



Survey of Household Economics & Decisionmaking

Who uses BNPL, why, and what for

Alicia Lloro and Anna Tranfaglia

June 24, 2026

The information, analysis, and conclusion set forth are those of the presenter and do not necessarily indicate concurrence by the Board of Governors of the Federal Reserve System

BACKGROUND

BNPL on SHED

- Nationally representative survey of over 12,000 adults
- Conducted each fall
- Asked about Buy Now, Pay Later (BNPL) since 2021
- Matched with credit data from Experian since 2023
 - Respondents asked for permission to link their survey responses to their credit bureau information to better understand their financial circumstances
 - Approximately 57% of SHED respondents gave permission and were successfully matched to their credit record

BACKGROUND

BNPL mechanics

- Pay-in-four (4 equal payments over 6 weeks)
- For a \$100 purchase, consumer pays \$25 at checkout, then makes three biweekly installment payments of \$25
 - Automatic repayment required
 - Lenders confirm through the debit/credit card networks that borrowers have sufficient funds to pay off the loan in their account at the time of purchase
 - Consumers typically do not owe the BNPL lender interest or fees if terms are met
 - That said, BNPL payments can trigger bank overdraft/NSF fees
 - 11 percent of BNPL users incurred an overdraft/NSF fee with their bank because of a BNPL payment

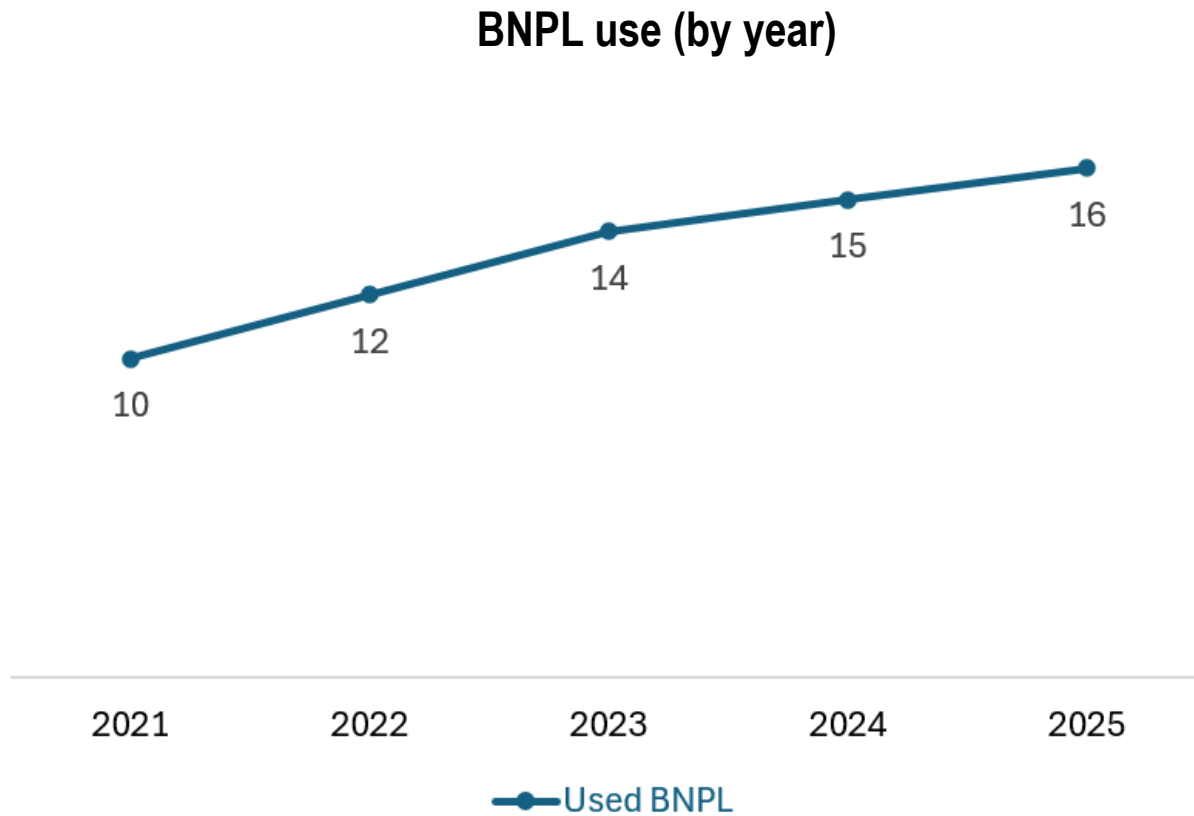
BACKGROUND

BNPL underwriting

- Lenders typically employ a “low and slow” approach, offering small initial loans and, upon successful repayment, permitting larger loan amounts
 - Soft credit pull for initial BNPL loan
 - Subsequent loans are commonly underwritten using individual borrowers’ repayment data
- Most BNPL loans are ultimately repaid (in 2023 1.8 percent of loans were charged off)
- Pay-in-four loans generally not reported to 3 major credit bureaus and NOT used in FICO scores

