



Wolfe FinTech Forum

March 11, 2026

Presentation Participants

Affirm

Rob O'Hare, CFO

Wolfe Research

Darrin Peller, Equity Research Analyst

Presentation

Darrin Peller

All right, guys. Why don't we get the ball rolling just to keep things on time. Really happy to have Affirm here with us. Affirm is a name that we've been covering now for really just a couple of quarters, a few quarters, but we're really enjoying it as a company that clearly stands above others, not only around buy now, pay later and financing, but really just broad e-comm and addressable to the consumer, really offering a great service to both merchants and consumers.

Rob, we've had you here before. I really appreciate you coming back. Rob is the CFO of the company. Maybe just start off with -- before we get into the details, high level, what you're seeing as the company's main accomplishments over the last year or so. It's really changing so fast and growing so quickly. I'd love to start there.

Rob O'Hare

Yes. Yes. Thanks for having me. Look, I think the business has performed incredibly well over the last 12 months. We grew GMV about 39% over the last 12 months, and we've scaled -- in our most recent quarter, we posted a 30% adjusted operating income. So I think really having success across both growth and profitability is really critical to us. It's a core part of how we operate. And I think we've done it in a really compelling way as well through deepening our relationships with some of our direct-to-consumer offerings. So Affirm Card is probably the most noteworthy product within that set.

That business -- that part of the business continues to perform incredibly well. We did about 16% of our GMV on Affirm Card in our last quarter and about 14% of our users were also utilizing Affirm Card. So we've seen really nice traction in terms of take-up of that product. And then outside of card, we've continued to land some really exciting merchant partnerships, both new and existing. We signed a renewal in November with Amazon, which is our largest merchant partner and also announced recently a renewal with Expedia and then have brought on some new players like Intuit and Lowe's as well and also ServiceTitan. So I think just across the board, I've been really happy with the way the business has performed.

Darrin Peller

Just before we get into the weeds, I want to revisit this, and this wasn't even an order of the questions, but I want to just remind people what the differentiation is. Why are these merchants signing on with you? What's really the value prop that you're providing that's resonating so well?

Rob O'Hare

Well, I think increasingly, the size of our consumer network is a real huge part of the value proposition that we bring to merchants. We have not quite 26 million active consumers on our services in the last year. I think when a merchant is looking to bring on a new payment type, the size of the consumer base that you're bringing, right? These are engaged and these consumers are showing up with financing almost already in hand. So I think that's a really important part. I also think the breadth of products that we offer from a loan perspective is pretty unique in the market. We do about 2/3 of our volume in monthly interest-bearing loans. And having that interest-bearing component allows us to be really flexible around how we monetize the loan, and it can allow us to create a financing program for the merchant that meets all of their objectives, including cost of acceptance and then also the conversion rates they want to drive.

Darrin Peller

I was going to say you're also showing cart size improvements, right? It's really everything above not just conversion rates, but...

Rob O'Hare

Typically, the average order values that we see on our programs with the merchant, sometimes they're multiples of what the merchant is seeing outside of the Affirm program.

Darrin Peller

Right. So again, this goes back to questions we got. I mean, is there disruption from AI or at the end of the day, you're offering real financing to these consumers. You're getting an engaged consumer for the merchants. It seems hard in our view to disrupt that.

All right. Let's go back. I mean you had a strong fiscal second quarter in February that came out, 36% GMV growth, 23% active consumer growth, 29% RLTC growth. And so -- and then GAAP operating margins expanding to almost 11% -- just touch on the key highlights of the quarter in your view and where you're seeing the most momentum underlying that in the business.

Rob O'Hare

Yes. I mean I think it was a great quarter financially. I mean you touched on some of the highlights. We're really proud of the growth and really proud of the profitability. I spoke to it at the open, but we also signed a renewal with Amazon for 5 years in that quarter. So we're really proud of that and excited to continue to partner with them. And then I'd have to call out the growth in card was just really incredible. I mean we continue to see more than a doubling of users on a year-over-year basis opting into card and more of a doubling of GMV as a result as well. So I think continuing to build those direct-to-consumer products, that's been a big part of our success, and we expect that to continue.

