



» 2022 State of Credit Report

The changing role of credit:

How consumers are engaging with an evolving range of credit options amid a changing economic landscape.

Introduction



While COVID-19 restrictions may have eased, and infection rates may be in decline across many regions, 2022 hasn't been the respite from the pandemic years that we were perhaps hoping for.

From war breaking out between Russia and Ukraine, to temperatures reaching all time highs across Europe¹ - it's been turbulent to say the least. On top of this, the impending cost of living crisis is a real threat to millions of people globally. With so many social, political, and economic factors at play, it's easy to see why financial anxiety is high.

As a result, consumers are increasingly financially conscious – whether it be using budget management tools, or leveraging lending tools such as credit cards or Buy Now, Pay Later (BNPL) services – money, and how to make the most of what you have, is front of mind for many.

Following our Consumer Credit Report in 2021, Marqeta again surveyed 4,000 people – 2,000 from the United States, 1,000 from Australia, and 1,000 from the United Kingdom – to establish how attitudes towards credit have changed, whether the BNPL boom has lasted, and what's making consumers tick in regards to their lending choices.

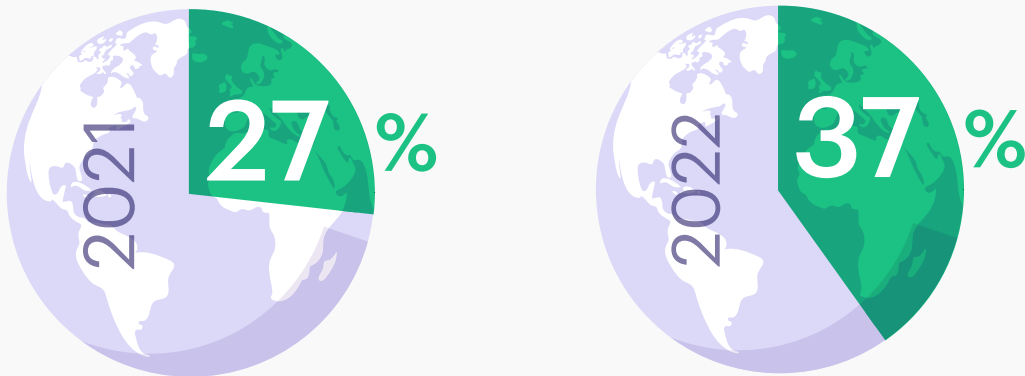
Out of the pandemic, and into cost of living fears: exchanging one financial anxiety for another

There are no two ways to cut it: People surveyed globally reported struggling more with meeting the minimum payments on their credit cards than they did last year (when a significant proportion of survey respondents said they were already struggling).

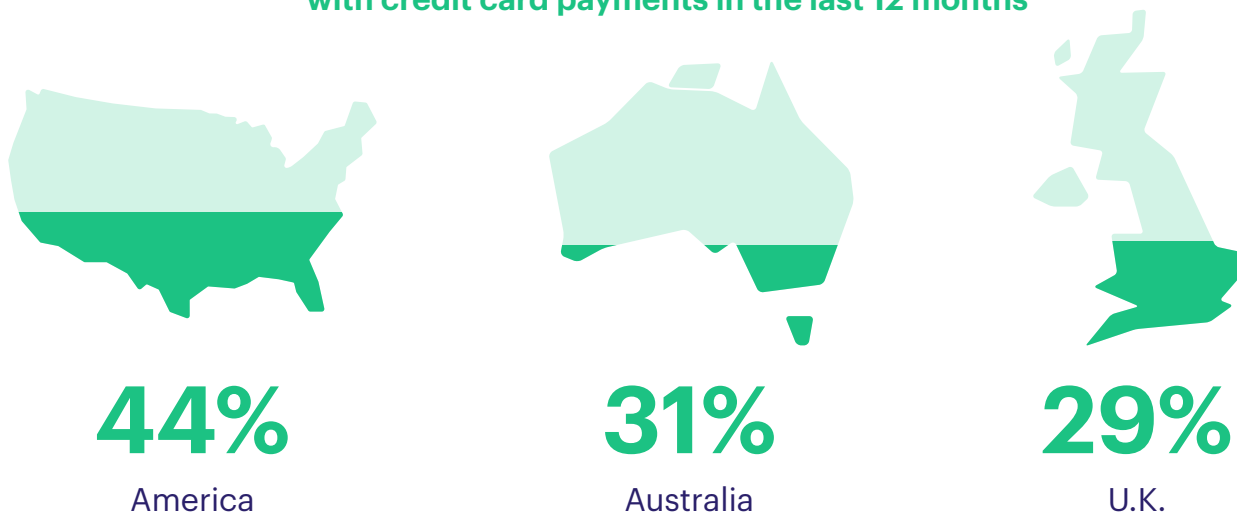
The number of people surveyed who reported struggling with their credit card minimum

payments was up from 27% in 2021, to 37% in 2022, globally – that’s a 10% increase. Higher numbers of US respondents said they struggled more with credit card payments in the last 12 months than their Australian and UK based counterparts, with almost half (44% of US respondents) stating they struggled more, while 31% of Australian and 29% of UK respondents said the same

People surveyed struggling with credit card payments has increased over the last year by 37%



Proportion of survey respondents who say they struggled with credit card payments in the last 12 months



The pain felt by consumers did not seem to be evenly distributed among different age groups. Those surveyed aged 26-34 years old struggled more than their older counterparts to meet minimum payments.

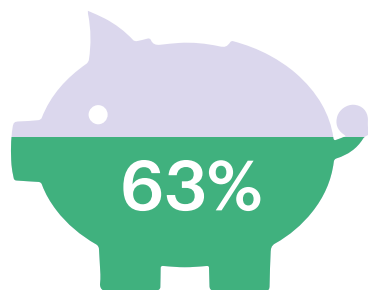


In the US a 26-34 year old surveyed was twice as likely as a 51-65 year old surveyed to report struggling to make payments (61% vs. 29%).

This divide is even more stark in Australia with 26-34 year olds surveyed almost five times more likely to report struggling to meet minimum payments than 51-65 year olds surveyed (44% vs. 9%).

1 | Consumers are leaning on credit to help them get by, but they're also increasingly budget savvy

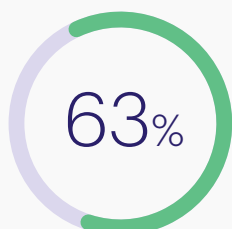
63% of consumers surveyed globally said that they were more aware of budgeting in the last 12 months. Consumers' increasingly budget-conscious nature seemed to be universal, with this figure being relatively steady across all geographies and age groups surveyed. Given the **record levels of job loss seen during the pandemic²** this may be continued cautiousness as a result of the ongoing, and in some cases increasing, economic uncertainty of recent inflation and interest rate shocks.



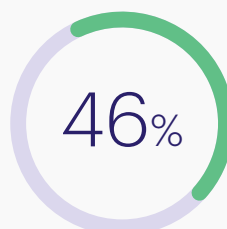
Percentage of consumers surveyed who said that they were more aware of budgeting in the last 12 months

Paradoxically, the majority of consumers surveyed seem open to leveraging different lending methods to extend their cash flow and maximize their budget, suggesting that feelings towards debt may be changing, with consumers factoring

credit methods into their overall budget. Almost two-thirds (63%) of consumers surveyed globally said that they'd used credit cards to make ends meet, while 46% surveyed said that they'd turned to BNPL.



