

## Payments, Processors &amp; IT Services

## BNPL Data Tracker – Holiday Edition

## Industry Overview

**BFCM growth rates generally still solid but slower vs. '22**

In this Holiday Edition of our Buy Now, Pay Later (BNPL) data tracker series, we analyze app download and daily active user (DAU) data provided by SensorTower. We look at this data both globally and in the US for the recent Black Friday and Cyber Monday (BFCM) week ended 11/27, compared with the same week in the prior month and the prior year. Y/Y and m/m growth rates decelerated vs. '22 for both downloads and DAUs, which is not surprising considering base effects. We continue to believe in the long-term prospects of the BNPL market, although some consumers may be tapping more heavily into BNPL due to stretched finances. BNPL providers will need to stay vigilant on underwriting.

**App downloads: AFRM led in m/m growth but lagged y/y**

During BFCM 2023, global BNPL app downloads increased 64% m/m to 1.6M, but decelerated modestly from 68% m/m growth in 2022. Affirm experienced the largest m/m increase in downloads, up 78% to 295K. However, this moderated from 90% last year, and reflected a 5% y/y decline globally (most other providers were up y/y). Klarna was the most downloaded app globally, while Afterpay slightly nudged out Affirm in the US. Overall US BNPL downloads declined 5% y/y. Among major pure-plays, Afterpay fared best with 3% growth, while Affirm/Klarna declined 10%/16%, respectively.

**DAUs: Klarna led globally, Afterpay led in the US**

Globally, DAUs increased 12% m/m during BFCM to 25.6M, decelerating modestly compared to 2022, where DAUs increased 16% m/m. Klarna remained the largest at 14.2M, increasing 15% m/m, followed by Afterpay at 6.7M, which grew 10% m/m. Affirm increased 3% m/m to 3.1M. Y/Y; all providers except Zip experienced DAU growth. In the US, DAUs grew 15% m/m to 12.7M, decelerating from 21% in 2022. Afterpay had the most US DAUs, increasing 10% m/m to 4.6M, followed by Klarna at 3.5M (up 20% m/m), and Affirm at 3.3M (15% m/m growth). Y/Y growth in US DAUs was led by Afterpay and Sezzle (both up 15%), with Affirm up 10%.

**Other BNPL spending data points during BFCM**

On 11/28/23, SQ reported that during BFCM, its Afterpay business saw a 19% y/y increase in BNPL purchases and 47% y/y growth in Afterpay transactions at Square sellers. Outside of fashion and beauty purchases, the largest Afterpay item categories were hardware, home and garden, arts and entertainment, office supplies, and electronics. Additionally, commentary from Adobe suggests \$8.3B was spent via BNPL in the month of November (through Cyber Monday), with Cyber Monday contributing \$940M of spending, up 42.5% y/y. Adobe's initial forecast called for BNPL spending of \$9.3B in November (+21% y/y) and \$17B for November + December (+17% y/y).

30 November 2023

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Timestamp: 30 November 2023 12:01AM EST

## Key BNPL themes this holiday season

In this Holiday Edition of our Buy Now, Pay Later (BNPL) data tracker series, we track app download data both within the US and globally via SensorTower to provide insights on broad-based user trends. We track app downloads and daily active users (DAUs) during the recent Black Friday and Cyber Monday (BFCM) sales week (November 20-27, 2023), as compared with the same week of the prior month (October 23-30, 2023).

Our report includes analysis on several key BNPL providers, including Affirm (AFRM), Afterpay (part of SQ), Klarna (privately held), Zip (ZIP AU), and Sezzle (SZL AU). The BFCM holiday period has traditionally been a driver of BNPL app download growth and increased usage frequency, and we believe this analysis provides a read-through into the seasonal strength of the Buy Now, Pay Later industry.

Based on the data below, we remain positive on the long-term prospects for the BNPL industry, as the product represents a genuine value proposition for both consumers (an easy-to-use and often interest-free form of installment payments that can enhance purchasing power) and merchants (who benefit from incremental sales enabled by BNPL).

We continue to believe there will be multiple long-term winners within the BNPL industry. While Afterpay is geared towards smaller purchases, Affirm and Klarna are more equipped to handle all ticket sizes. Affirm also offers loan products for customers and merchants with varying duration and interest rates.

Geographically, Affirm, Afterpay, Zip, and Sezzle have significant US market penetration while Klarna is comparatively strong in Europe. By merchant size, Affirm has differentiated itself as a partner of choice for larger enterprises, partnering with Amazon (AMZN), Shopify (SHOP), and Walmart (WMT).

