

Friday, 15 March 2019

Over 1.5 million users of 'Buy-Now-Pay-Later' digital payments

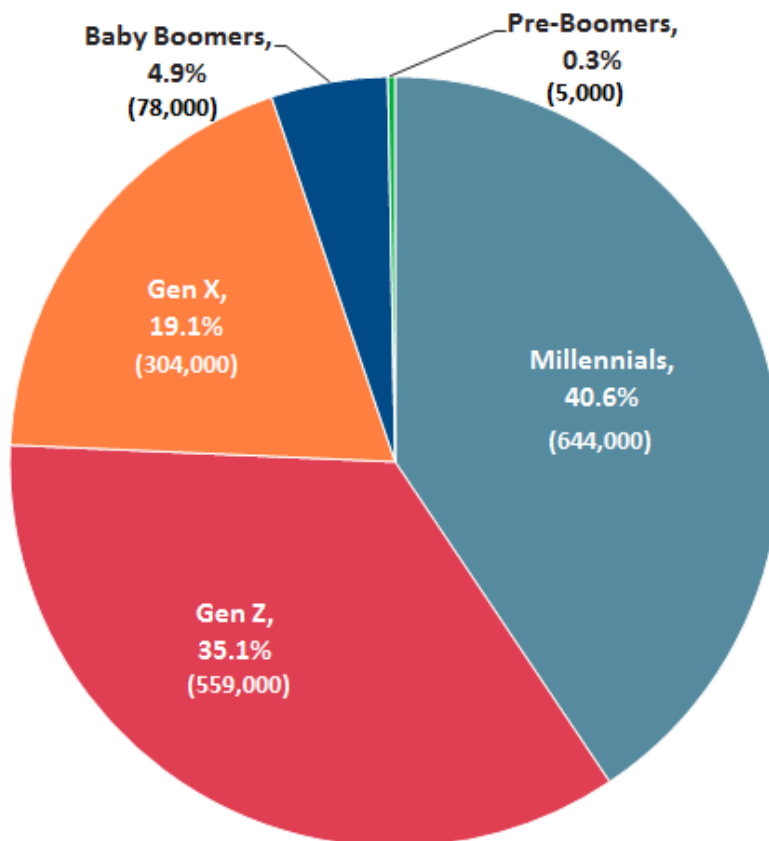
In the 12 months to January 2019, 1.59 million Australians used one of the latest 'buy-now-pay-later' digital payment methods, with Millennials making up the biggest share.

These are some of the findings from the newly released Roy Morgan 'Digital Payment Solutions Currency Report' January 2019. The data in this latest report is from Roy Morgan's Single Source survey which is based on in-depth interviews conducted face-to-face with over 50,000 consumers per annum in their homes. Results presented here are based on interviews conducted in the 12 months to January 2019.

Millennials and Gen Z dominate the users

The following chart shows that millennials account for 40.6% of 'buy-now-pay-later' users followed by Gen Z with 35.1%. These two generations combined account for over three quarters (75.7%) of the market or 1.2 million consumers. The two oldest generations (baby boomers and pre-boomers) by contrast make very little use of the new 'buy-now-pay-later' systems with a combined market share of only 5.2% (83,000).

Buy-Now -Pay-Later¹ Usage in Last 12 Months: Market Composition by Generations²



Total Users 1.59 million

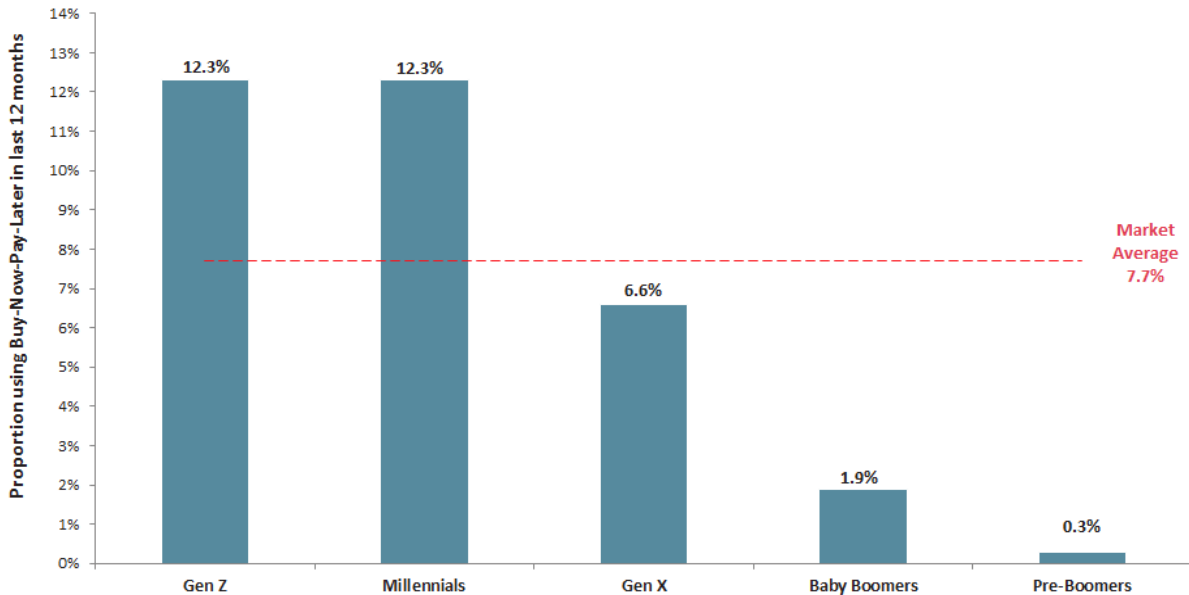
Source: Roy Morgan Single Source (Australia), February 2018 - January 2018, n=51,036.
Base: Australians 14+. 1. Includes 'afterpay', 'zipPay', 'zipMoney'. 2. Gen Z (born 1991 - 2005); Millennials (born 1976 - 1990); Gen X (born 1961 - 1975); Baby Boomers (born 1946 - 1960); Pre-Boomers (born pre 1946)

