

Wednesday, 6 November 2019

## Rapid growth in use of 'Buy-Now-Pay-Later' digital payments – such as Afterpay, zipPay and zipMoney

**New research from Roy Morgan shows 1.95 million Australians used one of the latest 'buy-now-pay-later' digital payment methods such as Afterpay, zipPay or zipMoney in the year to September 2019, up from 1.38 million in the previous 12 months.**

The findings come from the new Roy Morgan ['Digital Payment Solutions Currency Report'](#) September 2019.

### Australians under 35 dominate 'pay later' users

As the chart below shows, Australians between the ages of 14-34 account for 55.9% of 'buy-now-pay-later' users, with those in the 25-34 range making up 33.5% of all users. To put this in perspective, that age group represents only 18.1% of the population 14+, which means that those aged 25-34 are nearly twice as likely to be using a 'buy-now-pay-later' system as the average across the whole population. By contrast, Australians over 50 make up only 14.2% of pay-later users despite being 40.7% of the population 14+.

As a group, those using these systems tend to be employed, earning an average or relatively low wage: 11.7% of buy-now-pay-later users earn between \$40,000 and \$49,999, compared with just 8.8% of Australians overall, and while 4.4% of Australians overall are in the most cashed-up income group, earning \$150,000 a year or more, only 2.2% of buy-now-pay-later users are.

### Credit Card use continues to decline

While 'buy-now-pay-later systems' are growing the use of credit cards is declining, with the percentage of Australians holding a credit card down about 3% points over the past year. The fact that the new point-of-sale credit systems, which appeared in Australia in 2015, fell outside of existing financial regulation led to calls for greater scrutiny from both the banking sector and consumer groups, A Senate enquiry earlier this year led to new obligations for providers and an increase in ASIC's ability to intervene in the future.

The latest [Roy Morgan Wealth Report](#) delves in detail into the long-term trends comprising Net Wealth in Australia encompassing personal assets as well as debt. The decline in credit card usage over the last year fits into the long-term trends which show there's been a reduction in real terms in credit card debt over the last decade down to \$7 billion today compared to \$8 billion in 2007.

### 'Pay-later' growth is rapid, but overall user numbers are still relatively low

While the growth in usage of 'buy-now-pay-later' systems has been rapid, overall user numbers are still relatively low, with 9.4% of the population now using them, up from 6.8% a year ago. Even among the heaviest user group, those aged 25-34, only 17.4% are using these payment methods. For Australians aged 65+ usage is below 1%.

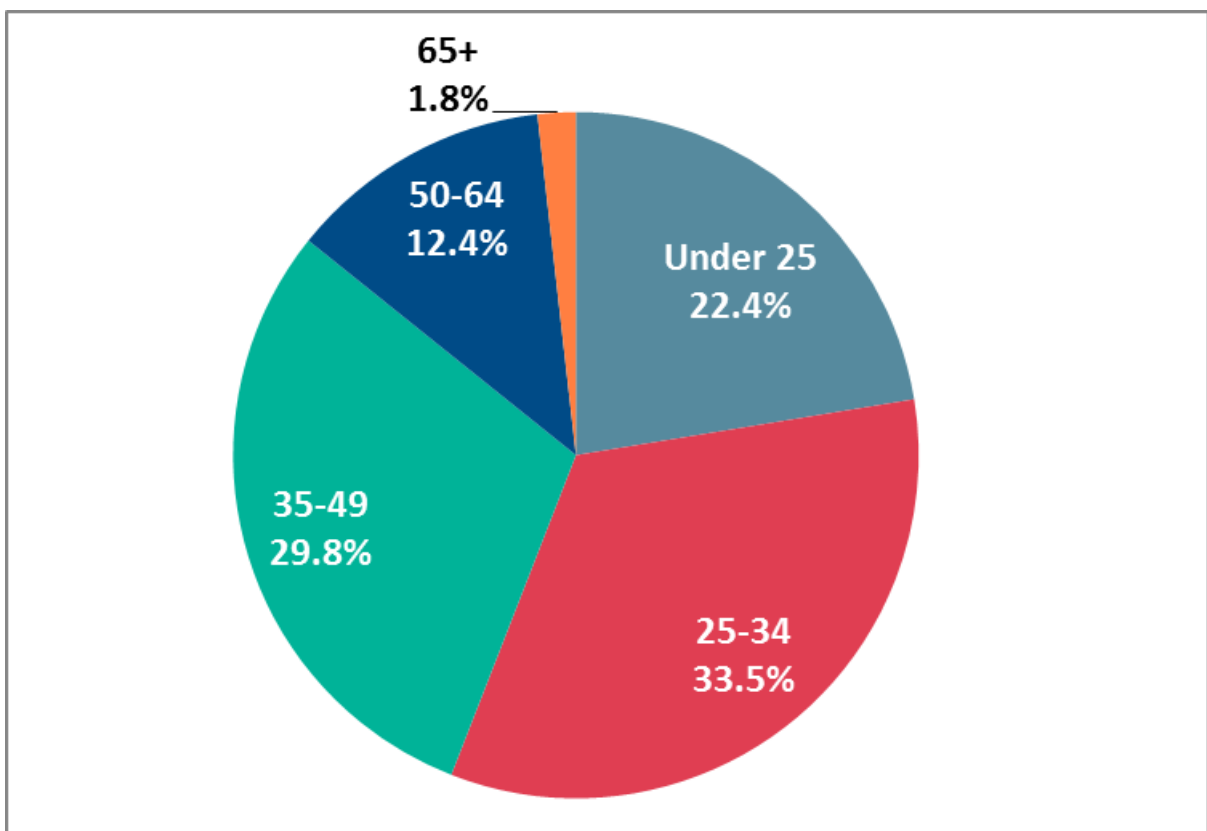
Awareness levels, however, are strong, with 52.2% of Australians knowing about 'pay-later' systems. The major player in the market is 'afterpay', with 49.5% awareness and 8.4% usage over a 12 month period. Second player in the market Zip (inc. ZipPay and ZipMoney) has an awareness of 29.3% and 2.8% usage.