## Black Friday & Cyber Monday continue to drive seasonal BNPL strength

Leveraging information provided by SensorTower, we have tracked app download and active user (daily and monthly) data across the recent Black Friday and Cyber Monday (BFCM) week. Our analysis shows that the holiday period continues to be a driver of seasonal growth in the industry.

### Comparing app downloads 2023 vs. 2022

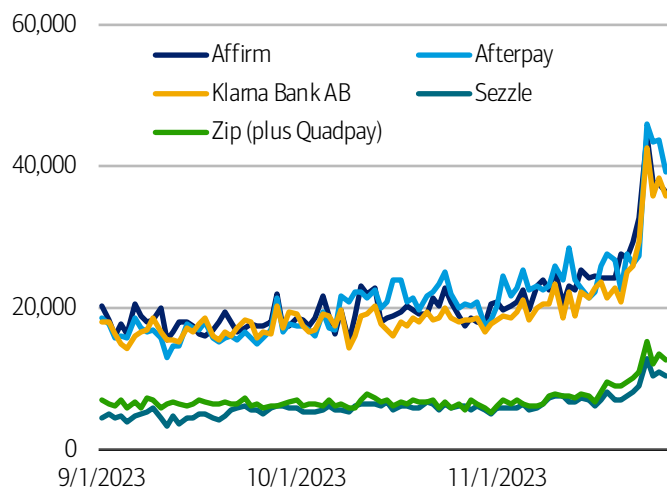
We compared the number of app downloads during the BFCM period with the same week in the month of October and performed this analysis for both 2023 and 2022. The data showed that BFCM positively impacted BNPL app downloads, which collectively increased 64% m/m in 2023 globally, decelerating from 68% m/m growth in 2022.

Within the US, downloads increased 71% m/m to 971.9K. This reflects deceleration vs. 83% m/m growth in 2022. Afterpay was the most downloaded provider among those we track, increasing 63% m/m to 276.2K, while Zip benefitted the most from the holiday period, growing downloads 85% m/m, albeit off a small base.

On a y/y basis, total US downloads declined 4.5% in 2023, representing deceleration from +4.4% y/y growth during BFCM 2022.

**Exhibit 1: US daily app downloads Sept 2023 – BFCM 2023**

This year, app downloads BFCM week increased 71% m/m

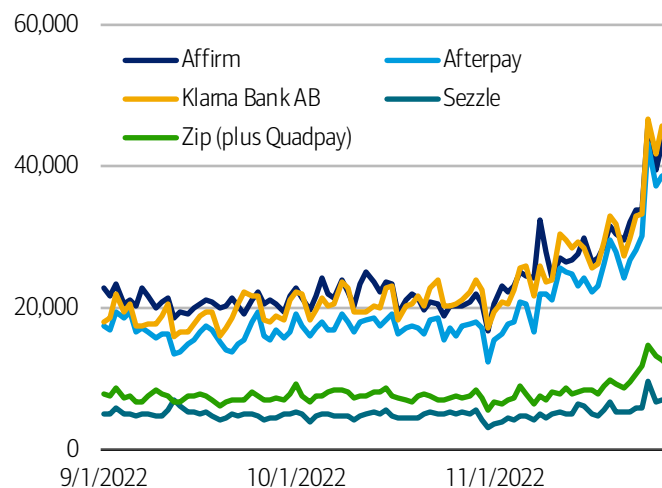


Source: SensorTower, BofA Global Research

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**Exhibit 2: US daily app downloads Sept 2022 – BFCM 2022**

Last year, app downloads BFCM week lifted 83% m/m, led by Klarna/Afterpay



Source: SensorTower, BofA Global Research

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**2022 app downloads:** Last year, BFCM had a significant positive impact on BNPL adoption (app downloads) for all app providers, with Afterpay and Affirm benefiting the most from the holiday period.

**2023 app downloads:** This year, BFCM continues to have a positive impact on app downloads both within the US and globally. Affirm experienced the largest benefit globally, while Zip increased the most in the US on a m/m basis.

