

**United States 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**

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**Report description:**

According to PayNXT360, BNPL payment market in United States is expected to grow by 12.2% on annual basis to reach US\$122,268.9 million in 2025.

The BNPL market in the country experienced robust growth during 2021-2024, achieving a CAGR of 20.3%. This upward trajectory is expected to continue, with the market forecast to grow at a CAGR of 8.5% during 2025-2030. By the end of 2030, the BNPL sector is projected to expand from its 2024 value of USD 109,004.6 million to approximately USD 184,050.3 million.

This report provides a detailed data-centric analysis of the Buy Now Pay Later (BNPL) industry in United States, 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

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The BNPL market in the U.S. is on a strong growth trajectory, driven by increasing consumer adoption, the expansion of e-commerce, and the diversification of BNPL applications beyond retail. As more consumers seek flexible payment solutions, BNPL providers are forming strategic partnerships with merchants and service providers to meet this demand.

The entry of traditional financial institutions into the BNPL space is expected to reshape the competitive landscape, enhancing consumer trust and offering more regulated installment-based payment options. Established banks and credit card issuers are introducing BNPL features to retain existing customers and compete with fintech firms. As the sector evolves, regulatory oversight may also increase, ensuring responsible lending practices while maintaining the accessibility and convenience that have made BNPL an attractive option for U.S. consumers.

#### Continued Growth in BNPL Adoption

- This increase highlights a shift in consumer spending behavior as more shoppers seek flexible, short-term financing alternatives. The rising popularity of BNPL is particularly evident among younger consumers and those looking for alternatives to credit cards.
- The expansion of e-commerce has been a key driver of BNPL adoption, with major providers such as Affirm, Afterpay, and Klarna partnering with retailers to integrate installment payment options. Consumers are increasingly drawn to BNPL's interest-free structure, allowing them to manage purchases without accumulating high-interest debt. As more online and in-store retailers integrate BNPL solutions, its adoption is expected to rise across various shopping categories.
- As more providers enter the market, competition will intensify, leading to expanded services, lower fees, and deeper industry integration. Additionally, BNPL's expansion beyond retail into services such as healthcare and travel will drive wider adoption, reinforcing its role as a mainstream payment method.

#### Diversification of BNPL Applications

- The expansion of BNPL beyond traditional retail sectors is reshaping how consumers finance essential and high-value purchases. BNPL providers have begun offering installment payment options in industries such as healthcare and travel, allowing consumers to finance medical expenses, elective procedures, and vacation costs over time. These developments indicate that BNPL is no longer limited to retail shopping but is becoming a broader financial tool for managing major expenses.
- The demand for flexible payment solutions in high-value transactions is a key driver of this diversification. Consumers seek alternative financing options that do not involve traditional credit cards or personal loans. BNPL providers are adjusting their services to offer customized installment plans for different sectors, making expensive purchases more accessible and manageable for a wider range of consumers.
- Over the next 2-4 years, BNPL adoption will continue expanding into new industries, further embedding itself into the broader financial landscape. As BNPL becomes available for education, automotive, and professional services, its role as a mainstream financing solution will strengthen. This diversification will likely drive higher consumer spending, as installment-based payments enable greater affordability across multiple sectors.

#### Entry of Traditional Financial Institutions into BNPL

- Traditional financial institutions in the U.S. are expanding into the BNPL market to compete with fintech providers and retain customers seeking flexible payment options. American Express, for instance, offers "Plan It," a feature that allows cardholders to divide purchases into monthly installments with a fixed fee instead of interest. Other banks are expected to follow suit, integrating BNPL-like services within their credit card offerings or launching standalone installment payment solutions.
- The growing popularity of BNPL services has made it essential for traditional banks to adapt to stay competitive. Consumers are increasingly choosing short-term installment options over traditional credit cards, prompting banks to introduce BNPL features that align with evolving spending behaviors. By offering interest-free or low-fee installment plans, banks can appeal to a broader customer base while maintaining relevance in the rapidly changing payments industry.

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- Over the next 2-4 years, the involvement of traditional banks is expected to increase consumer trust and regulatory oversight in the BNPL market. The entry of established financial institutions could lead to stricter compliance measures, ensuring responsible lending practices while giving BNPL services greater legitimacy. As banks refine their BNPL offerings, the market will likely see further innovation, expanded adoption, and greater consumer financial security.

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

The BNPL market in the U.S. is expanding rapidly, driven by consumer demand for flexible financing options and strong e-commerce growth. Leading players such as Affirm, Afterpay, and Klarna continue to dominate the space, forming key partnerships with retailers to increase accessibility. Recent strategic moves, including Affirm's multi-billion-dollar financing agreements and Apple's integration of Klarna into Apple Pay, highlight the market's competitive nature. These developments indicate that BNPL providers are securing long-term capital and strengthening their presence in digital payment ecosystems.

