

United Kingdom Buy Now Pay Later Business and Investment Opportunities - 75+ KPIs on BNPL Market Size, End-Use Sectors, Market Share, Product Analysis, Business Model, Demographics - Q1 2025 Update

Market Report | 2025-02-10 | 88 pages | PayNxt360

AVAILABLE LICENSES:

- Single User Price \$1500.00
- Multi User Price \$1700.00
- Enterprise User Price \$1900.00

Report description:

According to PayNXT360, BNPL payment market in United Kingdom is expected to grow by 12.2% on annual basis to reach US\$38,479.5 million in 2025.

The BNPL market in the country experienced robust growth during 2021-2024, achieving a CAGR of 20.6%. This upward trajectory is expected to continue, with the market forecast to grow at a CAGR of 8.8% during 2025-2030. By the end of 2030, the BNPL sector is projected to expand from its 2024 value of USD 34,280.2 million to approximately USD 58,752.7 million.

This report provides a detailed data-centric analysis of the Buy Now Pay Later (BNPL) industry in United Kingdom, covering market opportunities and risks across a range of retail categories. With over 75 KPIs at the country level, this report provides a comprehensive understanding of BNPL market dynamics, market size and forecast, and market share statistics.

It breaks down market opportunities by type of business model, sales channels (offline and online), and distribution models. In addition, it provides a snapshot of consumer behaviour and retail spending dynamics. KPIs in both value and volume terms help in getting an in-depth understanding of end market dynamics.

PayNXT360's research methodology is based on industry best practices. Its unbiased analysis leverages a proprietary analytics platform to offer a detailed view of emerging business and investment market opportunities.

Key Insights

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

The BNPL market in the UK is expanding rapidly, driven by rising e-commerce adoption and the growing need for alternative credit solutions. Economic factors such as cost-of-living pressures have further accelerated BNPL usage, making it a key financial tool for short-term expense management. As BNPL extends beyond retail into industries such as driving schools and essential services, its role in the broader economy is expected to strengthen, influencing how consumers manage payments across multiple sectors.

However, with this growth comes increased regulatory scrutiny as policymakers seek to ensure responsible lending and consumer protection. Introducing new BNPL regulations will likely reshape the market, requiring providers to enhance transparency and implement affordability checks. While these measures may increase compliance costs, they will also contribute to a more sustainable BNPL ecosystem, fostering trust and stability in the sector over the next few years.

Accelerated Growth in BNPL Adoption

- Key drivers behind this expansion include the ongoing rise of e-commerce and cost-of-living challenges. Online retailers integrate BNPL solutions to enhance the shopping experience, while financially constrained consumers use these services to manage short-term expenses. As BNPL offers a convenient alternative to traditional credit, its adoption is increasing across discretionary and essential spending categories.
- Over the next few years, the competitive intensity in the UK BNPL market is expected to grow, with both fintech startups and established financial institutions enhancing their offerings. Providers will likely diversify their services to cater to consumer needs, including high-value purchases and recurring expenses. However, regulatory oversight may also increase as the market matures, requiring BNPL firms to adopt more responsible lending practices to ensure long-term sustainability.

Integration of BNPL into Diverse Sectors

- BNPL services in the UK are expanding beyond traditional retail sectors and entering new industries such as education, healthcare, and professional training. Companies such as Acclaim Driving now offer BNPL options for driving lesson packages, allowing customers to spread the cost over time. This shift demonstrates the growing demand for installment-based payments in high-cost services where upfront payments may be a consumer barrier.
- The primary driver of this trend is the increasing need for flexible financing solutions, particularly in sectors where services are essential but can be costly. By offering BNPL, service providers can attract a wider range of customers who might otherwise delay or forgo purchases due to financial constraints. As BNPL integrates into more industries, businesses see it as a tool to improve accessibility while boosting customer acquisition and retention.
- Over the next few years, BNPL adoption across various service sectors is expected to accelerate, making installment-based payments a normalized feature in the UK economy. Consumers may rely more on BNPL for everyday services, leading to higher transaction volumes and increased engagement with BNPL platforms. However, as its usage expands, regulators may introduce new guidelines to ensure responsible lending and prevent excessive consumer debt accumulation.

