2026 Affirm Investor Forum

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Presentation

Zane Keller

Welcome to the 2026 Affirm Investor Forum. We are live here at Nasdaq in New York. We appreciate those of you that are joining us here in person, but as well as those of you that are joining us virtually. This is the third iteration of our Investor Forum, and we certainly hope it's our best one yet.

As many of you know, I'm Zane Keller, I'm the Head of Investor Relations here at Affirm. Before we begin, we do have to go through a few legal disclosures. Today's presentation may contain forward-looking statements, including projections, estimates, targets and illustrations as well as statements regarding the company's strategy, future operations and partnerships.

These forward-looking statements are subject to numerous risks and uncertainties, including those set forth in our filings with the SEC, which are available on our Investor Relations website.

Actual results may differ materially from any of the forward-looking statements that we make today. These forward-looking statements speak only as of today, and the company does not assume any obligation or intent to update them, except as required by law.

We will have several guest speakers today, as you might imagine. The statements and opinions expressed by these panelists are solely their own, and they do not necessarily reflect the views of Affirm. You should not treat any of their statements as a recommendation to make a particular investment or follow a particular investment strategy.

Finally, today's presentation will contain non-GAAP financial measures. These measures should be considered a supplement to and not a substitute for GAAP financial measures. For historical non-GAAP financial measures, reconciliations to the most directly comparable GAAP measures can be found on our Investor Relations website.

With that, I'd like to introduce the agenda for today. We will begin, of course, with Max, who will provide an update to the vision for the company as we continue to build the Affirm network.

Afterwards, you will hear from Libor and Michael, who will speak to our structural advantages and why we believe these give us an enduring competitive advantage. We will then discuss our five medium-term growth drivers. You will notice five instead of three last time.

You'll hear from Wayne, Vishal and Pat, who will delve into each of these five drivers from both a commercial and product perspective.

Finally, Rob and John Marion will close us out with an update on our funding outlook as well as the all-important update to the medium-term financial framework. With that, let's get started.

Max Levchin

Thank you for showing up. Definitely I was not looking for applause, but thank you. We have a lot to go through, so I'll try to get through my part quickly.

In the next 10 minutes, I will tell you absolutely nothing that will help you with your spreadsheet. So this is the time to dream with me a little bit versus dig deep into the models that are important, I recognize, but that is to come.

All right. I'll tell you about what we've been up to and where we're headed. So there's one thing you want to -- you should -- in my hope, my opinion, you should take away from my talk track is we've built a network. And it's not just a network and the sort of thrown around all the time, payments accepting term of art.

It is a network that is real in a sense that it is fully closed loop. We are both the issuer of credit, the transmitter of the credit information, the acquirer and the risk manager. We're also unique in the sense that we are fully information preserving. That is to say merchants and consumers give us a lot more than any other payment network has to benefit from.

Most importantly, and this really is kind of the whole point of what I'm here to tell you and what my colleagues will do to have so much more to say about is we are exhibiting very real network effects. And the business should be, in my opinion, of course, judged through that lens from this moment until the rest of this presentation and from now on.

Let's start at the beginning. So we started Affirm with a mission. The mission is honest financial products that improve lives. I wish I thought about a clever-er way of saying this when I wrote it down, but the whole point of having mission and core values is to put them down once and keep them in stone. And that is ours. We mean it. We really mean it.

And I mean it so much that even for a formal event like this one where Zane explicitly told me do not wear jeans or T-shirts, I dressed up exactly as I do every day, wearing my Affirm logo in multiple parts on my person.

I want to show you the other ones, but -- kidding. But I got to keep the room awake. The reason for this is actually quite selfish. I love the dopamine hit of getting out there and being stopped on the street. Somebody asked me this morning in the gym, whether I was the Max Levchin, which was like, I don't know what's it about to happen? He said, love what you've built, love the product. It's just so cool how you guys are building this company.

And that happens a lot, a lot, a lot these days. Like I don't think a day has gone by over the last 6 or 12 months where either I didn't have the experience personally or one of my executive team wouldn't come in and say, Oh my God, I had just the coolest thing. Michael, I'm going to steal a story because I don't think he's going to share it.

When he was traveling to some place most recently where we met up, he said he had 2, oh my God, I love Affirm moments from 2 flight attendants on 2 different flight legs, which is like that's a new high. It is a great high. I encourage you to sort of step back and ask yourself, what other lending brand you know that engenders love among its customers. I'll wait, but I think I'll be waiting a long time. I don't think this is a common reaction. I think our customers love it, love us for real.

That intensity, the approach we take to our products, to the way we treat our consumers, the way we treat our merchants, our capital partners, our investors, that integrity that sort of is the building block is really important to us. It's entirely real. We don't just bring it out sometimes. It is a daily occurrence here. That is where the brand comes from. We spend basically rounds down to $0.00 on brand advertising and yet we have such a strong consumer preference that comes out of these conversations.

The fundamental insight that we had 15 years ago, which is sort of terrifying to say I was in my 30s, which is not the case anymore. The world was ready for a better approach to credit. We didn't want to build a product that was just like anyone else, we thought we would have a chance of persuading people to give another way of paying a try by simply telling the truth, giving them a sense of control, transferring the transparency directly into their hands and doing it right where they're shopping at the point of sale.

Fast forward to today, we are in more than 0.5 million checkouts online alone, obviously, offline, Affirm Card works everywhere. We're starting to break out into a thing that everyone has seen, heard of and for our consumers, I think they love.

So 14 years ago, going back to the beginning, I won't trouble you with the names of the merchants because some of them are no longer with us and others are not -- no longer nearly as enormous as some of the ones that we are proud to call customers.

We were given a chance by -- literally these friends of mine. I would call them like, hey, I got this payments company like, no, not the first one. This is the new one, different really. And I got a payments idea. Can you put a button on your check-out? I'm like, oh my God, another button, like no, I really think it will help. Like what do you think will happen?

What happened is what's now known as the Affirm effect. It's a 30% on average pop in your online conversion. And this has been true since the very beginning and varies a little bit. We have different share of card, different impacts on different kinds, but this is not an outlier. A 30% increase in checkout conversion is a very, very normal thing for a fully integrated Affirm, or if you're selling many SKUs, the conversion might not go quite as much, but you would see a doubling of your AOV.

Somebody would come in to buy a pair of shoes and would walk out virtually or otherwise with a dress and a pair of shoes in a bag. And that has propelled us to incredible growth from the very first point. Like we literally went from does anybody care to, I think we have a product market fit. I'd love to point out to our team and anyone who cares. We have never had to pivot. Like every company, and this is my #9, I think, I've ever been involved with. We pivoted and pivoted until we found that elusive product market fit.

Affirm took about a year wondering through the desert of prototyping and trying to figure out how this thing will work. But once it clicked, it's clicked. We never had to change who we are or how we do business, which is a blessing for an entrepreneur. That doesn't mean we didn't evolve. We worked very, very hard on every little bit of that Affirm effect. Affirm effect is the checkout experience, the conversion, that is what we are in the business of selling.

That means the user interface have to become sharper and sharper, like I try to remind our designers and our product managers that we literally bring a chisel to the pixels that we have on checkout and take out any pixel that we don't think has to be there because that's between us and that sale.

The other thing is underwriting. Like it's fun -- all fun in games if you're a closed-loop network, but if you're the one managing the risk, which is what happens, even if we sold the risk in the capital markets, we are still on the hook because the next sale of the next loan depends on how well we did in the previous one, which means every single transaction has to be underwritten in real time with the tight requirement of the user interface without too many step-up questions or identity confirmation screens.

And then that loan has to get approved or decline in real time very quickly. And we have to pretty soon then figure out what of the many capital markets channels is going to go to. We have to go from, hey, we think we can gather these things up in a spreadsheet and then figure out how we might finance it later to a giant machine that issues securitizations every month and many, many other channels, and we'll talk about our capital markets program in a little while.

All of this is only possible if you have data as a first-class citizen. We have built our entire company around managing data, aggregating data, mining data, modeling data, modeling outcomes. The thing that I sometimes like to say is that the product is the rocket ship. We didn't have to pivot the product worked. It is the rocket ship, but the data is rocket fuel. Like that is what takes us forward.

The fancy graphic, those of you who recognize is, of course, a neural network. That is what powers the checkout that we have. So Affirm checkout is the product, that is the conversion that we sell so well.

The optimization function that takes place every time, even before you click on anything, even before you choose to go to Affirm, the list of choices we show you in that moment is powered by a model that was deliberately designed to maximize your interest as a shopper to minimize the cost that the retailer incurs to maximize your interest, to produce the best possible financial outcome for you, the consumer, because if you're not going to pay us on time, we will lose money because there are no late fees. We've never charged a penny and never will, to make sure that we have the yield for the capital markets expectations that we have probably negotiated months in advance with a rate that has since been modified by the Fed funds rate. All of this happens before we know who you are, if you're not logged in. And if you are, we have some incremental data. So the amount of AI for lack of a better term, that takes place in this checkout is astounding.

The thing that I will tell you because Libor, who will come right after me is too modest to brag. We've been building these models for 15 years from the very beginning. The company was founded by a bunch of computer scientists who basically thought that we could do better than FICO because more data, better techniques.

The last 1.5 years or so, we've been working on a completely different class of models inspired by what you encounter when you talk to ChatGPT or Gemini. So it's a transformer-first model with an attention mechanism that drives everything from selection of terms to underwriting.

You will see the results, which are quite phenomenal. But that should give you a flavor for just how much time and effort we put and how seriously we take the idea that this business only makes sense with the level of machine learning and AI that we have in our DNA.

And the reason it is more important to us from the consumer's perspective, obviously, it makes sense. We want people to feel great. We want them to have the sense of control. We want them to get the best deal possible. The wrinkle that I sort of referred to on the merchant side is actually worth pausing for a second.

When you see a 0% deal, when you see an APR that compares very favorably to your credit card APR, someone is paying for a time value of money, and it's not us. It is typically coming out of the marketing budget of the merchant. And we are the steward of that capital, which means that for every penny they're putting into our model, we have to show them, and we have to feel great about the fact that we're maximizing their yield on marketing investment. That is a fairly profound responsibility to take on in addition to all the other responsibilities that we take.

On the flip side, though, we've gotten very, very good at this and the giant stack of custom pricing contracts that give us the right to tap into these marketing budgets in real time. is the moat that Affirm has created just on that side of the business.

Trying to replicate has been very challenging for our competitors, as you may have noticed. In part, that's because we've built these trusted relationships with consumers. We built a great brand. We do have brand preference at this point, but we also have a deep sense of trust and care with the merchants that we have these custom pricing. And we've been leaning into 0% financing, as you have seen, obviously, over the last couple of quarters, all of that comes from the contracts and it's a profound differentiation that we have across the whole industry.

I love this animation, admiring it for a second. All this was created with AI way too quickly, but frees up our designers to actually build products that require human involvement. As we increase our transaction count, transaction per active user per unit time, has a really nice consequential effect on the data aggregation side, which translates to visibility. We understand the consumer that much more. We have less period of waiting between loans, more time or more data to understand who that person is, better understanding for exactly what drives them when shown 3 different financing programs, are they going to accept the first, the second or the third? We have a model that reorders which ones you'll see first. We know where your eye will trend. We know what you will click on based on previous transactions. The more transactions we have, the faster the flywheel of the Affirm network growth spins. Higher frequency, of course, gives us better share of wallet of that consumer, makes us more relevant to the merchant. The goal of Affirm has always been to become as important to merchants as Visa, Mastercard, American Express, the great American Payment Networks.

We're getting there by building out this network, by experiencing these network effects. The more we have of everything in the network, the easier perhaps conversely, it is for us to grow because we become that much more relevant to merchants. More and more people stopping me on the street saying, Hey, I love Affirm. That means they're telling their merchants either directly or indirectly, you should accept Affirm if you aren't yet, which is, fortunately for all of us, a diminishing number of people who have not yet integrated. We've underwritten 70 million Americans. We've transacted with more than half of them. If you've seen our latest quarterly numbers, you can see that, that number is -- the second number is a little more than the ones that transacted in the last 12 months.

The opportunity to decrease the gaps between transactions to increase the frequency is still very, very substantial. The Affirm consumer is real. She does, in fact, exist. She has her preferences. A very large retailer decided to remove Affirm from an integrated checkout a little while ago. And the expectation, certainly according to our stock price movement was that we'll just lose the volume, and that's going to be that.

That is not what, in fact, happened. A large percentage, a large majority, in fact, of the shoppers from said retailer simply went out and got themselves Affirm Cards and continue to today access Affirm at the point of sale online and offline using Affirm Cards, fully benefiting from all the Affirm Card functionality.

The volume at that retailer continues to grow for us, which not what was -- I think many people thought was in the cards. We have 27 million active consumers in the last 12-month period. 15 million of those are in our app every single month.

That has now become a big enough surface where marketers, not just those who are paying for these 0% deals or discounted APR deals, any marketer within any retailer can come to us and say, Hey, I would love to tell our story. I would love to launch a product.

I would love to do something with you guys. The audience is so big, and we know we are seeing them on every channel, integrated through digital wallets, through the Affirm Card. Obviously, that wasn't sitting idle as an idea for too long. We decided you know what, we're going to have our own shopping event. People don't come to us to pick the thing they're going to buy. They definitely come to us with a view, I'm going to buy a thing. I'd like to know which retailer will offer me 0% financing, which is why we invented this thing called Big Nothing Days, which -- and if you know the Affirm team, you know we love our silly puns and take ourselves extremely unseriously.

And so the big nothing. The latest one we'll launch tonight. This was sort of a coincidence. I'm not sure we meant for it to be at this event, but I'm here to tell you, if you're in a market for just about anything, there are thousands, maybe tens of thousands now of retailers that are going to gladly pay your interest for you, and you can find it all in the Affirm app starting midnight tonight and will go for 3 days.

Last time we did this, which was October, we moved the needle for participating merchants north of 30% and it had no pull-forward effect, which is what retailers hate because if they promote something today and the transaction goes away tomorrow, they don't exactly love it.

We waited this long to do another one because we wanted to make sure it's very clear that there's no pull forward. These transactions were an expression of preference as opposed to just switch. So more big nothing is coming up. My reaction to the big nothing numbers was, well, why don't we do this every week? I've been overruled.

But we're definitely going to do more of these. So I promise I'll get off the stage in a second, but I have to mock the shorts a little bit. So the best bear case for Affirm has been it's all the credit risk and no consumer preference. Hopefully, I've beaten the consumer preference horse to death right in front of you here. Like we really do have consumer preference. People will actively switch to our card only to counterweight the fact that a merchant decides to no longer support Affirm.

Our merchant churn is, rounds down to effectively 0 because most merchants are very clear that they have to support Affirm. Our logo is important to them. That said, the one thing that I will not try to dispute or combat here, the credit risk is real.

Like Michael wanted to write our S-1 starting with a sense, we take risk, which I thought was amazing. And of course, the legal team had its way with it. But I love our legal team. And I mean that. I nerd out with them as much as I nerd out with the engineers. But the credit risk is a thing that we take on proudly. You've seen the results. You can see it every month in all of our securities. So we've done a pretty amazing job.

Credit is job #0 at Affirm as an engineer, I count from 0. It will always be there. The thing about the scale of the network is 3, 4 years ago, when we had just gone public, I entertained a bunch of investors and one of them said, Oh, guys, is $100 billion a thing? Is that going to happen? So we're dangerously close to $50 billion in trailing 12 months.

So at this point, the debate has shifted, when do you get to $100 billion, not if you get to $100 billion, which I'm pleased to welcome everyone to that way of thinking. That said, if it takes us a little bit longer to get to the milestone, which I think is entirely unavoidable in a good way, we will take as long as we must.

We will not compromise the credit quality, the trust we've built with capital markets just to achieve some kind of a gaudy GMV number. And so that was important to say. That said, I said, but I'll say it again, the other takeaway is it is easier to grow now that we're larger, which I think for most businesses, it's actually the other way around, not for businesses that exhibit true network effects.

Merchants now reach out to us saying things like a few years ago, we told your guys BNPL was not a thing. It is a thing, and we want it, where do we sign up?

Even weird version of this is they say, Hey, we definitely want to sign up, but could you integrate us into your app before we go live because we want to tap into your audience because we want to start using you as a marketing channel, which is great because it's a new revenue stream for us.

Just a couple more sort of nuggets to it. The last 12 months -- trailing 12 months looking back, 5 cohorts, that's as far as I looked. Every one of those, the transactions per user grew faster than the one before. So the flywheel is just spinning faster on its own. The most we're doing to increase transactions in the network is just signing up more retailers. If you look at card cohorts, every new cohort is starting a little bit higher than the last and spending a little bit more. Again, we're not telling them, please spend more. We need to show good numbers. It is happening on its own. It took us about a year -- actually now, it took us more than 2 years to get from 2 transactions per user to 3 transactions per user.