BACKGROUND

BNPL use has increased steadily since 2021

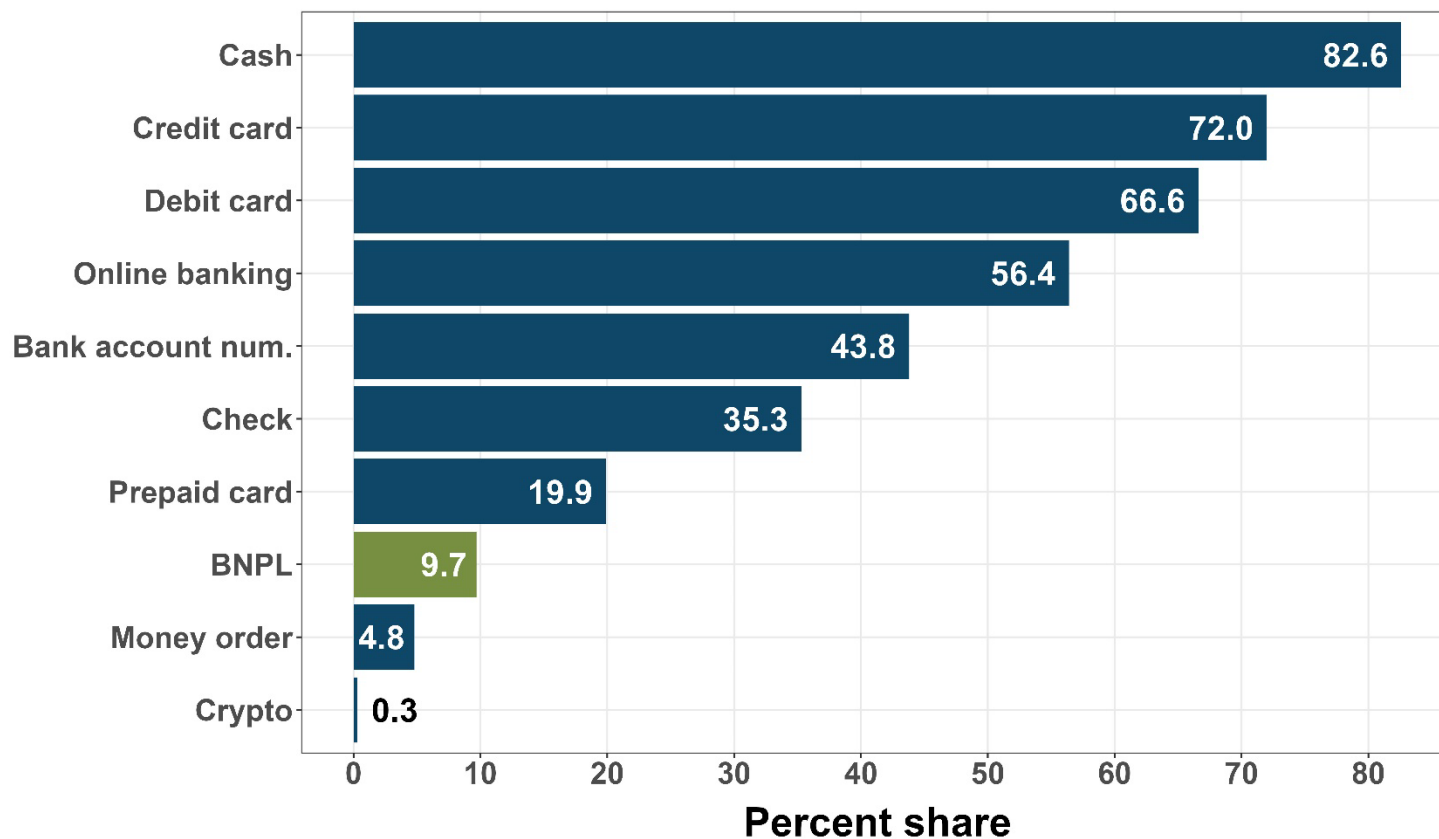


Note: Values are percentages. Among all adults.
Source: Authors' calculations using the 2021 to 2025 SHED

SURVEY & DIARY OF CONSUMER PAYMENT CHOICE

As a payment method, BNPL is a small player

Share of consumers using each payment method in the past 30 days, 2024



Note: Values are percentages of US consumers aged 18+. Source: 2024 DCPC

WHO USES BNPL AND WHY

Credit and liquidity constrained consumers most likely to use BNPL

BNPL use (by credit characteristics)

Characteristic	Used BNPL
Credit Score	
< 620	30
620 - 659	29
660 - 719	24
> 720	10
Credit card limit	
\$5,000 or less	31
\$5,000–\$9,999	18
\$10,000–\$24,999	15
\$25,000–\$49,999	11
\$50,000 or more	11
Credit card utilization	
Less than 10%	8
10%–25%	14
25%–50%	20
50%–75%	26
75%–100%	35

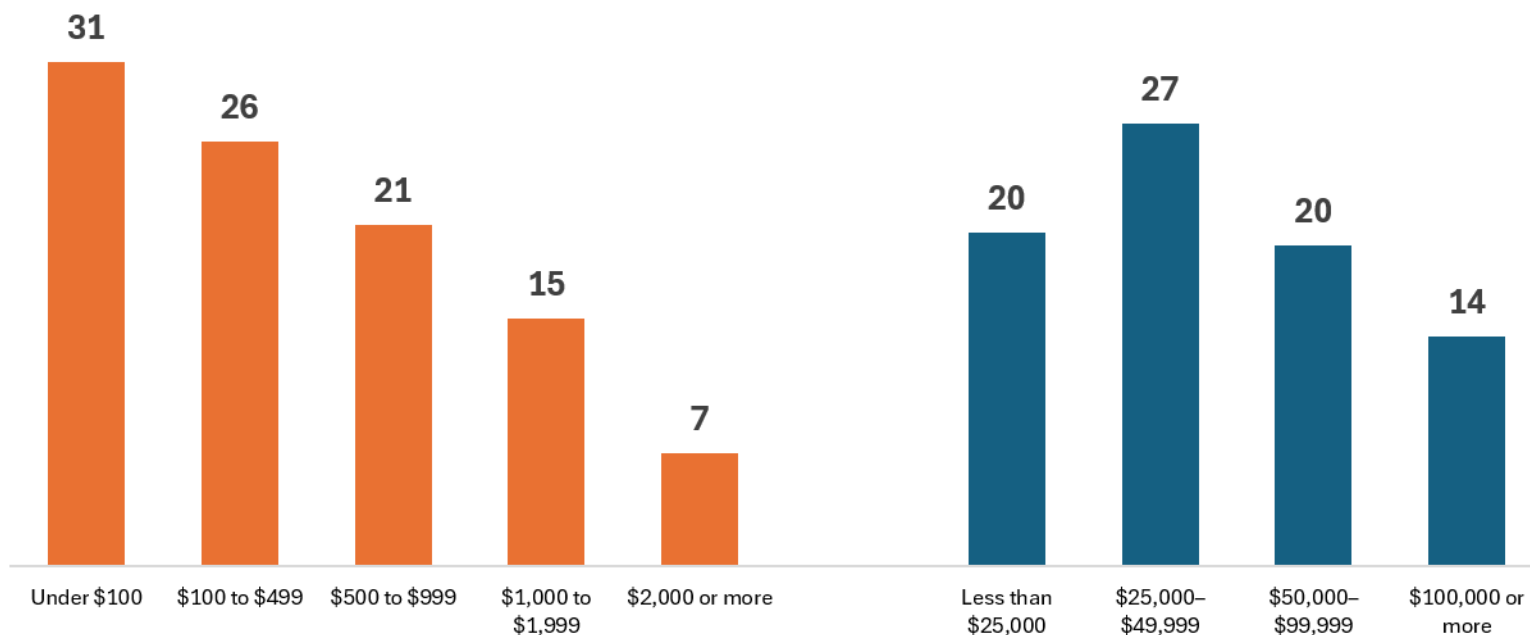
Note: Values are percentages. Among all adults.

Source: Authors' calculations using the 2023 SHED credit-merge sample. Credit score is VantageScore 4.0

WHO USES BNPL AND WHY

Credit and liquidity constrained consumers most likely to use BNPL

BNPL use (by amount of emergency savings and family income)



Note: Values are percentages. Among all adults.
Source: Authors' calculations using the 2025 SHED

WHO USES BNPL AND WHY

Top two “main” reasons for using BNPL involve managing cash flow and affordability