Regulatory Developments Shaping the BNPL Landscape

- The UK government is taking steps to regulate BNPL services to enhance consumer protection and ensure responsible lending practices. Between October and November 2024, a consultation on draft legislation was conducted, signaling the government's intent to bring BNPL products under stricter oversight. These regulatory changes aim to close existing gaps in consumer credit laws and address concerns around transparency and affordability assessments.
- The rapid adoption of BNPL services has raised concerns about the potential for rising consumer debt, particularly among younger demographics and financially vulnerable individuals. Unlike traditional credit products, many BNPL services do not require thorough affordability checks, increasing the risk of over-indebtedness. Regulators are now focusing on introducing measures that ensure BNPL providers conduct proper credit assessments and disclose loan terms more clearly to consumers.
- Over the next few years, BNPL providers must adapt their business models to align with the new regulations, which may include

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

mandatory affordability checks and clearer disclosure of fees and repayment terms. While these measures are designed to protect consumers, they may also increase operational costs for BNPL providers, potentially leading to stricter eligibility criteria or reduced flexibility in payment plans. Nonetheless, regulatory oversight is expected to improve trust in the sector, ensuring more sustainable growth in the UK's BNPL market.

Competitive Landscape and Regulatory Developments in United Kingdom's Buy Now, Pay Later (BNPL) Market

The UK's BNPL market continues to expand rapidly, with established players such as Klarna, Clearpay, and PayPal leading the sector alongside emerging fintech firms such as Zilch. The market's projected growth, driven by increasing consumer demand for flexible payment solutions, has also attracted interest from traditional financial institutions, including Lloyds Bank, which plans to introduce its BNPL service in 2025. With new entrants and expanding product offerings, the BNPL sector is becoming more competitive, pushing providers to innovate and form strategic partnerships to maintain their market positions.

Regulatory oversight is also evolving, with the UK government moving towards stricter BNPL regulations under the Financial Conduct Authority (FCA). The upcoming rules, expected to take effect by 2026, will require affordability checks and clearer consumer protections, ensuring responsible lending practices. While these measures may increase compliance costs for providers, they are likely to foster long-term stability and trust in the BNPL ecosystem, ultimately benefiting both consumers and businesses.

Current State of the BNPL Market

- The BNPL market in the United Kingdom has grown significantly, driven by increasing consumer demand for flexible payment solutions. This surge has been fueled by the widespread adoption of installment-based payment options across various retail sectors, particularly e-commerce and high-value consumer goods.
- Major players such as Klarna, Clearpay, and PayPal dominate the market, while homegrown fintech firms such as Zilch have rapidly expanded their customer base. The entry of traditional financial institutions, such as Lloyds Bank, signals the growing importance of BNPL in the broader financial ecosystem. Providers will likely enhance their offerings as competition intensifies through strategic partnerships and new product innovations.

Key Players and New Entrants

- Klarna, Clearpay, and PayPal are among the leading BNPL providers in the UK. They offer consumers the ability to defer payments across various retail categories. These companies have established strong partnerships with merchants and continue to expand their services to accommodate the growing demand for flexible payment solutions. Their market dominance is supported by widespread consumer adoption and integration with major e-commerce platforms.
- In addition to global players, UK-based fintech firm Zilch has emerged as a significant competitor, rapidly growing its customer base to over 4 million since its launch in 2020. Zilch differentiates itself by leveraging an ad-subsidized model that allows consumers to access BNPL services with no additional fees. The success of domestic providers such as Zilch highlights the increasing competition in the BNPL sector, as new entrants challenge established players by offering innovative financing options.

Recent Launches, Mergers, and Acquisitions

- The BNPL market in the UK is evolving as traditional financial institutions enter the sector to compete with established fintech providers. Lloyds Bank has announced plans to launch its own BNPL product in 2025, offering its customers a [split payments] option. This move signals growing interest from mainstream banks in alternative credit solutions as they aim to capture market share in a rapidly expanding sector.
- Meanwhile, fintech firms continue to secure significant investments to scale their operations. Zilch raised \$125 million in debt financing from Deutsche Bank in June 2024, expanding its BNPL offerings and strengthening its market position. This development

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

highlights the increasing competition within the industry, as both fintech startups and traditional banks seek to enhance their BNPL services to attract consumers.