We've just gotten from 6 to 7 in less than a year. Again, another sign that the network is just spinning. We're gaining share of mind, but we're also gaining share of wallet. The audience is now big enough where we're fielding millions of searches in our app alone for brands that support Affirm. That is a great sales tool.

I frequently go to a merchant that hasn't yet seen the light and say, you may not care about us, but our users do care about you. Here's $100 million of GMV that we fielded from our app. People search for you specifically in the context of Affirm -- we should do something.

I can drop a bunch of brands that have literally seen the light with that sales talk track. Anyway, I'll stop beating the network effects are real horse in front of you here, but that is the only thing that I'm here to tell you.

As is my last slide in front of you, the one on your left is a throwback. This is from our very first fundraising deck. That's why the Affirm logo is outdated. But from the very beginning, the vision that -- no, we had said we want to be on every door.

We want to be a must-accept payment mark as important to retailers as Visa and Mastercard. And I wouldn't quite go as far as to declare victory right now, but we are really well on our way and all signs point to the fact that this is happening. Consumers love us.

Again, I love Affirm is something that I love hearing, but I hear more and more often and just fills my heart with joy. I won't steal Vishal's thunder, so I'm not going to rattle off all the things we're going to build, but kind of the themes to focus on growth.

Growth - it is easier to grow when you're getting bigger. We are still very focused on growing. Modular credit, keeping extremely close eye on everything from capital markets downstream concerns there, all the way to making sure that we never overstep our credit requirements, but growth is still very, very top of mind. That means more channel partnerships, more ISVs.

We'll talk a little bit about Affirm Edge, the official renaming of Affirm AC/DC. We did not want to get sued by the band. If you don't know what that means, don't worry about it, you'll see what that is in a second.

And then Agentic, it's everyone's topic. Apropos our morning's release, we are getting fully integrated into Gemini. That's not the only one, but this morning, that's the one we're talking about. We're very focused on direct-to-consumer.

The card is now a big enough part of our business that we're recognizing that we are not actually serving every economic strata the way they want to be served with our card that just creates more opportunity for us to go build some more software, which is exciting.

Our card is a dumb piece of plastic with an extremely sophisticated set of features in the app, and that's exactly what we're digging deeper and deeper into.

And finally, again, a little trite. I refer you to my shareholder letter if you really want to see what that means, but AI is a superpower. This is a moment where the world is divided into companies run by engineers and companies that are trying to figure out how are the companies run by engineers leapfrogging them.

We are very fortunately in the former, the founding team was all engineers. Pretty much every executive team member writes code either for their job or to make sure their job is a little bit more fun.

And so we are firmly in the engineering mindset, and we're loving every moment. Don't take no AI layoffs as what they're being portrayed to be. Those of us who know how to build software love having people who can direct AI.

I'll leave it there. Anyway, Affirm logo on every door. We're not there yet, but we're getting closer and closer. It's very exciting. With this, I will leave you in the capable hands of Michael and Libor, my 2 co-conspirators on just about everything we do. Please welcome them to the stage. They're good men and thorough.

Michael Linford

We will do our best to get back on time here. He is not into brevity. Thank you all so very much for being here today. I really appreciate you making the trip and listening to us yap a little bit about what's going on at Affirm.

I'm up here on stage with my friend and colleague and fellow pirate, Libor. And we're going to walk through how we see our structural advantages and why we think they point to long-term durable growth with really compelling unit economics.

Before I dive into the structural advantages of the business, we thought we'd take a second and put a framework out there for you to think about the way those advantages show up in the form of two reinforcing flywheels.

The left-hand side, we talk about a lot. That is our merchant and consumer network, where as we get more consumers and delight them with transactions, they get more value out of the network. Merchants want to be able to participate in that network, allows us to attract more merchants who in turn give more value to the consumers and the two reinforce each other.

We spend a little bit less time in these forums talking about the right-hand side, but it's very important, and we're going to talk quite a bit about it today. And that is our approach to risk management and how we vertically integrate it across credit, capital and everything that we need to do in order to scale the business. The key thing here is as we get more transactions on the network, we get smarter.

Our capital partners can have more confidence in the level of credit losses that we underwrite, thereby generating more returns, which in turn help us deliver better offers to our merchant and consumer partners. And these two flywheels really do work together, and you don't have the business without both. So thinking about our advantages, the five we'll walk through today. I'll walk through them all in the following slides, but I'll quickly introduce them.

I'll hit the first one and let Libor take the rest, and then we'll come back and talk about the way they show up. The first is network effects. Max talked a lot about that. We talk a lot about that in our business. But as our business scales, it gets more valuable for all participants in the network, making our job to grow the business and network easier as we get bigger.

The second, again, we talk about a lot, which is that we have transaction level underwriting. I cannot repeat enough how important transaction level underwriting applied to short duration loans fundamentally changes the outcomes on credit.

The third is our data asset. Our data asset is unmatched in the industry. We've been at it for quite some time. Models are all the rage. They need data. Otherwise, they can't function, and we have a data asset that cannot be matched.

The models themselves are not as interesting as the way you operate them. We can update the models and again, make decisions throughout the course of a particular period to make sure that we're engineering the right outcomes for our capital partners, our merchant partners and our consumers.

And then lastly, our infrastructure scale. We have built a robust and reliable platform that allows us to serve the most demanding and largest e-commerce players in the world that is a real strategic asset for us. So let's think about the network effects.

Here, we got some data, 71 million underwritten consumers all time, a little over 0.5 million merchants. That's the merchant and consumer side of the network generating a tremendous amount of transactions.

Again as more merchants on the platform, consumers can get more value as more consumers are on the platform, merchant gets better sales. They can get value out of Affirm both in terms of higher conversion, larger average order values and then obviously delighted customers.

We make their customers happy for what we're able to do for them. But we don't spend as much time talking about the network effects that we see across the broader ecosystem. Our capital partners who benefit from the scale that we create return that with better cost of funds that we can then build really compelling products for the consumers and the merchants making our growth easier.

Scale begets scale and scale begets economics in our business. The result of these complicated and finally tuned systems of interactions is a very, very complicated yet very powerful machine. When tuned correctly, Affirm can generate really large scale, lots of growth and a lot of delighted and happy customers throughout the process. I'm going to -- I will handover to Libor to talk about underwriting and infrastructure.

Libor Michalek

Thank you, Michael. Really appreciate it. So transactional level underwriting, by engaging consumers to evaluate their repayment options and pricing as a part of their purchase, we create the opportunity to individually underwrite every single transaction, which enables more accurate risk evaluation and real-time pricing, greater clarity and of course, improved conversion, AOV and repayment on the consumer's part.

As a result of underwriting each individual transaction compared to a model that is product-agnostic, all or nothing approvals, Affirm is able to deliver significantly better approvals for the same delinquency rate or much better delinquencies for the same approvals.

For example, this graph compares using Affirm to FICO across a large set of our transactions based on a specific delinquency target where we pick it, we are able to deliver significantly greater approvals at target economics, process more transactions, collect even more performance data and satisfy more merchants and consumers in the process.

Through a vertically integrated product and transactional underwriting together, we are able to collect more data to train our models. We develop a clear picture of each user's behaviors, finances, choices at the time of the transaction. We are able to acquire and originate across the full journey of the purchase, everything from offers they saw, the merchants that they considered, the terms that we offered them, what they chose and then how they repaid those installments. This includes category, merchant, item-specific data. For example, in travel, the time from when the customer made the purchase to when the trip actually happens as it relates to the length of the loan is a huge signal on repayment and ultimately approvals as well.

Vertical integration drives visibility into user choice and outcomes. And over the last 14 years, we've seen $150 billion in volume, 2.3 billion repayments, continually increasing the scale of data on which we train our models.

As we've grown our consumer and merchant network, we've steadily grown the number of loans and the number of repayment installments we use to train each successive generation of model.

Additionally, through research and experimentation and development, we've steadily also increased the number of features describing those purchases and those repayments, resulting in an acceleration of the combined number of loans, installments, features, the full data set that we use to train each individual model has continued to increase.

And as we've increased the scale of our model training data, as the product evolves, the models learn new behaviors and interactions, differentiating how people respond to distinct offers and how that impacts their repayment to consistently deliver better performance.

Now normally on these graphs, people like to show like area under the curve, and it's really hard to kind of normalize that. So we decided to look at like delinquencies as it relates to approvals, right? And so we see the same effect across 2 distinct classes of models here, our repeat model and our new user model. Each successive generation is delivering better approvals at the same delinquency level or better approvals -- better delinquencies at the same approval.

And that differentiation across generations on the right side of each graph gets better and better in the most pronounced in discovering the strongest consumer segments where we get the best repayment. We're also super excited with our latest AI model form using a transformer-based architecture.

It is delivering more -- it is basically discovering more pockets of opportunity more deeply in our data, especially in making dimension a first-class feature. So we're able to actually -- in using our existing data, finding new information within it using transformer-based architecture.

It's actually shown here the -- even though the model, it's on the top, the green line was released shortly before our mainline model as an experiment, it's already significantly outperforming the model that actually went out a month later, which is the red line.

So it's the form that we're going to be transitioning all of our models to, and this creates a new baseline for us to continue delivering improved performance with each new model generation and, of course, with even more data. This flywheel of data acquisition is steadily converted into better models, which drive improved customer and merchant outcomes, which in turn drives more data, research and model gains.

Being able to underwrite every transaction and price every offer creates better outcomes for consumers and merchants. And being able to do it quickly and reliably is an obligation we take seriously. We're not just matching a transaction to a credit line. The full underwriting ensemble of models, policies, pricing, all of it has to work quickly and correctly every single time. We spend a lot of time analyzing, obviously, performance of underwriting.

We obsess just as much about delivering that capability consistently and reliably every single time. For example, during this past Black Friday, Cyber Monday, we managed peaks of 4,000 checkouts and 14,000 app opens every single minute. All with a consistently high reliability and our merchants and customers rely on us, and we take that trust seriously. And speaking of merchants, Michael?

Michael Linford

We want to walk through a few proof points of these advantages that we discussed. The first is the size and scale of our merchant network. Obviously, we're really proud of the distribution that we already have, and we think it's a market-leading position.

We work across nearly all verticals, all merchant sizes and merchant types from the world's largest e-com players to the small shops on Shopify. Our platform can integrate -- be integrated directly with merchants, and we can deliver great economics when we do that or we can use partners to integrate any way the merchant sees fit.

We want to help meet the merchant wherever they are and find the consumers wherever they are. The list here is obviously just a narrow slice, and we're adding more merchants every day, but we're really proud of the scale of the merchants in our platform that benefit our consumers.

Again, the merchants will get bigger baskets, better conversion. We're a payment method to them. We're a marketing method for them, and it's all wrapped up in a lot of customer love.

Merchant network is great. We also have some receipts, so to speak, on how we think about the outcomes on credit and capital markets. And we decided to try to visualize for the investor base here our static ABS deals over the past several years since 2023.

And 2 big insights here. The first is, if you look at the top line, that's where we price the deal. When we begin a deal, we tell the market that we expect this level of losses and the curves should look like the top line. The line below is a mixture of the realized losses and then a projection where we don't have the realized losses fully in yet. And it's incredible our ability to dial in the losses consistent with the pricing assumptions 3 years out.

Affirm's ability to price credit correctly creates a real differentiation that allows our capital partners to trust that the way in which we approach losses will be consistent and just under the assumption that we put out there.

And that trust shows up as real economic advantage for Affirm. On the left-hand side, you see the credit spreads for the past several years of our ABS deals. We were running in the 300 basis point context back in 2023, and we're running in the 100 basis point context today.

I don't think I have to tell this group what 200 basis points of funding cost does to our business – it's pretty powerful in terms of a tailwind and what we can do. When you also combine that with our other advantages, the transaction level underwriting, models that can price risk correctly, having that extra capacity to invest in the merchants and the consumers allows us to be very growthful and again, makes our job a lot easier.

But it's not just the ABS markets. On the right-hand side, you see the forward flow markets. The ability for Affirm to attract capital from some of the world's best investors from pension plans to insurance funds to yes, asset managers is remarkable.

And we've been able to do it while building real scale in the platform because of the durable advantages that we talked about. Put simply, our investors trust us, and it shows up with the results. And speaking of trust...

Libor Michalek

This trust and confidence is also seen in consumer engagement. While we've scaled to 27 million annual active users, we have seen a steady increase in user engagement, capturing a greater share of their considered purchases.

Since the last investor forum, we've increased the number of transactions per customer per year by 50% and now sitting at 6.7 transactions per active customer. These improvements are being driven through the expansion of our merchant network, improvements to risk management, consumer retention and significant continued growth in card users.

Of course, the increase in active consumers and number of transactions per user also reinforces our positive impact on merchants, the underwriting and repayment data we collect and the trust we build with consumers. And AI is only accelerating these flywheels.

Most exciting parts of the business are what AI is starting to do for us. For underwriting, as I already talked about, AI drives improvements that increase the salience of our data, transformer-based models being better incorporating the time, thereby significantly increasing the complexity of the feature set from our existing data.

AI improves the operational cadence of everything from model building, servicing, pricing, offer creation to collections and capital allocation and, of course, engineering productivity.

Similarly, consumer and merchant personalization also becomes richer. For consumers, we are providing a more tailored experience in everything from search all the way through to the customer support experience. And for merchants, we are providing optimizations customized to their business and to their customer base to deliver even better results for the same budget and to make even more efficient use of their incremental promotional budget.

We're only at the beginning and could not be more excited about what AI is going to do for the business. And with that, I will hand it back to Zane to tell us about our next speaker.

Zane Keller

Okay. So we've heard from Max about the update to our vision and also most recently, our structural advantages. Now we'd like to go into the five different growth drivers that we have. And to kick us off, we're going to begin with Wayne Pommen, who's our Chief Revenue Officer. Please give him a round of applause.

Wayne Pommen

All right. Thank you, Zane. So Affirm's first-ever transaction was at a merchant point of sale. There was an online order from a flower delivery merchant.

And 14 years after our founding and hundreds of millions of transactions later, merchant point-of-sale remains our foundation.

So our direct-to-consumer business is growing very quickly, which you're going to hear more about later. But in the last quarter, point-of-sale still represented 76% of our transactions. Every year, we welcome thousands of new merchants onto the platform. We grow our volumes with partners that we already have. And as we do that, we meet millions of consumers at the point of sale and welcome them into our network. And so ultimately, this core of our business is a very strong growth engine. Over the past 3 years, it's grown at 32% annually. And as I'm going to try to lay out in the next few minutes, in some ways, we think we're still just getting started.

So you heard a moment ago from Michael and Libor about the structural advantages that we have in our business. Those are also the underpinning of the value that we deliver to merchants and distribution partners. That includes our ever-growing consumer network and the propensity of those consumers to transact with us.

You heard about our credit decisioning, our transaction level decisioning, which drives superior conversion and AOV results for retailers. Our data asset supports delivering the right offer to the customer at the right time to drive traffic and again, conversion.

Our ever-evolving models, the power of our models drives ongoing increases in performance, but also importantly, sustainability of results for retailers. And you also heard about our enterprise infrastructure, which delivers the scale that our largest retailers require, especially in their big moments each year, and it also supports the depth and the velocity of our product.

And as these structural advantages compound, so too does the value that we can deliver to the merchant network. So as a reminder, we think about our merchant point-of-sale strategy in 3 broad pillars: signing up new merchants and entering new verticals.

Then once the merchants are on our platform, growing our share; and then thirdly, working with distribution partners to accelerate distribution, especially in the long tail. And I'll go through each of these in turn.

So first, new merchants and verticals. In the past year, we have accelerated our merchant acquisition significantly. We added 157,000 new merchants to the platform in the past 12 months, and we've more than doubled our active merchant count since 2023. And that, again, is driven especially by expanded distribution into the SMB segment through wallets, payment service providers and ISVs, which I'll speak more about in a few moments.

I want to zoom in for a moment on the U.S. enterprise segment, which drives the majority of our point-of-sale GMV. We carefully track the top 250 e-commerce and travel merchants in the United States, e-commerce and travel being the original core markets that Affirm was focused on. So in the past three years, we integrated an additional 32 of these merchants, including many household names that we're very proud to be partnered with across multiple categories of retail, reaching a total of 75.

But of course, when we look at this chart, we see more opportunity than accomplishment. There's 175 merchants in this sample we have not yet integrated with, and that's something that my team is focused on every day.

Also important to remember, though, that we don't need an integration with a merchant for our customers to transact with us there because of our direct-to-consumer channels. If you look at that 175 merchants that we are not integrated with, we drove $3.3 billion of GMV in the last 12 months with those merchants through our direct-to-consumer channels, and that nearly doubled over the last year.

