Small businesses aren't waiting for Washington to catch up

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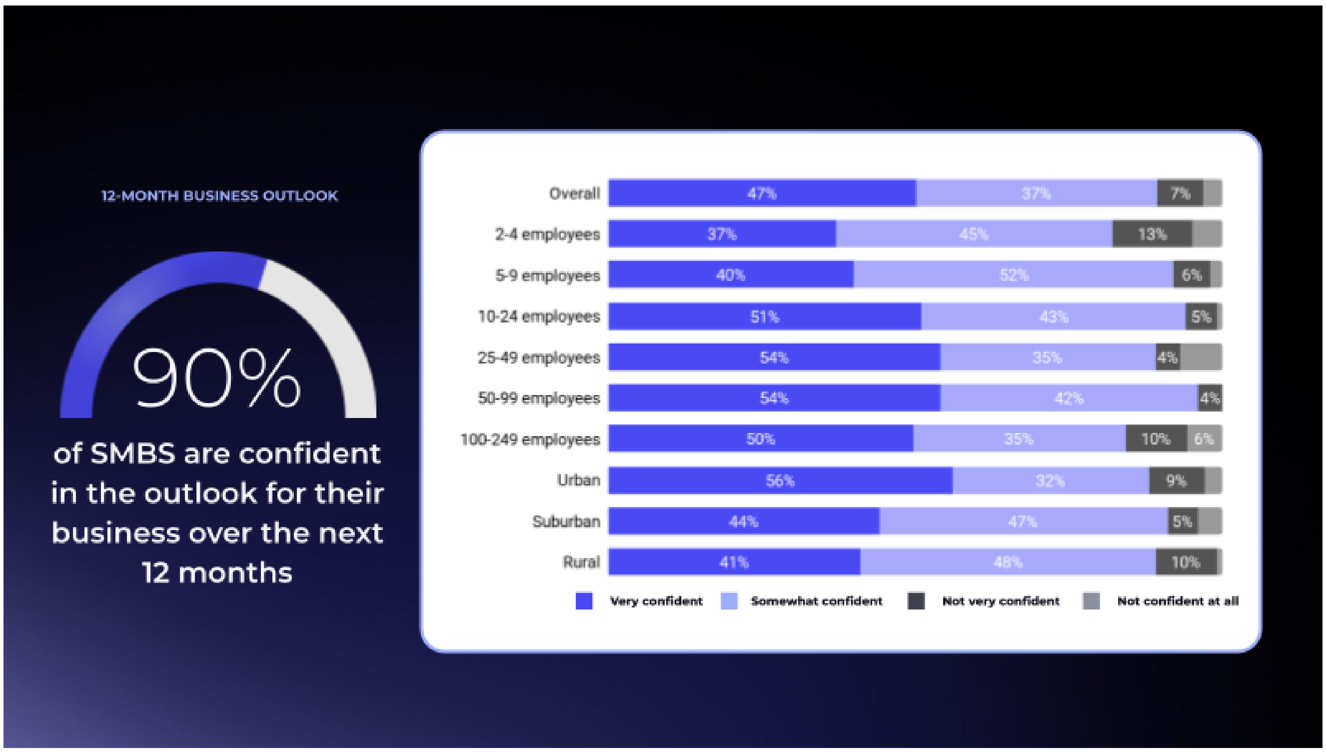
By John Pitts

The conversation in Washington is dominated by two issues: helping consumers in a changing economy and helping American businesses compete. Affirm plays a role in both. We offer products that let eligible consumers pay for major purchases over time, often at no added cost to them and never a late fee, so they can manage their cash flow on their own terms. Those same products fuel merchant growth by giving customers more payment choice and paying businesses upfront.