Darrin Peller

What is it about -- like why are consumers taking on the card so much? I mean is it just they're utilizing the wallet more and more. And so it's a nice add-on? Or is there some feature around it that's helpful?

Rob O'Hare

Well, as much as we're really proud of the merchant distribution that we have through our point-of-sale integrations, there are still merchants that haven't integrated with Affirm yet. And card really fills the gap that's created there. So a user can use Affirm card anywhere that accepts Visa. And we also think it's a smoother and more elegant way to transact offline. So in-store usage is about an order of magnitude higher on card than it is in the rest of the business. So we think that we found a way to take some friction out of buy now, pay later transactions for in-store situations.

Darrin Peller

You're at, I think, 14% or so, right, of your total users that actually have a card now. Has that still even -- intra-quarter, are you still seeing the trends go in the right direction there? And where do you see that going -- that 14%?

Rob O'Hare

Gosh, I would hesitate to put a cap on it. I mean I think right now, growth inflected positively from a user perspective in the December quarter. So we would continue to expect that it becomes an increasingly meaningful part of the business. And I think the great thing about card is that the unit level economics are really, really strong. So that allows us to really lean in pretty hard to continue to find ways to bring new users to the product.

Darrin Peller

Okay. Let's talk about guidance for a minute. Again, you had a very strong quarter. Your fiscal year guidance has 32.5% GMV growth and RLTC as a percentage of GMV just over 4%, which has really been your target for some time, right? GAAP operating margin is just over 8% at the midpoint. Just any embedded assumptions in your guidance that you can share? And related to macro funding conditions, progressive -- progress on key initiatives or any conservatism in there? Just help us understand your thought process on that.

Rob O'Hare

Yes. I mean we revisit the guidance quarterly, and we try to reflect current conditions, both in the funding markets, but also in terms of what we're seeing in repayment data with our consumers. And so that's all reflected in the guide. We utilize the forward rate curve at the time that we set the guidance. But the trends have actually been pretty stable on the credit side for us. And that shows up both in terms of the credit cost in the business but also demand in the various industries that we map to from a GMV perspective. So really nothing noteworthy to call out in terms of underlying assumptions.

Darrin Peller

Okay. All right. Back to the RLTC for a minute. Again, you've historically described 3% to 4% as a long-term range for the business. But you've landed above 4% now for fiscal '25. You're guiding to just over 4% again right now. So just as we look over time, I mean, if you could just share your latest thoughts on this target range, how you've been balancing profitability and growth a little bit more?

Rob O'Hare

Sure. Maybe I'll just go back for a second. I mean that 3% to 4% range really was established as part of the IPO process on our side. And at that time, we were very, very heavy into monthly installment loans, particularly 0% monthly installment loans. Actually, Peloton was our largest merchant at the time. And so we had some new partnerships coming online, namely Amazon and Shopify, and we wanted to leave space for those programs to scale.

And really, the 3% to 4% range was to allow for a different mix of loan products, particularly Pay in 4 becoming a bigger part of the business. If you look at our last quarter, Pay in 4 was about 1/6 of our overall volume. And I think we've sort of found a little bit more of a range for what we think the ultimate mix of the various loan products can be. And it probably means that in May at the Investor Forum, we'll revisit that 3% to 4% range. But where we sit today, it's hard for me to imagine a situation where we go all the way to 3% in the short run here. So again, I think the range was purposely very broad, and we're proud of the fact that we've been able to operate sort of towards the high end.

Darrin Peller

Okay. Look, I mean, your business from an idiosyncratic standpoint is obviously trending really well. Let's talk macro for a quick moment, given you should have a pretty good vision on some of the different consumer profiles. What are you seeing out there? Obviously, K-shaped economy is a discussion quite often. And so just help us understand some of the credit metrics you're seeing and how you feel about it.

