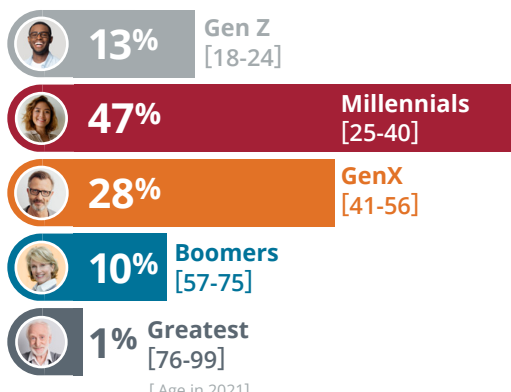




Breaking it down: The typical BNPL applicant profile

The popularity of **Buy Now, Pay Later (BNPL)** loans has risen at a meteoric rate, expected to reach **\$82.1 billion in transactions in 2022**.* While it's widely understood that users of these loans tend to be part of a younger, tech-savvy generation, we're taking a closer look to gain a more complete, in-depth consumer profile for BNPL loan applicants.

We've **analyzed data from over one million BNPL applications**** and compared that to the general credit population.***



While **Millennials are the heaviest users**, don't rule out **Gen X**, who represent nearly **1/3 of applications**.

We're also seeing opportunity for BNPL user growth within the **Boomer generation**, who comprise just **10 percent** of current users.

Our analysis has revealed **two primary BNPL applicant profiles**:

New to Credit

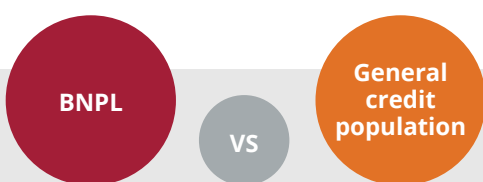
Up to **1 in 5**

Has no credit file at all and is building their file

Credit Active

Heavy users of credit overall, with more open tradelines and higher balances than the general credit population

Using the IXI network's direct-measured household wealth and income data that only Equifax can provide, we see that:



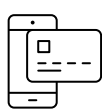
Median household income[†]

BNPL applicants have **lower median household incomes**.



Median deposits and investments^{††}

The average BNPL applicant has roughly **1/3 the level of deposits and investable assets**.

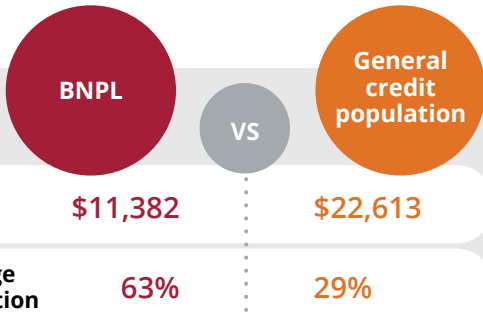


Based on Equifax credit data, BNPL applicants are **heavier users of credit** across the board. (except for mortgages and bank cards).

Percent with open trades		Average balance of open trades		
50%	39%	Auto	\$11,240	\$8,297
73%	81%	Bankcard	\$3,489	\$3,330
76%	67%	Installment (including student loans)	\$67,675	\$92,047
20%	32%	Mortgage	\$40,614	\$75,040
45%	45%	Retail	\$527	\$284

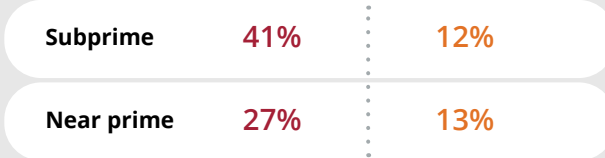
This is expected, as BNPL users may be looking for alternative payment arrangements outside of traditional credit opportunities.

BNPL applicants **have lower bank card limits** and their **utilization rates are twice as high**.



When compared to the general population — about 50% less. This makes BNPL loans an attractive option in seeking additional credit.

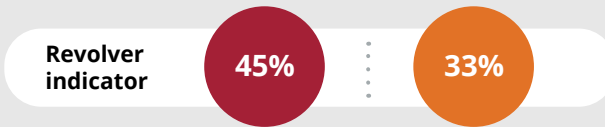
BNPL applicants are **sub or near prime and 4 times more likely to be subprime** than the general population.



VantageScore® 4.0 risk ranges: Subprime = 300-600; Near prime = 601-660

Having on-time BNPL payments reported could help these populations "move up" to a higher tier, opening new opportunities in the future.

BNPL applicants **with credit cards were much more likely to be revolvers**.



In the last year, BNPL applicants with credit cards (general purpose and store cards) were much more likely to be revolvers (carry a balance) vs. transactors (pay off balance in full).



BNPL applicants were also **more likely to open other forms of credit** during this same time period, pointing to a market of consumers eager to access credit.

As BNPL reporting opens the door for more ways to gain access to credit — especially for those looking to build or rebuild credit — it's equally important that we provide the resources consumers need to learn how to use credit responsibly. Reporting BNPL tradelines is a joint effort between Equifax and BNPL providers, and we can work together to improve financial inclusion. Learn more about the credit education Equifax provides **here**.



For more information, visit [equifax.com/bnpl](https://www.equifax.com/bnpl)

* United States Buy Now Pay Later Business and Investment Opportunities, January 2022, Research and Markets
 ** Analyzed population includes consumers applying for online short-term and long-term BNPL loans; short-term: pay-in-4, long-term: pay monthly up to 24 months. Includes over one million consumer applications from December 2021 through January 2022 with credit profiles as of November 2021.
 *** General credit population defined as all Equifax credit file data for consumers age 18+ with at least 1 open, approved trade as of November 2021.
 † Income360 measures gross household income from wages and salaries, investments, social security and retirement, and small business income. On average, approximately 21% above the national Adjusted Gross Income as measured by the IRS.
 †† WealthComplete Total Assets measures deposits and investable assets excluding housing and real estate.

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