**Exhibit 3: Global app downloads – uplift m/m from BFCM sales week (2023 vs 2022)**

Overall, global downloads during the week of BFCM increased 64% m/m

Total app downloads	BFCM week (2023)	October 2023 (same corresponding week)	m/m % increase	BFCM Week (2022)	October 2022 (same corresponding week)	m/m % increase
Affirm	294,726	165,993	78%	311,635	164,014	90%
Afterpay	389,102	240,674	62%	359,067	192,980	86%
Klarna Bank AB	727,478	456,060	60%	718,546	457,167	57%
Sezzle	83,232	51,451	62%	59,001	41,642	42%
Zip (plus Quadpay)	108,189	61,759	75%	112,335	73,057	54%
Total	1,602,727	975,937	64%	1,560,584	928,860	68%

Source: SensorTower

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**Exhibit 4: US app downloads – uplift m/m from BFCM sales week (2023 vs 2022)**

Overall, US downloads during the week of BFCM increased 71% m/m

Total app downloads	BFCM Week (2023)	October 2023 (same corresponding week)	m/m % increase	BFCM Week (2022)	October 2022 (same corresponding week)	m/m % increase
Affirm	272,824	154,360	77%	304,230	160,104	90%
Afterpay	276,190	169,386	63%	267,258	131,220	104%
Klarna Bank AB	253,991	146,868	73%	300,978	168,273	79%
Sezzle	75,861	47,518	60%	52,829	38,184	38%
Zip (plus Quadpay)	93,071	50,194	85%	92,646	58,070	60%
Total	971,937	568,326	71%	1,017,941	555,851	83%

Source: SensorTower

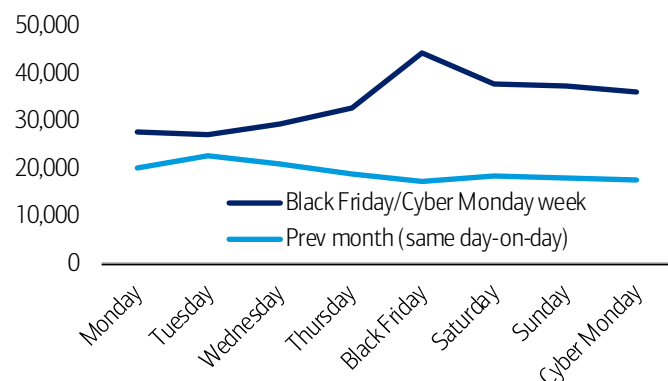
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## App download charts – by BNPL provider

### Affirm

#### Exhibit 5: Affirm 2023 Black Friday – US daily app downloads

Affirm's app downloads during BFCM week grew 77% m/m in 2023

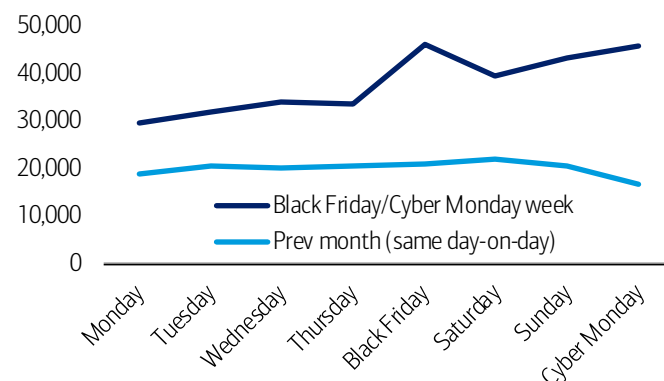


Source: SensorTower

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#### Exhibit 6: Affirm 2022 Black Friday – US daily app downloads

Affirm's app downloads during BFCM week grew 90% m/m in 2022



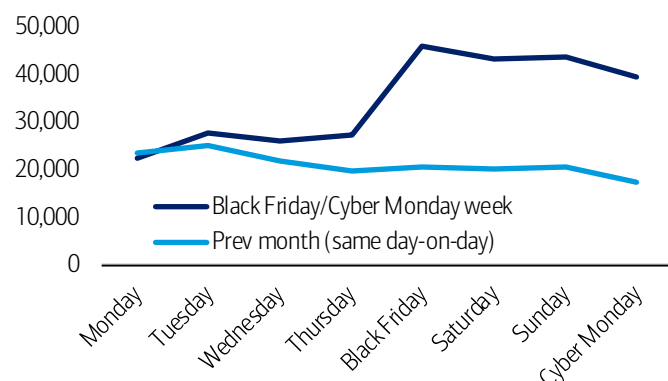
Source: SensorTower

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### Afterpay

#### Exhibit 7: Afterpay 2023 Black Friday – US daily app downloads

Afterpay's app downloads during BFCM week grew 63% m/m in 2023

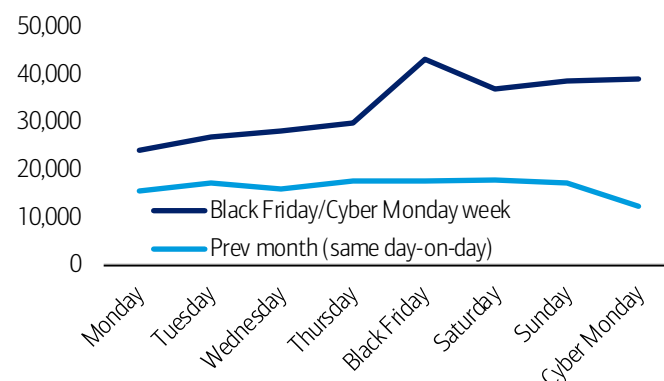


Source: SensorTower

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#### Exhibit 8: Afterpay 2022 Black Friday – US daily app downloads