63% of consumers surveyed globally said that they'd used credit cards to make ends meet



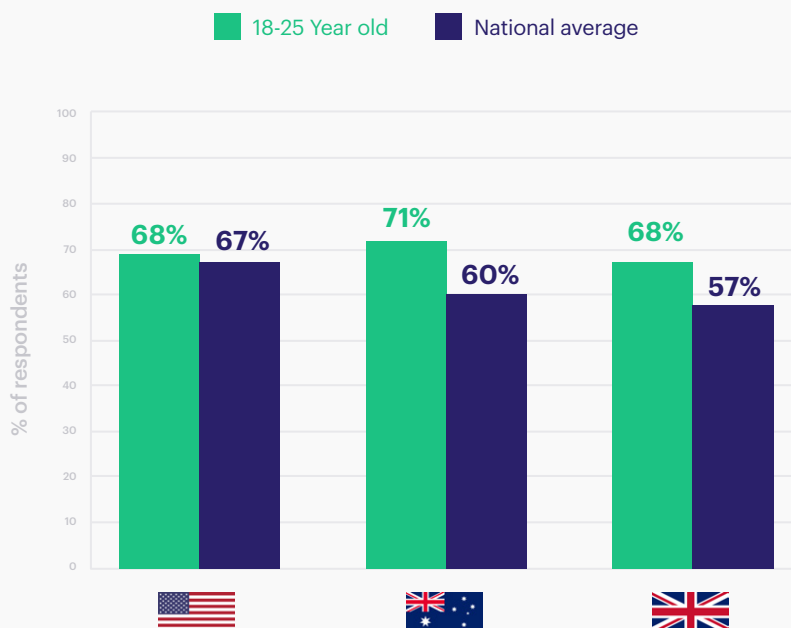
46% of consumers surveyed said that they'd turned to BNPL to make ends meet

Our survey revealed that younger consumers were much more likely (68%) to have used credit to make ends meet than any other age group.

On average, 60% of Australians surveyed said they'd used a credit card to make ends meet, but this number jumped to a whopping 71% amongst 18-25 year olds surveyed. Similar figures are seen when we look at UK based consumers. More than two-thirds (68%) of 18-25 year olds in the UK had used credit cards to make ends meet, compared to a national average of 57%. Similarly,

59% of Australian 18-25 year olds surveyed had used BNPL to help make ends meet, vs. just 16% of 51-65 year olds surveyed. While many factors could contribute to credit's popularity amongst the younger demographic, affording a certain lifestyle that may have been impacted by the pandemic, such as purchasing luxury items and holidays, may likely be a contributing factor.

Proportion of survey respondents between the age of 18-25 who said they'd used credit to make ends meet, versus average of all country survey respondents



Perhaps unsurprisingly, American consumers were also slightly more likely than average to have used credit to make ends meet. Sixty-seven percent of US survey respondents used credit cards to make ends meet, vs. 60% of those respondents in Australia, and 57% of those respondents in the UK.

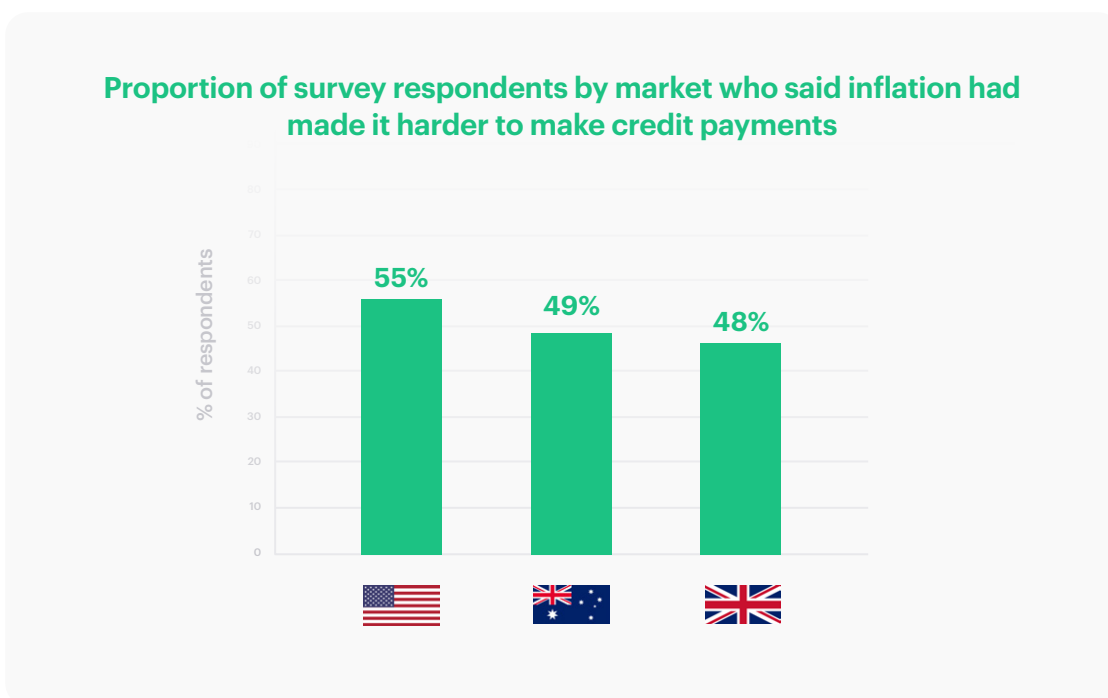
This difference tracks neatly with the slightly higher prevalence of credit card adoption in the US versus the UK for example.

There are slightly more active credit cards than people in the US (360 million cards vs. approximately 332 million people) – whereas in the UK cards are outnumbered by people.

2 | Cost of living and inflation are making consumers more concerned about making payments

The majority of survey respondents said that cost of living and inflation concerns have made it harder, or at least made them more concerned, about making payments. As our results have shown, for many, credit plays an important role in the balancing act of their finances. It stands to reason that for those who rely the most on credit products, any inflationary pressure (be it

increased utility costs or the cost of groceries) has a notable impact on their finances and could easily throw them into disarray. More than half (52%) of people surveyed globally said inflation and cost of living increases had already made it harder to make credit payments. This rose to 55% among US survey respondents, compared with 49% of Australian and 48% of UK based respondents.



Over half (56%) of people surveyed said that cost of living concerns were making them concerned about making credit card repayments.

This rose to 60% among US survey respondents, compared with 52% of those surveyed in Australia, and 51% of those surveyed in the UK. Once again, the younger demographic appears to be most heavily impacted. Concern was highest among younger consumers with almost three-quarters (72%) of 26-34 year olds surveyed in the US stating they were concerned.

Similar figures among younger populations were seen across all the regions surveyed. Sixty-four percent of UK 18-25 year olds surveyed said they were concerned about making credit card repayments given cost of living concerns, compared to just 32% of 51-65 year olds surveyed in the UK.

Six-out-of-ten (60%) of 26-34 year olds surveyed in Australia said they were concerned, compared to 33% of 51-65 year olds surveyed. The increased sensitivity to this topic among younger people may be due to the fact that typically, younger consumers have less savings, lower pay or entry level jobs, are more likely to be renting and often have less security in housing, have less credit history, and are often less likely to have access to the best deals available. It is also likely that the way in which younger and older demographics are using their credit card differs. For instance, younger consumers may have a deeper reliance on credit cards for everyday living, rather than for just bigger ticket, luxury items.