With BNPL functioning as an important tool that small businesses and consumers are using to adapt to a changing economy, we decided to undertake a [first-of-its-kind survey of small businesses] to get their views on the economy today, their biggest challenges and how they are dealing with them, and how they and their customers view BNPL. In February and March, we talked to 511 key decision makers at businesses between 2 and 250 employees. Bottom line: the state of America's small businesses is strong. Let's get into the numbers.

Optimism in the Face of Challenge

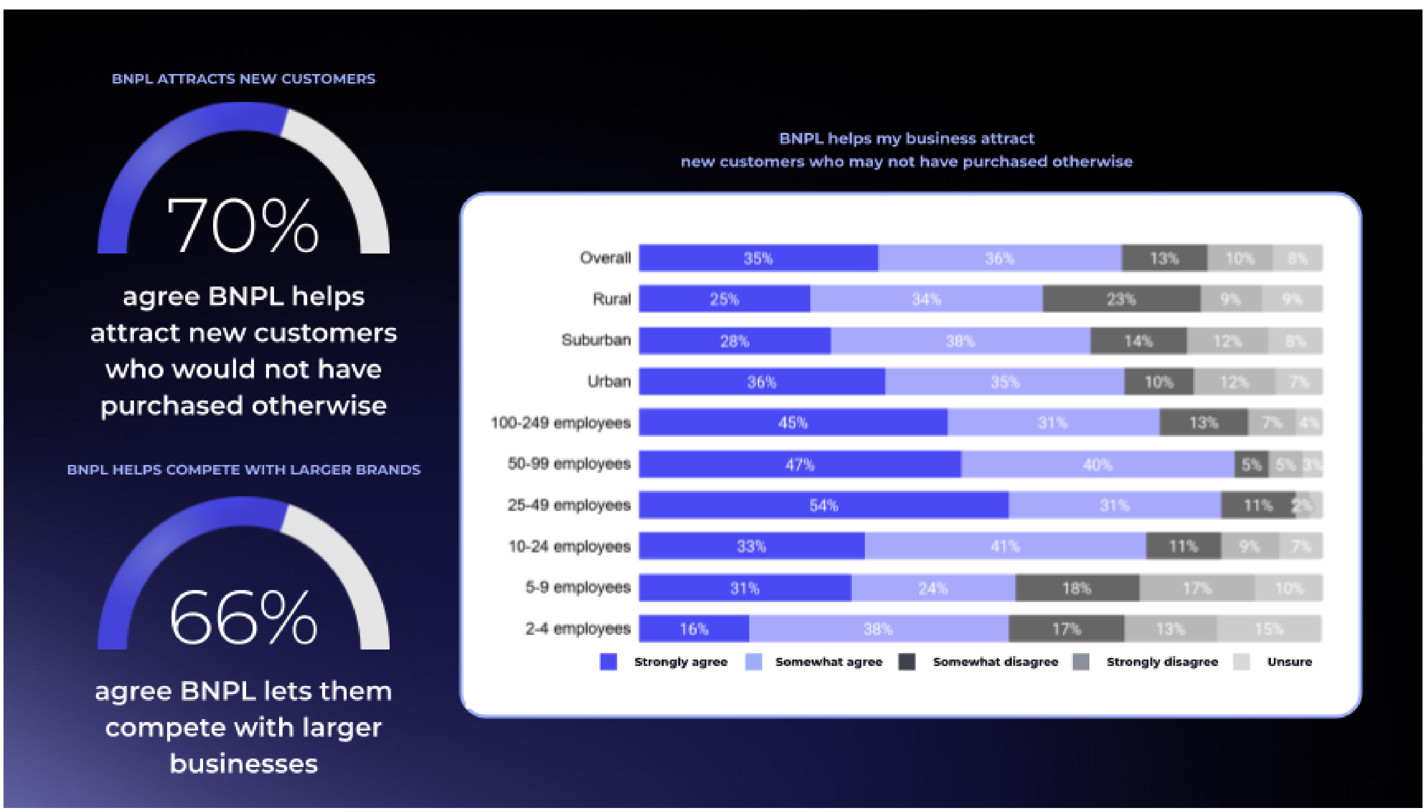
Small businesses are operating in a challenging environment. Their costs are rising. They worry about competing against larger companies, whose increasingly global scale gives them unit economics that are hard to beat. But despite these challenges, their confidence is high—nine in ten small businesses report being confident in their outlook over the next year, and 65% of them are more confident this year than at the same time last year.