Rob O'Hare

I think one structural advantage that we have today at our scale is that 96% of our transactions come from repeat borrowers in a given quarter. That trend has been true for the last several quarters. So increasingly, we're extending loans, albeit small loans to consumers that we know and consumers that have a history of paying us back and paying us back on time. So I think we're well served with that setup. Otherwise, I mean, we really tend to manage the business to what we call first payment delinquencies. So when a

borrower gets to that first payment event, which in our business typically happens about 30 days after origination, what's the delinquency rate for that first payment?

That's typically the best leading indicator of the credit health of that cohort of loans. And at our scale point, that's a real deep data set to evaluate. We're originating on average about \$150 million of GMV a day. So we think we get a really good signal from the first payment event. And right now, we're seeing repayment events that are absolutely in line with our expectations. There is risk in our business. Not everyone is going to pay back on time, but what's important to us is that we're able to rank order risk and that the repayment outcomes are in line with our expectation, and that's 100% what we're seeing right now.

Darrin Peller

Are they in line with recent trends also? Have they changed at all? Or are they still in line with the -- are they consistent?

Rob O'Hare

No, they're very consistent. Yes, we really haven't had a meaningful change in our credit posture. We're always making optimizations across various merchant programs, but our credit posture has been pretty static.

Darrin Peller

Okay. So credit sounds stable. How about spending volume levels?

Rob O'Hare

Yes. I mean we grew GMV 36% in the December quarter. That's actually up on a year-over-year basis in terms of growth rate versus where we were in the December quarter a year ago. So we're not seeing any sort of pullback in terms of demand. And actually, we've hit a bit of an asymptote with our average order values. And so the spending patterns have been pretty consistent.

Darrin Peller

Talking about profitability, I know you mentioned a moment ago with RLTC that we'll probably get some updated thoughts at Investor Day in May. But just on margins, again, we might get more than there as well. What are your -- what is the real investment required for this business to keep growing at this rate? I mean, how do you think about that as a trade-off versus profitability going forward?

Rob O'Hare

Yes. I mean we really don't view it as a trade-off. We view it as an and. I think both are...

Darrin Peller

Doable.

Rob O'Hare

Definitely doable and very important to how we think about building business plans internally. I think we're fortunate in that the loans that we create are very profitable. That's true across the spectrum of product offerings that we have. And one of the fastest-growing parts of the business, Affirm Card is one of the most profitable as well. So I think it's a great setup for us to have.

We just signed a 5-year renewal with our largest merchant partner. And so we have a really good line of sight into how that program should evolve over the next 5 years, which gives us a lot of confidence in the business as well.

So for us, I think we've demonstrated really nice operating leverage over the last several years. We've done it while continuing to grow the business. And if you look at the last 12 months, we've grown the business at accelerating rates as well. So I think you should expect more of the same maybe not...

Darrin Peller

Continued margin expansion.

Rob O'Hare

Yes. I mean I think continued margin expansion is the way that I would say it. We are looking at expanding our use of AI tools. I think for us, that's going to be a mechanism to drive more efficiency. I don't think for us, it means that we would look to reduce headcount per se, but I think it's going to be an enabler to do probably more with more.

So I think we would continue to expect some modest and continued growth in headcount given all the things that are on our plate that we think are really compelling opportunities. We've got international expansion. We've got the bank application out there, and we've got a really exciting partnership with both Fiserv and FIS that I'm sure we'll talk about here. So I think we've just got a really long list of really compelling opportunities, and we're trying to make sure that we get as much new product development through our teams as possible, and AI has been a way that we expect to continue doing that.

Darrin Peller

Right. So AI will help with product velocity internally, but it doesn't sound like you have any intention to reduce headcount. Could we moderate headcount growth because of it?

Rob O'Hare

Yes. I think we've been pretty measured about headcount growth. I think we've grown headcount about 10% on a year-over-year basis as of today, looking back 12 months. So I think that level of growth is pretty appropriate. But we're right in the throes of our planning for fiscal '27. And again, we'll speak to some of this in the investor forum. But it's about making sure that we maximize the opportunity set that's in front of us but also continue to show continued operating.