Afterpay's app downloads during BFCM week grew 104% m/m in 2022



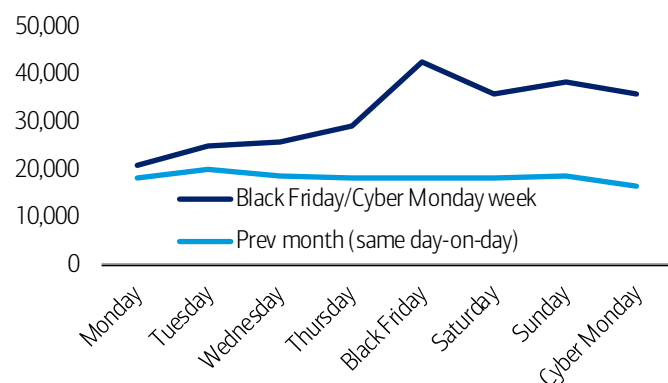
Source: SensorTower

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## Klarna

### Exhibit 9: Klarna 2023 Black Friday – US daily app downloads

Klarna's app downloads during BFCM week grew 73% m/m in 2023

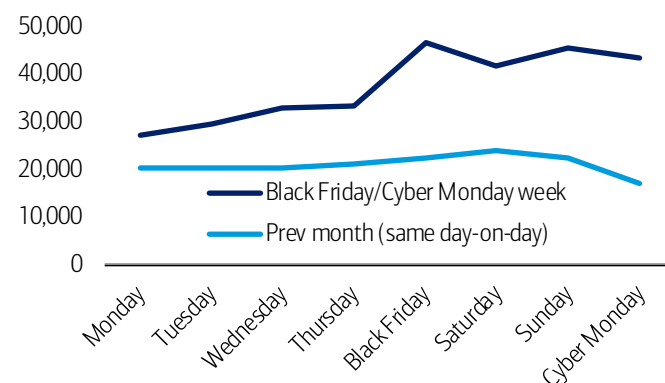


Source: SensorTower

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### Exhibit 10: Klarna 2022 Black Friday – US daily app downloads

Klarna's app downloads during BFCM week grew 79% m/m in 2022



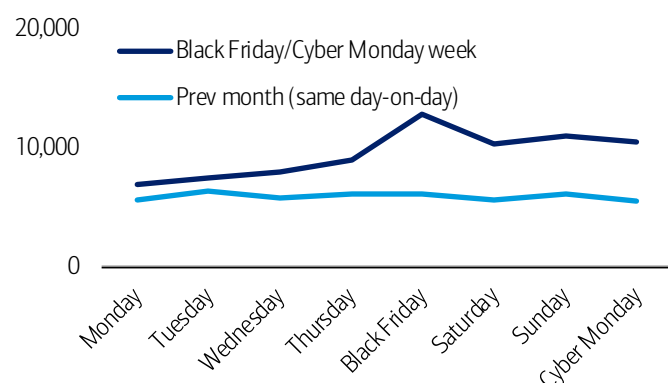
Source: SensorTower

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## Sezzle

### Exhibit 11: Sezzle 2023 Black Friday – US daily app downloads text

Sezzle's app downloads during BFCM week grew 60% m/m in 2023

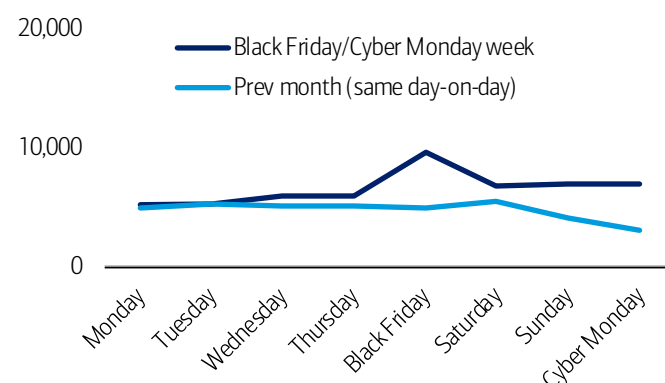


Source: SensorTower

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### Exhibit 12: Sezzle 2022 Black Friday – US daily app downloads