More than half (53%) of people surveyed said interest rate increases were making them more concerned about making minimum credit card payments. Concern was highest among US survey respondents with 56% stating they were worried, closely followed by the UK survey respondents with 51%, and 48% of Australian survey respondents answering the same. Concern was also higher among younger consumers, with 68% of 26-34 year old survey respondents in the US saying they were concerned. Concern dipped quite dramatically with older consumers - for example, 66% of 18-25 year olds surveyed in the UK said they were concerned, compared to 34% of 51-65 year olds surveyed. While 62% of 26-34 year olds surveyed in Australia said they were concerned, compared to just 26% of 51-65 year olds surveyed.



3 | Cost of living and inflation concerns are causing consumers to delay purchases

People are doing away with non-essentials. While concern about inflation and cost of living was highest among younger consumers, older consumers were more likely to say that they planned on reducing spending.

Almost three quarters (73%) of those surveyed globally plan on reducing spending given cost of living concerns.

For instance, 62% of 18-25 year olds surveyed in the US said they planned to reduce spending, while 81% of 51-65 year olds surveyed in the US said the same. Similarly, 64% of 18-25 year olds surveyed in the UK said they planned to reduce spending, while 76% of 51-65 year olds surveyed said the same.



59% of consumers surveyed said they'd delayed a major purchase in the last year

These concerns are already taking effect, with US consumers surveyed slightly more likely than average to answer yes (63%).

The major deterrent of credit is naturally that it carries a cost, and with rising interest rates this is hitting harder. More than half of those surveyed (53%) stated that interest rate concerns had caused them to delay a major purchase on credit. This was again highest among younger consumers with 65% of US based 26-34 year olds surveyed saying they'd delayed a major purchase. In Australia similar results are seen with 58% of 18-25 year olds surveyed saying they'd delayed a major purchase - almost two times higher than 51-65 year olds surveyed (33%) in the same region.

4 | People appreciate having credit options, but their expectations remain high

Almost half (48%) of those surveyed are increasingly viewing their credit providers as a lifeline with costs of living increasing. So much so that 51% of them said are keen to receive more flexible credit options to stay afloat. But acting as

a way to extend cash flow isn't the only benefit people are looking to get from their providers. People are turning to their providers for insight and advice to help them through this tough time.

More than half (55%) of people surveyed said that they need more insight into their spending and expect to get this from their provider.



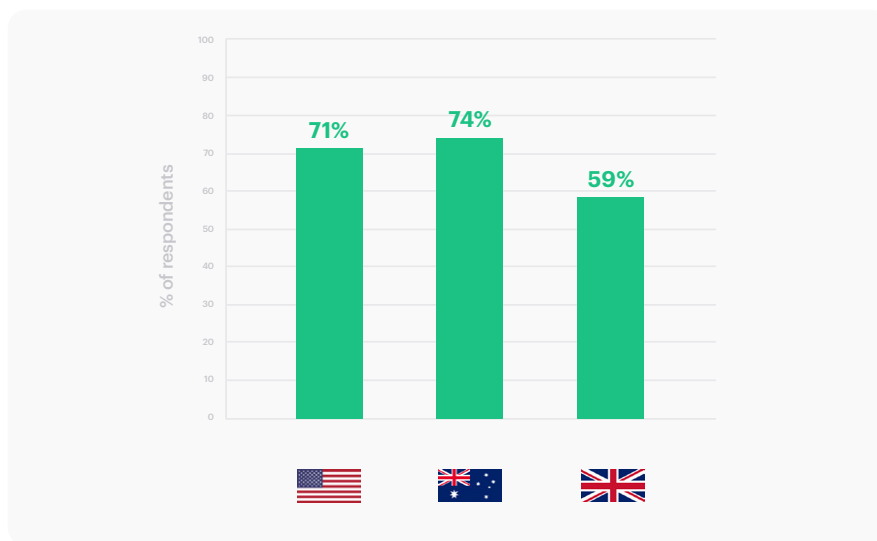
The credit card market is booming, ever changing, and is up for grabs...

Credit card use was stable year-over-year, but consumers surveyed reported having more open credit cards than last year. 69% of all people surveyed said they used their credit card at least weekly, up merely 1% from 2021 (68%).

When we consider those that use their credit cards daily, this number also hasn't really changed since 2021. 26% of all people surveyed said they used their credit card at least daily, down from 27% in 2021.

Credit card usage is slightly higher among Australian and US respondents, with 74% of Australians and 71% of US consumers stating that they used their credit card at least weekly, but this fell to 59% among UK respondents.

Proportion of survey respondents who use their credit card weekly



Global average (2022)

69%

Global average (2021)

68%

Reported credit card use was stable year over year among those surveyed

Key stats

20% ↓

Across all 4,000 survey respondents, the number of people who said they only had one credit card **fell by more than 20%**, from 49% in 2021 to 39% in 2022.

35% ↑

The number of respondents who said they had two credit cards **rose from 31% in 2021, to 35% in 2022.**

30% ↑

Finally, the number of respondents who said they had more than 3 credit cards **rose from 21% to 27% – a lift of almost 30%.**

While usage of credit cards appears to have remained stable, the number of credit cards that consumers are using has altered dramatically.

Despite this: significantly more survey respondents in 2022 said that they used their debit card more than their credit card.

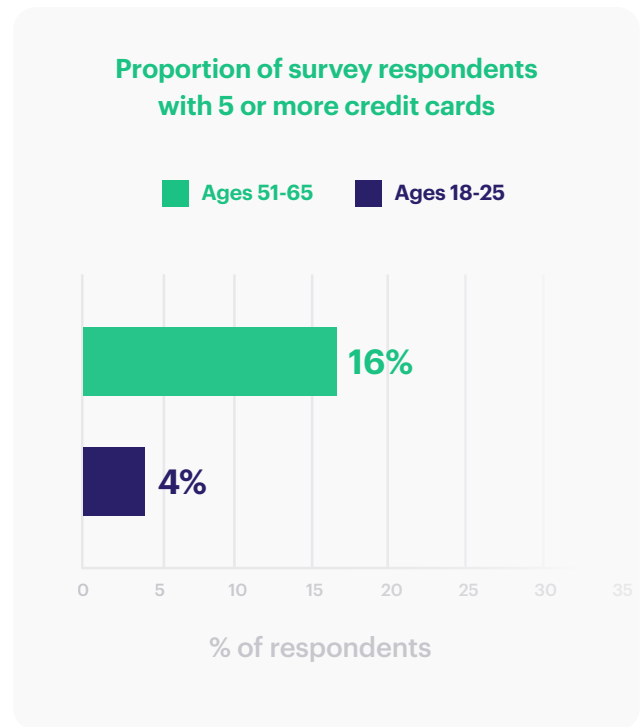


1 | Americans surveyed were much more likely to have more than one credit card

Americans surveyed were more than twice as likely (38%) as UK (18%) or Australian (15%) respondents to have more than three credit cards.

This is unsurprising given that there are currently **over 1 billion credit cards in circulation in the US³**, exponentially more than the UK and Australia combined (**59.6 million⁴** and **13.1 million⁵** respectively). What's more, credit card ownership in the US increases exponentially with age in the US with 51-65 year olds surveyed 4 times more likely to have 5 or more credit cards than 18-25 year olds surveyed (16% v 4%).