So if we then look at our market penetration in GMV terms, the scale of how much opportunity we still have really comes into focus. So again, looking at these original core markets of e-commerce and travel in the United States, those end markets are growing. Between 2020 and 2025 they grew 1.7x to reach $1.6 trillion. In the same time period, Affirm grew over sevenfold. So we gained share rapidly. But yet, we're not even at a 3% penetration of these core markets, and we think we're far from any sort of ceiling even in these core markets that we've been in for over a decade now.

So what if we look beyond those original markets? The U.S. consumer spends trillions of dollars more in other areas of the economy where our product is also valuable to them. We see this every day with the Affirm Card when somebody uses it to make a healthcare purchase or to pay for a professional service or to make a charitable donation. And we are also now integrating with these types of merchants as well.

We have a team that focuses exclusively on entering new verticals and laying out the go-to-market strategy. And as a result, we're growing in these adjacent verticals very quickly, approaching $2 billion a year. And we think the opportunity ahead is enormous.

So now I'll come on to the second pillar, growing share of card. We always say that when we sign up and onboard a merchant, that's just the beginning of our opportunity to work with that merchant and to drive more impact for them and for their customers.

Share of cart is something we track very closely by comparing our GMV to the total sales of our integrated merchant partners. These figures you see here are, again, from the U.S. enterprise segment, where we've steadily increased our share over time. And in the last quarter, we processed 2.9% of those partners' total sales. This is a very powerful lever. When we look across our total merchant portfolio, every 1 basis point increase in penetration is worth over $120 million of annual GMV.

And to accomplish this, we have a well-established playbook of initiatives and enhancements that we work with merchants to deploy throughout the customer journey to drive awareness, engagement and ultimately, conversion.

And more broadly, we continue to invest in our checkout product with the goal of having the best and highest-performing checkout experience available. Last quarter, we announced BoostAI. BoostAI allows merchants to take even more advantage of Affirm's machine learning capabilities. With BoostAI, merchants can work with us to determine the optimal set of program parameters to drive conversion and return on their spend with Affirm.

BoostAI has now been adopted by 57% of our merchant partners -- enterprise partners, sorry, and rolled out to tens of thousands of SMBs. We're also rolling out an offering we call connected accounts, and that's where we work with merchants to recognize returning users when they first arrive on a merchant site.

We can then make them aware of their purchasing power, affordability, any personalized offers. And because we already know who they are, they can skip steps in checkout for a faster, smoother, higher converting experience.

And this is now live with some of our largest merchant partners. And in the same vein, we're rolling out embedded checkout. The idea here is we no longer want consumers to have to complete the checkout process in a separate window. We want to keep them natively in line on the merchant site, again, for the most seamless, fastest, highest converting experience we can produce. So this is a sample of some very recent developments, but by no means are we stopping there with our checkout product.

So when we put all of this together, when we add our share of cart playbook with our track record of merchant retention, we end up with a consistently strong net expansion rate. And over the past 15 quarters, it's averaged 116%.

And when we look back at the different vintages of merchants that have come on to our platform, we see solid annual growth in each of them over time.

So the third pillar, accelerating distribution through partnerships. As a reminder, our partnerships take several forms. There are e-commerce platforms where we have integrations with 55 different platforms, large and small.

Payment service providers, PSPs where we have partnerships with 18 different ones and also wallets and browsers bring us to the checkout as well. I want to go deeper on PSPs for a moment as these have become a much more important distribution partner for us in the past few years. We're now working with the leading PSPs to bring Affirm to their merchants. And it's about -- it's more than about just having Affirm technically available at checkout. It's increasingly about working with these platforms on a joint product to maximize our performance on those platforms and increasingly about doing joint go-to-market to maximize our reach on those platforms.

So for example, co-selling together to large merchants or having default-on motions for the long tail. And we're seeing the results. Our GMV originated through PSP partnerships is growing much faster than our business as a whole.

Now PSPs also help bringing us access to ISVs, aka vertical SaaS. SMBs in many verticals now rely on ISVs for a range of software-based services, including payments. And so often through one integration with a PSP like Stripe or Adyen, we can partner with ISVs and serve large numbers of underlying merchants efficiently.

And we now have over 50,000 ISV merchants live and active on our platform. And because most ISVs operate outside e-commerce and travel, ISVs have become a critical part of our strategy to enter those adjacent verticals that I spoke about a moment ago.

We're now partnered with leading ISVs in each of the categories you see here, and that includes Intuit, which we were very excited to launch just a few weeks ago.

I want to close on the PSP topic by highlighting our partnership with Stripe. We started that partnership in fiscal 2022, and we've driven enormous growth together since then. And we've done that very intentionally, deepening that partnership as we've gone along. For example, we've expanded into Canada. We launched support for ISVs a couple of years ago. We became a preferred partner of Stripe, which unlocked much closer go-to-market cooperation. We launched in -- as part of Stripe's in-store terminal product. And then more recently, we've been working very closely with Stripe on Agentic capabilities such as their shared payments tokens program.

So we're very excited about all of this progress with Stripe. We think it's still very early days given the scale of their platform, and we see much more opportunity ahead. And so for our next segment, we're going to go a little bit deeper on our Stripe partnership. Max spoke with Will Gaybrick, Stripe's President, for a prerecorded fireside chat.

[Video begins]

Max Levchin

So let's talk about Affirm and Stripe. How do you distinguish yourself from others? What is it that makes Stripe unique and special and perhaps relevant to us? How do you choose your partners? How does your unique approach to payment shape who you partner with and how?

Will Gaybrick

Well, thanks for having me. Very excited to be here and our partnership. I'd say one of the things that's very foundational to our partnership is that focus on growth, credit being the fuel for the global economy and now Stripe and Affirm coming together to offer super seamless, both for the developers integrating them and of course, for consumers adopting them, credit offers right in checkout.

And so it's been probably 4 years that we've been partnering. But over the past year, we've seen really, really nice looking curve, and I think it's just the beginning.

Max Levchin

We are measuring our scale of the partnership, the GMV of the partnership in billions of dollars. From your side of the fence, what have you seen? How have we worked together? What's been the unlock? And you're right, we were both looking at this graph and boy, it looks good.

Will Gaybrick

Yes, it looks really good. Probably 2 primary dimensions. So one is making Affirm ship natively with Stripe. I think it's probably the best way to describe it, which is you integrate Stripe and you just get Affirm. Of course, you can turn it off. But users don't do that.

Max Levchin

You shouldn't do that.

Will Gaybrick

It drives a ton of growth, a ton of conversion. And the other side of that for consumers, just the front-end experience of using Affirm on Stripe is hyper optimized. So it's just a couple of clicks, you get your offer right in situ and you're off to the races.

Max Levchin

What are you seeing? So you are a platform, you're a platform of platforms. How does demand for Affirm's product appear? What's the shape of that on the Stripe side?

Will Gaybrick

So Stripe is just relentlessly focused on increasing conversion rates for our customers. And so the calculus for Affirm is just very simple. You turn on Affirm and conversion rates go up. Offering consumers just great credit products right there at checkout just works.

So we see across major global e-commerce users, marketplaces like Turo, SeatGeek. It's all the same value prop, just higher conversion, more revenue, merchants are happy.

Max Levchin

We've done a really strong push into vertical SaaS/ISV world, which is a place of strength, obviously, for Stripe and has been from inception. Curious how that has done for you guys in -- as it relates to us, but also just generally?

Will Gaybrick

We've seen SaaS platforms really thrive, as you mentioned, serving software platforms, vertical SaaS for a particular part of the economy or horizontal SaaS for e-commerce platforms like Shopify or Squarespace.

That's been something that we've really focused on for the past decade. We have 16,000 platforms running on Stripe. And one thing we've seen is that Affirm is a really big driver for growth for these platforms in 2 ways. So one is it drives conversion. So you just have more success at checkout.

So you're an e-commerce platform, you have an SMB selling goods to consumers and just those purchases are succeeding more often because Affirm is integrated. And then because Affirm is driving that uptick in conversion, the platform itself is actually making more margin.

And so the platform monetizes better. So it's really a win-win-win. Consumers are happy, the SMBs are more happy, and the platform is thrilled to be monetizing better.

Max Levchin

Let us talk a little bit about Agentic. It is the talk of the town, so we will be remiss if we don't address it. And you guys are extremely active in the space, have partnerships with just about everyone. What are you seeing? What's real? What's not? What's coming tomorrow? What's coming, who knows when?

Will Gaybrick

I think it's hard to overestimate the impact of agents being responsible for the majority of transactions on the Internet.

And I really think they will be. I just think that the experiences of delegating, slogging through websites and forms and so on is coming, whether it's browser automation or new protocols, the big insight is just that rather than our fingers and eyes navigating the Internet, agents are going to do it for us.

For us, in our partnership, it's really just how should we think about credit and conversion on new surfaces. And these new surfaces aren't necessarily the same shape as we've seen in the past.

One of the things that I'm excited about in the partnership is to work with a highly technical company like Affirm to figure out how should payment methods be exposed to agents, how should we think about how they're integrated into hybrid experiences. Humans are in the loop, but agents are maybe initiating transactions.

Max Levchin

What's next for you guys? Where are you headed?

Will Gaybrick

One of our major priorities is always to accelerate the rate of sort of global expansion for businesses. And so one thing that's exciting that we're doing together is we're going to the U.K. together, which is great. So Affirm in the U.K. on Stripe is going to be exciting.

[Video ends]

Zane Keller

Part of our merchant point-of-sale business, which is, as Wayne mentioned, our core business today and still by far the most amount of GMV that we're generating.

We're now going to shift gears a little bit and move on to some of the product initiatives that we believe will be our growth drivers for the future. So I'm going to invite on stage our Chief Product Officer, Head of Product, Vishal Kapoor. He's going to talk to you about the combination of the Affirm consumer ecosystem, the cornerstone of which is Affirm Card.

He's also going to talk to you about our more nascent efforts, I'd say, within both Agentic commerce as well as some of the other initiatives we have. So with that, we'll play a short introduction video, and then he will take the ball from there.

[Video]

Vishal Kapoor

My team would like to remind you that no music artists were harmed in the production of that video. That was all AI-generated by me over the weekend. So if you liked it, you can give me credit, if not, then we can move on.

All right. Wayne just described the first chapter of Affirm. That was how we built a powerful business for our merchant partners. The next chapter for us is putting Affirm in every hand, in every wallet, in every shopping conversation and every banking app.

I'm Vishal. I lead the product and design teams here at Affirm, and I'm excited to tell you four bets that are going to take us there. First, with Affirm Card, how we are reimagining a card, credit cards which they could build. The second is we take that same card and we put in every single digital wallet out there. Third, how we are not just situated to play in agent commerce, but how we are situated to actually win it outright. And the last, how we will integrate our Affirm structural advantages into a place where millions of Americans already bank, which is with their trusted banking partners.

These are four structural bets. It leads to one outcome, which is how Affirm is going to be the consumer payments network of the next decade and plus some. Let's start with card.

You've heard a bunch about how Affirm started as an online checkout button. It was a beautiful button. A lot of customers used it across a host of different merchant partners, but they came back to us with one singular question that defines this next chapter for us.

And that question was, where else can I use Affirm? So we listened. We did a bunch of user labs and then we built this beautiful thing that you see here. This is the new version of Affirm. This is an Affirm that you can take everywhere you go at the terminal, in your wallet, and you can use it online or in store, and customers have been loving it. Don't just take my word for it.

Look at the ways that we have actually taken the structural advantages and combined them into a thing that no one else can replicate. The first is the purchasing power. This is not a static limit. You don't have to call in for an increase. It actually works for you because it's powered by real-time underwriting that happens on every single swipe.

Second is we give you total flexibility. You can either pay now, you can pay later, you can pay now and decide later. For every single swipe, the choice is the consumers, not the issuers.

And last, because of our vast merchant network that we have heard a bunch about, we can actually personalize offers, deliver them to your inbox without any caveats, without any fine print, real value delivered.

These are the three structural advantages in motion, and it comes alive through the way of the card. No other card in the market does it today, and we feel we have a very good position in terms of how customers are loving it.

Let's look at some numbers. We are seeing the 4.4 million active cardholders are spending $2,400 annually on the card, and that's growing about 130% year-on-year. That's a really tremendous trajectory for where the product is right now. But that's not all.

When these cardholders take on the card, we see them spend 3x more across the Affirm than non-cardholders. That translates into $3,900 of total cardholder spend across the network. And 16% of these customers are Gen Z. So that means that a sizable amount of our population is choosing an Affirm Card over traditional payment methods right from the get-go. This is our highest growing product and it's our most profitable product, and we are just getting started. So if you look at -- this is one of the most important charts that we obsess about at Affirm.

This is a cohort spend on the card. What you notice is that every single line is stacking on top of each other, which means that we are not just adding more cardholders every quarter, every year. These cardholders found more value in Affirm. So they're using it more because we are giving them more access to merchants. We are giving them a better product. We're giving them more purchasing power. All of that stacks up in more cardholder spend in the network.

This is really important because in any product market fit question, you actually look at, is the customer happy? Are they coming back? Are they using it more? Are they spending more? The answer is unanimously yes.

All right. So what is our big opportunity ahead of us? Well, we think it's actually very massive. We have a clear path of going from 4.4 million actives into 20 million actives. And that is not by paid acquisition. That is not by paid marketing.

We are going to serve the customers that are already in our file. You heard Michael and Libor talk about 71 million underwritten, half of them have transacted. Those customers are our future cardholders.

Second, we see their spend annually going from $2,400 more than triple to $7,500 in the longer term because we're going to give them more features, more value, more products. Those two stats leads us to believe that we have a clear path to getting to $150 billion annually in terms of total cardholder spend.

Let that sink in for a second because that is a gigantic number, but we have a clear path to getting there. Let me show you three specific ways that are going to happen soon that get us there. First is that our app and web properties are already shopping destinations.

Our app in the U.S. is one of the top shopping apps, and we see that customers come to the app to manage their payments, but they stay to finance their next purchase because they're looking for a better way to pay. They're looking for an offer.

What that translates into, Max alluded to it a little bit as well. We have 15 million actives onto our direct-to-consumer properties. Our apps, our web. They see 15 million actives every month, 1 million of which are completely new. So these folks are hearing about us from word of mouth, from their friends organically, maybe searching for us. And that leads into 4 million checkouts every single month originated from these surfaces.

We also have 10,000 merchants offering specific deals, and that number is growing every day. But what that means is that our app is already a destination. Our web is already a destination and that destination is a chance to distribute more cards and give more value to customers.

And when we turn that destination into a moment, amazing things happen. So last fall, we tested and experimented our very first 0% days to see whether we can turn actual demand into something that can scale. And it did. It was very popular, and we saw some amazing numbers.

We saw 60% more 0% take-up in offers. We saw 30% incremental GMV without pull forward, what Max was alluding to as well. And one of the most interesting stats we saw was that 25% more prime and super prime card acquisitions happened during that time period, those days that we ran those offers.

All of that was the network working in concert with each other. Merchant-funded offers, deep customer engagement, take-up, all going round around in the flywheel, leading up to these amazing numbers.

And because the price for good work is more good work is what we say at Affirm, we are going to do it again. We're going to do it in a way that leads up to more offers. So we have 70% more offers in the ecosystem. We have 60% more card exclusive offers.

So that means that if you're a card member, you get access to these things that you wouldn't otherwise. And we are seeing the e-mails as well as the communication we are sending to customers already being very sticky and very engaged.

We couldn't be more excited, try it for yourself tonight. It starts tonight and it runs for three days, buy something that you're on the market for. It's 0% APR. It's a very good deal.

All right. Now for an interlude. Does this scene look familiar? This might actually have been the scene some of you had to bear through while coming to this event. This is the late fees credit card industrial complex doing its job. They lead you to believe that the annual fees that people pay for their credit cards is worth it. They lead you to believe that credit cards are beloved forms of payments. They lead you to believe that rewards and points is the religion that everyone should find. The reality is actually much starker.

This scene is being played out in many, many, many airports, in many lounges, which means that you're paying thousands of dollars sometimes to avail of no rewards, you get spreadsheets to model out how much you should be spending on which category to get the right amount of points.

Then you have to do more math to see where you can use those points. Those points have breakage, they have fine print. It is a wild, wild west out there in terms of the credit card industry is trying to figure out what a loyalty program should work for the credit card industry, not for the consumer.

So we, at Affirm, we want to take a sledgehammer to that. I wanted to say, what if we reimagine this from the ground up. So first, I'm very proud to announce that in the coming months, we're going to launch a loyalty program for our cardholders to give them two value props that is very much one of our popular hits on the program.

One is exclusive offers. We just talked about this. But instead of doing this once a year or twice a year, we're going to have daily offers available to cardholders that is powered by our merchants. This is something that only Affirm can do. So when they go into the app, they will see either a 0% or a longer term or something that is customized and personalized to them. The second is they will get more purchasing power. That's another thing that we hear a lot of time from our customers.