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Major opportunity to increase market among all generations

Currently only 7.7% of the population use 'buy-now-pay-latter' systems but as this has developed over a relatively short time period it leaves a great deal of growth potential among all generations. Even the big early adopters, millennials and Gen Z, currently have only 12.3% using these payment methods and the older generations (baby boomers and pre-boomers) have a very low level of less than 2%.

Buy-Now -Pay-Later¹ Usage in Last 12 Months: Incidence by Generations²

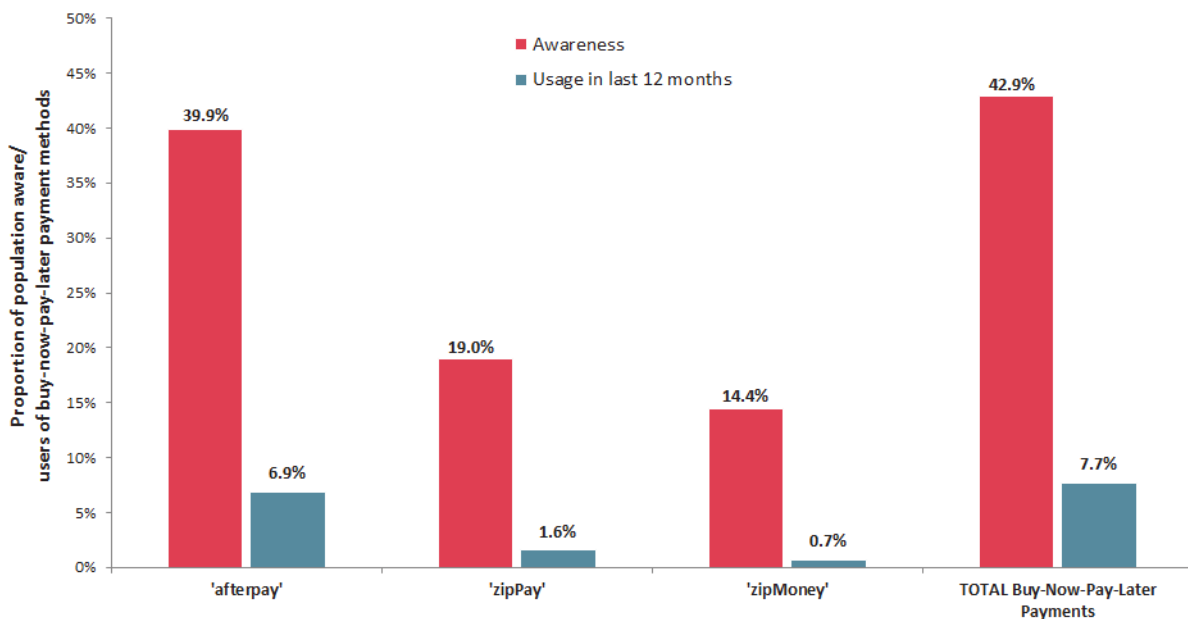


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High awareness of 'buy-now-pay-latter' digital payments

Awareness of these new payment methods is a healthy 42.9%, well ahead of the 7.7% usage levels and as a result provides a positive growth outlook. Clearly the major player in this market is 'afterpay', with 39.9% awareness and 6.9% usage over a 12 month period, well ahead of second placed 'zipPay' with 19.0% awareness and 1.6% usage.

Buy-Now -Pay-Later Payment Methods: Awareness v Usage in last 12 months



Source: Roy Morgan Single Source (Australia), February 2018 - January 2018, n=51,036.
 Base: Australians 14+.

Norman Morris, Industry Communications Director, Roy Morgan, says:

“The payment environment in Australia is facing rapid change as we see innovative new companies, such as Afterpay, changing the way people purchase goods that they may not be able to afford immediately. These ‘buy-now-pay-later’ companies are likely to pose a threat to traditional payment types such as credit cards as well as traditional financial institutions, as consumers can access a small amount of credit instantly with no documentation.

“The increasing use of new payment technologies is being aided by the growing proliferation and development of smart phones and wearables with integrated technology such as Apple Pay and Google Pay, and an increasing number of financial institutions enabling their customers to make payments with these devices.

“Consumers will come to expect the minimum effort when making payments and the industry will need to adapt to these changing expectations by providing more innovative and simpler solutions. Traditional financial institutions may need to collaborate with Fintechs and other third parties to keep up with the rapidly changing digital payment environment.

“The data used here covers only a small part of what we have collected over many years regarding new and traditional payment methods. To find out more simply ask Roy Morgan.”

To learn more about Roy Morgan’s Financial data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

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About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years’ experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