Sezzle's app downloads during BFCM week grew 38% m/m in 2022



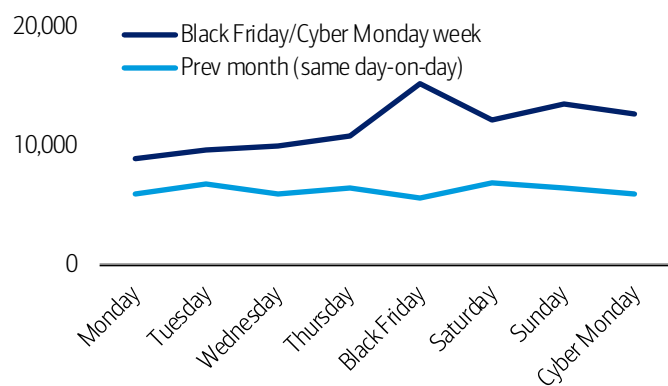
Source: SensorTower

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## Zip (and Quadpay)

### Exhibit 13: Zip 2023 Black Friday – US daily app downloads

Zip's app downloads during BFCM week grew 85% m/m in 2023

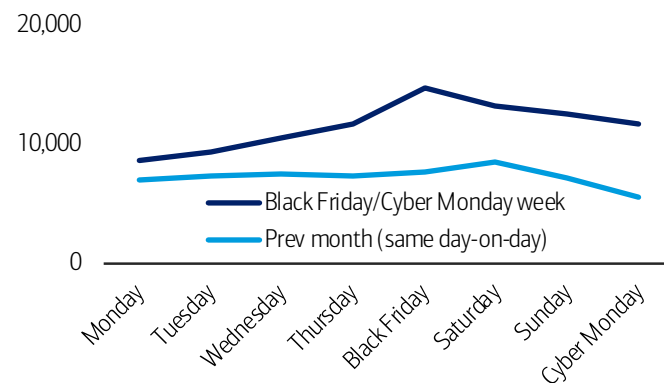


Source: SensorTower

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### Exhibit 14: Zip 2022 Black Friday – US daily app downloads

Zip's app downloads during BFCM week grew 60% m/m in 2022



Source: SensorTower

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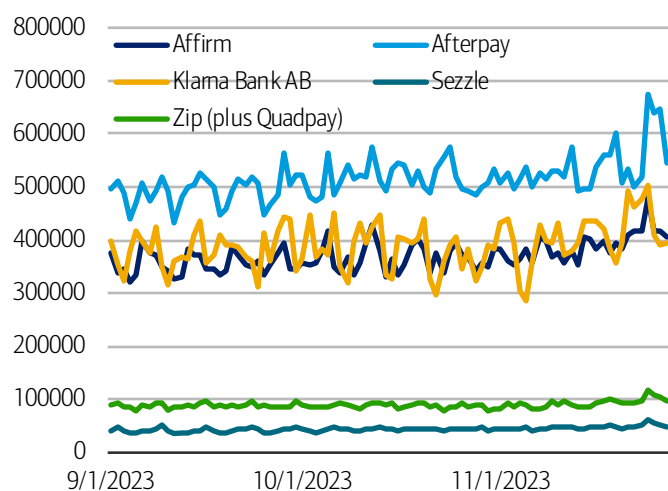
## Analyzing Daily Active Users (DAUs)

We also conducted a similar analysis on daily active users (DAUs) across BNPL providers. The global month-over-month increase in global DAUs in 2023 decelerated ~400bps but remained positive at 12%. Growth was led by Sezzle, which increased 18% m/m off a small base, while Klarna remained the largest at 14.2M users (increasing 15% m/m in 2023).

Within the US, total growth of 15% m/m to 12.7M represents modest deceleration vs. 21% m/m growth in 2022. Growth was led by Klarna, which grew 20% m/m to 3.5M. Afterpay remained the largest by DAUs and increased 10% m/m to 4.6M. On a y/y basis, US DAUs increased 6% vs. 19% growth in 2022.