So as you get the card, you use it, you pay it, you link a bank account, so we can underwrite you with cash flow, you get more purchasing power, something that works for you.

Both these features are going to come to all cardholders for Affirm for a grand price of $0. And we believe with this engagement that we drive and the value that we provide, we're going to see a lot more cardholders being happy and rewards working for them.

All right. The last thing, as a product person, one of the key things that gives me satisfaction is building amazing experiences, not just for the sake of it, but because better experiences lead to better engagement, lead to happy customers. So I'm very proud to say that in the coming weeks, we're going to redesign the app from the ground up to give better access to our customers in terms of sign in and sign up.

We're going to revamp the home tab so they can easily navigate the app from the information architecture perspective. And most importantly, we're going to have a new deals tap where customers can come and find personalized offers just like 0% days and figure out where they can spend their well-earned dollars.

And that's not all. We're also going to take the card and we're going to redesign it. You might find a memento in your lanyard today. That is the design that we're going to ship to all new cardholders because we believe that better design leads to better customer engagement that leads to better outcomes and the flywheel goes.

So what I just showed you are 3 important things: more cardholders, spending more, happier customers that lead us to feel how this card opportunity can be super big for us.

All right. Now that we've talked about card, let's talk about wallets. Wallets are eating commerce right now. This is the biggest shift in payments that we're seeing in 20 years, and our customers are asking us the same question they usually ask, which is where else can I use Affirm, can I use it within a wallet?

So we see these secular trends take shape, both for e-com and also in-store and customers are looking for us to provide this value to them instantly where they're shopping.

So we listened to them and we got to work. We partnered with the largest wallet providers in the world. First, we partnered with Google in Jan 2024 and integrated with Google Pay. Second, we partnered with Apple with their iOS release and integrated into their Apple e-com.

Third, we went back to Google again based on popularity and demand and built this amazing Google Auto Fill feature for Chrome, which is one of the best hidden best features that we have.

And then last but not least, for the last iOS, we introduced the power of Affirm right in the hat of in-store. These are 4 cornerstone launches that we have done and the customers have been loving it. Let me show you how.

First, we are seeing some tremendous volume in the trailing 12 months, $1.7 billion in GMV used by 2.3 million customers, and we're seeing 155% year-on-year growth. But that's not all.

The biggest thing here is that product market fit wise, once these customers use it, 70% more TPUs arise. That means that they're coming back over and over again because wallets are sticky, Affirm is stickier and the combination of them is explosive.

One stat I want you to leave on this slide. 80% of the volume that I just described is coming from unintegrated merchants. What does that mean? That means that these merchants were previously inaccessible to Affirm.

And now through these wallet partners, we are able to actually serve our customers wherever they're shopping, and we're generating incremental volume for Affirm while serving these customers.

Okay. No story about wallets would be complete without in-store, which is the final frontier, we believe, for a company that was born digital-native. We are seeing with our wallet partnerships, a 165% year-on-year growth.

But more importantly, we are seeing a 4x growth in categories like restaurants and dining and 3x increase in gas and services because customers are choosing us to transact in offline environments in categories of everyday spend.

This is a leading indicator for why we believe that with Affirm in these wallets, we are uniquely positioned to win with our structural advantages because we are building and providing better value to these customers.

All right. Agentic. A lot of ink has been spilled as we say, about the future of Agentic commerce and how it's going to take shape and how customers and merchants are going to engage with it. We at Affirm, instead of taking shape the prediction game, we are trying to actually listen to our customers and anticipate what is going to be because we believe that Agentic commerce is already upon us. Let me show you a little bit why.

Agents are going to take away the drudgery out of shopping. So right now, if you're on a shopping website, you have to go and search for the item. You have to look at the different prices if you choose to, you have to look at reviews and then you have to pull up a credit card maybe and then you have to complete the whole process and then you buy the item.

There's a lot of mechanical things that happen today in terms of shopping. The thing that happens when you remove the drudgery, if you believe that, is that 2 things get elevated, their affordability as well as access to credit and trust. These 2 things cannot be disintermediated by an agent. This is a truly human thing that will continue having its place in any shopping environment, we truly believe.

And if you believe that, Affirm is uniquely situated to win this entire category because over the last 15 years, we've been building underwriting that is real time in nature, and we're building affordability components that are easily read and understood by agents.

Agents will reward products for their humans, which are transparent, which are easy to understand, which are honest. They will punish things that -- they cannot understand like compounding fees or late fees or interest. Those are things that the agents are not going to be looking for when they're recommending options for their customers.

So the up-funnel messaging that we have built is one of the most popular products because it makes -- help customers make informed choices.

And then purchasing power, which we have talked about, it helps you assess, determine in real time whether this thing is right for you.

So what we're doing is operationalizing these structural advantages in three different ways.

First, we are shaping the standard. We just announced our partnership with Google in the morning. We have signed with Stripe, and we are working with Shopify, 3 important key players in this Agentic commerce history.

Second, we're taking what we just described on ALA components and purchasing power and custom making it for the Agentic protocols because unlike the credit card rail that we have to retrofit our first version of Affirm, in this version, when we shape the standard, we can build it native for the Agentic journeys.

And then once we have the first and the second, we're going to make it ubiquitous. So across the biggest LLMs like Gemini and our marquee partners like Priceline, Nectar and Newegg and many, many more. We're going to be everywhere where commerce is happening, everywhere where shopping is happening.

Let's take a specific example to walk through how this would look like. So take a journey with me, meet Elisa. She's a mom, she's a world traveler, she's looking for her next vacation.

She's looking for a vacation to a theme park in the summer, like many of us, but affordability is also very much top of mind for her. She's looking to have this dream vacation, but make sure it fits her budget.

So she goes to Priceline. She starts her purchasing journey there. She talks to Penny, which is Priceline's agent and ask where can I find some hotel rooms for my particular budget within walking distance.

Penny goes hard to work, finds some options. Those options are great, but they're a little bit over budget. So Penny at Melissa, she's open on the dates. And Melissa wants the same dates because that's what works for her family.

Then Penny goes hard to work again and suggests Affirm as an option because we are a proud partner of Priceline, and that shows up in a way that is very clear and understandable to Elisa to purchase these hotel options.

These hotel options would probably would not have been consummated if Affirm was not an option here. But what you saw is that discovery as well as financing happened in the same surface and Elisa was able to buy the particular hotels at her price point in a confident way. That's what Affirm does. We turn hesitation into confidence.

Second, now Elisa goes to Gemini to find some headphones for her son, because she's looking for an easy way to purchase this and Google Search is powering the search results here. At the same time, Affirm is going to be front and center while Elisa tries to purchase these headphones. And because Elisa knows Affirm is the honest way to pay, she prefers that, breaks the payments, tries to smoothen the payments to match her cash flow, and we are also going to enable Gemini to serve these options in a very easy and transparent way.

So now that the trip is booked, headphones are bought, a few weeks have passed, Elisa has been paying off her loans. She goes to the Affirm app to make sure that everything is good, everything is paid off.

It is -- the purchasing power goes up because she's paying her loans back. And she's on the lookout for some point and shoot cameras, but she's not sure. She doesn't know if it fits her budget.

So she goes to the Affirm search, starts the journey on, I'm looking for point and shoot cameras. Are there any deals going on? And this is something very, very specific about Affirm.

Because we integrate with a lot of merchants, those merchants can surface deals and offers in a very customized way. In this case, Newegg is running a particular promotion, they can actually target folks like Elisa and saying 0% only for you as a welcome offer, let's say, or a promotional offer and Elisa can use that to just buy the camera right from the Affirm app.

So what did we see? We saw three surfaces, same Elisa, trip booked, headphones bought, cameras bought, all through easy discovery, through easy purchases and honest financing. That is how Affirm is going to not just play in this space, but go and outright win it.

Okay. We're not done yet with Agentic. We're working with the major players, and there's more to come. This is just a sneak peek. All the things we just showed you are going to be in production soon in the coming weeks and months, and we couldn't be more excited about it.

All right. So now we have looked at card, wallets, and Agentic, three surfaces, one through line that Affirm is going to become the preferred way for customers to pay. But there's one last surface that we haven't discussed, which is the banking apps.

There are 130 million Americans who use their trusted banking app to conduct their business. These same customers also tell us their financial life is complicated and honestly fragmented. They don't want one more app.

So we listened to them and we thought of ourselves, what if you could bring the best of Affirm right where the banking is happening. So we did something about it.

I'm proud to introduce Affirm Edge in which now in the known and trusted banking apps -- the same Affirm, people trust and love, can conveniently be hooked in.

You can see your purchasing power. You can access all the offers that we were talking about in terms of specific needs that you might have, and it all comes in a way that is very easy for customers to understand and very easy for issuers to integrate with.

With that, I'm going to hand it back to Wayne to talk about how this will look on the issuer side. Thank you.

[Affirm Edge video]

Wayne Pommen

Okay. We are very excited about Affirm Edge and the opportunity to enable banks and credit unions to deliver BNPL to their customers within their products on their surfaces.

And we often get the question, how big is the potential opportunity here? We think it's pretty big. There's different ways to estimate it.

But when we look at the consumers in the United States who are debit first, who prefer to use their debit card, and we also look at the percentage of users who prefer to lead with their mobile banking, that's how they prefer to interact with their bank, and we assume about a $2,000 a year annual incremental spend, we come up with $140 billion annual addressable volume opportunity.
And through our initial partnerships with Fiserv and FIS, we're able to serve a significant portion of the issuers in the market and the cardholders as well. So with Affirm Edge, we've been hard at work developing a super strong value proposition for the issuers who partner with us.

We've had the opportunity to engage with banks and credit unions of all different shapes and sizes, and these are some of the value drivers that have been resonating. First, it's very attractive for issuers to be able to keep BNPL transactions within their ecosystem to engage their own customers that they've had these long-standing trusted relationships with.

Issuers can also earn additional revenue, not only through incremental transactions that they capture, but also through flexible credentials that are available from the leading networks.

Third, issuers get to take advantage of Affirm's leading BNPL offering, which you've heard a lot about today. And a key part of that is our merchant network and the offers such as 0% APR that they fund, and those will be available through Affirm Edge as well.

And then finally, but by no means least, we're working very hard to make this offering as easy as possible for issuers to integrate and operationalize. We're doing the work so that they don't have to.

But you don't need to hear it just from me. For our next segment, we're excited -- very excited to have the opportunity to hear directly from some of our partners about Affirm Edge. Please welcome Arika Selleck from Fiserv and Phil Lehner from Old National Bank.

Okay. Well, Phil, Arika, thank you so much for joining us. It's really awesome to have you here to talk more about this. Maybe if you could both just briefly introduce yourselves, your role just to give the audience a sense of your perspective on this.

Phil Lehner

Sure. Phil Lehner, I am President of Consumer Lending at Old National Bank.

Arika Selleck

Hi, Arika Selleck, the Senior Vice President of Card Strategy at Fiserv.

Wayne Pommen

Great. So maybe, Arika, we can start with you. So we obviously announced our partnership on this earlier this year. We were very excited to join forces with you. And can you say a few words about why Fiserv pursued this partnership and kind of why you think now is the right time for this type of offering?

Arika Selleck

Yes. For us, it was really about how do we meet consumers where they are today. We know Buy Now, Pay Later is now making up something like 6% of U.S. e-com transactions. We want to be able to bring that flexibility into the existing debit card.

So we want it to be on their current payment instrument as opposed to having to have a new one. We see an opportunity for debit to not just be sort of a utility as it is today where you pay for everyday payments. We want it to be something a bit more strategic. And the Affirm team really has proven that you can do that with the debit card. So that was sort of the reason why we were interested in this now.

And then, of course, with Affirm, number one, I just generally love the team. I think you guys have all seen them today, a great team to work with. They also have proven their product works at scale. So that was something we were interested in.

And then lastly, it was really all about this responsible credit offering. So a lot of our banks and credit unions, we have over 3,000 of them that process on our platform. They don't like the idea of bringing buy now, pay later and saying we're going to charge you all these fees, right? We want it to be accessible in a responsible way.

Wayne Pommen

Phil, maybe turning to you. So you've obviously been in the banking sector for many years. You've seen the development of this whole BNPL thing. I'd be interested in your perspective on how have you seen the growth of that product and kind of what kind of adoption you've seen in your customer base?

Phil Lehner

Yes. Our customers are using it, plain and simple. Last year, we did over $60 million in transactions through buy now, pay later. Currently, today, we have 40,000 customers that have an active pay plan with Buy Now, Pay Later.

So our customers are already using it. So for us, it's how do we get into that transaction so that customers are thinking they're doing that transaction with us at Old National Bank and thinking about us first.

Wayne Pommen

That makes sense. And so obviously, we and Fiserv came to you with this idea. Is there something about this offering that's attracted you?

Phil Lehner

Yes. It's simple, I think. We've talked about this for a while now at Old National. Like is this something we can do on our own and build on our own? That would be quite a lift to be able to do on our own.

So partnering with somebody like Affirm who's been in the space a long time. You had mentioned in your introduction about the merchant network that you have. That's not something we'd be able to replicate in any time, if ever.

So it makes perfect sense to partner with the firm. And then with Fiserv, we've been working together for a very long time, partners, not a customer vendor type relationship. We really think about each other as partners. So when they came to us with this offering, it's a no-brainer. It makes perfect sense for us.

Wayne Pommen

And how about you, Arika, you've obviously talked to a number of issuer partners in addition to ONB, like what kind of feedback have you received about this idea?

Arika Selleck

Yes. I would say it's pretty consistent to what Phil just said. They have seen -- we looked at our overall transaction base. So we process 25 billion transactions a year on this debit processing platform that we're talking about here.

Buy now, pay later transactions make up about 1%, and that's card-present, card-not-present. So it's something that we're seeing wide-scale adoption and the banks and credit unions want to participate. But of course, they want to have it in their own ecosystem.

So for them, this is a no-brainer solution, particularly on debit. You see a lot of this on credit, but less so on the debit side. So lots of demand. I think folks really like that we are doing the heavy lifting.

So as Fiserv, we have not only the integrations with Affirm and we call it the upstream, we have work with Visa and Mastercard. We also have the mobile front end with all the digital providers, so we can bring to life the solution that you guys saw in the video pretty rapidly. They don't have to do much as well as the credit underwriting and servicing will be done by Affirm.

Wayne Pommen

And Arika, I think you've been pretty enthusiastic that once we're out of the gate, we can have pretty widespread and potentially rapid issuer adoption. Like what do you see as kind of underpinning that potential?

Arika Selleck

Yes. I think a couple of things for us. The first is just -- I mentioned the scale, right? So we have no shortage of issuers, over 3,000 that process directly on us.

Many of those use our mobile front end, 25 billion transactions a year. So the scale is there. The Affirm Card has also shown us one of the biggest things that we wanted to do this year and a lot of what you'll see coming from my table is how do we make debit more of an engagement tool versus just utility.

So you guys really proved part of the business case we had to work on together was how do you make a debit card? How do we drive higher transactions? How do we drive more spend and usage and deepen that engagement. And that was really the core of why we think this is going to be successful.

Wayne Pommen

And Phil, do you have a view on if you add this to your portfolio and you have BNPL and debit, how it might change the role of debit kind of in your product lineup?

Phil Lehner

Yes. I think it moves from just transactional to strategic. Customers are not only going to use debit card for those short everyday basic purchases but think about the longer-term purchases or the more strategic preplanned purchases.

We are firm believers that we're going to get many more swipes with our debit card and it gives it the flexibility to truly be top of wallet. You don't have to wonder if you need to pull out a credit card or a debit card, this one card can do it all.

Wayne Pommen

And if you think about it alongside your credit card offering, do you worry at all about cannibalization? Like how do you see those two products?

Phil Lehner

Not at all. As President of Consumer Lending, I get asked that question a lot internally at the bank, like are you worried about that? But no, we want our customers to transact with Old National Bank. That's debit card, credit card, traditional lending products, it doesn't really matter. This really just gives our customers more options.

Younger demographics as well, like seem to be debit card first users compared to previous generations that use credit cards more often. So this is just a perfect option for us to put into our offerings.

Wayne Pommen

So maybe final question for each of you. If you look ahead a couple of years, what does success look like here for this product, this offering, if you think about for your own businesses and then for the consumer ultimately?

Phil Lehner

Sure. Again, top of wallet. So our debit card is top of wallet. Customers could use our cards for everyday transactions and those preplanned transactions. Everything is integrated into our mobile app into our ecosystem.

So customers don't need to worry about going to a third party or a different app to do their transactions or which card they're going to pull out. So for us, success in a couple of years is the customers thanking Old National Bank for all of their transactions with the one debit card.