Main reason for using BNPL

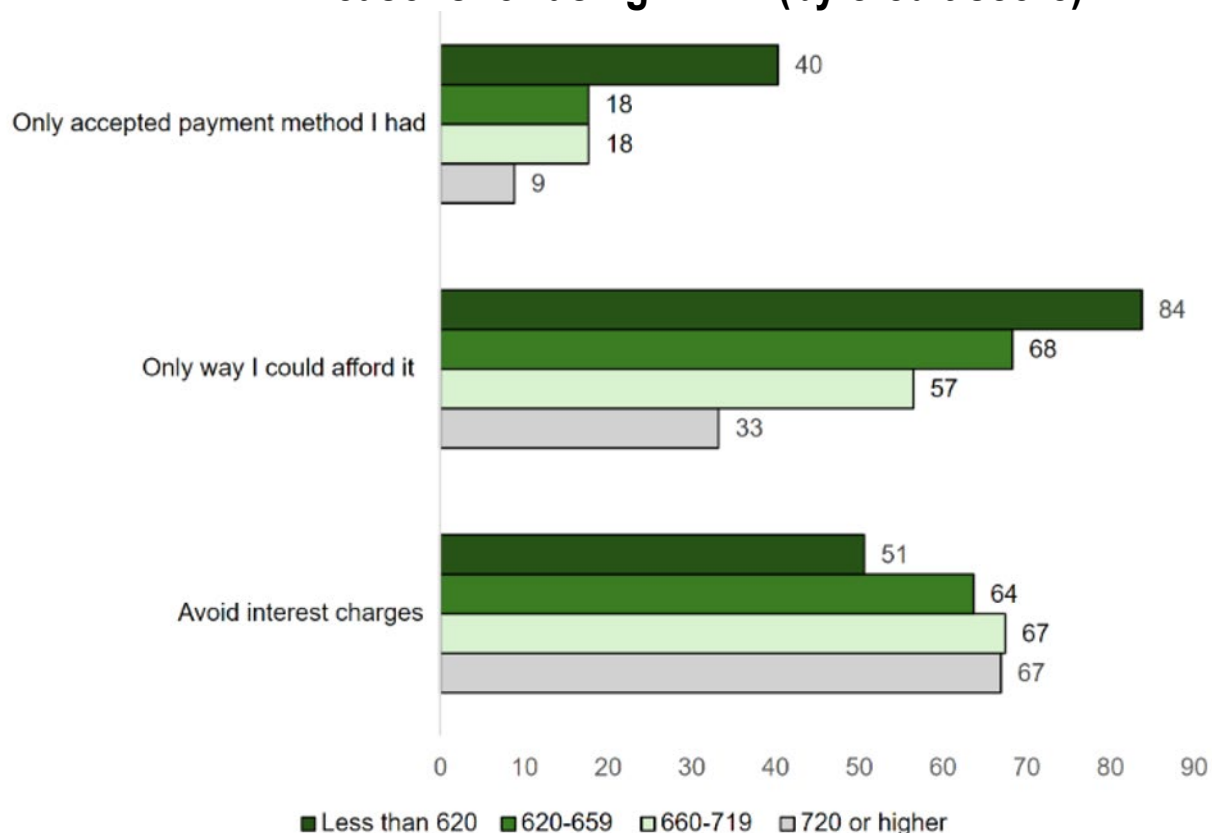
Reason	
Wanted to spread out payments	32
Only way I could afford it	30
Avoid interest charges	16
Convenience	13
Did not want to use a credit card	4
Wanted a fixed number of payments	3
Only accepted payment method I had	1

Note: Values are percentages. Among BNPL users.
Source: Authors' calculations using the 2025 SHED

WHO USES BNPL AND WHY

BNPL users with low credit scores tend to use BNPL out of necessity

Reasons for using BNPL (by credit score)



Note: Values are percentages. Among BNPL users. Respondents could select multiple reasons.
 Source: Authors' calculations using the 2023 SHED credit-merge sample. Credit score is VantageScore 4.0

WHO USES BNPL AND WHY

Black and Hispanic adults and women were more likely to use BNPL

- Differences by race/ethnicity and gender remain even after controlling for other factors like income, age, and credit score
- Black and Hispanic women were particularly likely to use BNPL

BNPL use (by demographic characteristics)

Characteristic	Used BNPL
Age	
18–29	22
30–44	21
45–59	17
60+	9
Race/ethnicity	
White	12
Black	29
Hispanic	26
Asian	11
Male/female	
Male	14
Female	19

Note: Values are percentages. Among all adults.
Source: 2025 SHED

WHO USES BNPL AND WHY

Black and Hispanic adults cite “convenience” at higher rates than White adults

Main reason for using BNPL (by race and ethnicity)

Reason	White	Black	Hispanic
Wanted to spread out payments	34	31	30
Only way I could afford it	30	28	33
Avoid interest charges	19	10	16
Convenience	9	19	16
Did not want to use a credit card	5	6	3
Wanted a fixed number of payments	2	4	2
Only accepted payment method I had	1	1	1

Note: Values are percentages. Among BNPL users.
Source: Authors' calculations using the 2025 SHED

WHAT DO PEOPLE BUY WITH BNPL

Nearly half of BNPL users bought clothing or accessories

Types of purchases made using BNPL

<i>Purchase category</i>	
Clothing or accessories	49
Electronics	32
Furniture or appliances	26
Groceries or food delivery	20
Travel expenses	19
Medical or veterinary procedures	8
Other	16

Note: Values are percentages. Among BNPL users.
Source: Authors' calculations using the 2025 SHED

WHAT DO PEOPLE BUY WITH BNPL

Lower income BNPL users more commonly used BNPL for groceries or food delivery

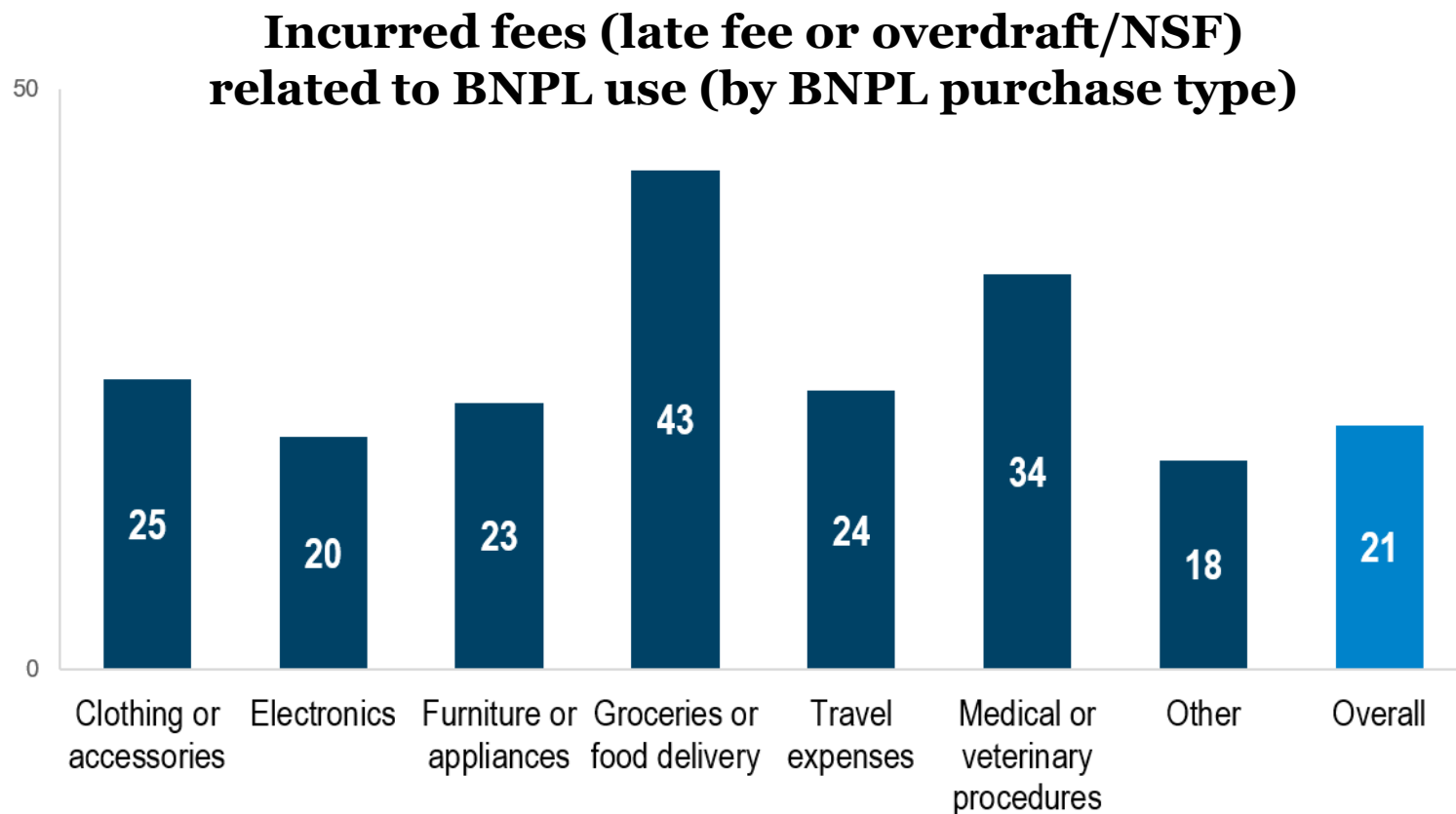
Types of purchases made using BNPL (by income and sex)

