

## The Next “Buy Now, Pay Later” Stock to Own Now

The “Buy Now, Pay Later” market is booming.

So much so, BNPL saw 215% year over year growth in the first two months of 2021, as noted by Adobe. Even better, according to Bank of America, BNPL apps could grow 10-15x by 2025, and could eventually process \$650 billion to \$1 trillion in transactions.

Better, according to Yahoo Finance, “The trend is also part of a generational shift: The average user of buy now, pay later services is their 30s, BofA found, and the average amount spent was around \$200 to \$500 (as compared to \$5,000 to \$6,000 one would spend on a credit card).”

That growth has only just begun to fuel M&A interest.

“BNPL is gaining popularity given that interest rates are ultralow, reducing costs for consumers. Other fintech apps have entered the market, including Affirm, a pure play on the sector, and PayPal (PYPL). Apple (AAPL) is also developing a BNPL service with Goldman Sachs Group (GS), its credit-card partner,” as reported by Barron’s.

### The next company that could see M&A interest is Affirm Holdings (AFRM).

At the moment, Affirm has 4.5 million active customers, with 7,900 merchants on its network. Better, the company’s gross merchandise volume was up 77% from fiscal year 2019 to fiscal year 2020. Plus, 50% of its current customer base is made up of Millennials and Gen Z, which have estimated spending power of about \$2.5 trillion.



Even more impressive, growth should only accelerate from here.

According to GoCardless, as noted by Street Insider:

“76% of respondents seek to decrease the usage of credit cards as they look to avoid debt. Consumers have also voiced their pessimism on their ability to pay off balances each month and make the minimum payments. The survey shows, debit cards and no-interest installment payments are rising in popularity. 89% of respondents belonging to the 18-25 age group say they prefer a debit card, as well as 87% in the 25-40 group. 87% in both the 18-25 and 25-40 age groups prefer no-interest installment payments over credit cards. In general, 70% of consumers said they would choose buy now, pay later (BNPL) services over a credit card.”

With that, the BNPL market boom may have only started to explode.

We believe Affirm Holdings (AFRM) could be next in line for M&A. Stay tuned for more.