Meanwhile, Australians surveyed were twice as likely as Americans surveyed to report only having one credit card (54% of Australians, vs. 27% of Americans). Figures from UK respondents were similar, with 45% of those surveyed reporting that they only have one credit card.

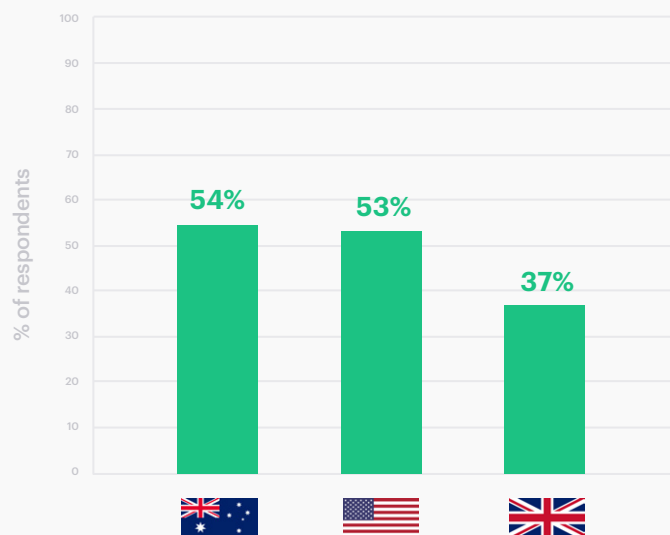


2 | The fight to be top of wallet is intense

As the use of digital wallets became increasingly ingrained in consumer behavior, the battle among card providers to sit at the top of consumers' wallets is intensifying. It's easy to understand why when we consider that **consumers will typically spend four times more on their top of wallet card⁶** choice than other payment methods,

representing a significant potential drop in their revenue for those providers losing the race. The disadvantages don't stop there - **losing top of wallet status can result in cardholder inactivity, which in turn results in around 40% of customers being lost⁷** to other banks or payment methods. It's a bleak outlook for providers not at the top.

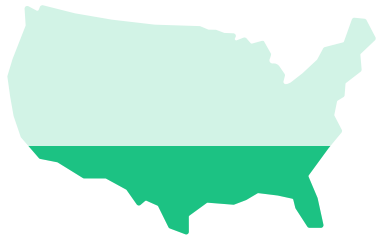
Proportion of consumers surveyed who used their primary credit card for more than half of all money they spent



Our findings solidify this reasoning as the vast majority of consumers surveyed globally (87%) said that they had one credit card they used more than any other. If we break this down further, more than half of Australian (54%) and US (53%) survey respondents said they used their primary credit card for more than half of their total purchases. This figure fell to 37% among UK respondents.

More than a third of Australian (35%) and US (34%) survey respondents said they used their primary credit card for more than half of the money they spent, in total. Again this figure fell among UK respondents, sitting at 23%.

Proportion of surveyed consumers who used their primary credit card for more than half of all money they spent



34%

American



35%

Australian



23%

U.K.

58% of people surveyed said that they had other financial products with their main credit card provider. For people with multiple card products with a financial services company, most people surveyed said the credit card was the first financial product they obtained with their card provider. This figure rises to 70% of those surveyed in the US, versus 52% amongst the UK respondents, and 51% amongst Australian survey respondents. Credit card users were also receptive to seeing what else their credit provider had to offer: 1-in-4 people surveyed globally said that it was likely that they would add additional financial products with their credit card provider.

There has been a great unbundling of financial services products in recent years with increasingly more innovative and accessible entrants disrupting a legacy status quo. This increased competition makes it incredibly important to create 'stickiness' among a user base by providing them multiple useful services to increase retention and growth.

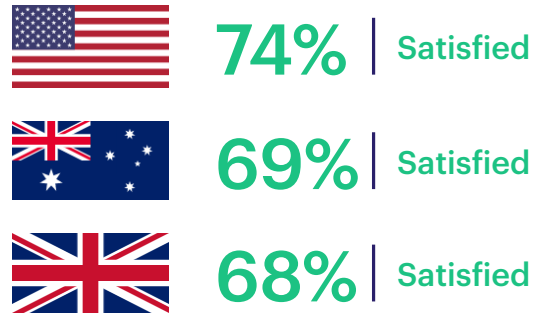


1 in 4

people surveyed globally said that it was likely that they would add additional financial products with their credit card provider.

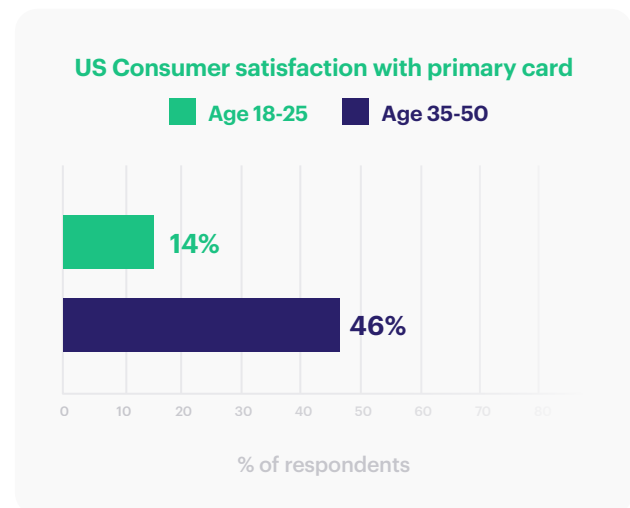
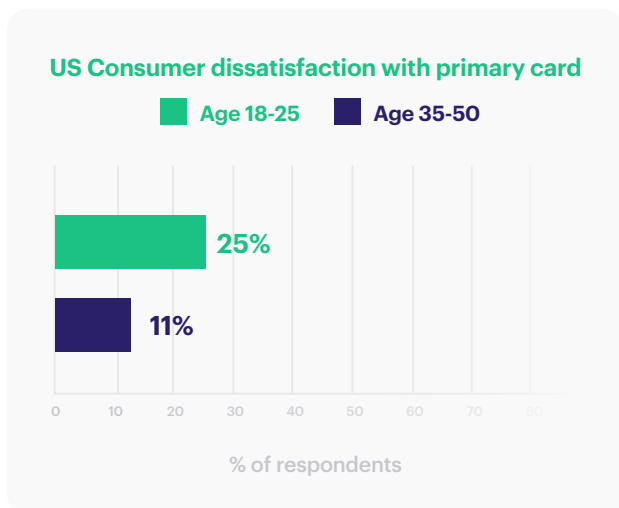
3 | People were generally satisfied with their primary credit card provider, but this wasn't uniform across demographics

How satisfied consumers are with their card provider was fairly universal across all three regions surveyed. Almost three-quarters (74%) of US survey respondents said that they are satisfied with their credit card provider, with around two thirds (69%) of Australian and UK (68%) respondents saying the same. So geographic location doesn't really have much sway here.



However, satisfaction differed widely between different age groups. 25% of US 18-25 year olds surveyed said they were not satisfied with their primary credit card, more than twice as likely as both survey respondents 35-50 year olds and 51-65 year olds to feel that way (11%). Similar figures are seen when we turn to Australian 18-24 year olds surveyed, who were twice as likely to feel unsatisfied with their card as 51-65 year olds surveyed (18% v 9%).

Satisfaction seems to be highest amongst 35-50 year olds. For instance, US based 35-50 year olds surveyed were twice as likely to report feeling satisfied with their primary credit card as an 18-25 year old surveyed. They were also three times more likely to express satisfaction with their primary credit card than 18-25 year olds surveyed (46% v 14%).



