Why paying with Affirm is paying smarter

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From concert tickets to apparel, what the adoption of pay-over-time says about today's consumers
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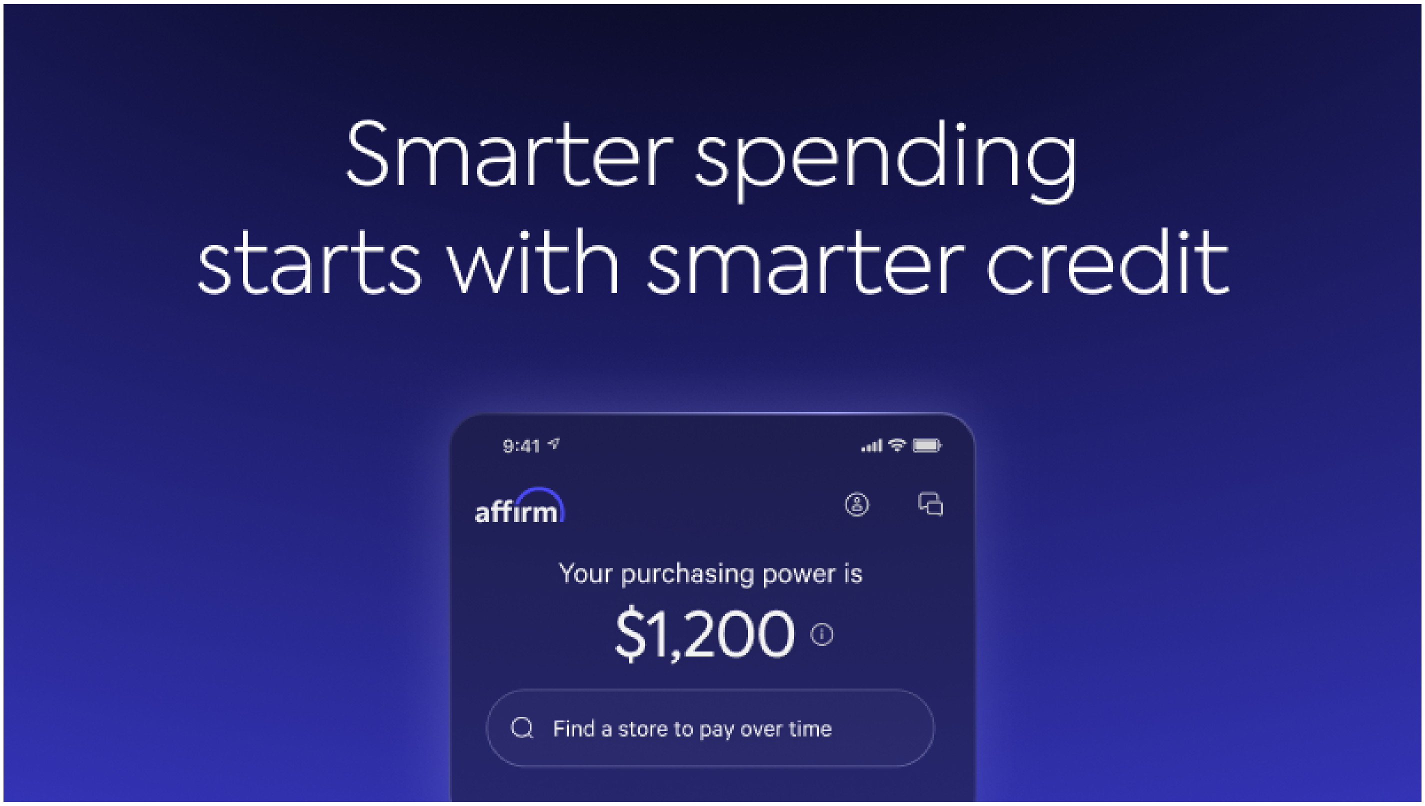

Macroeconomic headwinds like inflation and tariffs have led to big month-to-month swings in consumer confidence, causing some shoppers to pull back on spending and prompting businesses to brace for what's next.

Yet even when spending is down overall, consumers still have wants and needs. They're just searching for smarter ways to fulfill them.

Take Coachella for instance. Billboard reported that 60% of general admission ticket buyers at this year's festival used a pay-over-time plan. This led to a lot of tut-tutting over young people financing such a "frivolous" thing, with some armchair economists suggesting it's a sign of consumers overextending or struggling to make ends meet.

Take a step back, and there's another way to look at it.

The role of credit

Credit is an important tool, one that's been around for thousands of years. It powers our economy, and for many consumers, can mean the difference between financial security and struggle. Access to credit allows people to purchase goods and services without paying the full amount upfront, helping them manage cash flow by aligning their spending to income over time. Every day, people are using credit to buy homes, invest in education, and purchase the things they want and need to live happy, healthy lives.

