 percent from 2022 to 2023, while the average total dollar amount per consumer rose 14 percent, from \$745 to \$848 (Table 2) when adjusted for inflation.¹⁷

¹³ Associated Press, *Apple Kills off Its Buy Now, Pay Later Service Barely a Year After Launch* (June 18, 2024), <https://www.usnews.com/news/business/articles/2024-06-18/apple-kills-off-its-buy-now-pay-later-service-barely-a-year-after-launch>.

¹⁴ For the purposes of this report we focus on yearly BNPL users, defined as the number of consumers who took out at least one BNPL loan at a given lender each year. We collected quarterly user data for 2019-2021 and consequently could not report yearly data for those years because aggregating the quarterly data could significantly overstate the metrics due to loans that overlapped multiple quarters. As noted previously, our data does not allow us to determine if a user had BNPL loans from multiple lenders and therefore overestimates the total number of BNPL users to some degree.

¹⁵ For example, a Federal Reserve survey of U.S. consumers estimated that 15 percent of adults (or over 38 million people) used BNPL at least once in 2024. Board of Governors of the Federal Reserve System, *Economic Well-Being of U.S. Households in 2024*, (May 2025), <https://www.federalreserve.gov/publications/files/2024-report-economic-well-being-us-households-202505.pdf>.

¹⁶ Consumer Financial Protection Bureau, *The Consumer Credit Card Market*, (October 2023), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2023.pdf.

¹⁷ The calculations for average yearly loans per consumer and total dollar amount reflect the total number of loans made and total number of loan originations divided by the total number of consumers in our sample each year and may not reflect the total dollar amounts for users that took out loans from multiple lenders.

TABLE 2:

BNPL Volume and Usage

Metric	2022	2023	Percentage Change
Unique users (millions)	48.0	53.6	12%
Average number of yearly loans per user	5.7	6.3	11%
Average yearly total dollar amount per user	\$745	\$848	14%

Note: Dollar figures are inflation-adjusted

4.3 Business Trends

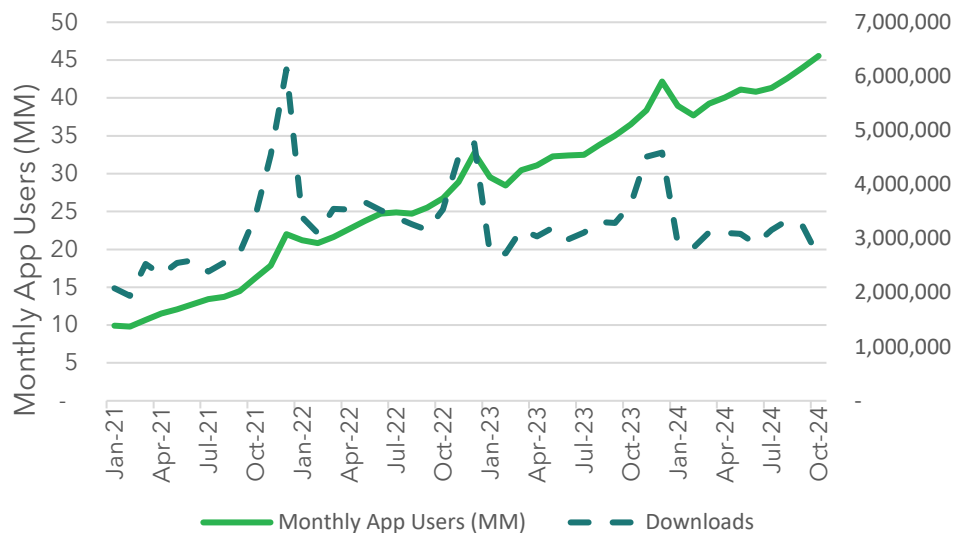
In addition to the continued growth in the number and dollar amount of BNPL volumes described above, BNPL app usage has also remained strong in the past several years, albeit with signs of slowing growth.

Figure 1 below shows the cumulative monthly app usage for five out of the six lenders surveyed who have proprietary apps.¹⁸

¹⁸ Data sourced from Apptopia, a proprietary market intelligence and application analysis platform. “Users” refers to the number of unique individuals who opened an app; the data does not track whether users who opened or downloaded an app subsequently made a purchase. <https://apptopia.com>. The sixth lender was omitted because, during our survey period, it began combining its BNPL product features in the app with other products. As a result, its proprietary app download data after that point is not fully representative of consumer demand for its BNPL product. In addition, some of the lenders whose data is included may also offer longer term point-of-sale loans on their apps. Because Figure 1 is an aggregate of five lenders’ distinct app usage figures, consumers who use apps from multiple BNPL lenders in the same month would be counted multiple times.

FIGURE 1:

Total monthly U.S. app usage for five BNPL lenders



Source: Apptopia

Monthly app usage showed strong growth in 2024, a continuation of a long-term trend that the CFPB previously detailed.¹⁹ However, cumulative downloads for BNPL apps appear to be lagging behind seasonal trends. This may be a symptom of a broader trend previously discussed: increasing usage among existing BNPL consumers concurrent with slower growth in the number of new borrowers.

