Affirm pilot provides new budget and booking experience for travel

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Just in time for the holidays, Affirm debuts a more flexible way for consumers to plan and pay for travel with their favorite merchant

SAN FRANCISCO – November 13, 2018 – Affirm, Inc., the company founded by entrepreneur Max Levchin that provides transparent and consumer-friendly payment alternatives to cash and traditional credit, announced a new travel-specific offering which gives consumers a more personalized, flexible booking experience at their favorite hotel, airline or online travel agency (OTA).

This pilot gives customers using Affirm the ability to pre-qualify for a travel budget with a specific merchant and add components of a trip to their itinerary over a 20-day period. Travelers can revisit the merchant over that period and seamlessly book addons such as flights, hotels, rental cars and ancillaries like checked bags or seat upgrades, using a single Affirm loan. As travelers add to their itinerary, the cost will be deducted from their pre-qualified total so they always know how much they have left to spend on a trip.

As travel has become increasingly unbundled in recent years, the booking experience has been more fragmented and time-consuming for consumers. Similarly, Affirm's travel merchants have asked for help to build a better experience for customers to plan out a whole trip after the initial flight or hotel has been booked – all without leaving their website. Affirm's new offering tackles both of these problems, helping a single merchant offer consumers the best deal possible for all aspects of their trip – adding on to the initial purchase with just one click. Individual merchants are also able to provide customized offer messaging, showing consumers what they have left to budget for their trip, offering the best deal possible and incentivizing consumers to use a single merchant for all their travel needs.

Affirm's new multi-booking experience will also drive significant value for hotels, airlines and OTAs using its software – offering a payment option that consumers love and trust. On average, merchants that partner with Affirm see a:

- 90 percent increase on average order value (AOV) on orders with Affirm;
- 25 percent repeat purchase within six months;
- 15 percent increase in conversions; and
- 10 percent increase in revenue per visitor.

“Affirm has already become the leading way for merchants to provide their customers an affordable way to pay for travel over time without using their credit cards,” said Max Levchin, CEO and co-founder at Affirm. “We’re excited to give consumers a much bigger window to bundle all aspects of their trip into one loan as they pick a destination and find the best deal on flights or hotels working with a budget they know they can afford confidently.”

According to Affirm research, Americans conduct extensive research before booking travel to ensure they’re getting the best deal and think hard about the cost of paying of the trip – largely avoiding credit cards:

- 57 percent say planning travel causes them stress, and money is the source;
- 55 percent said it’s very important to have the cost of the vacation paid of before going and plan to use cash or a debit card; and
- 67 percent of people said they would be more likely to take a trip if they could pay for it over time with something other than a credit card.

“It’s simple: consumers want to spread out the cost of a trip without having to revolve on a credit card, and merchants want to give them the best deal available for all the purchases they plan to make during the trip,” said Levchin. “Affirm makes both of these things possible and we love being able to help people explore more places.”

About Affirm

Affirm was founded with a goal to create honest financial products and services that empower consumers and improve lives. Our

goal is to revolutionize the banking industry to be more accountable and accessible to consumers. Today, Affirm provides millions of shoppers an alternative to traditional credit cards at the point of sale, giving them the flexibility to buy now and make simple monthly payments for their purchases. Unlike payment options that have compounding interest and unexpected costs, Affirm shows customers upfront exactly what they'll pay each month — with no hidden fees and no surprises. Affirm partners with over 1,200 merchants including well-known brands across fashion, retail, beauty, home furnishings, travel and more, giving shoppers the option to pay with Affirm at checkout. Loans are made by Cross River Bank, a New Jersey State Chartered Commercial Bank, Member FDIC.

How it works

Consumers using Affirm to buy are able to select their preferred repayment term, spreading out the cost of a purchase over time, and are charged simple, fixed interest or no interest. Monthly payments are shown to them in real dollars, and they will never pay a dollar more than what they agree to at checkout. Affirm's underwriting technology, based in proprietary machine learning algorithms, approve consumers only for what they can responsibly borrow. This provides spending guardrails for consumers and mitigates risk for Affirm by approving purchases consumers can comfortably pay back, giving them confidence that they can afford the things they need and love.

About the research

The online survey was conducted by Affirm in partnership with Qualtrics from May 25 to May 29, 2018, among a demographically representative sample of 1,039 Americans aged 18 to 72.