Arika Selleck

For us, it would be obviously wide-scale adoption. So we'd love for Phil and all of our issuers to participate. We've got over 200 million cardholders in the U.S. that work off of or have cards on Fiserv process platform. So that would be a huge win.

Debit on BNPL, just generally as a standard payment form would be amazing here. And then really thinking about debit as a more strategic instrument rather than just the utility, which I described.

So I think all of those would be -- and then, of course, responsible lending. I think that's one of the nice things. We see this really as a cash flow management tool rather than another form of credit. So that's something we think is really valuable for our issuers.

Wayne Pommen

Okay. We'll leave it there. Thank you so much for coming.

Phil Lehner

Appreciate it.

Arika Selleck

Thanks for having us.

Zane Keller

Slight change of stage here. I'd like to say thank you again to Phil and Arika for participating in our fireside chat. We really appreciate their time. Okay. For the next section, we're going to give an update on our international expansion initiatives. And to do that, I would like to introduce on the stage, Pat Suh, who's our Senior Vice President of Revenue. Pat?

Pat Suh

Thank you, Zane. Always glad to be the final act before the main event. But in any case, my name is Pat Suh. I'm the Senior Vice President of Revenue at Affirm. And I'm so excited to speak to you today about our international expansion, our progress and the opportunities that lie ahead. So you just heard from Wayne and Vishal, and they talked about the opportunities we have to land and to deepen and expand within North America. And beyond that, there's still a significant amount of opportunity. In fact, more than $5 trillion of e-commerce and travel spend occurs outside of North America. And shortly after our last investor forum, Shopify came to us and said, we have a problem. International is our largest growth vector, but the markets are very fragmented.

In every country, there are multiple local providers, disjointed customer experiences and subpar underwriting and technology. They wanted a single trusted partner that could simplify the complexity and deliver a better experience globally. And that conversation was not unique to Shopify. In fact, we heard the same thing from many of our largest partners and merchants. 72% of our top merchants actually operate globally. And so you see we have the opportunity, we have the demand. And in February 2025, we announced our exclusive partnership with Shopify to launch in Australia, Germany, France and the Netherlands. And that, along with the EU, opens up over $1.7 trillion of addressable TAM.

So why are we well positioned to expand internationally? Well, first, we have the technology. We have the best underwriting in the industry. We have a proprietary risk infrastructure. You heard about the 14 years of investment in our risk models as well as the transaction data. So this gives us a significant head start into any market that we enter. We're able to localize our proven infrastructure and adapt quickly with the local signals that we have.

Next, we have just the global scale. There is no provider that provides such global scale and consistency the way we have. No one else works with the largest retailer -- e-commerce retailer in the world. And over the last decade, we've built systems that are designed for that reliability, consistency and the operational rigor necessary to operate on international scale.

But most importantly, I want to talk about the customer value proposition. Of course, transparent financing with no hidden fees really resonates across markets. I think that's sort of a universal. But in many international markets, there's not a lot of flexibility or a lot of financing options, to be honest. You see, especially in the U.K. and Australia, Pay in 3, Pay in 4 dominates. What we've done is we've actually made all the necessary investments technologically. We got the regulatory relationships in order to be able to offer longer-term options, to be able to offer monthly payments and really be able to offer a full suite of financing offerings for our merchants across the board.

And so when you see that, all of this helps drive higher conversion, larger basket sizes and better merchant outcomes. So how have we proven all this? Well, we started in Canada, and I want to talk about our progress in Canada. We've been in market for several years. And you can see we've launched and signed a number of merchants, both in the U.S. and expanded as well as local partners there.

Now I want to draw your attention to the slide on the left. You can see that in April 2025, we launched with Shopify. And you can see the pace really accelerated. In fact, we saw a 7x growth of our merchant count to 26,000 merchants in 12 months. So very exciting growth. And what we learned was that launching with a distribution partner can really accelerate that growth and derisk your entry into certain markets. And so as you can see, with this rapid scaling, we've also signed on a set of additional distribution partners to continue to grow within Canada. So we took those learnings and we took it to the U.K.

And in September of 2025, we actually launched much earlier with Shopify. And again, you see the rapid growth, 10,000 active merchants, 260,000 users in only a couple of quarters. So again, distribution and scale, and this gives us a tremendous amount of local momentum to address the $230 billion of TAM in the U.K. And so we've already signed a number of select U.K. commitments and many more to come that we'll be announcing over the next several months.

And so we have a consistent, repeatable playbook. We land, scale fast with existing partners. We also expand growing merchant adoption both locally and with the merchants that we have in place. But I'm especially excited about this idea of deepening. So all the products that you saw between the card and the marketplace as we continue to grow our consumer network and continue to grow our merchant network, those two flywheels also help in enabling that growth. So we can introduce these products in market in the same way we have in the U.S., deepening and strengthening our penetration within these countries. And so tying everything together, we have 3 major work streams.

One is obviously launching with Shopify in Australia, Netherlands, Germany, France. We continue to expand our global partnerships as well as signing new merchant partnerships within the regions. And then we continue to make investments on that structurally advantaged platform, the platform from a technology perspective, our regulatory relationships in order to be able to be compliant in market and then obviously, our consumer benefits and our consumer products that we can introduce over time. And so all this just builds on the flywheel and the structural advantages that we've talked about all day today.

Now to close, I wanted to just talk a little bit more about the Shopify and Affirm partnership. And I know we've talked about it at a good length here. But I think it's really important to underscore how much this partnership really drives growth for both parties. I mean it is a true competitive advantage in terms of distribution when we launch in any market. It derisks us as we enter those markets. It also derisks the partner as well that they can go with a proven partner like us. And so to date, we've done over $20 billion in overall GMV, and there's still much more opportunity to come. And so to close, I wanted to leave you with the perspective from Shopify with Harley Finkelstein, Shopify's President.

[Video begins]

Harley Finkelstein

Hello, everyone. My name is Harley Finkelstein. I'm the President of Shopify. And I know, of course, today is Affirm's Investor Forum. So I thought I'd jump on here and share some of my thoughts on what's been an incredible partnership between Shopify and Affirm and also to tell you how much opportunity we see ahead. To say the thing, Affirm supports us with one of our most important products and one of the most important parts of Shopify, which is called Shop Pay. Shop Pay has now been used by over 200 million consumers all over the world. And unofficially, I think it is the world's favorite checkout.

I'm really proud of that, and it is critical for me that it stays that way. And that is why I think Affirm is such an important partner to us here at Shopify and to me personally. Through this partnership, the world's favorite checkout now offers the world's best buy now, pay later product with Shop Pay Installments, which is, of course, powered by Affirm. We launched this partnership together in 2021. And to date, we've facilitated over $20 billion in purchases together.

So it's been a huge success, especially in the U.S., and now we are rolling this out to more places globally, which is really exciting. We've already expanded to Canada and the U.K., and now we're rolling out to new markets like Australia, Germany, France and the Netherlands. So we think the opportunity for us to keep working together just keeps growing. Now around half of Shopify's merchants are based outside the U.S. So this partnership to expand has so much potential to merchants all over the world and offering them fair and very transparent credit and also helping our merchants grow their business, which is the business that we are in at Shopify.

So I just want to say thank you to Max and the entire team at Affirm. It's been an incredible partnership. Often in technology you don't see a lot of companies that work together that are so aligned from an ambition perspective, from a mission perspective, but also from a technical chops perspective. And we are wonderful partners, and we think the world of the folks over at Affirm. So excited for what we're building ahead. Enjoy the rest of your day. And to Max and the Affirm team, congrats, and let's keep going. See ya.

[Video ends]

Zane Keller

Okay. We appreciate the kind words from Harley. We're now going to begin our first question-and-answer session. So I'm going to invite back up on stage several of our Affirm speakers that have spoken already. We ask that you not ask any financial questions yet because we haven't given the financial update yet. I know it's hard to resist, but you'll just have to wait until the final Q&A session. So we're going to bring the chairs up here. You'll have six of our management team members and I'll moderate. In terms of the rules of the road. So for those of you in person, we are going to walk around two microphones.

So we have two microphones if you want to ask an in-person question. If you're watching this virtually, we ask that you e-mail us at ir@affirm.com. We'll try to mix in questions from both here in the audience as well as online. Again, just to reiterate, please do not ask financial questions.

We're not going to be able to answer them yet because we haven't given an update to the medium-term framework. We also ask when you ask a question, please indicate both your name as well as the company that you represent. That's important for our transcript purposes. Okay. I think we're ready for our management team members. Okay. James Faucette.

James Faucette

James Faucette, Morgan Stanley. I appreciate all the details today. One thing that I've kind of always left -- has always left me scratching my head a little bit, and you mentioned a couple of different points. And this is this idea, particularly as you've tied it to the card, the purchasing power concept. I'm just wondering if you can talk through a little bit how the purchasing power is arrived at, particularly as you're trying to do transaction-based underwriting. And then would love to hear as people become aware of their purchasing power, especially with the card, how that changes behavior.

Libor Michalek

Well, I mean, I think the -- a lot of -- obviously, people have a tendency to compare it to limits, right, to card limits. One of the things that we want to be able to communicate to consumers and be able to do it clearly and consistently is in the moment, how much purchasing power do you have left? That can change based on, obviously, what kind of purchases you've made in the past. And not only are we actually now underwriting at every transaction as a part of the transaction, we're actually doing the same as soon as the transaction is completed to understand what the individual's purchasing power is going forward.

We -- it changes based on things like duration, right, shorter loans, larger monthly payments have an impact on purchasing power. Obviously, things like repayment or lack thereof have an impact on purchasing power. So it is a mechanism for us to be able to communicate with the consumer about in the moment, what is their purchasing power based on the facts at a given time.

Ramsey El-Assal

Ramsey El-Assal from Cantor. I had a question about underwriting in an agentic commerce context. It seems like agentic credit, including buy now, pay later, is a little bit of a different paradigm where the bot in some circumstances might make the purchase decision, but then the owner of the bot is stuck with the payback sort of obligation. Hopefully, those two things are in sync.

But I guess my question is, in terms of underwriting there, do you see a different -- is your historical data and your models, how do you prepare to underwrite that? Can you leverage the data that you have now? Or is there going to be sort of an air pocket for the industry where you're trying to season models with new classes of data basically?

Libor Michalek

Well, I mean, it doesn't exist, so we don't have data on it. But I mean, we do think that it will actually result in more data, richer data. The initial work we're doing with Stripe, with Shopify, with Google and including our own first-party CLI for agents to use and interact with us. We are specing out and creating a richer set of data that the agent is bringing with it in order to interact with Affirm as a part of the underwriting process as well as the post-purchase process, right? So like as you see these purchases showing up, they are going to be distinct from obviously, purchases that you are making without the help of an agent. We want people to understand, hey, this is happening on your behalf. Hey, did you know about this when they go to repay. This is a repayment for a purchase that your agent made.

So a lot of the information that we're going to be using in our underwriting of agent transactions is also they're doing double duty to help the customer understand what is going on in the moment as well as after the purchase has been made so that there's no confusion, there's no issues. And so that the customer support process becomes richer that then all of it as that happens today, all of that information gets folded back into underwriting.

So we're pretty excited about it. Anything where we've looked at where we're getting more data through a channel, when a merchant integrates and starts providing us more data, that leads to better outcomes, better decisioning. And so anything that can provide us more data is for us is great. And we already think of the product the flow, this idea of every transaction is an engagement. That product flow is a data magnet and then agentic is only going to accelerate that. So we expect significantly better underwriting as a result.

Zane Keller

Try to get a little geographic diversity in here. Jason, do you want to...

Jason Kupferberg

Jason Kupferberg from Wells Fargo. My question is for Max. Max, of everything you've shared so far today, what are you most excited about over the next decade? My guess would be at the last investor day, it would have been card. It was very nascent at the time. Where do you stand today?

Max Levchin

Michael likes to claim that I'm from the future. I don't want to hold my feet to the fire on this one too soon. But the honest answer is the stuff that I'm most excited about, I can't share yet. I know Michael is about to hit me somehow from remote. But part of the awesomeness of having an executive team like this, which I hope all of you got a good sense for who they are and how good they are, is I actually get to go off into a cave and build stuff that will be the next card or the next something that I'll be excited to announce sometime from now and 3 years from that point, we'll be gushing how great a product it is. And for every one of those things, fifteen die in the shop room floor because they're not good enough. But that is the nonanswer of the things that we covered today.

And I think we're dangerously close to making Edge a reality, which I think is just a force multiplier to this whole idea of who we are and how we do business and what we deliver to our consumers. So it's very hard not to be super excited about it. I'm generally very excited about AI. So anything touching AI with AI in it baked in AI with AI as a side dish is great. These guys know that one too well. Those are probably the 2 sort of like front and center.

But my personal excitement about being at Affirm, leading Affirm has monotonically improved over the last 15 years, for sure, if sampled quarterly, but the function has a distinctively exponential bent to it over the last, call it, 3 or 4 quarters. And so there's just a lot of really cool stuff happening. And because of agentic, in particular coding tools, it's a lot easier to find out if some of these ideas are good or bad. And so it's almost a silly question. We'll find out if all the things that I'm excited about are -- which ones are going to work.

Zane Keller

We actually did receive a question online that I thought was pretty interesting. So James Sterling from Shay Capital asks, can you expand on Affirm's potential or future appetite to participate in merchant partner marketing automation, whether that be off the Affirm app, in the Affirm app, somehow leveraging the data assets that Affirm has on consumers. And he also asked somewhat related question, do you think that might bring us into competition with our own merchants?

Max Levchin

I think the -- I'll start, and this is definitely Vishal, Libor, Wayne, Pat, it touches a lot of -- just as you sort of analyze -- so there are two questions in that question. Question number one is, do we have a product to sell or a value to offer to merchants beyond payment acceptance. And the answer is obviously, yes. We are a marketing surface, as you saw in our app. We are a co-marketer with them on their own surfaces.

So there's many things we do with merchants today that precedes the actual sale to help them get the qualified buyer in the door. The -- not to sort of unveil too much on the future, future road map, but we do have a bunch of things in mind of how might we help them do a better job marketing to their consumers, to there would be consumers on our own services or elsewhere just because we understand the buyer so much better. Like if you -- one of the things that I used to drop, I think I may have actually said this, I don't know if I said in the last one of these events, but I've said it before, so it's not a big secret, but the conversion end-to-end from a search in the Affirm app to the actual purchase hangs out in the 25%, which is like the first time you see like, oh my gosh, like so Google is like 0.025% and you guys are a couple of orders of magnitude better, that's insane. People come to our app because they know what they want to buy, and we're there to provide credit.

But it's still kind of on the face of it is a great number. And so bringing some of that goodness, which is obviously top of the list machine learning to our partners in other endeavors of areas in marketing, it's a great idea. We're working on things like that and more to come.

On the other side of the question is the -- so isn't that naturally going to lead you down the route of, okay, so you have 5 merchants selling jeans, you should pit them against each other and somebody is searching for, I don't know, AG brand, maybe we should be selling them Levi's instead. The short answer is that's not the business we're in. And part of why we can serve competing merchants, like very competitive merchants, in fact, in the same app with the same product is because we're very good at not pitting our merchants against each other.

The business we're in is providing honest financial products. That's what the people who come to our app are there to do. There's not a world in which we say, cool merchant A, we want to power your sales, but merchant B is paying us too much money to help you. So we're going to take some of your marketing dollars and route it to the other guys. Like it just wouldn't work in our app, wouldn't work in other surfaces. So that's not the plan. And I think we've been consistent with that message and consistent with that reality enough where merchants trust us and we wouldn't want to do anything to break that trust.

So there's not a competition with our merchants. There's definitely competition among our merchants, and we're there to make sure everyone does their very best for our shared consumers.

Andrew Bauch

Andrew Bauch from BMO Capital Markets. There was one slide you had where you kind of outlined the top 250 enterprise partners that you're not working with today on an integrated basis and then the volume that's coming from D2C quite outpacing the rest of the growth in the business. So maybe you could walk us through a little bit further how you kind of see the penetration within that base get unlocked from using the card on a regular basis when they're not integrated and how that kind of evolves from a penetration perspective.

Vishal Kapoor

Sure. I mean, look, the beauty of building these products in this industry is that the customers love the product so much. There's an emotional factor in it. They come and tell us all the things they want. Like there's not a mystery. When we talk to them, they're telling us how much they love it. The same love takes us down that route of Affirm is not integrated on that particular merchant, how else can I use the Affirm. So that's where the card comes into play. But one layers even above that, there is this fact that we are able to provide them better purchasing power and offers that they wouldn't get on any other way that they're paying for it. That's why the love exists because we can give them a product that doesn't exist in the market so far.