However, with increased regulatory scrutiny from the CFPB, BNPL providers must adhere to stricter consumer protection standards, including dispute resolution and refund processing requirements. While regulations aim to create a more secure and responsible BNPL ecosystem, they may also challenge providers to adapt their business models. As competition intensifies and regulations evolve, BNPL firms must innovate while maintaining compliance, ensuring long-term sustainability in the U.S. market.

#### Current State of the BNPL Market

- The BNPL market in the U.S. has expanded significantly, fueled by increasing consumer demand for flexible payment options and the continued rise of e-commerce. As shoppers look for alternatives to credit cards, BNPL has become a mainstream payment option, particularly among younger consumers and online shoppers.
- Leading providers such as Affirm, Afterpay (owned by Block, Inc.), and Klarna have established a strong foothold by partnering with major retailers to integrate BNPL options at checkout. These companies continue to expand their offerings across multiple sectors, including travel, electronics, and fashion. As competition intensifies, new entrants and traditional financial institutions are also exploring BNPL solutions, further shaping the industry's future.

#### Key Players and New Entrants

- The U.S. BNPL market is dominated by key players such as Affirm, Afterpay (owned by Block, Inc.), and Klarna, each securing strong partnerships with major retailers to offer installment payment solutions. These companies have expanded their services beyond traditional retail, integrating BNPL options into the travel, healthcare, and electronics sectors. Their widespread adoption has fueled the growth of BNPL as a mainstream payment method, particularly among younger consumers who seek flexible financing options.
- New entrants and financial institutions are increasingly entering the BNPL space to compete with established players and capture a share of the growing market. Traditional banks such as American Express and Citibank have introduced BNPL-style installment plans for credit cardholders, while fintech startups and payment platforms such as Apple Pay (through Klarna) and PayPal's "Pay in 4" continue expanding their BNPL offerings. As competition intensifies, providers focus on differentiating their services through lower fees, extended repayment periods, and seamless digital integration to attract and retain customers.

#### Recent Launches, Mergers, and Acquisitions

- Affirm's Financing Agreements: In January 2025, Affirm expanded its partnership with Liberty Mutual Investments, securing up to \$750 million to bolster its consumer lending activities. This follows a \$4 billion commitment from Sixth Street Partners in December 2024 to enhance Affirm's lending capacity over the next three years.
- Apple's Integration of BNPL Services: In October 2024, Apple incorporated Klarna's BNPL service into Apple Pay, providing users

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with interest-free installment options. This move came after Apple discontinued its Pay Later service, signaling a strategic shift towards partnering with established BNPL providers.

## Outlook

- This rapid growth will likely drive increased competition among existing providers, leading to further innovation in BNPL offerings. Established players such as Affirm, Afterpay, and Klarna will continue to scale their services, while new entrants and traditional financial institutions will seek opportunities to capture market share.
- As BNPL adoption rises, providers are expected to diversify their offerings across industries such as travel, healthcare, and education to appeal to a broader consumer base. The market's expansion will also attract greater regulatory oversight, ensuring responsible lending and consumer protection. Over the next few years, BNPL firms must balance growth, compliance, and evolving consumer preferences to maintain a competitive edge in an increasingly crowded marketplace.

## Regulatory Changes

- The Consumer Financial Protection Bureau (CFPB) introduced new regulations in May 2024, applying credit card-like protections to BNPL providers. One of the key provisions is dispute resolution, which requires BNPL lenders to investigate consumer disputes and temporarily pause payment obligations during the investigation process. This change ensures that consumers have greater protection against fraudulent or incorrect charges, bringing BNPL services in line with traditional credit card protections.
- Another critical regulatory update focuses on refund processing, mandating that BNPL providers credit refunds to consumers for returned products or canceled services. This requirement addresses a growing concern among BNPL users who previously faced challenges obtaining timely refunds, particularly when dealing with multiple parties, such as merchants and lenders. These measures aim to enhance transparency and create a more consumer-friendly BNPL ecosystem.
- The CFPB's approach to enforcement includes a transition period, during which BNPL lenders will not face penalties if they make a good faith effort to comply with the new regulations. This allows providers time to adjust their systems and policies while ensuring a smoother consumer transition. Over the coming months, the regulatory landscape for BNPL is expected to continue evolving, with further oversight likely as the industry expands and becomes a more significant part of the U.S. financial ecosystem.

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