<i>Purchase category</i>	<i>Income</i>			<i>Male/Female</i>	
	<i>Less than \$50,000</i>	<i>\$50,000-\$99,999</i>	<i>\$100,000 or more</i>	<i>Men</i>	<i>Women</i>
Clothing or accessories	51	50	44	38	56
Electronics	33	32	32	42	25
Furniture or appliances	25	28	27	27	26
Groceries or food delivery	29	19	9	18	22
Travel expenses	13	23	24	18	19
Medical or veterinary procedures	9	8	7	8	8
Other	15	17	18	18	15

Note: Values are percentages. Among BNPL users.
Source: Authors' calculations using the 2025 SHED

WHAT DO PEOPLE BUY WITH BNPL

BNPL users who bought groceries or food delivery services more likely to pay extra fees



Note: Values are percentages. Among BNPL users.
Source: Authors' calculations using the 2025 SHED

CONCLUSION

Recap and conclusion

- Black and Hispanic adults continue to use the product at relatively high rates, in part, out of convenience
- Credit and liquidity constrained consumers are among most likely to use BNPL and to have used it for affordability/necessity reasons
- Consumers using BNPL for groceries or food delivery services disproportionately had lower income and were more likely to incur fees
- Taken together, these results suggest that while some find BNPL a convenient way to spread out payments, others are struggling to cover essentials and are experiencing repayment difficulties that lead to extra fees.



June 24, 2026

Institute for Research on Poverty

Navigating Fintech: Inclusion, Innovation, and “Buy Now, Pay Later”



**THE HOUSING FINANCE
POLICY CENTER AT
THE URBAN INSTITUTE**

*Celebrating Ten Years of
Data and Innovation for
a More Equitable Future*

[Local News](#)

Buy now, pay later services offer short-term convenience, but they could end up costing you. Here's how.

By [Mahsa Saeidi](#), [Walter Smith Randolph](#)
June 22, 2026 / 9:49 AM EDT / CBS New York

[Add CBS News on Google](#)

As costs continue to rise, more families are stretching their budgets by using "[buy now, pay later](#)" (BNPL) services that let shoppers split payments into smaller installments.

5 ON YOUR SIDE News Weather Sports

← ADVERTISE WITH US WEATHER FORECAST STREAM 5+ CONTESTS AS SE

Buy-now, pay-later loans increasingly used for groceries, clothes and essentials



MAKE MORE OF YOUR MONEY
8-week series

REAL ESTATE LISTINGS
Check home prices

USA 250
Most iconic US brands

[MONEY](#)

Residential Rentals

[Add Topic +](#)

Rent is crushing Americans. Now some companies say: Pay later



[Andrea Riquier](#)
USA TODAY

May 3, 2026 | Updated May 5, 2026, 3:47 p.m. ET



Home » HUD Seeking Information About Impact Buy Now, Pay Later Has On Housing Expenses

HUD seeking information about impact Buy Now, Pay Later has on housing expenses

By [John L. Culhane, Jr.](#) & [Richard J. Andreano, Jr.](#) on July 7, 2025

POSTED IN [BUY NOW PAY LATER](#), [HUD](#)

Report Authors



Chris Wheat

President, JPMorganChase
Institute



Makada Henry-Nickie

Housing Finance Research
Director, JPMorganChase
Institute



Anthony Francisco

Housing Finance Senior
Associate



Michael Neal

Senior Fellow, Housing
Finance Policy Center, Urban
Institute



Scott Kim

Former Housing Finance
Research Associate

What is Buy Now, Pay Later (BNPL)

- With BNPL, a person can purchase something with little or no initial payment and pay off the balance over a small number of payments.
- Unlike credit cards, most BNPL loans do not require a hard credit inquiry and often aren't reported to major credit bureaus, so their use may not uniformly affect credit characteristics
 - Reports show purchase volumes rose from roughly \$2 billion in 2019 to over \$75 billion by 2023 (CFPB 2022, Ngo 2024)
 - In 2024, BNPL transaction volume was roughly 2.7 percent of large-bank consumer card purchase volume (Federal Reserve Bank of Philadelphia 2026; Broadbent 2025).
 - As of 2022 about one in five consumers had used BNPL at least once (CFPB 2023)