So that is what we are seeing both from wallets that I showed in the slides as well as well as in the card. And 80% of the wallet volume is coming from unintegrated merchants for that particular reason. And we see that penetration just going higher because as people are using those products in those services, they're actually coming back on a higher repeat usage, which I also showed. So we see that there's a clear path. You find a way to use Affirm at those merchants, you use it and you use it more and the flywheel goes round and around because we can better underwrite you, et cetera. So we see a clear path of getting there.

Wayne Pommen

And I'll just tack on. So we're obviously delighted to be able to serve the consumers on those unintegrated merchants. But make no mistake, we would love to have the merchant integrations as well. And the D2C volume that we do is an exceptional proof point when we're speaking to those merchants and say, did you know in the past year, this many customers transacted, this many were repeats, this was the volume, this was the average order value. Here's what we think we could do based on all our prior experience if we were to integrate with you. And so it's often a great lead move to have that D2C volume when we think about the integration path.

Pat Suh

I was just going to say that even though that D2C volume is quite substantial, when we're integrated, it's a multiple of that. If you think about the kind of friction even going through an app, someone gets there, has to put that card information into the site. So just imagine the multiplicative effect of having -- being on site.

Libor Michalek

Yes. And that we've found is usually due to different consumer populations. Different people think about how they're going to pay for something at different points in the journey. So obviously, card users have the card. That's how they're thinking about making that payment. Other consumers think about it when they're at the bottom of checkout and selecting a payment method. And so what we see is when we do the direct integration, as Pat said, it's multiplicative, and we have enough of those proof points now to be able to show people the math and talk to merchants about it and stand behind that when they do.

Zane Keller

Dan, I see you way in the corner of the room You’ve got your hand up high there.

Dan Dolev

Max, a question for you. You mentioned in the beginning, a specific merchant that caused a lot of issues. You want me to ask the other question. No what would be -- what would you say, what would be the tangible benefits if that -- for that merchant specifically or any merchant, if they actually come back to Affirm, I think it's very relevant given your underwriting? It's Dan Dolev from Mizuho, by the way.

Max Levchin

We're hypothesizing. I think from the volume perspective, brings right back to the previous question, the previous answer. It is a multiplicative effect. We would absolutely see more volume, that merchant would absolutely see more volume, full stop. The slightly deeper answer. Part of the value we bring to the consumer is affordability and incremental access to credit that is safe. Our structure as a lender, no late fees, no compounding, no deferred. All of that isn't just like a great thing for the consumer, it's also a truth teller for us as an underwriter. We screw up, we lose money. We don't get to say like, well, you're late, we'll make some money on your late fees. I'm just like, oh, we made a mistake, we're not going to make money on this loan at all or might take too long. And so the fact that we keep ourselves honest structurally and always have is a proof point or it's a vector that we are constantly being propelled forward with by asking, hey, we need more data. We need some way of underwriting these people because they're coming to us for affordability.

So any time we're integrated, it just naturally feeds the model that allows us to say yes more often, also with deals that are actually specific not just to the consumer, but to the merchant and the merchandise. A loss of a merchant, which doesn't happen to us very frequently at all, I'm happy to say, means that we get less SKU level data. And we get it in some ways that are more than compensate for the credit losses, but the incremental approvals would immediately go up. You would see better sign-up rates because people would find out that we exist in the moment of saying, I'm not sure I want to put this on my debit card and here's Affirm, I've heard of it. So the answer I'm trying to drive to, which may or may not be useful to your question, is actually something that Wayne just said. So we love the idea that card reaches everywhere. We love the idea that we get to ride the long tail of merchants, we will never get to some remote village in Thailand and hang the Affirm logo. Maybe we will one day. I don't want to short the option.

But it will take a while before we get to really remote locations and hang our logo on a door, but we don't have to. The card will work there. I use the card internationally all the time. It's quite amazing. But every time we add another merchant, we are pushing the flywheel forward. And so we will never get out of the business of showing up to merchants and saying, "Hey, so about that integration, either former or never, we do want our logo here. We want the good housekeeping stamp of approval. Affirm works here and works here well. And this is a path for you to offer your own 0% data. Any day of the week you like, you want to do a sale, great. Flip a switch, it will shop at your checkout, completely unbeholden to anybody else's calendar. So there's a lot of benefits to being integrated, and we are constantly telling merchants, we think you're missing out. There's hundreds of millions of dollars of volume, billions of dollars of volume perhaps sometimes in some merchants that should already be integrated.

And by the way, the data quality of that channel does a lot, not just for us, but also for the merchant, they get to see every quarter, a very deep cut into what's happening with these consumers. What are they buying? What are they paying back? What else might they be buying, et cetera. So it's definitely -- it's a thing we want. This is -- I was bragging about the consumer side of the retention, not even a little bit suggesting that we don't care so much anymore. We care very much.

Zane Keller

Adam Frisch from Evercore.

Adam Frisch

Adam Frisch from Evercore. Max, a question for you on strategy. You guys laid out a really good supporting case for why you're growing in all the different levers within buy now, pay later, no doubt. But my question is going forward, do you see yourself several years from now still being single thread buy now, pay later? Or do you envision Affirm becoming a more diversified flywheel? Chime and Cash App, for example, are showing some really good adoption for different products. Not to say one is right or wrong, but do you see yourself going that way at some point in the future where you're more than just buy now, pay later?

Max Levchin

I love the question. So buy now, pay later is not a product. This is something that I would love for the world to fully grasp. It is an observation or a strategic shift in the way people consume financial products. It has a weird name, and I don't like the acronym, and I've tried many times to convince people, don't call us that. But we can call it something. People seem to call it buy now, pay later. But what it means to us is financial products and specifically a way to consume financial products, no fine print, no gotchas, no gimmicks -- a way to differentiate from prior players. And so in that sense, we're going to continue down the road that we have chosen for ourselves, building honest financial products. Even if you focus on the P, that is to say, pay part of buy now, pay later, there's still a lot more road to travel there than just the one thing that we're famous for.

So absolutely, we'll build lots of financial products. And they will all be in this vein of buy now, pay later insofar as the strategic shift of consumption is concerned. The specifics of the products are not for me to announce right now. But no, we're not going to be a single pay in 6, 12 and 18. But when we launched, we were pay in 30 days, and that was the only product we had. We've since expanded into, I don't know, 40 different financing programs that we offer at the point of sale, and we have a bunch of other stuff, and we have Edge and we have agentic, which has some wrinkles to it. So -- and yet, it's all kind of -- we think of it as the way to do financial services for consumers. And by the way, we're also more than dabbling in financial services for businesses now, too. So the partnership with Intuit is a good exhibit A and then that story. So hopefully, I can impose the buy now, pay later is not just one product. It's a collection of products.

Nate Svensson

This is Nate Svensson from Deutsche Bank. I wanted to ask about some of the initiatives to drive share of card. I think you had the stat on every basis point is $120 billion of GMV. Wondering specifically, I think that was focused on enterprise. I'm wondering about the long tail of merchants, some of those qualitative initiatives you talked about, Boost AI, embedded checkout, connected accounts. Wondering if the same initiatives are going to apply to the long-tail merchant. And then you also showed the penetration in terms of share of cart getting up to 2.7% of the share of card. Is that kind of like the right run rate to think about going forward? Or do you think these initiatives can kind of change the direction of that curve and inflect positively going forward?

Wayne Pommen

So I'll start by clarifying. The $120 million figure is on the total merchant portfolio. So the one chart I showed that went up to 2.9% was U.S. enterprise, but the $120 million figure was a total portfolio. So there's a whole toolkit of things, which I didn't bother going over in great detail, but there's like a dozen or more levers that when we launch with the merchant, we're rolling out up funnel messaging to make sure that, that's really clear. So the customer knows about their purchasing power. We're talking to the merchants about initiatives like 0% APR and then on to the things that I described like Boost AI, connected accounts, embedded checkout. I think as a broad statement, wherever we can, we take the things that are working and roll them out as far as we can through the merchant base.

It's very common for us to innovate with a big partner, discover something that works and then say, "Hey, this -- we know the results now, this makes sense, let's roll it out as widely as we can. There are certain things where it really only makes sense for an enterprise partner to do because of the ins and outs of it, shall we say. But where we can, we roll it out as widely as possible. And so as we develop these initiatives, we spread them out.

Libor Michalek

I mean just a little bit more color, like Boost AI and Adapt AI, both of those came out of work we were doing manually with the very largest enterprises of tuning those programs for them. And AI made it possible for us to -- with relatively straightforward ability to take all those optimizations that took a ton of analysis to do for the largest merchants and say like, okay, now do it for any merchant of any size. So yes, we expect those kinds of -- those specific products as well as products like that to have outsized impact on outside of enterprise relative to enterprise.

Pat Suh

To answer the point about the long tail, we do offer different pricing programs that have different levels of conversion. So for our specific long-tail merchants, we have 3 programs just to simplify it, a base program and then increasingly more premium products that introduce more 0% and increase conversion. So the merchant is paying a little bit more for better conversion ultimately, which is a combination of all of the tools we have. Shopify, in fact, has 2 programs. They simplify it even more. One just introduces a lot more 0% longer-term, 0% up to 12 months. And so from a long-tail scale perspective, just offering a simplified set of programs really allows merchants to choose and opt into more aggressive programs.

Zane Keller

Darrin, do you want to go next?

Darrin Peller

It's Darrin Peller from Wolfe. Can you just touch on the steps you think you need to take and perhaps the timing expected to improve the levels of engagement you talked about on the card? I think you quoted the $2,500 or $2,400 going to over $7,000. And you talked about the loyalty program on card expanded offers. Is that merchant funded? And then I actually just had one quick one on the international side. When you talked about all the growth you saw in the different markets, is the consumer profile similar enough in some ways, do you expect a similar trajectory in each of these markets given that credit and adoption of credit in those markets have often differed?

Vishal Kapoor

With the card -- so the trend line that we are seeing, and this is over a longer-term period is that you saw the cohort spend, it stacks on top of each other. And that stacking is happening organically in many ways. We haven't actually gone and done a lot of product features that specifically increase the spending that is happening with those cardholders. What we are seeing though is that once they start using it, their engagement to the app increases and all the things that we've been discussing on how that engagement leads to better conversion and better outcomes, that is rising to the up and right. So to answer your question, the loyalty program that we are devising is actually coming from both the consumer side, but also on the merchant side because it's a top destination for merchants to actually go and show this value prop right in front of a captive audience and have them use the offer, just like you saw the agentic context as well. If there's a special SKU that is being subsidized by a particular merchant, that can drive conversion while maintaining price integrity.

So it's a huge conversion lever. It is like a marketing effort in many ways, and they are using those dollars to actually fund these offers. And then what we want to do is to offer this to the entirety of the cardholder population and show them this is a specific exclusive thing that you could only get with Affirm because that's something that is like very near and dear to us. Our merchant network, our real-time underwriting and then being able to match those consumers to those merchants, all of those are possible now because we have this highly engaged surface, both on the app and the web. So that is how we see more users coming in. So the visitors are going up into the right. They're taking on more cards. They're using the card more. And once we start building features, including the redesign I showed you -- we just see a step function change in many of those behaviors, and we make it easier for customers to discover and then use the card in all of these different places. So yes, that's the path that we see to more than triple the current spend on the card.

Pat Suh

To answer the international piece, we do see a lot of demand, as I mentioned a bit about longer-term products. So in many markets, it's only Pay in 3, Pay in 4. What we find is that people haven't put in the level of effort that is needed to meet some of the regulatory requirements in some of those regions. And so we are making that investment, and we've made those investments for a long time. We are really, Max joked about legal teams and how we get dives deep, but that's because we are very conscious of all the regulations and work very closely with regulatory bodies in every region. So definitely see demand in countries that Pay in 3, Pay in 4 dominate. As we think about places like Germany that have different sort of set of financial products, we certainly will test in market. We will work with partners that have been in market to make sure we have the right financial products and offerings. But the fact that we can offer a breadth of different financing options really opens up the opportunity for us.

Zane Keller

We'll take one last question, and then we'll need to move on.

Max Levchin

There'll be one more Q&A. Don't worry.

Zane Keller

There will be a final Q&A session, so please keep your ideas.

Rayna Kumar

Rayna Kumar from Oppenheimer. You make a very strong case for agentic commerce. Do you think there will be stronger economics for you in an agentic commerce transaction versus a normal e-commerce transaction over time? And then separately, to move forward in agentic commerce, do you think you need a stablecoin strategy?

Max Levchin

Michael likes to warn people not to ask me the meaning of life question as the last question in an investor meeting. This is dangerously close to it. The short answer on the latter half, I don't think so. We will have things to say about stablecoins. But as a bunch of technologists and honestly, nerds, we love new toys, especially if they're shiny and stablecoins are for sure very shiny right now. But we try very hard to put them through the ringer of do we need this? Do we have value to offer to the ecosystem just because this tool is available, we shouldn't play with it. We shouldn't launch things to launch things. So we'll have something to say on the stablecoin front. But no, I don't think agentic commerce specifically is a make or break with stablecoins -- in part, I think the proof point there is very simple. We are directly integrated with 0.5 million points of sale. We're rapidly increasing that. That's another form of presentment and settlement.

Stablecoin is a really clever way of settling very cheaply. We have a proprietary rail on which we settle just fine. That's a long conversation. We'll perhaps get to it maybe before the next one of these events happens. On the margin side of agentic, I'm sort of a perma-optimist. And so I think we'll make more money in that world, in part because I think discovery will become a much more human affair while the mechanics of checkout will become much more automated. I think the reality of agentic shopping isn't going to be as simple as buy me a pair of pants and they just show up. I think it's going to be much more, well, I want the green kind with stripes. Now go find me the ones that fit and make sure they ship -- all the downstream execution will be handled by AI. The taste-dependent part will probably remain human for a very long time. Even after AI really knows what kind of green pants I like, I'm still going to want to verify that it keeps to my current set of taste.

And so deciding on a financial product, the mechanics of how to settle is going to be automated. The part where you decide, I love the fact that I'm paying no interest on this thing at all, will still be a taste moment. And until now you could still be fooled by the fact that a 0% with an asterisk from one of our competitors versus our 0%, which has no asterisk and never have, never will. If you're in a hurry, the 2 compare similarly, actually, I'll take the first one I saw. Agentic will not allow you to make that mistake, wait a second, like that 0, that's not a real 0. Like that's literally designed to make it not be 0. And so with a natural shift of preference with AI driving it, we'll just have more leverage in the ecosystem, we will help you convert people that are conscious of the true cost of credit. And that will go from finance nerds like us to everyone because AI is there to monitor.

So I feel like that particular wind is very strongly into our backs. That said, there's not a whole lot of agentic transactions happening right now so what do we really know? The signs are pointing in this direction just from the sheer enthusiasm of the partners we work with.

Libor Michalek

Yes. Maybe another way to sort of say the same thing is that in an agentic world, which is rational, more of the promotional budgets will gravitate towards rational decision-making, rational incentives like credit, like terms, like offers. And we believe that that will accrete to us in an agentic world. So we're pretty excited.

Zane Keller

Okay. Great. Thank you. We'll see you all in about 15 minutes. Give us just a minute here to change the stage please. We're about to start again. Contrary to popular opinion this is actually not a break. So next, we'd like to talk about our funding and financial outlook. I know this is what has brought many of you here today to get the updated medium-term financial framework. So for that, I'd like to introduce Rob O'Hare.

Rob O'Hare

All right. I know I'm keeping everyone from snacks, and it's been a long day. So hi, everyone. Good afternoon. I'm Rob O'Hare, Affirm's CFO. We've covered a lot of content today across Affirm's entire business. And in this last section and with my time with you, we're going to cover 3 more areas. So I'll start with a focus on the current state of our funding program. My colleague, John Marion, is going to give an overview of the Affirm Bank initiative. And then I'll close with perspectives on our framework for future growth and profitability. So with that, let's talk about how we fund the business.

Affirm has achieved significant growth over the last several years. And as our business has scaled, we've continued to build and diversify our funding channels and relationships. The goal of our funding strategy is to ensure that funding is never a limiter to our growth. And historically, we've built our funding program across 3 primary channels: warehouse, ABS and forward flow. We'll review each channel shortly, but we hope the key takeaways are that we're highly diversified across approximately 200 unique funding partners that we've built our program around multi-year-committed funding relationships, and we're not overly reliant on any single partner or channel.

So let's take a look at warehouse funding. We have roughly 15 warehouse partners, primarily large and multinational banks. Our warehouse facilities are typically used to fund loans on our balance sheet in advance of ABS issuances and also in advance of allocations to forward flow buyers. We tend to keep warehouse utilization rates low, so this channel plays an important role ensuring we always have excess capacity during peak seasonal periods and also across market cycles.