Outlook

- The UK's BNPL market is set for continued expansion over the next 2-4 years, fueled by the increasing shift toward digital payments and consumer demand for flexible financing options. As digitalization accelerates, BNPL providers will focus on enhancing their platforms to offer seamless, user-friendly experiences while integrating with a broader range of merchants and services. This growth will likely lead to a surge in transaction volumes, further embedding BNPL into the mainstream financial ecosystem.

- As competition intensifies, fintech startups and traditional banks will refine their BNPL offerings to capture market share. Established players may leverage strategic partnerships with retailers and payment processors to expand their reach, while new entrants will seek to differentiate through innovative product features and personalized financing options. Regulatory oversight is also expected to shape the industry, ensuring responsible lending practices and fostering long-term consumer trust in BNPL services.

Regulatory Changes

- The UK government has taken steps to regulate the BNPL sector, publishing draft legislation in October 2024 to bring these financial products under the Financial Conduct Authority's (FCA) oversight. The proposed regulations will require BNPL providers to implement affordability checks and ensure transparency in their terms and conditions. These measures aim to address concerns about rising consumer debt and ensure responsible lending practices in the industry.

- With implementation expected by 2026, BNPL providers must adjust their business models to comply with the new regulations. This could lead to stricter eligibility requirements for consumers and potential changes in pricing structures. While these regulations may increase operational costs for providers, they are likely to strengthen consumer confidence in BNPL services and contribute to the sector's long-term sustainability.

Table of Contents:

1 About this Report

1.1 Summary

1.2 Methodology

1.3 BNPL Definitions

1.4 Disclaimer

2 United Kingdom Buy Now Pay Later Industry Attractiveness

2.1 United Kingdom Buy Now Pay Later - Gross Merchandise Value Trend Analysis, 2021-2030

2.2 United Kingdom Buy Now Pay Later - Average Value Per Transaction Trend Analysis, 2021-2030

2.3 United Kingdom Buy Now Pay Later-Transaction Volume Trend Analysis, 2021-2030

2.4 United Kingdom Buy Now Pay Later Market Share Analysis by Key Players, 2024

3 United Kingdom Buy Now Pay Later Operational KPIs

3.1 Buy Now Pay Later Revenues, 2021-2030

3.2 Buy Now Pay Later Share by Revenue Segments, 2021-2030

3.2.1 Buy Now Pay Later Revenue by Merchant Commission, 2021-2030

3.2.2 Buy Now Pay Later Revenue by Missed Payment Fee Revenue, 2021-2030

3.2.3 Buy Now Pay Later Revenue by Pay Now & Other Income, 2021-2030

3.3 Buy Now Pay Later Active Consumer Base, 2021-2030

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

3.4 Buy Now Pay Later Bad Debt, 2021 - 2024 - 2030

4 Buy Now Pay Later Spend Analysis by Business Model, 2021-2030

4.1 Buy Now Pay Later Two-Party Business Model, 2021-2030

4.2 Buy Now Pay Later Three-Party Business Model, 2021-2030

5 Buy Now Pay Later Spend Analysis by Purpose, 2021-2030

5.1 Buy Now Pay Later Convenience, 2021-2030

5.2 Buy Now Pay Later Credit, 2021-2030

6 Buy Now Pay Later Spend Analysis by Functional Attribute, 2021-2030

6.1 Buy Now Pay Later by Open Loop System, 2021-2030

6.2 Buy Now Pay Later by Closed Loop System, 2021-2030

7 Buy Now Pay Later Spend Analysis by Distribution Model, 2021-2030

7.1 Buy Now Pay Later by Standalone, 2021-2030

7.2 Buy Now Pay Later by Banks & Payment Service Providers, 2021-2030

7.3 Buy Now Pay Later by Marketplaces, 2021-2030

8 United Kingdom Buy Now Pay Later Spend Analysis by Sales Channel

8.1 Buy Now Pay Later Market Share by Sales Channel, 2021-2030

8.2 Buy Now Pay Later Online Channel Market Size and Forecast, 2021-2030

8.3 Buy Now Pay Later POS Channel Market Size and Forecast, 2021-2030

9 United Kingdom Buy Now Pay Later Snapshot by End-Use Sector, 2021-2030

9.1 Buy Now Pay Later Market Share by End-Use Sector, 2024

9.2 Buy Now Pay Later Sales Uplift by End-Use Segment, 2024

10 United Kingdom Buy Now Pay Later in Retail Shopping: Market Size and Forecast, 2021-2030

10.1 United Kingdom Buy Now Pay Later Retail Shopping - Gross Merchandise Value Trend Analysis, 2021-2030

10.2 United Kingdom Buy Now Pay Later Retail Shopping - Average Value Per Transaction Trend Analysis, 2021-2030

10.3 United Kingdom Buy Now Pay Later Retail Shopping - Transaction Volume Trend Analysis, 2021-2030

11 United Kingdom Buy Now Pay Later Market Size and Forecast by Retail Product Categories

11.1 Buy Now Pay Later Share by Retail Product Category, 2024

11.2 United Kingdom Buy Now Pay Later Retail Shopping - Apparel, Footwear & Accessories - Gross Merchandise Value Trend Analysis, 2021-2030

11.3 United Kingdom Buy Now Pay Later Retail Shopping - Consumer Electronics - Gross Merchandise Value Trend Analysis, 2021-2030

11.5 United Kingdom Buy Now Pay Later Retail Shopping - Toys, Kids, and Babies - Gross Merchandise Value Trend Analysis, 2021-2030

11.6 United Kingdom Buy Now Pay Later Retail Shopping - Jewellery - Gross Merchandise Value Trend Analysis, 2021-2030

11.7 United Kingdom Buy Now Pay Later Retail Shopping - Sporting Goods - Gross Merchandise Value Trend Analysis, 2021-2030

11.8 United Kingdom Buy Now Pay Later Retail Shopping - Entertainment & Gaming - Gross Merchandise Value Trend Analysis, 2021-2030

11.9 United Kingdom Buy Now Pay Later Retail Shopping - Others - Gross Merchandise Value Trend Analysis, 2021-2030

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

- 12 United Kingdom Buy Now Pay Later in Home Improvement: Market Size and Forecast, 2021-2030
 - 12.1 United Kingdom Buy Now Pay Later Home Improvement - Gross Merchandise Value Trend Analysis, 2021-2030
 - 12.2 United Kingdom Buy Now Pay Later Home Improvement - Average Value Per Transaction Trend Analysis, 2021-2030
 - 12.3 United Kingdom Buy Now Pay Later Home Improvement - Transaction Volume Trend Analysis, 2021-2030

- 13 United Kingdom Buy Now Pay Later in Travel: Market Size and Forecast, 2021-2030
 - 13.1 United Kingdom Buy Now Pay Later Travel - Gross Merchandise Value Trend Analysis, 2021-2030
 - 13.2 United Kingdom Buy Now Pay Later Travel - Average Value Per Transaction Trend Analysis, 2021-2030
 - 13.3 United Kingdom Buy Now Pay Later Travel - Transaction Volume Trend Analysis, 2021-2030

- 14 United Kingdom Buy Now Pay Later in Media and Entertainment: Market Size and Forecast, 2021-2030
 - 14.1 United Kingdom Buy Now Pay Later Media and Entertainment - Gross Merchandise Value Trend Analysis, 2021-2030
 - 14.2 United Kingdom Buy Now Pay Later Media and Entertainment - Average Value Per Transaction Trend Analysis, 2021-2030
 - 14.3 United Kingdom Buy Now Pay Later Media and Entertainment - Transaction Volume Trend Analysis, 2021-2030

- 15 United Kingdom Buy Now Pay Later in Service: Market Size and Forecast, 2021-2030
 - 15.1 United Kingdom Buy Now Pay Later Service - Gross Merchandise Value Trend Analysis, 2021-2030
 - 15.2 United Kingdom Buy Now Pay Later Service - Average Value Per Transaction Trend Analysis, 2021-2030
 - 15.3 United Kingdom Buy Now Pay Later Service - Transaction Volume Trend Analysis, 2021-2030