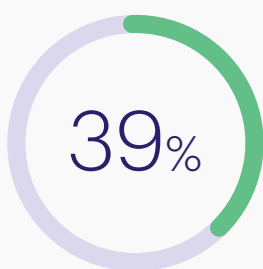
4 | Customer satisfactions is incredibly important in the credit card market, as consumers are increasingly fluid with what card is top of wallet and are often in the market for a new card

While consumers may use one credit card more than another, the card that they choose to use may not have a long life cycle as the favorite. A significant proportion of consumers surveyed in every market have stopped using a card in the last 12 months: 39% of US surveyed said they had, with 31% of UK and 30% of Australian respondents saying the same.

Americans surveyed between the ages of 26-50 were the most relentless switchers with 54% of 26-34 year olds, and 47% of 35-50 year olds surveyed stating they had stopped using one card in favor of another in the last 12 months. People seem to be always on the lookout for the next new thing in credit. A similarly significant proportion of consumers surveyed (39%) said they planned to apply for a credit card in the next 12 months, as those who said they'd stopped using

a card in the last 12 months. Again US shoppers were globally the most active shoppers with 42% of those surveyed planning to apply in the next 12 months, followed by 35% of Australian and 34% of UK respondents planning to do the same.

Younger consumers were the most likely to be planning to apply for a new card - and as we discussed, more likely to express dissatisfaction with the current one. Americans surveyed between the ages of 26-50 were the most relentless shoppers with 66% of 26-34 year olds, and 59% of 35-50 year olds surveyed saying that they planned to apply for a new card in the next 12 months. Roughly half of all 18-25 year olds surveyed (52% in the UK, 50% in the US, 48% in Australia) said they planned to apply for a credit card in the next 12 months.



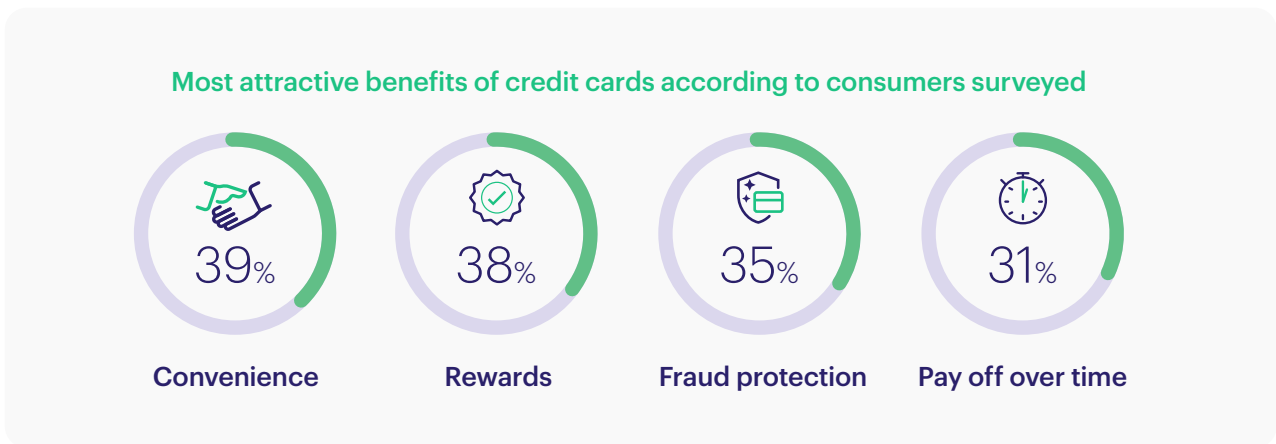
of respondents said they planned to apply for a credit card in the next 12 months.

It appears it's never been more important for card providers to get it right. The ease with which consumers can move to another provider, combined with the sheer number of providers available, means that they have no room for mistakes. User experience must be front of mind for all providers, or they'll risk losing out.

5 | Consumers know what they want from credit card providers, but aren't exactly sure they're getting it

Financial services are clouded with ambiguity – it can be hard to unpack the ‘why’ behind certain processes, or the benefits of services from reams of documentation. But consumers are clear on what they want, they’re just not sure if their provider is well, providing it. Of the benefits

that are most attractive across lending services, consumers surveyed cited convenience (39%), rewards (38%), fraud protection (35%) and ability to pay off over time (31%) as the key appeals of credit cards.




Cash back was the most popular credit card reward cited by 59% of US respondents, 44% of UK respondents, and 34% of Australian respondents. Alongside airline miles and multi-purpose points, each market surveyed had the same top 3, when asked to list their most popular rewards.




Most popular form of credit card reward

Older consumers were more motivated by extra points or getting cash back



Younger consumers wanted more offers from merchants they'd shopped at



Different rewards resonated with consumers of different ages. Older consumers were more motivated by extra points or getting cash back – 74% of 51-65 year olds surveyed listed this as their top choice reward, vs. 47% of 18-25 year olds surveyed. Meanwhile, younger consumers wanted more offers from merchants they'd shopped at – 66% of respondents cited this as a top-choice reward, vs. just 32% of 51-65 year olds surveyed.

Overall, consumers were ambivalent about how personalized they felt their rewards were for them.

More than a quarter (26%) of US survey respondents said their rewards were very personalized, while only 11% of Australian and 8% of UK respondents said the same. Almost one-third (29%) of UK respondents said their rewards were not personalized at all, while 23% of Australian and 17% of US respondents said the same.

Younger and older consumers are considerably less likely to feel like credit card rewards are personalized to their spending habits.

Just 14% of 18-25 year old and 51-65 year old US survey respondents said that their rewards were very personalized to them, while **three times** as many 26-34 year olds surveyed said the same (43%).

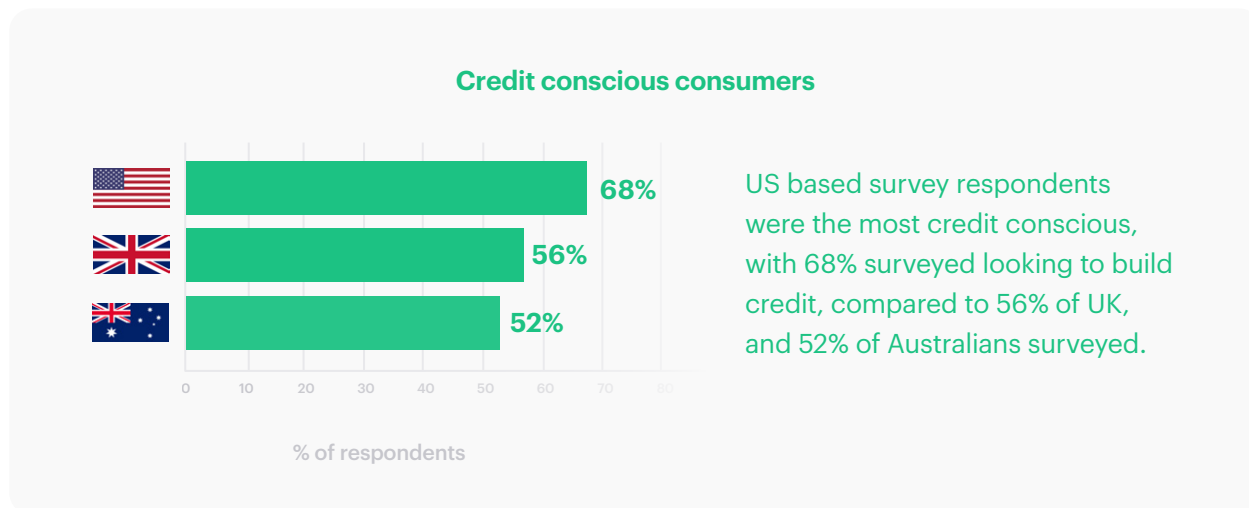
Twenty-five percent of 18-25 year old survey respondents in the US said their rewards were not personalized, twice as high as the 12% of 35-50 year olds surveyed who said the same. Sixteen percent of Australian 26-34 year olds surveyed said that their credit card rewards were very personalized, 5-times higher than the number of 51-65 year olds surveyed (3%) and three-times higher than the 18-25 year olds surveyed (5%) who said the same.