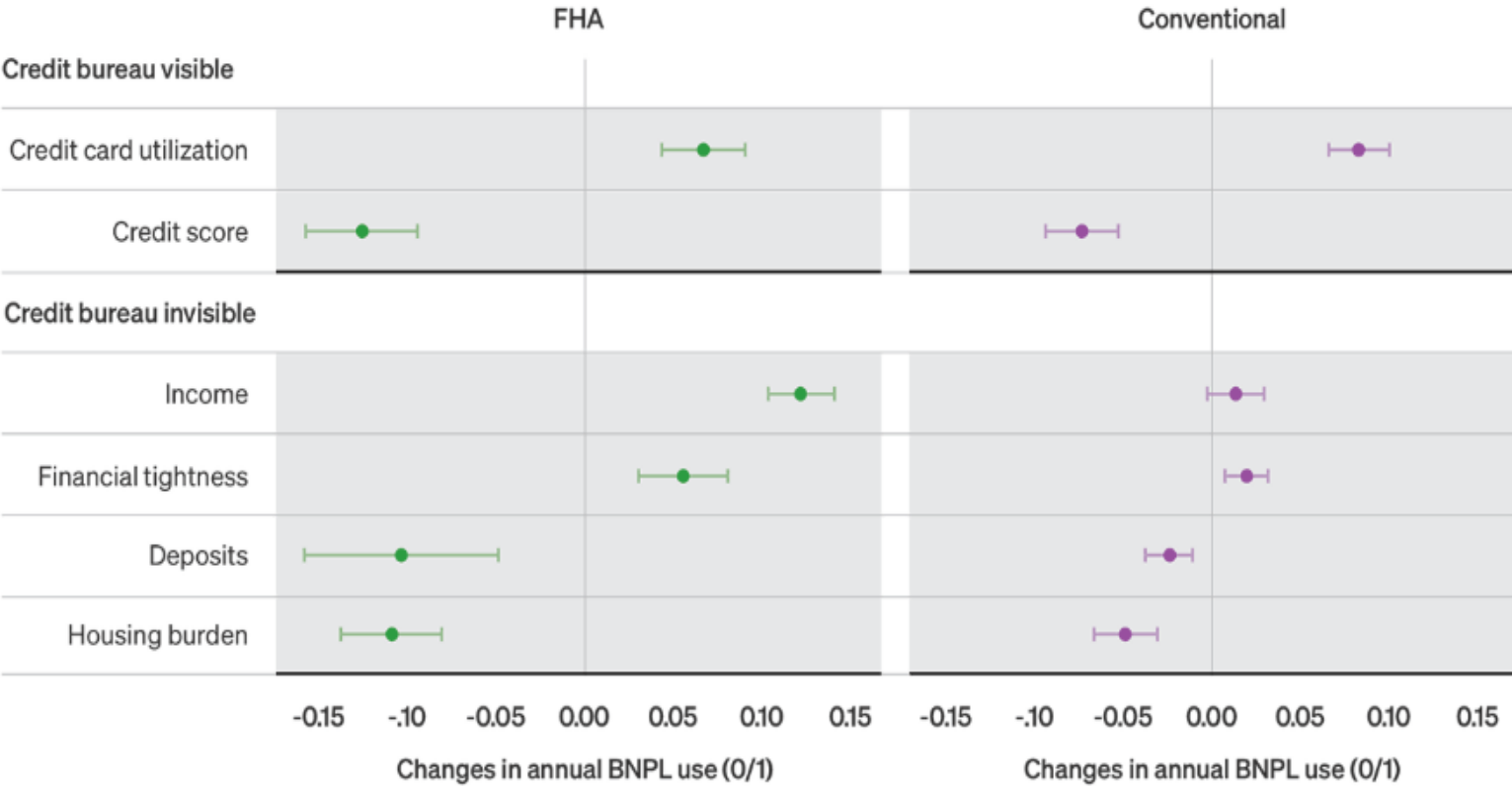
Mortgage Lending

- Mortgage Underwriting: Determining a borrower(s) ability to repay the loan
 - Borrower Characteristics: Debt-to-income ratio, credit score, down payment (down payment share is generally inversely related to the Loan-to-value ratio)
- Payment Shocks:
 - Shocks such as the loss of employment can impact the ability of a borrower to repay their mortgage
- Mortgage Performance
 - The lack of payment can result in delinquency and, potentially, foreclosure.

Data and Methods

- Data: JPMorganChase transactions data linked with credit bureau data between 2019 and 2023.
- Focus exclusively on “Pay-in-4” loans and exclude longer-term BNPL plans often used for large durable purchases.
- A BNPL user if the linked transactions show at least one Pay-in-4 plan
- **Frequent users** as those averaging two or more Pay-in-4 series per year after their first use of BNPL and comprise 58.5 percent of our overall sample.

Key Finding 1



- BNPL among homeowners is higher for those with maxed credit cards and tight budgets and lower for those with larger savings buffers.

Note: Estimates show changes in binary BNPL use (0/1), at the annual level, associated with standard deviation changes across various credit bureau visible/invisible variables. We employ a logistic regression model with time fixed effects and within-person means of the covariates across all time periods. Standard errors are clustered at the individual level. Associations reflect within-person year-to-year changes and should not be interpreted as causal. Please refer to Appendix Table A1 for further details.

Source: JPMorganChase Institute

But there are limits...

Dependent Variable:	Annual Pay-in-4 BNPL Spend (Log)	Annual Pay-in-4 BNPL Spend (Log)
Model:	FHA	Conventional
Panel A: Interaction Effects		
Credit Card Utilization	0.7059*** (0.0349)	0.5431*** (0.0273)
Financial Tightness	1.361*** (0.0574)	0.7483*** (0.0297)
Credit Card Utilization X Financial Tightness	-0.6183*** (0.0867)	-0.3953*** (0.0603)

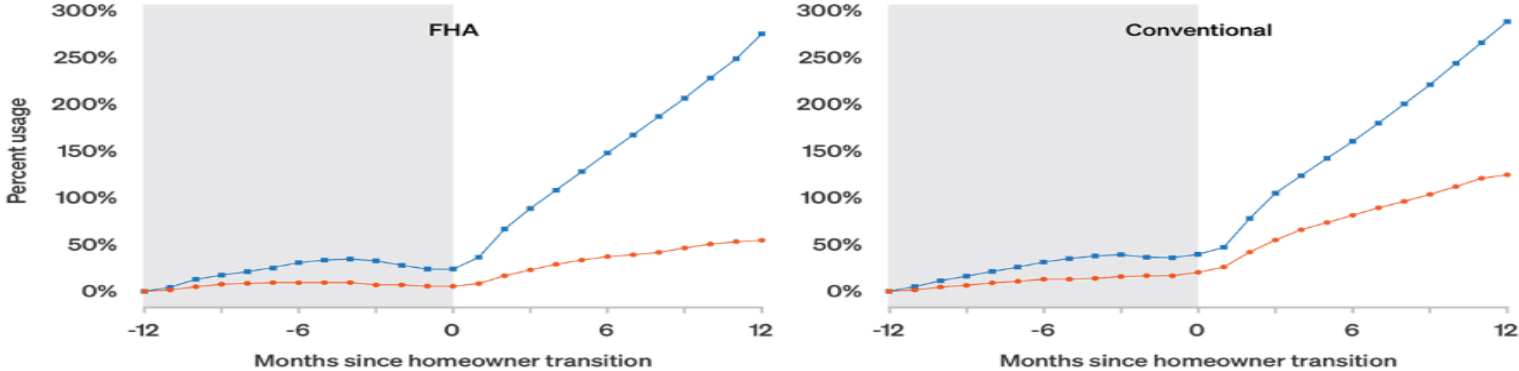
- While BNPL increases with credit card utilization and financial tightness. As both increase together (higher utilization increases tightness) BNPL use declines.

Key Finding 2

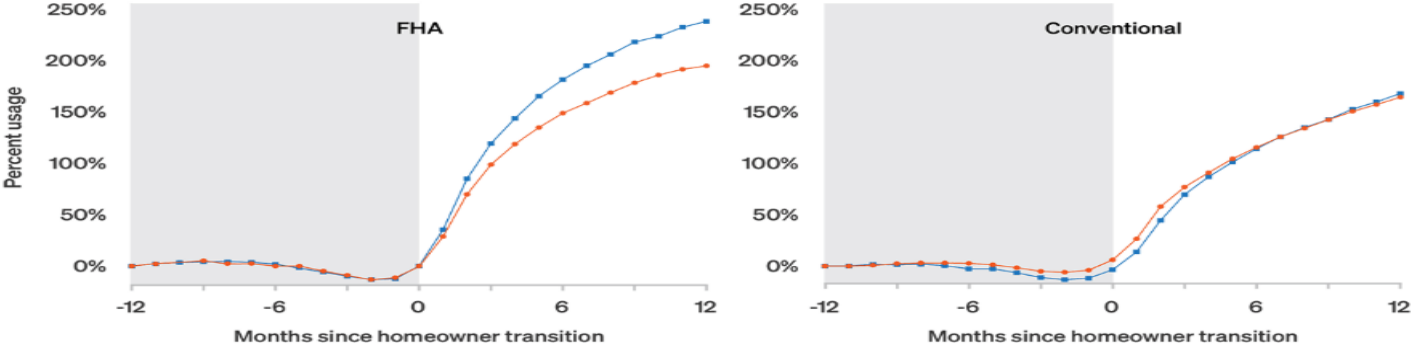
BNPL and credit card balances around homeowner transition

● Infrequent BNPL Users ■ Frequent BNPL Users

(a) BNPL share of outflows



(b) Credit card balances



Note: To examine BNPL use patterns during periods surrounding home purchase, we estimate OLS regressions with person and year fixed effects, to examine changes in BNPL and credit card balances 12 months before and after mortgage application by loan type. Panel A shows the results for BNPL share of total outflows, while Panel B shows the results for credit card balances. We use 12 months before mortgage application as the reference point.