- 16 United Kingdom Buy Now Pay Later in Automotive: Market Size and Forecast, 2021-2030
 - 16.1 United Kingdom Buy Now Pay Later Automotive - Gross Merchandise Value Trend Analysis, 2021-2030
 - 16.2 United Kingdom Buy Now Pay Later Automotive - Average Value Per Transaction Trend Analysis, 2021-2030
 - 16.3 United Kingdom Buy Now Pay Later Automotive - Transaction Volume Trend Analysis, 2021-2030

- 17 United Kingdom Buy Now Pay Later in Healthcare and Wellness: Market Size and Forecast, 2021-2030
 - 17.1 United Kingdom Buy Now Pay Later Healthcare and Wellness - Gross Merchandise Value Trend Analysis, 2021-2030
 - 17.2 United Kingdom Buy Now Pay Later Healthcare and Wellness - Average Value Per Transaction Trend Analysis, 2021-2030
 - 17.3 United Kingdom Buy Now Pay Later Healthcare and Wellness - Transaction Volume Trend Analysis, 2021-2030

- 18 United Kingdom Buy Now Pay Later in Others: Market Size and Forecast, 2021-2030
 - 18.1 United Kingdom Buy Now Pay Later Others - Gross Merchandise Value Trend Analysis, 2021-2030
 - 18.2 United Kingdom Buy Now Pay Later Others - Average Value Per Transaction Trend Analysis, 2021-2030
 - 18.3 United Kingdom Buy Now Pay Later Others - Transaction Volume Trend Analysis, 2021-2030

- 19 United Kingdom Buy Now Pay Later Analysis by Consumer Attitude and Behaviour, 2021-2030
 - 19.1 Buy Now Pay Later Spend Share by Age Group, 2024
 - 19.1.1 United Kingdom Buy Now Pay Later by Age Group - Gen Z (15-27) - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.1.2 United Kingdom Buy Now Pay Later by Age Group - Millennials (28-44) - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.1.3 United Kingdom Buy Now Pay Later by Age Group - Gen X (45 - 60) - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.1.4 United Kingdom Buy Now Pay Later by Age Group - Baby Boomers (60+) - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.2 Buy Now Pay Later Spend Share by Default Rate by Age Group, 2024
 - 19.3 Buy Now Pay Later Share by Income, 2024
 - 19.3.1 United Kingdom Buy Now Pay Later by Income Level - Tier 1 - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.3.2 United Kingdom Buy Now Pay Later by Income Level - Tier 2 - Gross Merchandise Value Trend Analysis, 2021-2030

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

19.3.3 United Kingdom Buy Now Pay Later by Income Level - Tier 3 - Gross Merchandise Value Trend Analysis, 2021-2030

19.4 Buy Now Pay Later Gross Merchandise Value Share by Gender, 2024

19.5 Buy Now Pay Later Adoption Rationale, 2024

19.6 United Kingdom Buy Now Pay Later Market - Spend by Monthly Expense Segments, 2024

20 Further Reading

20.1 About PayNXT360

20.2 Related Research

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

United Kingdom Buy Now Pay Later Business and Investment Opportunities - 75+ KPIs on BNPL Market Size, End-Use Sectors, Market Share, Product Analysis, Business Model, Demographics - Q1 2025 Update

Market Report | 2025-02-10 | 88 pages | PayNxt360

To place an Order with Scotts International:

- Print this form
- Complete the relevant blank fields and sign
- Send as a scanned email to support@scotts-international.com

ORDER FORM:

Select license	License	Price
	Single User Price	\$1500.00
	Multi User Price	\$1700.00
	Enterprise User Price	\$1900.00
		VAT
		Total

*Please circle the relevant license option. For any questions please contact support@scotts-international.com or 0048 603 394 346.

** VAT will be added at 23% for Polish based companies, individuals and EU based companies who are unable to provide a valid EU Vat Numbers.

Email*	<input type="text"/>	Phone*	<input type="text"/>
First Name*	<input type="text"/>	Last Name*	<input type="text"/>
Job title*	<input type="text"/>		
Company Name*	<input type="text"/>	EU Vat / Tax ID / NIP number*	<input type="text"/>
Address*	<input type="text"/>	City*	<input type="text"/>
Zip Code*	<input type="text"/>	Country*	<input type="text"/>
		Date	<input type="text" value="2026-03-02"/>

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

Signature

An empty rectangular box with a thin black border, intended for a signature.