Splitit MediaRoom

More Than Sixty Percent of Gen Z Shoppers Would Switch Retailers at Checkout to Pay in Installments Using an Existing Credit Card, According to New Study

New Intelligence from Splitit and PYMNTS Reveals that 33% of All Consumers Are Not Aware that Traditional BNPL Programs Are New Loans

Study Also Finds 51% of Gen Z Shoppers Are Not Concerned About the Impact of BNPLon Their Credit Scores

ATLANTA, May 16, 2024 /PRNewswire/ -- Nearly 63% of Gen Z shoppers are more loyal to their credit cards than to retailers, according to recent consumer data from Splitit, the only white-label, card-based installment platform using existing consumer credit. The survey, conducted in partnership with PYMNTS, found that these shoppers would switch retailers at checkout in order to pay in installments with their existing credit card. Furthermore, the survey reveals a considerable misunderstanding that exists in the market, with 33% of all consumers unaware that traditional Buy Now Pay Later (BNPL) programs are new loans. Interestingly, the study also found that Gen Z consumers don't care that these installment loans could negatively impact their credit score.

These findings starkly contrast with the ongoing narrative from legacy BNPL programs that promote themselves as smarter ways to pay for products than traditional bank-issued credit cards. The survey, "Redefining Retail: Consumer Finance Trends Driving the Evolution of Installment Plans," also finds that consumers would prefer to use the unused credit on their bank-issued credit cards for interest-free installment payments. Half (50%) of all consumers surveyed say that they would likely switch to another merchant if that merchant offered card-linked installments at checkout.

"Younger consumers are more loyal to their form of payment than to the brand or retailer where they are shopping," said Nandan Sheth, CEO, Splitit. "Gen Z shoppers are the highest share of consumers that use pay later plans and are the least concerned with the impact traditional BNPL programs can have on their credit scores. However, even though many of the legacy pay later players remind their consumers to never miss a payment, the fact remains that more than one-third of all shoppers have no idea that they are initiating a new loan."

The latest data shows that installment options particularly appeal to consumers seeking to take a more active role in managing their spending. While installment plan use has declined for some discretionary purchases such as dining out, its use for considered purchases, such as home furnishings, has outperformed retail spend trends by 2.6%.

Other key findings include:

- 65% of Gen Z and Millennials have used an installment plan in the past year.
- Almost 60% (59%) of consumers who use installment plans do so to manage their finances better, especially for big ticket items such as home furnishings and appliances.
- Credit card-linked installment plans remain the top choice, with 40% of respondents opting for this pay-later option, compared to 33% for BNPL services and 30% for merchant or store cards.
- On average, the expenditure through card-linked installment plans surpasses that of BNPL by a significant margin, with a 71% increase in average order value.
- 88% of consumers expressed a preference for being informed about installment payment options before or during the checkout process, rather than after completing their purchase.
- As the market matures, card-linked installment plans using existing credit are emerging as the favored choice for big-ticket items with 33.2% of consumers opting for this method versus 21% opting for traditional pay-in-four options.

To learn more, download the full report.

Methodology:
"Redefining Retail: Consumer Finance Trends Driving the Evolution of Installment Plans," a PYMNTS Intelligence and Splitit collaboration, is based on a survey of 2,655 consumers from February 13 to March 11, 2024. The report examines how the share of consumers using installment plans has changed in the past six months, including how consumers use installments to buy big-ticket versus regular goods. Our sample was census-balanced with respect to the U.S. population, with 51% of respondents identifying as female and 34% holding a college degree. The average age was 48, and 39% annually earned more than $100,000.

About Splitit
Splitit is a global payment solution provider that lets shoppers use the credit they've earned by breaking up purchases into monthly interest-free installments using their existing credit card. Splitit enables merchants to improve conversion rates and increase average order value by giving customers an easy and fast way to pay for purchases over time without originating new credit. Splitit serves many of Internet Retailer's top 500 merchants and is accepted by more than 1,500 eCommerce merchants in over 30 countries and shoppers in over 100 countries.

Splitit Media Contact:
Berns Communications Group
Danielle Poggi
dpoggi@bcg-pr.com

SOURCE Splitit USA, Inc.

---

https://news.splitit.com/2024-05-16-More-Than-Sixty-Percent-of-Gen-Z-Shoppers-Would-Switch-Retailers-at-Checkout-to-Pay-in-Installments-Using-an-Existing-Credit-Card,-According-to-New-Study