### Exhibit 15: US daily active users Sept 2023 – BFCM 2023

DAUs increased during BFCM, with Klarna and Sezzle growing most m/m

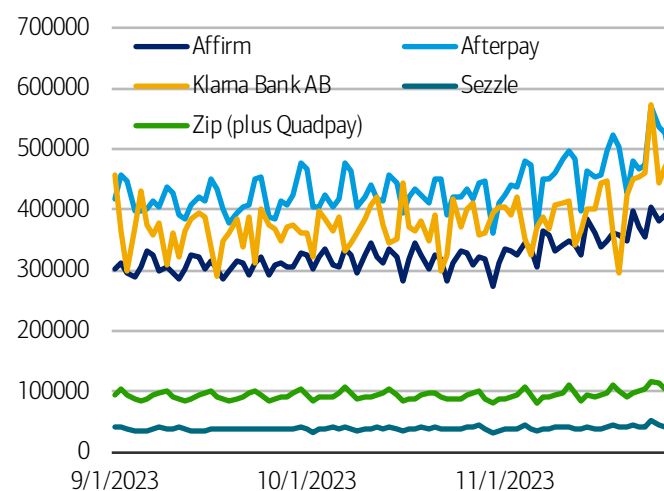


Source: SensorTower

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### Exhibit 16: US daily active users Sept 2022 – BFCM 2022

Month-over-month DAU growth was led by Klarna and Affirm



Source: SensorTower

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**2022 daily active users:** Last year, BFCM had a positive impact on the number of daily active users across BNPL providers, with global growth led by Affirm and US m/m growth led by Klarna.

**2023 daily active users:** This year, BFCM had a positive but decelerating impact on daily active users from the key BNPL providers we track. Globally, Sezzle experienced the most significant m/m increase, and while Klarna experienced the largest m/m increase within the US, it also declined the most y/y.

#### Exhibit 17: Global daily active users – uplift m/m from BFCM sales week (2023 vs 2022)

Overall, global DAUs during the week of BFCM increased 12% m/m

Total DAU	BFCM week (2023)	October 2023 (same corresponding week)	m/m % increase	BFCM week (2022)	October 2022 (same corresponding week)	m/m % increase
Affirm	3,124,745	3,043,686	3%	3,058,194	2,490,934	23%
Afterpay	6,721,537	6,111,200	10%	5,856,152	5,082,184	15%
Klarna Bank AB	14,182,764	12,339,288	15%	13,565,209	11,737,626	16%
Sezzle	446,625	378,025	18%	387,791	340,839	14%
Zip (plus Quadpay)	1,156,697	1,030,576	12%	1,249,608	1,127,595	11%
Total	25,632,368	22,902,775	12%	24,116,954	20,779,178	16%

Source: SensorTower

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#### Exhibit 18: US daily active users – uplift m/m from BFCM sales week (2023 vs 2022)

Overall, US DAUs during the week of BFCM increased 15% m/m

Total DAU	BFCM week (2023)	October 2023 (same corresponding week)	m/m % increase	BFCM week (2022)	October 2022 (same corresponding week)	m/m % increase
Affirm	3,348,205	2,901,122	15%	3,034,331	2,477,490	22%
Afterpay	4,566,902	4,133,771	10%	3,959,538	3,333,130	19%
Klarna Bank AB	3,526,174	2,950,396	20%	3,765,913	3,046,913	24%
Sezzle	409,630	347,237	18%	354,975	312,546	14%
Zip (plus Quadpay)	804,344	692,789	16%	830,604	728,086	14%
Total	12,655,255	11,025,315	15%	11,945,361	9,898,165	21%

Source: SensorTower

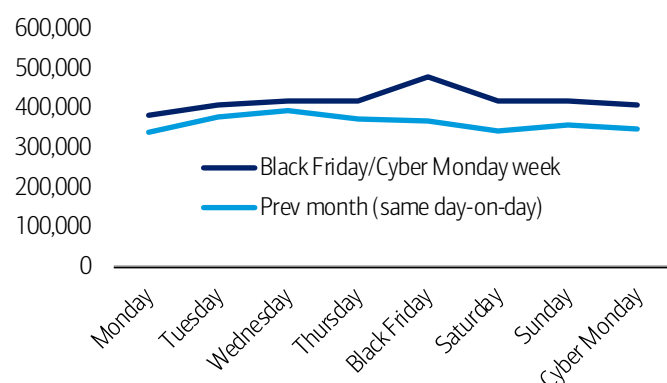
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## App DAU charts – by BNPL provider

### Affirm

#### Exhibit 19: Affirm 2023 Black Friday – daily active users

Affirm's DAUs grew 15% m/m through BFCM in 2023

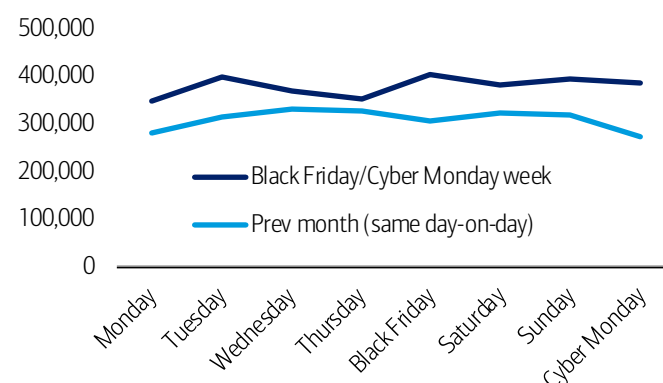


Source: SensorTower

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#### Exhibit 20: Affirm 2022 Black Friday – daily active users