Source: JPMorganChase Institute

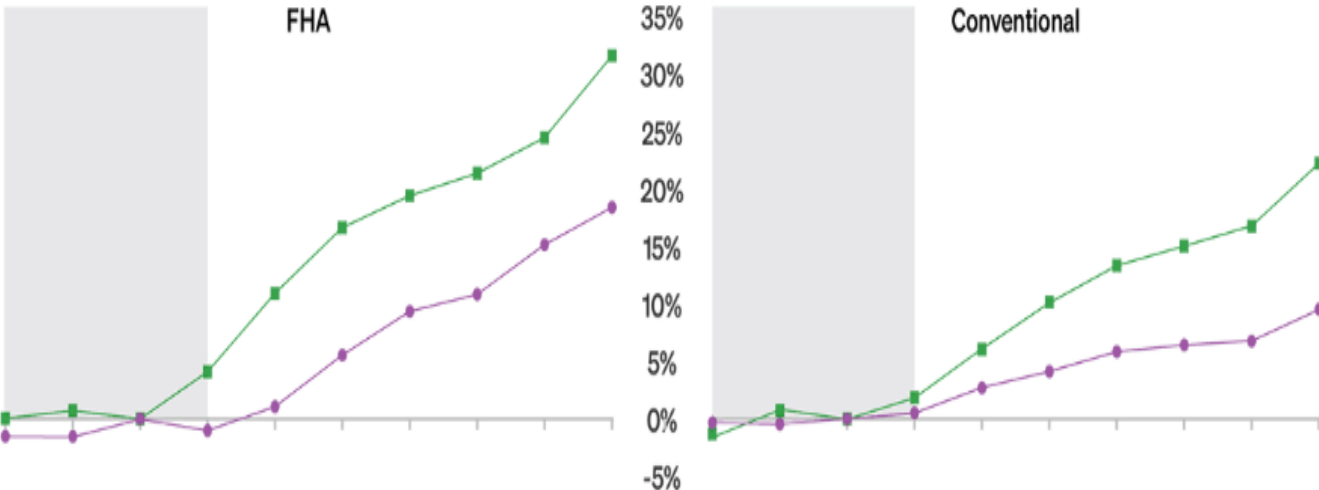
- Frequent BNPL users cut card balances before purchasing a first home and increase BNPL use.

Key Finding 3

BNPL and credit card balances around unemployment inflows

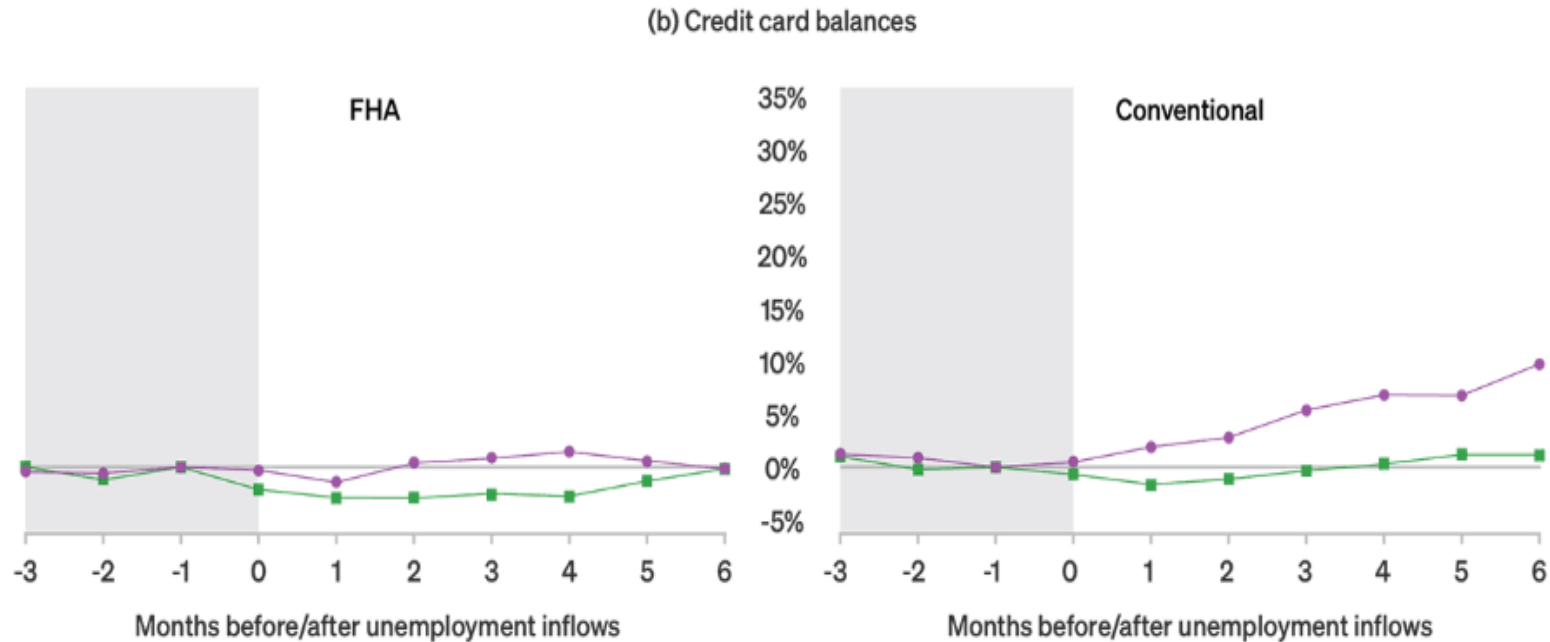
■ Bottom income quintile ● Top income quintile