It seems a permanent challenge for the credit card industry to improve the relevance of rewards for consumers to help attract new demographics - yet many providers still have fairly generic offerings targeting the larger or median age group and neglecting the rest. Improvements in the data and insights captured in card transactions will go a long way to bettering this. While the major card schemes have been working on this for a number of years, it is arguably the BNPL providers (who in many cases are now either embedding shopping experiences in their apps, or are controlling the checkout experience outright) who have the greatest potential to make meaningful improvements here for the consumer, and find further ways to monetise the payment experience.



6 | Consumers are concerned about protecting and building their credit profile

People are increasingly financially conscious, with 62% of survey respondents saying they were looking to build their credit.



Priorities are changing - people are placing huge value on financial security, and having good credit is a major part of that. Overall, more than half of all consumers surveyed said they were concerned about the impact on their credit from applying for a card. US survey respondents were most concerned (60%), while 50% of UK and 44% of Australian respondents said the same.

A significant proportion of respondents (42%) said not having a hard credit check, which can impact their credit score, would increase their likelihood of applying.

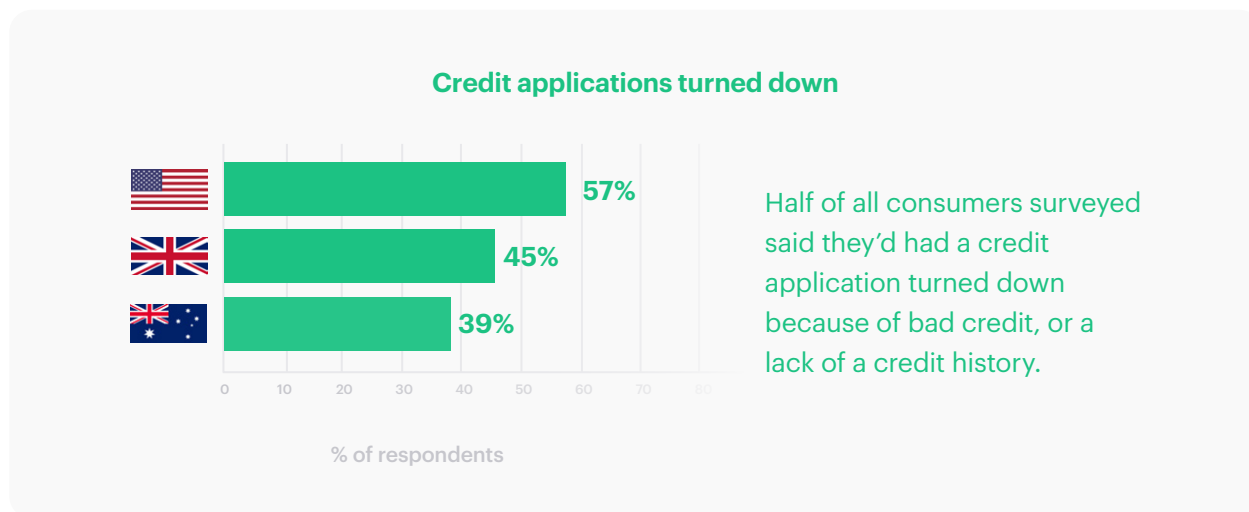
US survey respondents were again the most swayed by this, with 47% of respondents saying it would increase their likelihood, while 40% of UK respondents and 35% of Australian respondents answered the same.

Almost two-thirds (62%) of survey respondents said an immediate credit decision would increase their likelihood of applying for a card.

Not hurting their score, and not having to wait days for a decision, were hugely attractive to consumers.

These results perhaps indicating that along with looking for rewards, a lot of people apply for credit cards out of immediate need, most likely to extend their cash flow.

7 | Not all demographics are having the best experience with credit



Credit, however, isn't a silver bullet for everyone. More American respondents had an application declined than any other region with 57% of Americans surveyed saying they'd had an application declined, while 45% of UK respondents and 39% of Australian respondents said the same. When we consider that credit is far more ingrained in American culture than that of the UK or Australia, this disparity becomes less surprising.

Equally, it's perhaps not surprising that younger consumers are more likely to be declined for credit than older consumers. What is astounding is how stark the gap is. In the UK and Australia the likelihood of being declined for credit decreases exponentially with age. 65% of UK 18-25 year olds surveyed said they'd been turned down for credit, while just 21% of 51-65 year olds surveyed said they had.

In Australia, 61% of 18-25 year olds surveyed said they'd been turned down for credit, that's 6x higher than the number of 51-65 year olds surveyed (10%) who said they'd been turned down.

While the correlation between younger age groups and being declined for credit may not be surprising in itself, just how much it impacts applications is. We can assume that this may be due to financial inexperience – for instance, a young consumer may not have been working for a very long time, and they may have a considerably thinner credit file. All of these factors which generally come with time, play against the younger consumer, and all for the older generation.

BNPL is approaching juggernaut status, and still has room to grow

Industry Stats

- The global buy now pay later market size is expected to reach USD 39.41 billion by 2030⁸
- Top 3 BNPL players in the market: Afterpay, Klarna, Affirm⁹

Whether taking out a store card, or purchasing a dining table on 0% finance, the appetite for credit has been high among consumers. However, as the world of commerce has evolved and become increasingly digital, these traditional ways of accessing credit have fallen out of touch for many. Ubiquity of the online experience, as well as smartphone penetration, have contributed to the behavioral shifts of consumers. People have more choice and more flexibility - but they're shopping online in increasingly large numbers, and the increase of remote work has further removed foot traffic from retail hubs making the world of commerce an increasingly digital one. However, the need and want for credit is still strong among consumers, and consumers are increasingly open to new ways of accessing credit. BNPL is filling this desire for new digital credit experiences in the digital age. It's flexible, simple, and can be used on more than just big ticket purchases such as furniture - matching the digital world perfectly.

After seeing huge success during the pandemic (our 2021 State of Credit seemed to capture it immediately post explosion) its popularity hasn't dwindled. If anything, the popularity of BNPL has continued to build in 2022. Two-thirds (66%) of people surveyed globally stated that they used a Buy Now, Pay Later service to make a purchase, up from 51% who said the same in 2021 (an increase of 29%).