Affirm's DAUs grew 22% m/m through BFCM in 2022



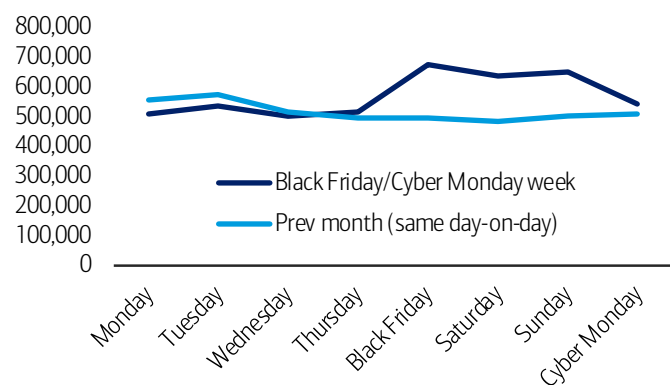
Source: SensorTower

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## Afterpay

### Exhibit 21: Afterpay 2023 Black Friday – daily active users

Afterpay's DAUs grew 10% m/m through BFCM in 2023

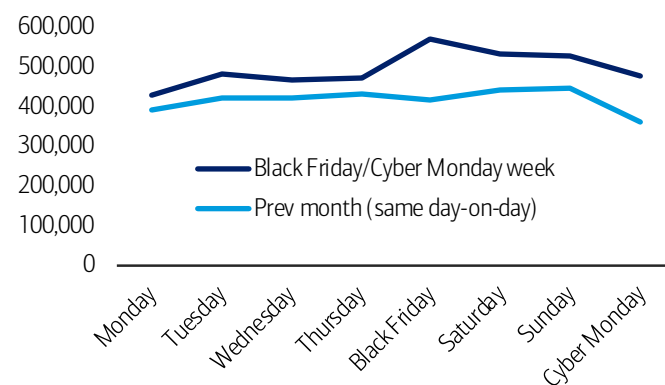


Source: SensorTower

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### Exhibit 22: Afterpay 2022 Black Friday – daily active users

Afterpay's DAUs grew 19% m/m through BFCM in 2022



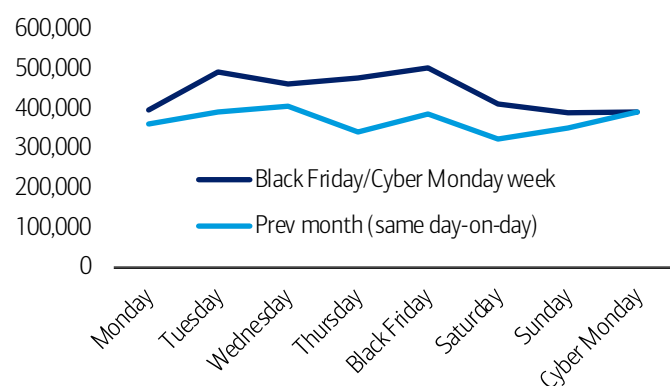
Source: SensorTower

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## Klarna

### Exhibit 23: Klarna 2023 Black Friday – daily active users

Klarna's DAUs grew 20% m/m through BFCM in 2023

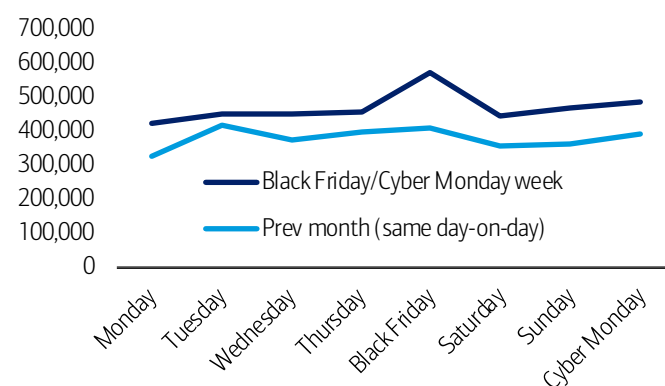


Source: SensorTower

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### Exhibit 24: Klarna 2022 Black Friday – daily active users

