

More Than Half of Americans Fear Covering Unexpected Expenses in 2025

Rising Cost of Goods and Economic Uncertainty Create Financial Strain and Shift Payment Preferences, According to New Splitit and PYMNTS Consumer Study

ATLANTA, March 31, 2025 /PRNewswire/ -- New research from Splitit and PYMNTS finds that more than 53% of consumers are concerned about affording unexpected expenses in 2025 amid rising anxiety over economic uncertainty. "Managing Unplanned Expenses: How The Pay Later Economy Fits Consumer Needs," which surveyed more than 7,000 consumers, highlights the financial strain unplanned purchases create—especially among parents and younger consumers—and how credit accessibility sways spending and payment behaviors. These report findings are especially crucial as leading indicators point to a broad [decline](#) in consumer confidence, driven by worries over the impact of [tariffs](#) on household finances.

"From trade turbulence to market volatility, Americans are navigating a growing list of financial challenges," said Nandan Sheth, CEO of Splitit. "Consumers are feeling very anxious at the moment, which is why we see consumers becoming more strategic in managing unplanned expenses, balancing financial stability with flexible payment options. Credit card-linked installments provide a smart way to handle life's surprises, allowing shoppers to leverage their existing credit lines while maintaining financial flexibility. With many consumers already accustomed to using their credit cards for these types of purchases, this approach offers a seamless and responsible way to stay in control in today's uncertain economy."

Unplanned expenses, such as emergency car repairs (42.9%) and home repair costs (34.3%), often come with a hefty price tag. Home repairs, the most expensive category, carry a median spend of \$2,112. Despite the growing popularity of Buy Now, Pay Later (BNPL), only 9% of consumers used it for emergency purchases—showing that many still default to credit cards, with 38% of Baby Boomers relying on them for emergency costs. As consumers look for more budget-friendly payment options, there's a clear opportunity for flexible pay-later solutions that prioritize transparency and control.

The report highlights a broader trend: Consumers are relying on credit cards and alternative financing solutions to manage both emergency and impulse spending. Among key findings:

- **\$605** is the median cost of emergency purchases over \$250.
- **50%** of consumers cite the rising cost of goods as the top reason why they expect to make fewer impulse purchases this year.
- **Gen Z is the most concerned** about their ability to cover unexpected expenses at **63%**.
- **36%** of consumers made an impulse purchase of at least \$250 in the last three months, with a median spend of \$497.
- **33%** of consumers used a credit card as their primary form of payment for their most recent emergency purchase.
- **45%** of BNPL users say knowing their purchase would be approved was a key factor in their decision to use it.
- **48%** of consumers who made their latest impulse purchase with a credit card paid it off in full at the next statement, while **30%** opted for installment plans.
- **Gen Z leads the shift toward credit card-linked installment payments**, with **24%** choosing merchant-offered installment plans—double the rate of older generations.

Credit accessibility continues to shape purchasing behavior. Consumers with strong credit are more likely to finance unexpected expenses, while those with below-average credit hesitate to make unplanned purchases due to limited financing options. Millennials and Gen Z, in particular, are leaning into flexible payment options—26% of millennials expect to increase their impulse purchases in the next year.

With installment plans resonating across generations—36% of non-Boomer consumers who paid by credit card for an impulse purchase chose an installment plan—it's clear that consumers are seeking more control over how they pay. As economic uncertainty continues, flexible payment solutions will play a critical role in helping shoppers manage their financial well-being.

Yet, even as consumers navigate emergency expenses, half of shoppers made an unplanned purchase last year, highlighting the tension between financial caution and spontaneous spending. This paradox suggests that while consumers are mindful of budgets and economic uncertainty, they are still drawn to impulse buys, whether driven by emotional triggers, limited-time deals or social influence. For brands, this means balancing affordability, value-driven messaging and flexible payment options with strategies that tap into the spontaneity of consumer spending.

Methodology

The survey for the "Managing Unplanned Expenses: How The Pay Later Economy Fits Consumer Needs" report was conducted with 7,078 consumers across all demographics from January 29 to February 7, 2025.

Download the full report [here](#).

About Splitit

Splitit is a global payment solution provider that lets shoppers use the credit they've earned by breaking up purchases into monthly 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.

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