Credit is available through a variety of products, such as credit cards, payday loans, and pay-over-time. However, not all credit products are created equal, and some can cause more harm than good.

Invented in the 1950s, the credit card is essentially a blunt force instrument. Consumers apply for a card and receive a single line of credit, which they then borrow against repeatedly with few restrictions or guardrails beyond making the minimum monthly payment. More than half of credit card users are considered revolvers, carrying a monthly balance that's then subject to compound interest and late fees. This means that a grocery bill, concert ticket, or even a cup of coffee can quickly snowball into something greater, leading to a cycle of perpetuating debt that's not easy to break.

Thankfully, as technology evolves, smarter alternatives come along that deliver better value for consumers. It's been around 75 years since credit cards made their debut, and we're long overdue for something different. A person's decision to put away their credit card in favor of a pay-over-time option has less to do with their personal financial status, and more to do with growing consumer demand for better credit alternatives.

The myth of the subprime, overextended pay-later consumer

FY Q3'25

There's a persistent misconception that consumers are turning to pay-over-time options because they're struggling or overextended. While this may be the case with some providers, that's not what we're seeing at Affirm.

Nearly three-quarters (71%) of Affirm's customers are near prime, prime or superprime, meaning they have FICO scores above 620. And in FYQ3'25, 80% of Affirm's monthly 0% APR volume came from prime and super prime users.

In terms of spend, the average consumer owes $736 with Affirm. This is about 10 times less than the average amount of unpaid credit card debt per American, which is over $7,300. Plus, our delinquency rates show that the overwhelming majority of Affirm users are paying us back and doing so on time. In our last quarter, we reported a 30-day delinquency rate of 2.4%, compared to the nearly 9% of credit card balances.

It's clear that people from all financial backgrounds find Affirm's products valuable, and that they aren't using our products in a way that indicates financial stress. So why *are* they turning to Affirm to buy things like concert tickets and apparel? It's because they're realizing that we offer a smarter, healthier way to access credit. Paying with Affirm gives consumers more control and helps them manage their money with clarity while avoiding late fees and hidden charges.

Real-time credit checks add flexibility and transparency

Affirm is able to extend access to credit responsibly because of our underwriting advantage. Every time someone wants to use Affirm, they share information about their purchase, and at that moment we instantly evaluate their ability to pay for that specific item, at that specific time.

By underwriting each transaction individually, we utilize a real-time snapshot of a person's financial situation at the moment of purchase. This approach is very different from extending a line of revolving credit that consumers can repeatedly borrow against over an extended period. And the results speak for themselves: our delinquency rates are consistently three-to-four times lower than those of traditional credit cards.

Once an applicant is approved, Affirm will present them with custom payment options, which can range from 30 days to up to 60 months, and support cart sizes from $35 to $30,000. Some options are interest-free while others include a fixed, simple interest rate, meaning the amount they owe will never compound or grow over time.

Regardless of what type of plan a consumer chooses with Affirm, they won't be charged deferred interest, late fees, "snooze" fees, or any other gimmicks that certain lenders love to tack on. Instead, Affirm's success is fundamentally aligned with consumers, as we have no business benefit extending access to credit that is not repaid. And we believe that consumers make the best choices when they see the total cost of paying over time for their purchase at checkout.

The hidden costs of credit cards

Let's break down how much a $600 music festival ticket could truly cost a consumer paying with a credit card versus a six-month plan with Affirm at the same APR rate. We're choosing 24% APR, the current national average for credit cards. This consumer is also paying the minimum amount owed each month, which in this example, is 3% of their total balance.

Credit Card VS Affirm

As you can see, using a credit card could cost a consumer almost as much in interest as the price of a second concert ticket! And it could take them until 2029 to pay off their purchase in full. Of course, consumers don't actually see these numbers or timelines when they swipe or tap their credit card, and they could get hit with more fees or penalties if they don't make their payments on time. For example, when consumers revolve on their credit card, any new purchase they swipe for could also be charged interest, causing them to accumulate even more debt that gets harder and harder to pay off. By contrast, Affirm is always upfront with consumers about how much they owe and when, and will never hit them with late or hidden fees after the fact.

A savvier way to spend

During good times and volatile times, Affirm empowers consumers to pay confidently and responsibly. We're providing a level of flexibility and transparency that many forms of credit simply don't provide. That means our consumers gain more than just purchasing power – they have greater control and clarity over how they manage their money.

In other words, we're allowing people to get the things and experiences they want in a financially responsible way. From concert tickets to apparel and everything in between, paying with Affirm is paying smarter.

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