Darrin Peller

Right. There's a strong mix shift happening in the business, which should lend to better margins anyway. How about from a competitive standpoint? I mean, I'm curious, we had a panel yesterday with a number of other smaller companies that provide financing for consumers, whether it's Pay in 4 or installments or others. So just talk a little bit about what you're seeing out there. We've also had PayPal talking about being more aggressive and trying to effectively buy positioning with merchants. I mean you probably haven't seen it yet, but I'm curious what you're seeing out there.

Rob O'Hare

Yes. There's really nothing I could point to that says there's been a marked change in competitive intensity, I would say, in either direction. Most of our growth in any given year on the merchant side comes from our existing merchants. So we're really focused on optimizing the opportunity that we have with the merchants we already know. I think we're going to continue to win our fair share of new merchants as well. And we're really excited about some of the newer logos we've brought in. I mean, logos like Costco,

Lowe's and then the Intuit program that is just now getting live. So again, it feels like win rates are at a really healthy place from a merchant perspective, and we're continuing to see really nice growth with existing merchants.

Darrin Peller

So you're not seeing any change competitively impacting your ability to win business or even from a consumer standpoint.

Rob O'Hare

No.

Darrin Peller

Okay. That's good. We talked about AI internally, but agentic commerce comes up and it's perceived by some as it could be a risk, mainly because folks think maybe you're going to -- folks will use -- ask ChatGPT to just buy on whatever best tool possible out there, any credit, any credit card or -- how do you respond to that?

Rob O'Hare

I mean I think our thesis is rooted in the belief that we're unique in our ability to solve a real need for our consumers. And the need for financing doesn't necessarily change and certainly doesn't go away if you're utilizing an agentic tool to facilitate a transaction. So I think ultimately, we provide affordability for consumers, and that's something that's going to exist no matter how the consumer is enacting the transaction.

So it's really our hope that with the way that we've built our products through the fact that we don't utilize late fees or any sort of gimmicks or fine print in our transactions that an agent is going to be able to understand that what you see is what you get with Affirm and the all-in cost of an Affirm loan hopefully will show up as being really favorable to some of the other options that are going to be out there.

Darrin Peller

Okay. Let's touch on 0% APR for a minute because it's -- I mean, it grew 65% year-over-year last quarter versus overall GMV up 36%. So clearly, it's resonating with folks. I think you even -- in your promotional event in October, it accounted for over 15% of total GMV during the month. What do you see about it that's working so well and really resonating?

Rob O'Hare

I think it's really compelling on both the merchant and the consumer side of the equation. And that creates a nice flywheel, to be honest. I mean it...

Darrin Peller

And by the way, merchants are funding this, right?

Rob O'Hare

Merchants are funding the economics, yes. Yes, I think this has gotten sort of misconstrued somehow. Our 0% programs are profitable. They attract a higher credit borrower to our ecosystem, which we think is a really nice complement to the 2/3 of our volume that runs through interest-bearing. And so 0% loans are, I think, an important part of the story. But between monthly 0% and our Pay in 4 product, which is also 0%,

that's about 1/3 of our business. So the lion's share is still happening with interest-bearing loans. But 0% have been great. They drive really nice uptake with consumers.

The consumer is more likely to say yes if they have a set of 0% offers presented to them versus interest-bearing. So there's a nice uptick there. That accretes to both Affirm in terms of more GMV, but also to our merchants. And so I think we've been able to demonstrate with our merchants that allocating a bit more in terms of dollars to MDR, to merchant discount rate to pay more for a 0% loan, that's a worthwhile investment for them, and it's able to help them accelerate growth in their business and drive higher conversion.

Darrin Peller

Right. Okay. How about international expansion, another area that I know you've talked about for a little while now, but it's grown in terms of presence and opportunity for the company. And so just you continue to make progress. I know Shop Pay Installments now launched in the U.K. as an example, announcements of key merchant partners. Just what does the opportunity look like for you?

Rob O'Hare

Yes, it still feels like we're very, very early innings in the U.K. We're continuing to do the optimization work that we need to do with Shopify before making that widely available and making that a default part of Shop Pay. This is a very similar approach that we took in the U.S., and that launch has proven to be incredibly successful. So we have a lot of confidence that we're on the right path with Shopify. We're also scaling Canada with them as well. So a lot going on with Shop.