(a) BNPL share of outflows



- BNPL as a share of total spending rises after job loss

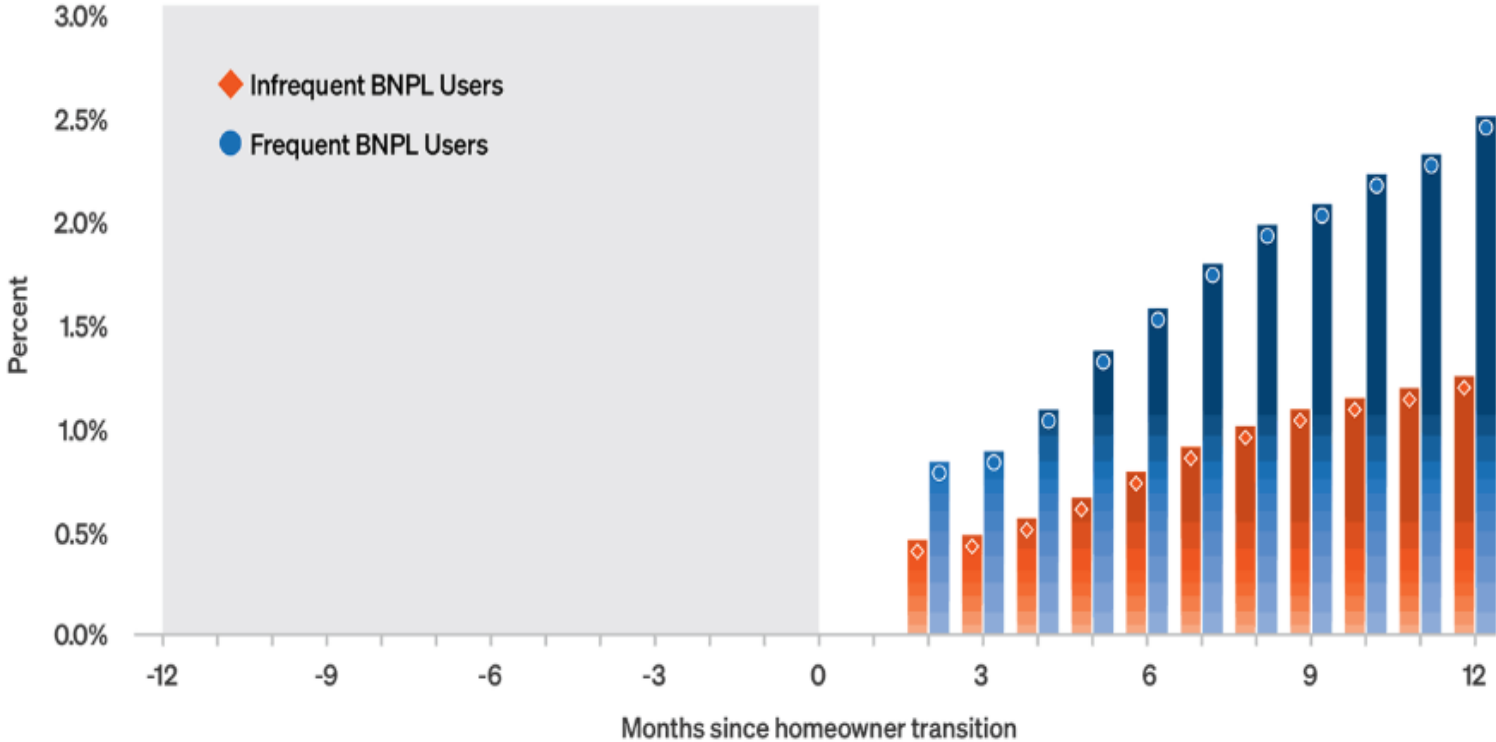
Credit card shares are largely muted...



Note: To examine financial behavior during periods of financial distress, we look at changes in the share of BNPL spend relative to total outflows and credit card balances 3 months before to 6 months after first receiving unemployment inflows. We split these analyses by FHA and conventional mortgage loan types, and further by bottom and top income quintiles within each group. Panel A shows these results for BNPL share of total spend. Panel B shows these results for credit card balances. We estimate OLS regressions, including person and year fixed effects, and cluster standard errors at the individual level. We use the month before receiving unemployment inflows as the reference point.

Source: JPMorganChase Institute

Key Finding 4



- First-time homebuyers who use BNPL frequently have a higher chance of missing a payment within a year of purchase.

Note: Data includes recent homeowners, who use BNPL, and applied for FHA or GSE loans, for whom we are able to observe their month of mortgage application. We show the share of these homeowners, relative to their month of application, who have mortgages that are currently 30+ days delinquent in any given month.

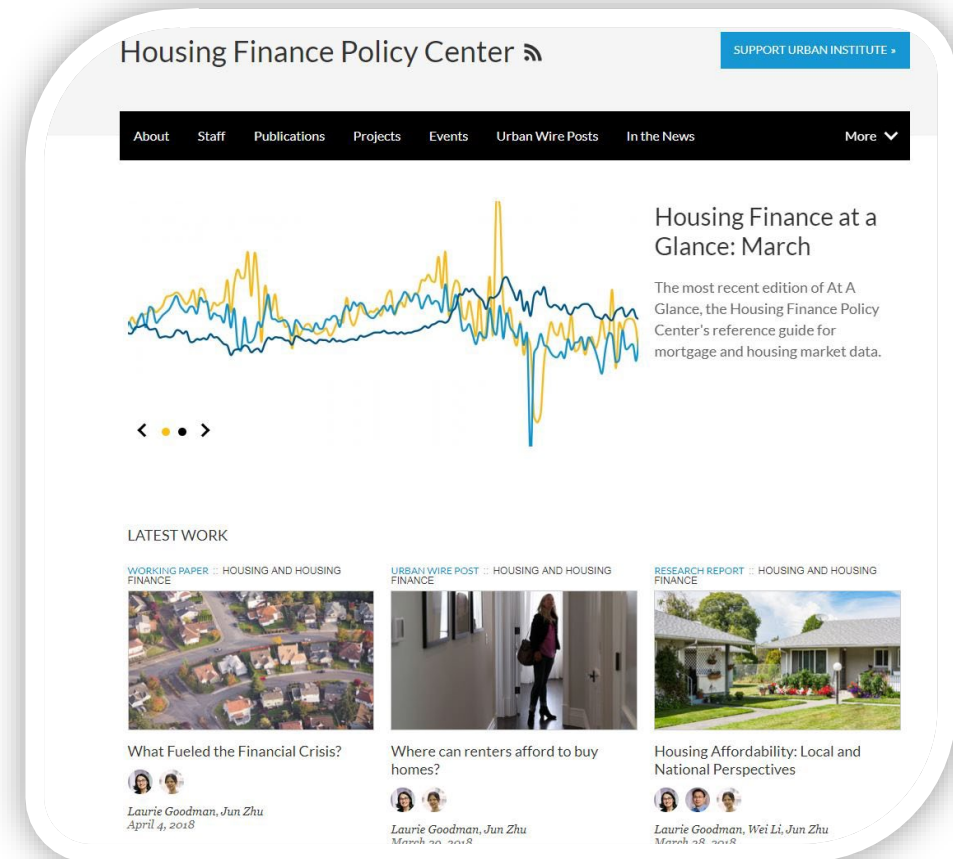
Source: JPMorganChase Institute

Concluding Thoughts

- As BNPL volume grows, new data sources are needed to shed light on BNPL's consequences for mortgage finance.
 - These data will also ensure that evidence informs policymaking.
- Additionally, policymakers and researchers should continue to gather information while improving transparency and strengthening consumer financial education.
 - These steps can help policymakers balance the opportunity for financial innovation with the need for clear consumer guardrails.

Stay Connected to the Housing Finance Policy Center

- Learn more about HFPC on our [webpage](#)
- For questions on membership to our Housing Finance Innovation Forum (HFIF) email us: HFIF@urban.org
- View this [webpage](#) to learn more about our *Future of Homeownership and Housing Finance* Initiative
- [Subscribe](#) to HFPC's bi-monthly newsletter (*click on the banner on the top of our webpage*)
- [Download](#) our monthly *Housing Finance At-a-Glance* Chartbook or contact us with questions: ataglance@urban.org
- Contact me: mneal@urban.org



Journal of Family and Economic Issues

<https://doi.org/10.1007/s10834-022-09873-w>

ORIGINAL PAPER

“I Don’t Like All Those Fees” Pragmatism About Financial Services Among Low-Income Parents

J. Michael Collins¹  · Sarah Halpern-Meekin¹ · Melody Harvey¹ · Jill Hoiting²

Accepted: 6 October 2022

© The Author(s), under exclusive licence to Springer Science+Business Media, LLC, part of Springer Nature 2022