Klarna's DAUs grew 24% m/m through BFCM in 2022



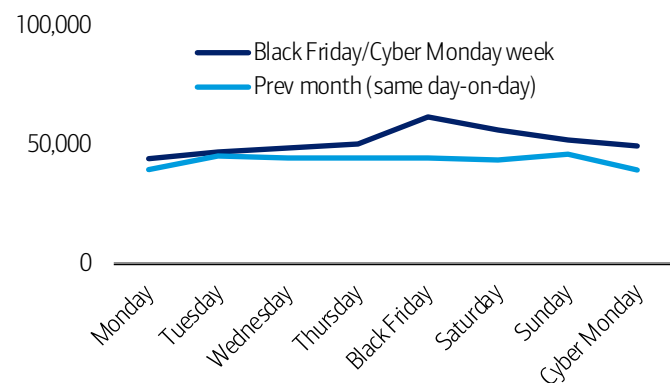
Source: SensorTower,

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## Sezzle

### Exhibit 25: Sezzle 2023 Black Friday – daily active users

Sezzle's DAUs grew 18% m/m through BFCM in 2023

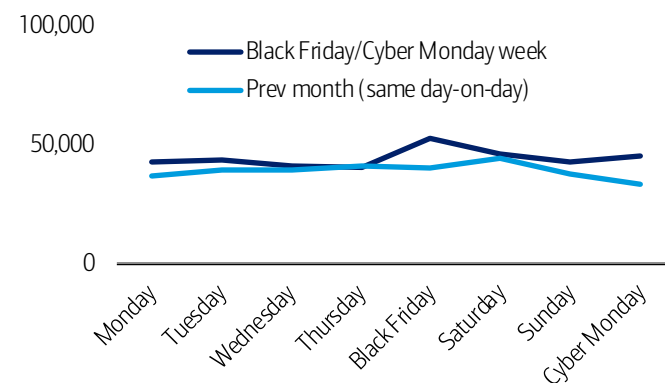


Source: SensorTower

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### Exhibit 26: Sezzle 2022 Black Friday – daily active users

Sezzle's DAUs grew 14% m/m through BFCM in 2022



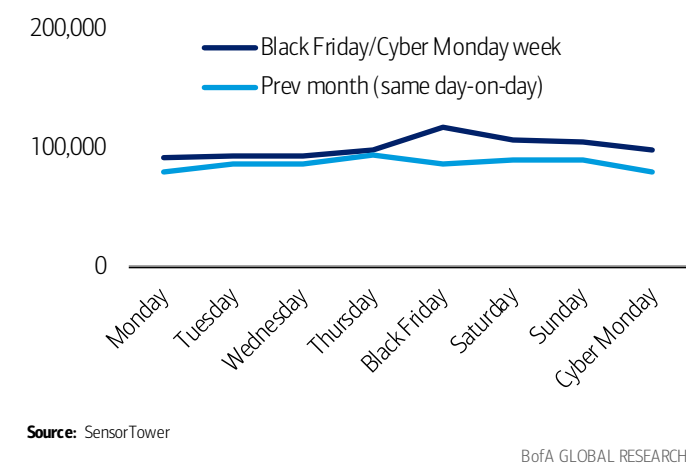
Source: SensorTower

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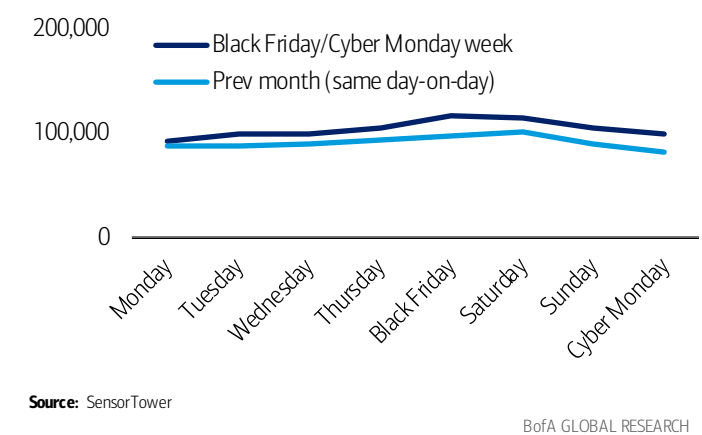


Zip (and Quadpay)

**Exhibit 27: Zip 2023 Black Friday – daily active users**  
Zip’s DAUs grew 16% m/m through BFCM in 2023



**Exhibit 28: Zip 2022 Black Friday – daily active users**  
Zip’s DAUs grew 14% m/m through BFCM in 2022



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