The above data on BNPL app trends also highlights a key trend that has characterized the BNPL market since its inception: sharp increases in purchasing volume prior to and during the holiday season.

4.4 Late Fees

During each year of our survey period, four of the six firms charged late fees. We excluded the other two firms that did not charge late fees during some or all of the survey period. Despite overall growth in origination volume, late fee revenue among those four firms decreased on an absolute basis from 2021 to 2023. In 2021, \$174.8 million in late fees were assessed and of that amount, \$93.8 million were collected, whereas in 2023 late fees assessed and collected fell to \$135.9 and \$80.3 million, respectively, when adjusted for inflation. Further, the percentage of BNPL loans that assessed a late fee and total amount of late fees collected as a share of total

¹⁹ CFPB 2022 Market Trends report, pg. 46.

origination volume (commonly referred to as Gross Merchandise Volume, or GMV) across the firms fell from 2019 to 2023 (Table 3).²⁰

TABLE 3:

Late fee metrics for four BNPL lenders

Metric	2019	2020	2021	2022	2023
Loan-level late fee rate assessed	7.0%	5.8%	7.5%	5.2%	4.1%
Late fees collected as a share of Gross Merchandise Volume	0.38%	0.28%	0.32%	0.24%	0.18%
Average dollar amount per late fee assessed	\$15.46	\$12.85	\$11.81	\$10.72	\$9.99
Average dollar amount per late fee collected	\$7.48	\$6.55	\$6.37	\$6.11	\$5.87

Note: Dollar figures are inflation-adjusted

Our 2022 Market Trends report noted that there was variation in the late fee practices of BNPL lenders. While most firms charged late fees, that report noted that several lenders sometimes waived late fees, often in response to borrower requests or on a showing of hardship.²¹ In addition, as in other lending markets, lenders do not always collect late fees they have assessed.

4.5 Charge-Offs

The percentage of BNPL loans designated as charged-off, a term assigned to debts deemed severely delinquent and written off as bad debt, fell in the most recent year of our data sample. As shown in Table 4, in 2022 the loan charge-off rate increased slightly to 2.63 percent then dropped in 2023 to 1.83 percent.²² Similarly, the dollar amount of charged-off debt as a share of GMV fell to 0.92 percent in 2023, the lowest level in our five-year survey period.

²⁰ The loan-level late fee rate in Table 3 is defined as the number of loans with one or more late fees assessed divided by the total number of loans.

²¹ CFPB 2022 Market Trends report, pg. 24.

²² The loan charge-off rate is defined as the number of charged off loans as a portion of all originated loans for each year throughout our survey period.

TABLE 4:

Aggregated loan charge-off rates

Metric	2019	2020	2021	2022	2023
Loan charge-off rate	2.47%	1.85%	2.44%	2.63%	1.83%
Charge-offs as a share of GMV	2.48%	1.18%	1.38%	1.71%	0.92%

Our 2022 Market Trends report noted that lenders occasionally charge off BNPL loans, despite typically requiring a down payment and arranging for repayment of the remaining installments by debit or credit card when the loan is originated. That report found that the loan charge-off rate hovered around 2 percent, ranging from 2.59 percent in 2019 to 2.39 percent in 2021. In our market monitoring discussions with BNPL lenders, several have stated that lower charge-off rates are a result of improved credit models and a shifting focus on increasing usage by their existing customer base.

5. Conclusion

BNPL loans continue to be a growing financing option for retail purchases, reaching a substantial percentage of consumers. Consumers are using BNPL loans more frequently and for larger annual dollar amounts than ever before.

The CFPB continues to monitor the BNPL market and report on practices and trends among consumers who utilize this growing credit product.

6. Appendix

TABLE 5:

Nominal BNPL loan origination volume and average loan size

Metric	2019	2020	2021	2022	2023
Loan originations (millions)	19.8	77.9	196.6	273.8	335.8
Dollar originations (billions)	\$2.2	\$8.9	\$25.5	\$33.4	\$43.9
Average loan size	\$111	\$114	\$129	\$122	\$131

TABLE 6:

Nominal BNPL volume and usage

Metric	2022	2023	Percentage Change
Unique users (millions)	48.0	53.6	12%
Average number of yearly loans per user	5.7	6.3	11%
Average yearly total per user	\$695	\$820	18%

TABLE 7:

Nominal late fee metrics for four BNPL lenders

Metric	2019	2020	2021	2022	2023
Loan-level late fee rate assessed	7.0%	5.8%	7.5%	5.2%	4.1%
Late fees collected as a share of Gross Merchandise Volume	0.38%	0.28%	0.32%	0.24%	0.18%
Average amount per late fee assessed	\$12.60	\$10.60	\$10.20	\$10.00	\$9.70
Average amount per late fee collected	\$6.10	\$5.40	\$5.50	\$5.70	\$5.70