

Buy now pay later spend to soar, fuelled by macro-economic pressures

Consumer spending using BNPL (buy now pay later) platforms is expected to reach \$437bn globally in 2027, rising from \$112bn in 2022, according to a new report from Juniper Research. This sizeable growth of 291% will be driven by escalating financial pressures from the rising cost of living, increasing the demand for cheap credit solutions.



Source: Supplied

BNPL schemes allow consumers to pay using regular interest-free installments, which is attractive to those reliant on credit for purchases. Additionally, BNPL only requires soft credit checks; making it easier to access than credit.

Debt trap necessitates regulation

The research found that the most significant issue currently facing the BNPL market is the debt trap. BNPL's lack of credit checks poses a considerable market hurdle, as consumers are being approved for larger loans than they are actually able to repay. However, the report predicts that the introduction of financial regulations in several countries will help alleviate this issue.

These new regulations are similar in nature to existing credit services. In markets where regulations are softer, it is still vital that vendors act responsibly and clearly communicate all incurred debts promptly to users, to help minimise repayment default rates.

Research author Dominique Tetnowski explained: "Though the future of the market seems unclear given the plethora of impending regulatory changes, enforcing legislation for eligibility checks will ensure the market develops securely."



'Buy now pay later' users to exceed 900 million by 2027

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Expansion into new verticals needed

The research predicts that BNPL vendors must look to provide services in alternative verticals to diversify their monetisation opportunities, as e-commerce becomes oversaturated with solutions. It identified the healthcare sector as an emerging opportunity for vendors, owing to a lower risk of defaulting payments from overspending in comparison to the e-commerce market.

As such, vendors must look to make strategic partnerships with established healthcare providers to offer BNPL services to healthcare users, ensuring successful entry into the market.

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