



# Buy-Now-Pay-Later Research Report Overview



# What we did:

The Consumer Council identified a gap in the research market in relation to short-term unregulated Buy-Now-Pay-Later (BNPL) products. We produced a research specification and completed the CCNI tender process. YouGov was appointed to produce this piece of research.



## Why we did it:

The primary objective for this report looks at how consumers use short-term BNPL products.

BNPL is a relatively new financial product and whilst it is difficult to quantify the current level, and potential for consumer detriment, we note that the value of BNPL transactions for 2020 was £2.7 billion, with an expectation of rapid growth in the next few years.

We wanted to know how consumers in Northern Ireland use BNPL products, the frequency of the use of BNPL and how people are coping financially with regard to the repayment and affordability of BNPL products.

## Key findings



Use of BNPL products is around one in five (**18%**), much lower than use of credit cards at the moment (**58%**) but still the second highest form of credit used in the last three years.

The main reasons for BNPL purchases in the last year were for smaller household purchases (**50%**), Christmas and other occasions (**30%**) and larger household purchases (**24%**), with low numbers who have used it for 'essential' spending such as food (**6%**) or utility bills (**2%**).



# 18%

Eighteen per cent of BNPL users with a disability reported having used it for food/grocery expenses compared to just **1%** of those without a disability.

Use of BNPL products is significantly higher for women (**26%**) than men (**9%**) and for those with typically lower incomes – **22% of C2DEs compared to 13% of ABC1s.**



Three quarters (**73%**) of NI adults are aware of at least one BNPL brand when asked - **Klarna is the best known and most commonly used brand of the products asked about.**



**48%**

Half (**48%**) of BNPL users reported they were doing it more because of recent cost of living increases. C2DEs are more likely to cite not having the money to pay for things immediately as a reason for using BNPL, compared to ABC1s (**49% and 31% respectively**). This is also higher among those with a disability (**56% vs 38% of those without**).

A quarter (**26%**) report being likely to use BNPL in the next six months, with higher likelihood for those who've previously used the product.

**26%**



Over half (**54%**) of NI adults agree that BNPL is a good option for emergencies, and just under half (**44%**) agree it is a more affordable option than other types of credit.

Amongst users, the vast majority (**92%**) find BNPL useful, helping them to manage finances (**78%**), and buy things that they otherwise wouldn't be able to (**76%**).



Although the impact of BNPL was broadly positive, **a tenth** experienced a negative effect on their mental health as a result of BNPL usage, which was more likely amongst those who had previously experienced financial difficulty.

**35%**

**35%** do not trust BNPL products. Mistrust is much higher amongst non-users (**41%**) than users (**6%**) and men are more likely to express distrust of BNPL products than women (**40% vs. 30%**).



**Just over a third (37%)** of previous users are either currently or have previously had difficulty making payments as a result of BNPL products.

This increases significantly for those with disabilities compared to those without a disability (**56% vs. 29%**).

Of those affected by payment difficulties **26%** said their experience has negatively impacted their ability to take out other forms of credit and **17%** reported borrowing from another source to make payments.



## What next

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The Consumer Council will share the findings of this research with the relevant policy makers and use the information to further develop our understanding of the credit products used by consumers. Some of the findings will also be included, where relevant, within other reports and research.



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