That confidence isn't abstract. It reflects their ability to meet customers where they are—particularly when it comes to how customers want to pay. The appeal of BNPL, from a merchant perspective, is straightforward. It allows a small business to offer flexibility at the point of sale without taking on credit risk or operational complexity. In a retail environment where larger firms have long had the advantage of scale—whether through financing offers, loyalty programs, or promotional pricing—that flexibility matters.

Tools to Compete

The data show just how small businesses are leveraging BNPL to compete. Seventy percent of small businesses say offering BNPL helps them attract customers who might not have purchased otherwise. Two-thirds say it helps them compete more effectively with larger companies.



These numbers are strong, but we wanted to dig deeper. When we did, we found something surprising.

Businesses that haven't deployed BNPL as an option for their customers expect that it will deliver value. But businesses that already use BNPL say the value is ***far*** higher.

The strongest case for BNPL isn't theoretical—it's experiential. Businesses that use it tend to see its value more clearly because they've observed its impact directly: stronger customer trust through transparent terms, another way to compete with larger businesses, and access to customers who might otherwise defer or forgo a purchase.

FINDING	BNPL OFFERERS	NON-OFFERERS	GAP
BNPL attracts new customers	92%	60%	+32PP
Helps compete with larger businesses	92%	55%	+37PP
Offering BNPL is a trust signal	91%	57%	+34PP
BNPL is a smart financial tool	87%	50%	+37PP
Trust in Affirm	87%	66%	+21PP
Affirm favorability	79%	50%	+29PP
Support policymaker backing BNPL access	86%	60%	+26PP
Support expanding BNPL access	97%	67%	+30PP

Many businesses that don't currently offer BNPL recognize its potential value, but businesses already using it tend to see that value even more clearly.

That distinction matters for policymakers. It suggests that the question is less about whether BNPL should exist, and more about whether small businesses can access and implement it in a way that is straightforward, transparent, and responsible.