And then I think outside of Shopify in the U.K., we're continuing to post some really nice merchant wins as well. We just announced VMO2, which is the Virgin Mobile telco. They're a very large retailer of handsets. So financing is an important part of that ecosystem. We're excited to partner with them. We've announced Wayfair as well. So we're starting to land some large merchants in country, and it's a nice mix of brand-new merchants and also some U.S. merchants that we're expanding geographically with.

Darrin Peller

Okay. So before we go into the bank application or some other areas like vertical differentiation or focus and diversification, it sounds like the key drivers are all trending as well as you would have hoped. I mean your -- when you thought about setting your guide, these are all trending in line or maybe even better in many cases versus your assumptions even now. Is that fair?

Rob O'Hare

I think that's right. I mean we've now guided to full year FY '26, I guess, 3 times, and we've taken our estimates up twice, right? So we continue to be incrementally more positive on the full year. And the business, I think, has performed really well.

Darrin Peller

It's great to hear. Just one more on the business itself, vertical diversification. Again, over the years, you guys have diversified verticals that you operate in. I think we've seen you announce existing -- exciting partnerships like the one with ServiceTitan. Just touch on key areas you see more opportunity for that.

Rob O'Hare

Yes. I mean I think services is definitely an easy one to point to. We're really, really excited about ServiceTitan and Intuit. I think Intuit has the potential to really accelerate us in the services vertical. We are going to be part of the invoicing that happens within QuickBooks, right, which I think has a lot of the

tenets of transactions that are very squarely in our wheelhouse. These are -- tend to be larger dollar, sometimes nondiscretionary, right? If you have a hole in your roof, right, you need that roof patched. So we think it has a really great setup in terms of transactions that lend themselves to the sort of financing that we provide. And we're excited to partner with Intuit to make the integration as smooth as possible, both for the underlying merchants, but also for consumers as well.

Darrin Peller

That's really neat. All right. I want to ask you about the bank application. You submitted -- or you announced in January, at least that you submitted for a bank subsidiary. So what does that mean for the business, both from a go-to-market and strategy standpoint, but also just economically, -- what does that mean in terms of profitability or other funding?

Rob O'Hare

Yes. I think in the long run, it will be a mild positive for us. That said, we're still very early in the application process. We did just submit it in January. So...

Darrin Peller

How long is it -- do you expect it to take?

Rob O'Hare

I mean we would expect maybe a year, I think, is a good estimate. We don't have ultimate line of sight on when -- if or when the approval decision would be made. But I think internally, we're thinking about it in terms of hopefully getting to a decision within a year. So it's going to be a while.

And then once we're live, assuming we do go live with a bank, we will be in a period of ramping the bank subsidiary in a pretty measured way. So really for us, it's about bringing diversification to how loans are originated. The Affirm Bank would be another bank that's originating loans for us and then also maybe some diversification around how we issue virtual cards and a couple of other places where we touch a partner bank.

So we think there's enough scale in the business and frankly, enough growth in the business that we don't expect to really alter any of our relationships with existing bank partners, but we expect the bank to be there to absorb some of the growth that we expect in those channels.

Darrin Peller

Okay. All right. I'm going to ask one more and then, guys, anyone in the audience, you're welcome to ask a question or 2 as well. Also in January, you announced Fiserv as a new partner, similar to what I think you had with FIS already. This actually came up in our chat with Stephanie, the CEO of FIS yesterday. And so they're excited about it. I mean curious how you see that going and the opportunity really to provide for cards, debit cards at banks. And just talk about the go-to-market there and how that should trend.

Rob O'Hare

Yes. And maybe just to zoom out for a second, I mean, the partnerships that have been announced there, really, we're partnering with both Fiserv and FIS to bring the Affirm Card functionality to debit cards at banks, right? So we're hoping to utilize the network of banks that Fiserv and FIS have amassed to expand the distribution of Affirm card. And so we think it's hopefully pretty compelling for banks themselves where they may have a scaled debit program, but they may see their consumers utilizing other credit card providers outside of the bank for the consumers' financing needs. And with Affirm Card, we can keep

those financed purchases in the bank's ecosystem and partner with the bank to bring a pretty seamless user experience to the bank's customers.