**Roy Morgan CEO Michele Levine says:**

*“The payment environment in Australia is facing rapid change and these ‘buy-now-pay-later’ companies are likely to pose a threat to traditional deferred payment options including credit cards, as consumers can easily access a small amount of credit instantly.*

*“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. Consumers will come to expect the minimum effort when making payments and the industry will need to adapt 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 fast-moving digital payment environment.”*

**Buy-Now-Pay-Later<sup>1</sup> Usage in Last 12 Months: Market Composition by Age**



**Source:** Roy Morgan Single Source (Australia), October 2018 - September 2019, n=49,462.

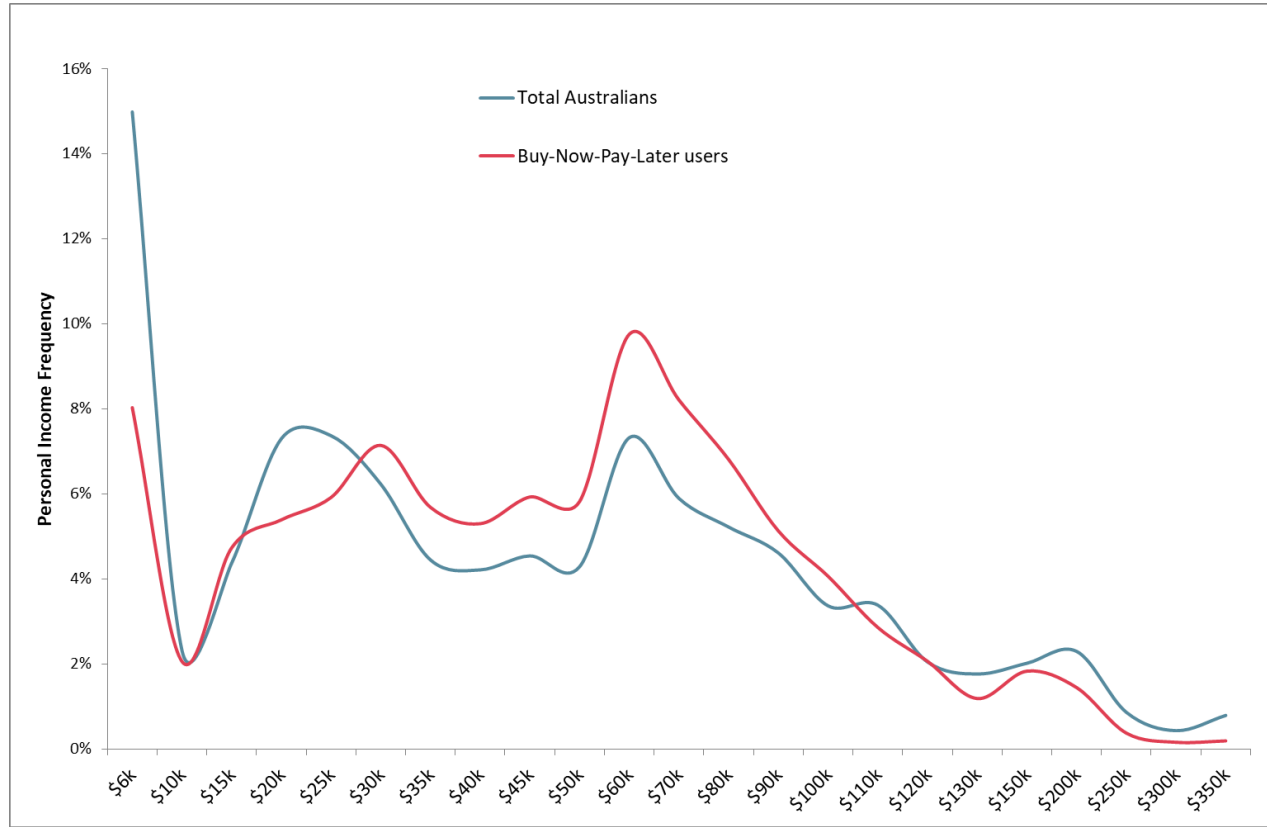
**Base:** Australians 14+ were asked: “Which of these payment methods (1. Includes ‘afterpay’, ‘zipPay’, ‘zipMoney’.) have you used in the last 12 months? Which others? Any others?”

This data is from Roy Morgan’s Single Source survey, based on in-depth interviews conducted face-to-face with around 50,000 consumers each year in their homes.

To learn more about Digital Payment Services see the Roy Morgan [‘Digital Payment Solutions Currency Report’](#) and to learn more about Roy Morgan’s digital payments and financial data, call (+61) (3) 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).

Please click on this link to the [Roy Morgan Online Store](#) to access detailed and in-depth consumer data on a range of topics.

**Income distribution for Buy-Now-Pay-Later<sup>1</sup> users compared with Australia overall**



**Source:** Roy Morgan Single Source (Australia), October 2018 - September 2019, n=49,462.

**Base:** Australians 14+ were asked: "Which of these payment methods (1. Includes 'afterpay', 'zipPay', 'zipMoney'.) have you used in the last 12 months? Which others? Any others?"

**About Roy Morgan**

Roy Morgan is Australia’s largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years’ experience 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
50,000	±0.4	±0.4	±0.3	±0.2