<https://pmc.ncbi.nlm.nih.gov/articles/PMC9638425>



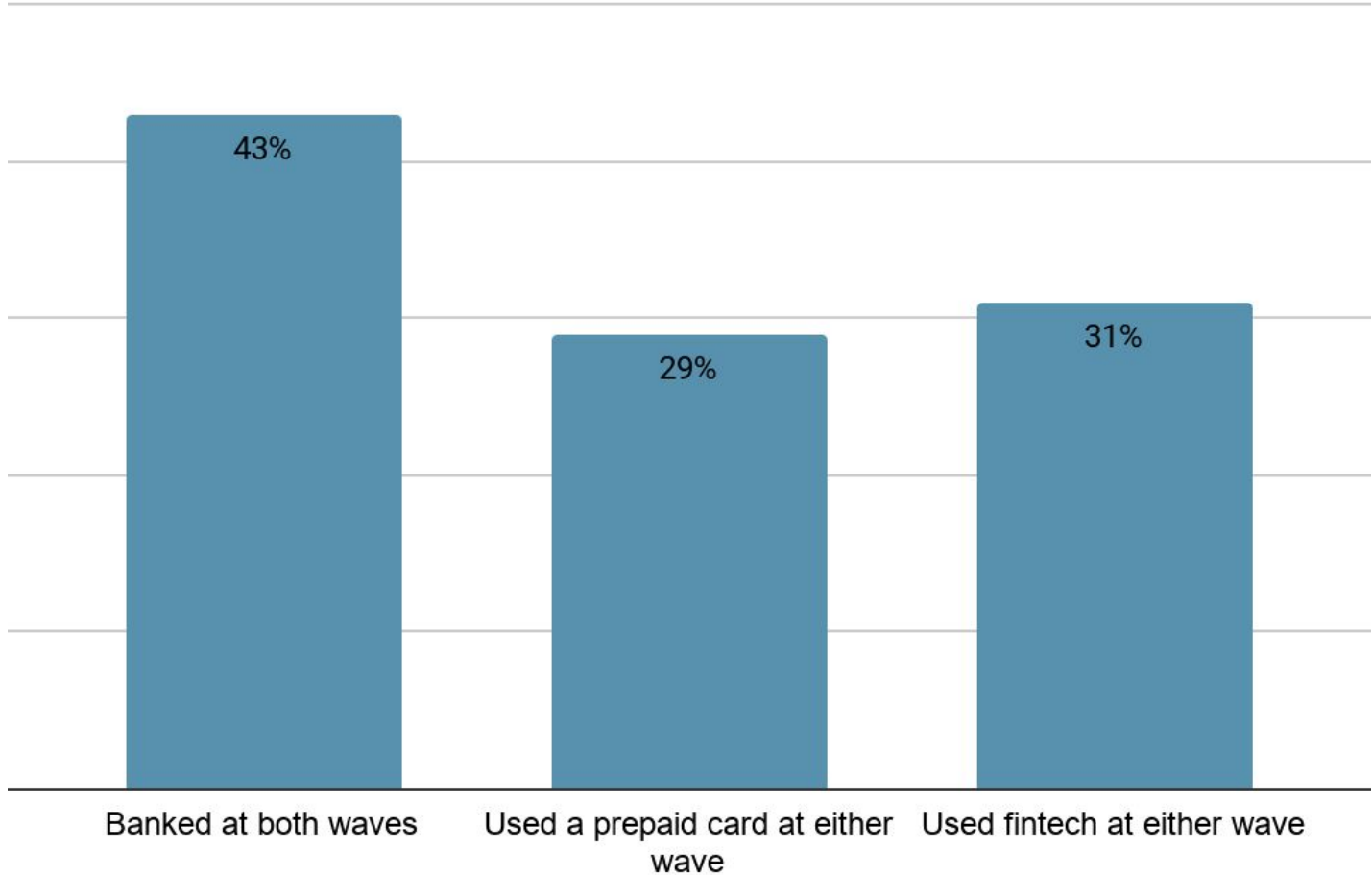
Baby's First Years: Mother's Voices

Qualitative companion to the Baby's First Years (BFY) randomized controlled trial

- Study of the impact of monthly cash gifts on child development
- 2 waves of interviews in the Twin Cities & New Orleans (N = 80) 2019-2022
- Very Low-income (75% on SNAP)



Use of Financial Services



About Traditional Banks...

“I don't like all those fees... I don't like the way that stuff works. I think it's a big scam, to be honest, and I'd rather, if I'm already poor, I'm not going to continue paying \$35 fees on top of that. I'll just manage the home money outside the bank, for now. And if I needed to do something, like, I use my PayPal account or I'll get a reusable debit card or a reloadable one.”

FinTech Has Fees, But Predictable Ones

“I don’t have really good experiences with banks and then I transitioned to a Chime account, and it works a lot better because you don’t get any unnecessary or unexpected bank fees. ... I’ve been using it for about, I'd say, a good five months. ... It’s very convenient. It’s helpful. You don’t expect fees. They give you a \$20 overage every month. If you need to, they don’t charge you for it. You just repay it..”

Pragmatism about Financial Services among Low-income Parents, J. Michael Collins, Sarah Halpern-Meekin, Melody

Harvey, Jill Hoiting 2022

Role of Employers

→ **Major market for FinTech is through employers**

...people tend to adopt services offered via employer

- App and/or Payment Card

Sasha: *“They gave us paper checks, so we just had to cash them [in] the store up there, the front of the store. ... [T]hey charged like \$10.00”*

→ Paying her employer to access her own paycheck.

Kiara had her paycheck direct deposited to Chime. Her employer provided pay advances, which was one of the ways she managed to make ends meet on a tight budget.

When she ran short of money and needed to make a purchase or cover a bill, she said, she could turn to that app to access needed funds.

All Bills Are Not Equal

Soledad, a Latina mother of three in the Twin Cities, used to have a bank account that they could use to pay bills, but they were charged \$10 per month for the account unless they used it **ten times** a month.

To avoid these charges, they **closed their account and paid their bills in cash** instead.

The family bought a **money order to pay rent and went to the store to pay the electric bill.**

Lots of Different Payment/Banking Tools

*I usually pull the money off of my debit card, and then for my like electricity bill, I go to like a **pay station** and I'll...give them the money and then they'll pay the bill. And then for my rent, I pull the money off of my card and file a **money order**, and then that's how I pay my rent. So, I pretty much pay everything basically with **cash** except for my phone bill, and my internet, I pay with **my card**.*

Complex financial dealings:

- Cash bill payments
- Paying bills by phone
- Paying bills online
- Use money order to have a paper receipt

Too much volatility to auto-pay for all bills.

Future of Fintech for Low-Income Families?



Enhances traditional financial services

Replaces traditional financial services

Creates something totally unknown before

Banking:

- Convenience, speed, but fees
- Service levels and quality issues

Payments:

- Fast and low cost, but not universally used
- Lack of paper trail

Lending/Credit:

- Accessibility, costs
- Can become hard to maintain

What does it mean to be “outside” the system?

Do consumers have a roadmap from checking to savings to credit...?

Pragmatism About Financial Services Among Low-Income Parents

Mothers' narratives show that fintech products are listening and designing innovations in response to the needs and preferences of underserved people

- Convenience, cost, flexibility, highly granular payment periods
- Not just costs/fees; Providers need to be attentive to issues of **trust**

Caveats: **Qualitative** evidence (but compliments other approaches); newer products (e.g. BNPL were not widespread during this interview period)

- “If I don't have credit, I don't have anything”: Perspectives on the credit scoring system among mothers with low incomes (2023) <https://doi.org/10.1111/joca.12561>