Darrin Peller

Okay. A lot going on. It seems like it's going well, obviously, and we're happy to hear that. Just to wrap it, anything you want to share in terms of your own investments you want to make that you need to do for the company to succeed from here, M&A, anything else that's worth calling out?

Rob O'Hare

I don't think so. I mean I think we've got a pretty solid operating plan through the remainder of this fiscal year. We've got good line of sight into FY '27 at this point. So I think we're really pretty heads down on executing. And yes, there's a lot of momentum in the business, both in terms of growth and profitability.

Darrin Peller

Great. All right. Well, we have a few minutes, guys. So I'm happy to take a couple of questions if anyone has. Yes, it's one in the back.

Unknown Analyst

I understand very early days, but if a bank subsidiary is established, how would you view a steady-state funding mix looking -- understanding very long term, but just between ABS, forward flow, deposits would be in there, warehouse. What would a good balance look like for you?

Rob O'Hare

Yes. I mean so just maybe for everyone, the deposits would be the net new funding channel. Today, we utilize warehouse, ABS and forward flow. We would want to be thoughtful and measured about how we scale deposit funding.

But I would expect that over the course of sort of the 3-year period post the launch of the bank that we're probably scaling to roughly maybe 10% of our funding coming from deposits towards the tail end of that period. But that's sort of an early estimate that we would refine if and when we start to be closer to going live with the bank.

Darrin Peller

Any other questions? There's one right in the back.

Unknown Analyst

Quick question. As Affirm expands globally, have you guys considered branching off into stablecoins for like cross-border benefits?

Rob O'Hare

Yes. Today, the large, large majority of our volume is still happening in the U.S. And even as we have expanded into new markets for us like Canada and now the U.K. as well, all of the volume happening in those markets is actually sort of happening in that single country.

So we haven't really seen much in terms of cross-border volume happening on our platform yet. I think if that were to change, we may revisit our thinking there. But right now, it's -- we haven't prioritized stablecoins just given the setup that we have.

Darrin Peller

Okay. And let's -- I see there's one more here or 2 more looks like.

Unknown Analyst

Is there anything new on the regulatory landscape around BNPL or anything new that we need to worry about or focus on around rates?

Rob O'Hare

I don't think so. New York did come out with a proposed new legislation around BNPL. Our read of what's been proposed we don't see it as any sort of headwind for our business. I think they're very focused on making sure they manage the fee load that can happen with BNPL transactions. And in our model, just fees are not part of the equation between us and the consumer. So we came away from our first reading of that pretty positively, and I think it allows us to continue to do what we've been doing.

Darrin Peller

I think we have time for one last one.

Unknown Analyst

Hey Rob, so Affirm is kind of more focused on higher upscale products for buy now, pay later. And you guys recently announced that you're going to go into buy now, pay later through rent and kind of rent expenses. So I'm kind of curious, can you kind of explain how that's going to work as well as if you're looking to go more -- even more upscale beyond rent?

Rob O'Hare

Yes. We've actually seen average order values in our ecosystem come down. We're right around \$275 today. So that's sort of the sweet spot where we're operating. And that's a function of the various programs that we support. Programs like Shopify and Amazon have a lower average order value than that overall average.

In terms of the rent pilot that we have with Isuzu, that's something that we're testing into. It's really important to us that we have the right financing program for something like rent. And so in our case, we want to make sure that the terms of the loan are less than 30 days. We don't want to create these stacked loans of monthly rent obligations. But we do think that there's an ability to smooth cash flows for consumers. But in the case of rent, we want to make sure that we do it in a very short-dated way.

Darrin Peller

All right. Guys, I think we're going to wrap it up there. Rob, thank you very much for that great discussion. For everyone here, we have a 20-minute break. And then at 12:20, if you want to be back for our macro and policy update with our economics team and our U.S. policy team. Thanks again, everybody.

Rob O'Hare

Thanks.