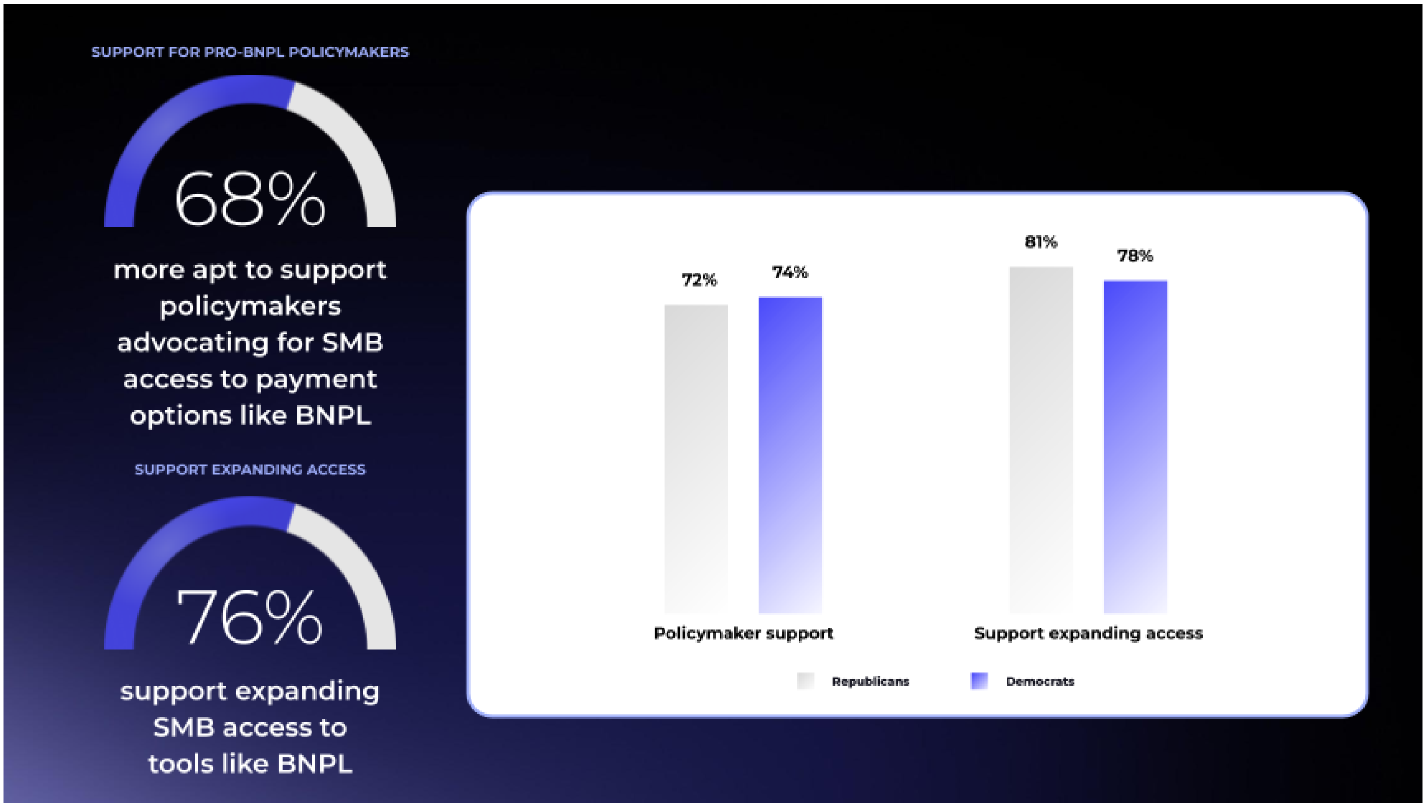
Responsible isn't vague. It means no late fees, no deferred or compound interest, and underwriting each purchase so credit is only extended when it can be repaid. That's the standard we hold ourselves to at Affirm, and it's a model that only does well when consumers do is one worth encouraging across the category.

Small businesses, which serve a wide range of consumers every day, view BNPL as a tool that enables planning and budgeting rather than signaling distress–debunking concerns that BNPL drives overconsumption. Notably, that view is consistent across party lines.

Trust and Support

One of the more underappreciated aspects of BNPL we found is its role in shaping trust. For a small business, offering modern, transparent payment options is not just about facilitating a transaction. It's also a signal to customers that the business is credible, current, and responsive to their needs. In a fragmented and competitive marketplace, those signals matter.

This is where the broader economic implications come into view. Small businesses have always been central to U.S. economic growth, but they are operating in an environment that increasingly rewards scale, data, and technological integration. Tools that help bridge that gap—without introducing additional risk—are likely to matter more over time, not less. Policymakers often discuss the small business economy in terms of constraints—what these businesses lack relative to larger firms. It is equally important to pay attention to the mechanisms that are helping close those gaps. BNPL is one of them. Not because it is new or novel, but because, for many businesses, it is already doing quiet, practical work. Maybe that's why it is the rare feature of the American political landscape that has broad, bi-partisan support.



About the Survey

The Affirm Small Business Sentiment Survey was conducted by Tunnl using online data collection methods between February 27 and March 4, 2026. The survey includes responses from 511 U.S. small business owners with at least 2 and no more than 250 employees. The sample was weighted to align with key demographic benchmarks, including age, region, and company size. The margin of error for the full sample is ±4.3 percentage points.