Moving to our ABS program. We utilize two types of ABS issuances with the majority of our ABS funding coming in the form of revolving on-balance sheet vehicles and a lesser amount via off-balance sheet static issuances. Program-wide, we've reached roughly 150 unique investors, and we've raised over $7 billion in notes over the last 2 years. Since 2022, we've seen a 3.4x oversubscription rate for our offerings, and this strong demand has allowed us to build deep relationships with a blue-chip institutional investor base. Lastly, our forward flow program is our most capital-efficient funding channel and also our largest at roughly $13 billion in capacity. This capacity is spread across a diverse group of 20 institutional investors, including insurance carriers, pension funds, asset managers and investment banks. Our typical forward flow relationship involves a 2-year commitment from the loan buyer, and we have a strong track record of renewing and upsizing commitments with most partners. When Affirm sells a loan to a forward flow investor, we earn gain on sale revenue and that loan moves off of our balance sheet.

I'll close the funding section with a quick perspective on the trends in our funding mix. As you can see, we've historically been almost evenly split between on-balance sheet and off-balance sheet funding with warehouse and revolving ABS comprising the on-balance sheet funding and forward flow and static ABS comprising the off-balance sheet funding. As we look ahead to the future, we see an exciting opportunity to add deposit funding to the mix through the Affirm Bank while also continuing to grow our existing funding relationships and channels.

And so with that, I'll turn it over to John Marion to share a bit about the Affirm Bank.

John Marion
Hi, everyone. I'm John Marion, and I'll be President of Affirm Bank once it's approved. After spending 25 years in financial services, companies like J.P. Morgan and a few fintech sponsor banks, I joined Affirm in September to help the bank -- help Affirm with the bank charter application process and to build the bank. Our bank will be designed specifically to support Affirm's ecosystem and make Affirm's platform more resilient and more self-reliant over time. We will do that in two key ways. First, funding. As Rob mentioned, the bank will add a stable direct-to-consumer savings deposit product. And secondly, for the bank diversification, creating Affirm Bank that will operate alongside our existing bank partners today.

The bank's products are going to be very focused on the deposit side, high-yield savings accounts that will be the primary balance sheet source of funding for the bank. And on the lending side, originating the same buy now, pay later loans from Affirm that you all know.

To do this right, execution matters a lot, and we've built a team that's done this before with deep bank operating experience alongside of Affirmers with experience operating effectively within the company. Let me pause for a minute and talk a little bit about what is an industrial bank and why did we choose the industrial bank charter for Affirm. So industrial bank is a state-chartered bank. For us, we're seeking a Nevada charter, and that bank is FDIC insured. Industrial banks do not require that the parent company, Affirm become a bank holding company. And that distinction is critical. It allows Affirm to access the benefits of being a bank, including FDIC insurance, bank partner resiliency.

And in practice, it means Affirm can continue to innovate, pursue new products, expand into new adjacent businesses without the kind of holding company restrictions that apply to OCC or any other federally chartered bank. We think about building the bank in 3 phases. First, regulatory approval. We submitted an application in January, and we have been engaged with the FDIC as well as the State of Nevada. Second, to build the bank, including the people, the systems and the processes that we need; and third, to launch and operate the bank with controlled growth throughout the de novo period. By the end of the de novo period, we expect that Affirm Bank will originate roughly 40% to 50% of Affirm's loan volume, and the bank will hold to maturity approximately 10% of those loans that it originates. So say, just less -- slightly less than 5% of all Affirm loans at the end of the de novo period will be funded with Affirm Bank savings deposits.

And over time, as the bank scales, it will likely become an increasingly meaningful part of Affirm's funding mix and bank partner strategy. From a financial perspective, Affirm will make roughly $20 million investment in fiscal year 2027 to build the bank. And that's primarily related to onboarding employees and implementing the technology prior to the bank's opening. Over time, Affirm will earn a small net benefit from lower funding costs and retaining the economics that we currently share with our bank partners, including interest on held-for-sale loans, loan origination fees and virtual card issuance fees. Those benefits will be partially offset by the cost to operate the bank, primarily people, technology, deposits marketing and loans and deposit servicing. But I want to emphasize the primary value of Affirm Bank is improved resiliency that's going to help support Affirm's long-term growth.

And finally, Affirm will make an initial contribution -- initial capital contribution of approximately $350 million to start the bank. And at the end of the de novo period, we're targeting roughly 20% return on equity. So we expect earnings to be sufficient to sustain the bank with profitability coming in year 2. And therefore, we don't anticipate needing additional capital contributions from Affirm once the bank is operating.

With that, I'll turn it back to Rob.

Rob O'Hare

All right. Last section. So I'm excited to be here and to be in a position to increase our framework for future profitability and to share the drivers that give us confidence in these new profitability targets. But before we get there, I think it's important to share some context around the current state of Affirm and what we're building towards. You've heard from my colleagues this afternoon about the capabilities we've built across credit, product and engineering and how these capabilities are resonating with merchants and consumers in a growing number of geographies. Today, the network that we've built consists of over 0.5 million integrated merchant relationships and 27 million active consumers with 4.4 million of those consumers also active on Affirm Card. Those merchants and consumers drove over $46 billion of GMV in the last 12 months.

While our network is large in scale, it is also growing rapidly and driving significant profitability. In the last 3 years, we've compounded revenue at 40% per year, and our adjusted operating margin has scaled to 28% in the last 12 months, which is up 29 points in the last 3 years.

As we look ahead, we're focused on executing against multiple secular growth drivers and expect to see continued growth across our merchant point-of-sale and PSP relationships, our direct-to-consumer offerings like Affirm Card and wallet partnerships via international expansion and also through Affirm Edge and agentic commerce. But to put our current scale into perspective, compared to our last investor forum, we are over 2x larger in GMV and cardholders are more than an order of magnitude bigger. At the 2023 Investor Forum just 2.5 years ago, we spoke about the path to $50 billion in annual GMV, a milestone that is now clearly in sight. Internally, we're now focused on achieving $100 billion in annual GMV as the next important scale point and the new increased financial framework we're sharing today is meant to provide our shareholders with an understanding of how we expect to operate on the path to $100 billion.

Looking at our historical GMV growth, as I mentioned, we've achieved $46 billion in GMV over the last 12 months. This represents a 36% compound annual growth rate since our last investor forum. Our growth in the last 12 months was nearly 40%, and we grew 35% in our most recent quarter. As we look ahead to $100 billion in annual GMV, we expect the business to grow at a 25% rate or better. As we've shared, we have multiple growth vectors, and we've tried to size their respective contributions here. First, our merchant point-of-sale program is expected to contribute over 10 points of total growth. Next, our direct-to-consumer offerings, namely Affirm Card and digital wallets are also expected to contribute over 10 percentage points of total growth. And lastly, our expansion into new international markets is expected to contribute 1 to 5 percentage points of total growth. We view our Affirm Edge and agentic commerce efforts to be outside of this 25% growth target, but we also expect them to be additive to our total growth.

While we're proud of the growth that we've achieved, we're also proud of the profitable product set that has driven this growth. Our product set has consistently delivered industry-leading revenue and revenue less transaction cost or RLTC take rates. RLTC has seen a 49% compound annual growth rate since the last investor forum, and our RLTC take rate has exceeded 4.1% over the last 12 months, outperforming our long-range target of 3% to 4%. Given the strength we've seen in RLTC take rates and our current expectations for future product mix, we expect to operate in a higher and more narrow RLTC take rate range as we progress towards $100 billion in annual GMV. We now expect to operate between 3.75% and 4% RLTC take rates. We have increased confidence in this critical measure of profitability due to the improvements we've made in our funding costs and the expectations we have for loan product mix over the next few years.

Consistent GMV growth and strong unit economics have resulted in significant operating leverage. Our adjusted operating income has eclipsed $1 billion in the last 12 months, and our AOI margins have increased to 28%. As we look ahead, we expect continued margin expansion. To achieve this, we're targeting at least 70% flow-through of growth in RLTC dollars to growth in adjusted operating income dollars. We're confident that this framework will allow us to both make the necessary OpEx investments to fund our ambitious growth plans while also allowing us to continue to scale our adjusted operating margins.

All of this leads to our new medium-term framework, which again is indexed off $100 billion in annual GMV. At that scale point, we're targeting the following; revenue as a percentage of GMV in the 7.5% to 8.5% range, RLTC as a percent of GMV in the 3.75% to 4% range; GAAP operating margins of 20% to 25%, adjusted operating margins of 30% to 35%. There's also a few key assumptions that are informing our framework. In the coming quarters and years, we expect our GAAP effective tax rate to normalize in the mid-to-high 20% range.

And lastly, we're targeting annual dilution of no more than 3%. With the assumptions above, this framework should culminate in GAAP earnings per share of $3 to $4. That's the end of our prepared remarks today, and we're now going to move to our last Q&A session.

Zane Keller

Okay. Thank you, Rob. We're going to invite all of our Affirm speakers back on stage now. So you've got eight of us on stage, I'll be slightly off stage moderating the Q&A. Okay. So as a reminder, for those of you attending in person, we're going to have two people walking around with microphones. Please raise your hand. We'll do our best to get to you. If you're watching us virtually, please e-mail us at ir@affirm.com. Before our Q&A, I do have a few thank yous to give while we set up here. So first, thank you to our partner speakers that participated in the event. That was Will from Stripe, Arika from Fiserv, Phil from Old National and Harley, of course, from Shopify. I'd also like to thank those of you that took the time to come attend today. We've got almost 200 people in this room, which is really incredible. It's more than twice what we had the last time we held this event.

And I'm sure there's many more watching virtually as well. So thank you for tuning in. I'd also finally like to thank the many of Affirmers that participated in making this presentation possible. I think last count, there was well over 100 people at Affirm that participated in this, helped create it. And I know we also have several Board members in attendance as well. So we thank them for their time. Our executive team can come and take a seat, please. Okay. With those ground rules read, just one final reminder. When you ask a question, please say your name and the company you represent and that way we can get you on the transcript.

Bryan Keane

All right. Here we go. It's Bryan Keane at Citi. One of the themes today is as you guys get bigger, it gets easier. So we see the metrics. As you get to $100 billion, do you get towards the higher end of some of those targets that you laid out? And you guys have been running a little bit north of 4% in RLTC – how does as you get bigger and move into international in the card and the different metrics, how does that change the RLTC metric as we go forward to hit the $100 billion?

Rob O'Hare

I can start. Obviously, we've looked at our plans for growth and what we would expect the product mix, but also the geographic mix to be around the time that we land at $100 billion in annual GMV. And so those are all factored into the framework. I think some of the things that we're doing on the product side are landing at -- and we showed this in the deck, but they're landing at unit economics that are slightly below today's overall average. And of course, we have parts of the business that are operating at higher ranges as well. So that mix of products really is one of the biggest assumptions that goes into the framework that we provided. And that's one of the reasons why while we have operated above 4%, we do want to leave ourselves space to go execute on all of these really exciting growth initiatives. And we think if we're able to stay in the ranges that were provided today, the business will be really, really healthy and drive the profitability and in turn, the cash flow generation that everyone wants to see.

Zane Keller

John, I'm looking straight at you, so let's go to you next, raise your hand. We got to get you on the webcast actually.

John Hecht

John Hecht with Jefferies. Just going to the bank, I know you said you're going to convert, I think it was like 5% of the loans within the bank. What about revolving lines of credit tied to the credit card? Are those going to be in the bank?

Michael Linford

We do not have revolving lines of credit.

John Hecht

As you grow out the credit card product...

Michael Linford

We will not have revolving lines of credit. It's all closed ended loans.

John Hecht

Thank you for that. And then one question I have about the credit -- the card product, excuse me, is you're giving your customers a lot more democracy of how they use their own credit. When you're -- as you're seeing them use those options, are they -- what are they doing? Are they pushing out duration or term? Are they borrowing and then as soon as they get like a bonus payment and paying it off. I mean what are you seeing in terms of the behavior during that journey?

Libor Michalek

Oh gosh. I mean, I think we see all of it. It -- I mean, obviously, it depends heavily on consumers. Probably the most salient observation maybe worth sharing is that really what matters to a person in terms of how they're thinking about accessing credit and which of our sub products they're using, term lengths, all of that is -- it's very purchase size dependent relative of the purchase size to their cash flow, their income. And so where something like is a 0% important or are longer terms important is very specific to the person and to the purchase size. And so we see a variety of behaviors, but we see patterns within that, and it helps us think about tuning promotional offers and what Vishal spoke to in terms of loyalty and those aspects of what is actually salient to this person for this specific purchase and targeting that so that -- to maximize conversion of that purchase for that merchant. And that's how we think about it.

John Hecht

I can add one other thing. When they're using the revolving credit cards less, that money goes back into their pocket and they use it on Affirm and there's a positive flywheel that we see because they're not paying late fees when they're behind, they're not paying revolving fees and all of that money that they save goes back into the bucket and their purchasing power goes up. So we see positive behavior from our best customers.

Zane Keller

Okay. Why don't we take a question from the internet here. So it's from Rothschild & Company. They asked, I think this is probably best for Wayne. Could you please expand upon some of the most exciting opportunities within new verticals such as QuickBooks? And anything you can share in terms of use cases we're seeing there initially, specifically they cite paying a handyman or something like that.

Wayne Pommen

Sure. I'm actually going to hand this over to Pat, who's been very close to our Intuit account.

Pat Suh

Really excited about how we're launching with them. We're actually enabled on, I think, as of this week, close to 1 million of their SMB merchants that are on the QuickBooks platform. So we are in an exclusive deal over the next several years to work with them and tailor programs specifically for those SMB merchants. What's interesting about Intuit, which is actually part of the reason they chose us is that they -- not only do they offer B2B, they also do B2C, and then there's also B2B2C. So it kind of gets very interesting in terms of the flow of funds and our presence there. So we're very excited about the partnership because, again, in the same fashion as we are expanding with our partners, we have these design partnerships that really allow us to enter into these markets in both a safe way, it derisks us entering it. And we work with providers and partners that really are experts in that field and help guide us as we go along. So it's just the beginning with Intuit, and you're going to see more of that to come.

Tim Chiodo

Tim Chiodo with UBS. So that 3.75% to 4% that is tight. And we know it's kind of wanting to go higher, it wants to go higher, and you guys have a very nice way of reinvesting that back in price across products to drive more RLTC dollars. I was hoping you could expand upon how you plan to reinvest any of that upside into exactly that.

Rob O'Hare

Sure. Yes. I mean I think we spoke to it a bit today already. Obviously, we're launching several new markets, right? It will take time for those markets to scale and for us to make those markets as big and successful as they can be. That's one clear investment area. We've obviously been leaning into 0% offerings over the last several quarters now, and we expect to continue to use that as a way to both add new users to the Affirm network, but also to incentivize the existing users as well. We've got the big nothing event happening tonight and midnight -- set your calendars. So yes, I think those are two like very clear and obvious ways that we would invest some of the margin dollars. But I'm sure there will be others as we run the business for the next couple of years. I don't know if others would add.

Max Levchin

I don't want to get too deep into the complicated matters of mathematics with dollars. But one of the nice things of just getting bigger as an absolute dollar size, the -- whatever that incremental thing that the 3.75% to 4% really wants to be, just multiply that by GMV, that's a lot more absolute dollars, which we can spend in more than just the actual running of the business, but developing of new things. So I, for one, I'm looking forward to having more tokens. We're actually -- that's a joke. But we do have quite a lot of new stuff to build. And I think that the growth opportunities are so significant sort of the joke is still on what will we build next or first versus when we start harvesting this cash flow.

Connor Allen

Connor Allen at J.P. Morgan. So the 25% volume growth, up from the 20% before and the components have shifted a little bit. It seems like the merchant side, a little slower, DTC a little faster and then you have kind of international that seems better than before. Could you just talk through maybe your confidence across those, how you kind of came to those conclusions? And then on top of that, what would you need to see for Affirm Edge to then be kind of part of your algorithm as you're thinking about it?

Rob O'Hare

So for the first two components of the growth algorithm, point-of-sale and direct-to-consumer, I do just want to make sure everyone heard me. Those are minimums, right? This is a 10% minimum in terms of growth contribution. So we're not putting a ceiling on what the growth of either of those businesses could be. And I think as we look ahead to the very, very near-term future, we would expect point-of-sale to be well above 10% in terms of total contribution to growth. So that's one. On the Affirm Edge point, I mean, I think as you heard today, we're out talking to banks. We're out working with our platform partners to have as many of those conversations as possible. And I think we will get to a point where we have signed engagements with these banks. And I think that will make the program that much more real for us. And I think that's when we would start to think about how big can this be and how it layers into the rest of the growth drivers that we've spoken to.

Diksha Gera

I try to wait until the last because I think you've given some shiny numbers, everyone wants to focus on that, but thank you. The question is a little bit more -- and Adam kind of asked half of my question, like are you solving the biggest problem that you want to solve, but more from an expansion lens as well, right? Some of your peers, your rivals, they're like talking about global at get-go, the pace of expansion overseas. It's not like you're constrained on growth, right? Like you can grow. What is the thought process around how you're planning that expansion? Like what are your constraints? What is your consideration around that?