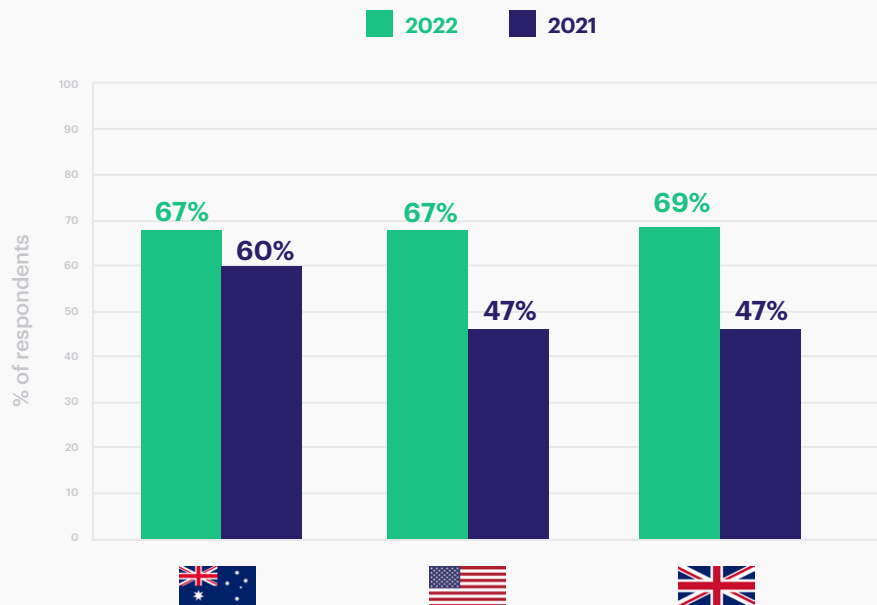
It's even beginning to surpass the popularity of credit cards among users, with more than 1-in-3 people surveyed (35%) saying they used BNPL more than credit cards.



Australian consumers were overtaken by US and UK consumers as the most engaged BNPL market. The number of survey respondents in the US who said they'd used BNPL, rose from 47% in 2021 to 67% in 2022 (an increase of 47%). The UK saw a similar increase, with 69% of consumers

surveyed in 2022 saying they'd used BNPL, up from 47% in 2021. Australia however, saw a much smaller increase, with 67% of Australian survey respondents saying they had used BNPL in 2022, compared to 60% in 2021, although aligned to the other regions.

Proportion of survey respondents who had used BNPL: 2022 v 2021



When it came to the 'why' behind BNPL's popularity, financial benefits reigned king.

Almost half (49%) of all consumers surveyed said that interest rate increases were making lower-cost BNPL interest rates more attractive

People surveyed also reported larger average ticket sizes for their BNPL purchases in 2022. The number of consumers surveyed who said their average BNPL purchase was less than \$50 fell

from 17% in 2021 to just 12% in 2022. While the number of consumers surveyed who said their average BNPL purchase was between \$251 and \$500 rose by 33%, from 15% to 20%.



The number of consumers surveyed who said their average BNPL purchase was less than \$50 fell from 17% in 2021 to just 12% in 2022.



The number of consumers surveyed who said their average BNPL purchase was between \$251 and \$500 rose by 33%, from 15% to 20%.

People are feeling more confident with BNPL as a payment option, with many surveyed consumers stating that they'd be interested in using BNPL across different types of spending. These include:



30% | Dentistry



29% | Car Purchases



27% | Home Renovation



25% | Travel

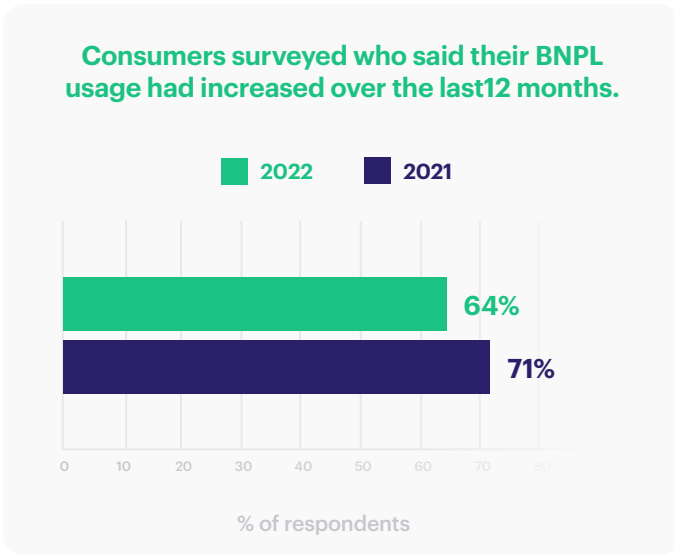


25% | Pet Care

1 | Consumers are actively engaged with BNPL

Consumers are holding fairly steady with the frequency with which they use BNPL. Almost two-thirds of BNPL users surveyed (64%) said their BNPL use had increased over the last 12 months. This represented a very slight 10% decrease from

2021, when 71% of BNPL users surveyed said that their use had increased. Half of consumers (50%) surveyed had used BNPL within the last 90 days (52% of Australian consumers, 49% of both US and UK consumers).



Half of consumers (50%) surveyed had used BNPL within the last 90 days

While there may have been a slight dip among those who said their BNPL usage had increased, 68% of 18-25 year olds surveyed, and 63% of 26-34 year olds surveyed who had used BNPL, had

used it in the last month. In every region, more than half of all 18-25 year olds surveyed had used BNPL in the last month:



51%

of US survey respondents between 18-25 years old had used BNPL in the last 30 days.



50%

of Australian survey respondents between 18-25 years old had used BNPL in the last 30 days



60%

of UK survey respondents between 18-25 years old had used BNPL in the last 30 days.

With such a loyal user base, it's easy to see why the **global Buy Now, Pay Later market size is expected to reach USD 39.41 billion by 2030.**¹⁰

2 | BNPL users surveyed in 2022 continued to prefer it over credit cards

BNPL's popularity seems to be outstripping that of the credit card.

Almost twice as many people surveyed said they preferred using BNPL over their credit card (56% surveyed said they preferred it, vs. 30% who said they didn't.)

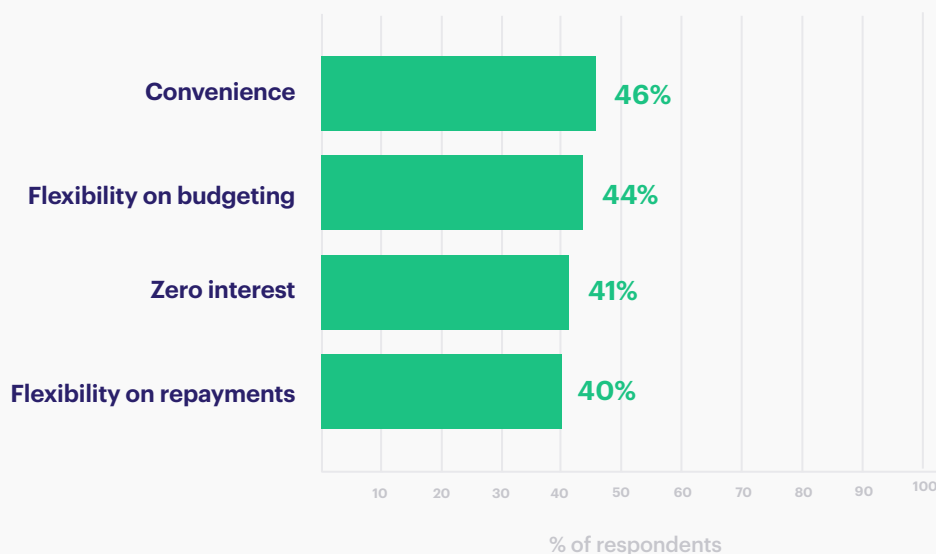
When we break that down by region, 58% of US respondents, 57% of Australian respondents and 48% of UK respondents, said they preferred BNPL.