Max Levchin

I'll start a little bit, but Pat, I'm sure, has a much stronger point of view. We are not constrained by many things, but we are very mindful of the fact that we're entering jurisdictions where we're not necessarily the first, which means that we have to be the best at something at the get-go. So showing up to the U.K. and saying, we too do Pay in 3 and Pay in 4 because it's the easiest thing regulatorily, capital, underwriting would have been undifferentiated. So we took the road less traveled and said we're going to figure out how to do this in the longer term, talking to merchants, hearing over and over again, demand is for longer-term loans. That's what you guys should do. That required a fairly complex set of conversations with everyone from capital partners to his majesty’s treasury and so on and so forth.

And we feel great about where we are now, but it took the right amount of time. Some markets are wouldn’t say carbon copy, but they are connected to each other well enough and especially in European economies, where you can say one begets the other because some of the licensing regimes are exportable, et cetera, and others are not. And the risk, if you will, is definitely not in the -- will we have enough merchants to go live with. We have a fair number of batteries included given our global partnerships. Will we have the products? We think we do, but we hear it from the local merchants. But regulatory regime and deep understanding of the local consumer, everything from how repayment happens, what's the least frictionful mode, what are the downstream consequences of reporting to the local equivalent of credit agencies are very important.

And so we can definitely do more than one market at a time, and we absolutely expect to do so. I think there are many companies whose chart bodies or at least parts of their chart bodies are littering the roads to global expansion. We said we're going to lend money to everyone in every market. Like it turned out to be a thing that takes 3 to 12 months to find out if you're any good at it. And we're quite happy with the way things have evolved in the U.K. but we didn't enter it with a guarantee of victory. So we have the right amount of trepidation. We will bring that trepidation to all the other markets. That said, every time we see success in markets 1 and 2, the next set of expansions, we think will do 3, 4 and 5 and 6 and perhaps we'll expand the funnel.

That said, just the other side of the argument, the reason we have taken our time to get to international, the vast majority of commerce is local. And there was a very, very long time before Visa owned Visa International because there's just not that much I'm just going to up and go from the U.S. to the U.K. and shop as if I exist in both places. These are fairly locally and primarily driven, of course, by speed of shipping, et cetera. And so we will experience network effects. I'm quite confident of that in every market we enter. The cross-border commerce is a big deal, especially with some of our partners for sure, but it's not enough to create a truly sticky network effect in and of itself. And so it is still a 1 plus, 1 plus, 1 plus 1. The synergies happen on some level, but I wouldn't sort of expect it to just be all at once after a certain point.

Libor Michalek

Yes. There's actually one thing that's worth double-clicking on that Max said because it is something that's common across our broader strategic initiative investment framework and how we think about all of them, not just international. There is a natural cadence to the rate at which we can grow products, new products that is set by the fact that the product ultimately depends on monthly repayment, right, over some period of time. That sets a clock on really how you learn about consumer behavior whether it's in a new market or even in the U.S., where it's a new product, you really have to understand how does the customer ultimately interact with it? What does it mean for the bottom line in terms of repayment.

And so as a result of it, when we think about strategic investment and what Rob showed of where we're putting money, we are always looking at and investing in multiple growth vectors that are largely orthogonal from each other in terms of the learnings and the feedback loops that we're generating, and we pursue them in parallel and allocate internal resources to match that framework. And so international and multiple markets is one of those investments. Obviously, we've heard about things like Edge, card, agentic and others.

Rob Wildhack

Rob Wildhack with Autonomous. A question on the updated RLTC range and given how narrow it is. Is that strategically like a flag in the ground that these are the products we're going to do. This is the mix. This is where the next $50 billion is going to come from? Or if there was this great opportunity, say, in Pay in 4, something that's lower margin, would you pursue that? Or would you say we're sticking with what we laid out, and that's why the range is both higher and narrower?

Rob O'Hare

Again, I'll start. I think it's really just more simply a function of some of the very large products and programs that we have today and also just frankly, the really high growth rates we see in those products and programs today as well. And so just given the economic content that we're generating from the known programs and products, we just don't see a scenario where we deviate outside of that range, certainly not meaningfully below that 3.75%. So I think it's really just acknowledging that our biggest and in terms of card, our fastest-growing programs are also our most profitable. And so that gives us a lot of confidence in that narrower range.

Libor Michalek

Well, I mean, I would just add to that I think as there's new opportunities, right, and we're going to go pursue them, like the stuff that Max is working on in his lab. I mean, we think, obviously, those have potential for different profiles, but they're on a different -- again, on a different timeline, and we expect a lot of opportunities. We don't plan to stop growing at $100 billion. And a lot of those things that are going to take us past $100 billion are in the works. They're just, to Rob's point, at a different scale point relative to what the model says.

Dave Koning

Dave Koning at Baird. And I guess my question is on data. You talked a lot about using data, increasingly making better credit decisions, offers, et cetera. We hear a lot about with AI, the endless amounts of data companies using more and more and it's costing more. How are you kind of balancing that spend, that cost with the production and then just data security on top?

Libor Michalek

I mean we're ultimately looking at it through the lens of productivity -- of employee productivity. And so when we think about how much are we spending on AI, how much are we spending on productivity -- AI for productivity or for modeling or for improvements, I mean, we're looking at it through the lens of ROI, right? Like are we actually getting something out of this? Is it producing more than what we're putting in. And so far, what we are seeing and what we're sticking to is that we are increasing the output of the employee base relative to what we're putting in on a dollar basis.

Michael Linford

I mean I think 70% incremental margins would put that in context, I think if we're flowing down a substantial portion of our incremental RLTC growth. It says a lot about the operating efficiency of what we're doing. And if anything, I think those are tailwinds for the business in terms of the productivity benefit way exceeding the cost. And then in terms of data security, I think suffice it to say, we take it really, really seriously, I think your line from the infrastructure slide was really important, which is we don't take what we do very lightly. We joke a lot, plenty of Lebowski references in every letter, but we take our day jobs pretty seriously and data security is at the top of that list.

Moshe Orenbuch

Moshe Orenbuch at TD Cowen. You mentioned 10 points of growth coming from the wallets, direct-to-consumer. Could you talk a little bit about how much of that is coming from in-store commerce? And given how large in-store commerce is relative to e-commerce, could there be a time when that 10 is higher or whatever that contribution is actually higher than the traditional point of sale?

Vishal Kapoor

I'll start with in-store is a very tiny but high growth part of the entire spectrum of where we are seeing the marginal incremental growth coming from. But it's very exciting because, again, one of the key leading indicators that the product team looks at is product market fit and specifically the transaction per user. And what we're seeing is that when customers are going in-store and finding that transaction through the card or the wallet, they're actually coming back much faster for the next subsequent purchases. So the TPU stat that Max had in the initial prologue was about how fast the frequency of the network is growing.

If I take a slice and just add it to our direct-to-consumer channel, that frequency is much higher and in-store as a proportion is also higher. So it's tiny. It's going to grow fast, and we see no upper bound on it because, as we said, 85% of commerce is still in store. And now with cards and wallets, we have access to that commerce. And also as we improve the product because we fine-tune every single step in the process, there are ways to go to how do we make this even simpler for the customer. So the road is pretty long and meaningful ahead of us.

Zane Keller

We've got two from the online channel that I think are pretty short or easy to answer. We'll start the first one, I think, for Wayne. And the question that the investor had is who takes the credit risk with Affirm Edge? Is it us that takes it? Or is it the issuer?

Wayne Pommen

It is us.

Zane Keller

Okay. Second question. This question comes from Dan Perlin at RBC. He asked that -- I think we'll probably disagree quickly with the first part of this question, but he say, well, in the early days of achieving your $50 billion GMV target, it was clear that lower income consumers were an appropriate target market. But as you are scaling reenvisioning reward constructs, do you believe the aperture will open up to the more affluent?

Vishal Kapoor

Our cardholders are actually -- I mean, we talked about the super prime -- prime for 0% days. I mean the stats speak for themselves. We cater to all of the FICO bands equally, and we love them all equally. And they are using the products, both on the merchant checkout and direct-to-consumer in ways that we feel that the value accretes to every single bank because it's a better product. And so I don't think that either the first $50 billion was for lower income. We actually see higher income, higher FICO customers use it and like it more. We also see it in the prime -- near prime as well. And the reason is if you're revolving, you're paying that incremental dollar to the banks and the late fees, and that doesn't work no matter how much your income or your FICO is. So that is the short answer. And then the rewards, the 0%, the longer term, everyone loves them. There is no FICO specific lens to that particular part.

Pat Suh

Well, we have a very short memory. I mean we grew with Peloton. 95% of the online retail market were all service programs originally targeting the high-end consumer and the super prime users, and then we just extended those. So I think even at our IPO, that was one of the concerns, and we've been able to...

Max Levchin

I was literally going to go there, like I remember being asked over and over again, like when everybody buys themselves a Peloton and those people never default, are you guys done? So we spilt enough ink on this one, but we work for everyone, different credit quality consumers derive different kinds of value from Affirm. That's a very fair observation. And we never get to the -- we know we're going to lose a lot of money, but it's okay, we're overcharging someone else for it. That's the thing that we don't do. Everyone else is welcome to use the product, and we love them all. But for different credit quality, the answer could be longer term and the credit rate is not that big of a deal for someone who is knee deep in choices in credits, they're very much on the hunt for the best possible APR and the number they prefer, of course, is 0.

Libor Michalek

Yes. I mean just one more drop of income because I think we're all pretty excited and passionate about it. I mean we have 27 million active users and our median income is $75,000 a year. I mean -- so we have a broad range of consumers, and we serve all of them, I think, quite well.

Zane Keller

Okay. We'll probably do another 5 minutes or so of questions.

Giuliano Bologna

It is Giuliano Bologna from Compass Point. I realize that when you obviously put out very helpful numbers when it comes to financial guidance, one of the categories that seems to be kind of outside of that or excluded in some ways is agentic or AI and LLM type partnerships. They obviously -- a lot of those platforms have tens of millions, if not hundreds of millions of weekly active users, and that's an enormous market that fits right into your product market fit in terms of online purchasing and online spend. When you think about the different growth drivers, does that have the potential to become kind of a fourth leg to the stool when you think about the different drivers of merchant point of sale from Card and International, does that have the potential to be material enough to really create its own fourth vertical when it comes to growth drivers going forward?

Vishal Kapoor

I don't see a reason why not. I mean the thing is that it's early. And I think a lot of the things that we are saying here is that we have different products in different stages of the maturity life cycle. This one is early because we are just starting to shape the protocols. We just announced with Google in the morning. And so as this takes shape, to your point, the white space in front of us is immense. As agents take the treasury and the mechanical work and start to do the things that humans actually want, Affirm's value prop just shines through and through affordability, ALA messaging, purchasing power.

And we feel that the way that this will actually shape a lot of things will change in front of us in ways that we haven't seen because you can have fully delegated, fully human in the loop, somewhere in the middle. But in all of those cases, Affirm has a very specific role to play in our opinion. So short answer is we don't see a reason why it can't be the next big growth lever. That's why we presented as such. But we're not baking any specific things because the volume there is negligible right now across the industry, including Affirm. But as these things take shape, we'll obviously have more to share.

Zane Keller

We're already thinking ahead to Investor Forum 2030. We like it though.

Will Nance

Will Nance from Goldman. One question I wanted to ask around the long-term thought process, long-term targets was around capital allocation. You announced one specific allocation of capital to the bank, which makes sense, and it sounds like that will be self-funding from there. But obviously, with GAAP profitability, there's a lot of organic capital generation. So how are you thinking about organic needs to fund the growth in the balance sheet versus potentially evaluating capital return down the line?

Michael Linford

Look, I don't think we're going to say a lot more than what we said on the bank and that we like the way we fund the business today. If you think about the mix of on and off, you think about the mix of forward flow, on and off securitizations and of course, our warehouse business, think that mix is a good mix, not being precise there, but the overall direction of travel is where we want to be here. And so that means that the capital needs of the business are really consistent with what we've experienced over the -- over our recent history. Obviously, there's a really zesty funding market out there. It's really good for us. But we don't plan on taking that to fundamentally change.

So even when you model that forward and think about a kind of consistent approach to fund the business, you still are going to generate a pretty healthy amount of cash. And we don't really want to be too specific as to what we want to do with that. We've announced, obviously, that we have the plan to retire the first convertible notes, and we would continue -- we have that coming up due in November. Those are pretty small in the scheme of the next 3 years. And beyond that, we really haven't communicated and aren't going to share anything else today. Unless you want to, Rob?

Rob O'Hare

I think you covered it well. I mean I think we're really excited about the cash that we're generating today. We generated about $350 million of cash in the last 12 months. But that's probably the first period where we generated that much cash. So I think we're working through the retirement of the debt and the funding needs of the business will be sort of the first outflow of cash for us. And from there, I think we'll sort of reevaluate as we continue to scale cash flow.

Zane Keller

I think we'll take one more after this and then...

Kyle Joseph

Kyle Joseph with Stephens. Just a very quick one. When should we expect slides? Just I was typing pretty fast, but not that fast.

Zane Keller

Yes, they actually should be posted -- I'm looking at Maggie over here. I think we're posting them right now -- a couple of minutes.

Kyle Joseph

And then a follow-up. Just I think in 2023, you kind of got the question about the competitive environment. I think you covered it. Basically, it's broad because of the amount of products you have, but just kind of a quick update there and how you see that evolving with the bank as little as you're going to talk about the bank.

Max Levchin

The bank is actually sort of orthogonal to the competitive situation. I think it helps us regulatorily. It sets us up for some future efficiencies, but it's not a thing that we see as an inherent competitive advantage. If anything, we are trying to make ourselves as accessible and friendly to our would-be partner banks, and you've heard from some of our partners on stage today. So I think that part of the business is highly synergistic. That said, in payments and in consumer finance in general, it's coopetition all the time, all the way. There's never been a monopoly in payments full stop because it's such an enormous market. Everybody specializes, everybody partners with someone else for the things that are not specialist in and everybody overlaps and competes with those same partners just because it's a complex market, which is why we all like it so much.

And so this space is really attractive. If you look at these margins, even the numbers we just upgraded for you, it would be foolish to believe that no one else will come. In fact, everyone has come. We think that our advantages are durable. We think that we have gotten better at the things that we consider to be the moats and the advantages. The catalog of custom merchant contract has, I don't know, almost 100x since the IPO, if I'm doing my math correctly. So that's a fairly impressive digging of that moat. Our models are now being built on also two orders of magnitude more data. That's actually a correct statement. And so on. So everything we do that we think we are uniquely great at that separates us from the pack, we've gotten much better. And no accident. We've invested in all those things.

So it's a little bit easier to compete, I think, in the areas where we are selling the thing that we have put the original flag in the ground for. Every time we go to expand, be it new geographies, new products, it is never empty. There's always someone there who is saying, well, that's my turf, what are you doing here? And our answer has to be we're here to provide a new and different kind of value. We're just here to make it cheaper or we're here to undermine your business. It's kind of a -- it's a stupid excursion. We shouldn't be a part of it. What we are very good at is saying, wait a second, this needs a spotlight. Consumers here are overpaying and they don't understand that they are. That's a great opportunity for us. Like we're very good at saying, actually, let's flush out all the gunk. This is a bad product. We can do a better job.

And so we love innovating in products. We love innovating in risk where consumers are not given access to credit or given access to financial products because the incumbents think the risk is too much. And we think through better use of math, we can actually underwrite it and price it correctly and not rely on slop like late fees, et cetera. So those are the areas where we've been investing. It's become easier to compete. I think I'll actually let Pat and Wayne touch on sort of what it's like out there fighting with our esteemed competitors, but it's never going to be noncompetitive. This business is no danger of being a monopoly, but the fact is we are upping our margin rate should give you a pretty good sense for where we think we're headed in terms of our ability to defend our market. You guys want to add on the revenue side?

Wayne Pommen

Honestly, I don't have a sort of snappy answer for you. I've been in this space for 10 years selling BNPL and the environment is always changing, different competitors are doing different things. And I think what has worked for us is just focusing on our own capabilities and extending our lead and maybe part of it is getting older and wiser, you can't change what competitors are doing. So focus on yourself, and I think that's been paying off well for us.

Zane Keller

Great. On that note, we are at the end of today's event. So for those of you attending in person, if you turn to your right, you'll see the gates have opened to the bar. If you go beyond that, we actually have product demos off the left that you'll probably want to take a look at. And if you go even further to that, beyond that, there's a terrace that looks out over Times Square. So we encourage you to enjoy the view and the beautiful weather today. Thank you all again for joining.