This number shot up amongst 26-34 year olds and 35-50 year olds, with 65% and 67% of those surveyed respectively, stating they preferred BNPL to credit cards.

The main reason cited for BNPL's popularity was convenience, with 46% of consumers surveyed crediting the ease of use. Flexibility in terms of managing finances was also a big draw for survey respondents with 44% stating the fact that it helped them budget as the main appeal, while 41% said zero interest was the main appeal and 40% said it was flexibility on repayments.

Reasons cited by survey respondents for BNPL's popularity



3 | BNPL usage is complementing and competing with credit cards

Two-thirds (67%) of consumers surveyed said they were interested in using BNPL to help them build credit. This represented a significant increase on our 2021 survey when 55% of consumers surveyed said the same. And very timely given regulatory initiatives across multiple geographies, which would require that BNPL loans be reflected in a credit report.

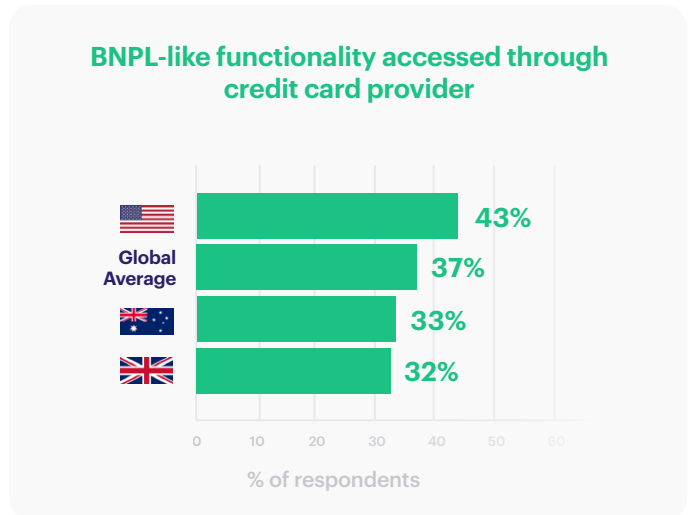
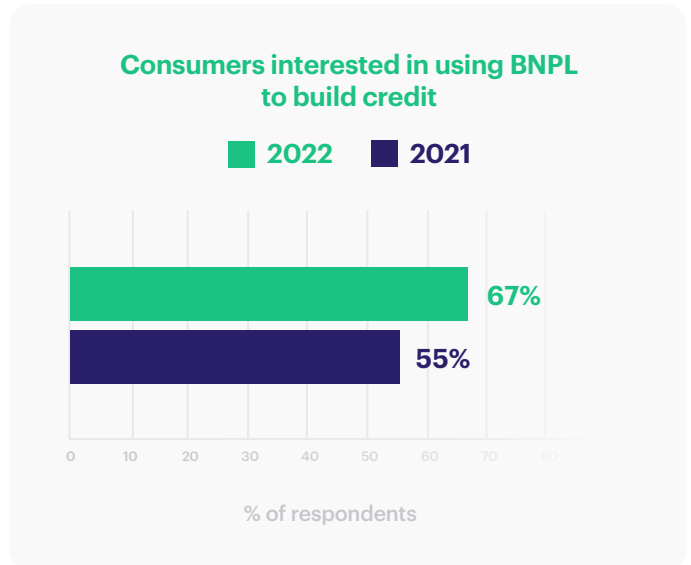
More than one-third (37%) of people surveyed said they had accessed BNPL-like functionality through their credit card provider. US respondents were ahead of the curve here with 43% stating they'd used this, compared to 33% of Australian respondents, and 32% of UK respondents.

BNPL is driving new spending, while also displacing a large amount of spending that would go through traditional payment rails otherwise.

Only 30% of people surveyed said they wouldn't have made their purchase if BNPL wasn't an option.

Much the same way that credit providers are offering BNPL, consumers are wanting more from their BNPL providers - almost half of respondents (47%) said they would be interested in accessing other financial services through their BNPL provider.

The digitally native and tech savvy younger generations were more likely to be interested in accessing other financial services through their BNPL provider with 69% of 26-34 year olds surveyed, and 66% of 35-50 year olds surveyed saying they were interested.



Conclusion

Hangover from the pandemic, and the current cost of living crisis, has created a perfect storm that has shifted the perception of credit from being a luxury to a valuable asset; something to help make purchases, to leverage to build up credit history, and use in an optimal way to take advantage of rewards. It's helping people both battle current financial struggles and to boost their credit rating.

Paradoxically people in large numbers report being more budget conscious than last year. They're being savvy with their money, and leveraging systems such as BNPL or credit cards to ensure they aren't draining all of their savings in one go, in case of a rainy day. People are hyper aware of shut downs and crises, they're more prepared for lock downs, job loss, border closure due to war, and whatever else could be thrown at them, and are structuring their financial decisions around this.

With more providers in the market than ever, and with it never having been so easy to sign-up for a new credit card or BNPL service, providers need to do more than just offer the basics to stay ahead of the competition. A smooth user experience, personalized benefits, and competitive rates are more important than ever.

After its breakout year in 2021, uptake of BNPL remains strong. Its simplicity, low fees, and financial flexibility make it extremely popular. As society becomes increasingly digital, we can expect for this to become further ingrained in our expectations and preferences.

If credit card providers want to keep up with BNPL's popularity, they'll need to improve the user experience they provide. Consumers know what benefits they want, and if credit card providers can tap into this, both sides will benefit enormously.

Overall, credit in whatever form it takes, has been a lifeline to many in this period of financial turmoil. The flexible and numerous options available to consumers has made accessing credit simple, and while some may be struggling with repayments, overall the general consensus from the survey respondents is that they would be worse off without it.

Methodology

Marqeta's 2022 State of Credit Report surveyed 4,000 respondents between the ages of 18-65 (2,000 in the US, 1,000 in Australia and 1,000 in the UK). It was done between July 15 and July 28 by Propeller Research on behalf of Marqeta.

About Marqeta

Marqeta's modern card issuing platform empowers its customers to create customized and innovative payment cards. Marqeta's platform, powered by open APIs, gives its customers the ability to build more configurable and flexible payment experiences, accelerating product development and democratizing access to card issuing technology.

Its modern architecture provides instant access to highly scalable, cloud-based payment infrastructure that enables customers to launch and manage their own card programs, issue cards, and authorize and settle transactions.

Marqeta built its simple, trusted, and scalable platform from the ground up to help companies design seamless payment experiences, streamline purchase flows, and bring products to market faster while minimizing fraud risk.

- **Card issuing:** Instant issuance of physical, virtual, and tokenized cards with direct provisioning to digital wallets
 - **Card processing:** Real-time funding using our Just-in-Time (JIT) Funding feature with dynamic spend controls to reduce fraud
 - **Card applications:** A suite of applications and tools that help you build, manage, and run your card program
 - **Modern architecture:** Developer-friendly, modern open APIs, cloud infrastructure, and webhooks
- Marqeta is headquartered in Oakland, California and is enabled in 36 countries globally.

For more information, visit www.marqeta.com, [Twitter](#), and [LinkedIn](#).

You see a card. We see endless possibilities.

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