



» Case study

# Sezzle

Empowering the next generation of shoppers with versatile payment options

**Industry:**

Point of Sale Financing

**Features:**

Virtual cards, tokenized cards, Gateway JIT Funding

# Background:

In the 25 years since the first online purchase was made, online shopping has soared in popularity. Today, a quarter of the world's population shops online,<sup>1</sup> but until recently, the ability to do so was limited by whether a customer owned a credit card.

Buy Now, Pay Later platform Sezzle is on a mission to change that, and more importantly, to financially empower the next generation. Founded in 2016 by Charlie Youakim, Paul Paradis, and Killian Brackey, Sezzle is a financial technology company with a particular focus on younger consumers, although anyone can use their platform. Sezzle finds that millennials and Generation Z consumers may not carry credit cards (30% of millennials do not have a credit card),<sup>2</sup> whether due to their income level, or because they want to avoid what happened when previous generations overleveraged themselves during the recession in 2009. In fact, 67% of millennials have a sub or nonprime credit score, and 14% have no credit score at all,<sup>3</sup> though credit scores have traditionally been key to boosting one's purchasing power.

Without credit cards or a credit score, online purchases could have been a challenge in the past. With Sezzle, customers can easily split purchase payments into four interest-free installments paid over six weeks, with no need for a credit card. Signing up for Sezzle has no impact on a customer's credit score, and there's no fee for customers to use the service. Sezzle

believes that their affordable installment plans are a better way for their target customers to pay for goods and services, compared to the credit industry which can profit from consumers not making payments on time. Consumers seem to agree, with 69% of millennials saying they would try shopping at a new store if it offered installment payment plans.<sup>4</sup> And in times of uncertainty, such as the COVID-19 pandemic in 2020, shoppers who are feeling economic pain are still able to make essential purchases with Sezzle. One Sezzle customer says, "Having my hours cut at work, I can't make full payments on purchases. Sezzle allows me to get the essentials I need and not worry about breaking the bank and gives me the opportunity to still feel like myself during this time."

With four out of five Americans saying they live paycheck to paycheck,<sup>5</sup> Sezzle's Buy Now, Pay Later solution is finding a big audience for adoption. As of 2020, Sezzle is the highest-rated Buy Now, Pay Later platform, and has amassed nearly 1.5 million active customers and more than 16,000 retail partners.

*As of 2020, Sezzle is the highest-rated Buy Now, Pay Later platform, and has surpassed 1.5 million active users with over 17,000 active merchants.*

1. <https://sleeknote.com/blog/online-shopping-statistics>

2. <https://www.forbes.com/sites/ronshevlin/2019/05/06/the-coming-apple-credit-card-tsunami/#2954911448dd>

3. <https://www.valuepenguin.com/average-credit-score#average-credit-score-by-income>

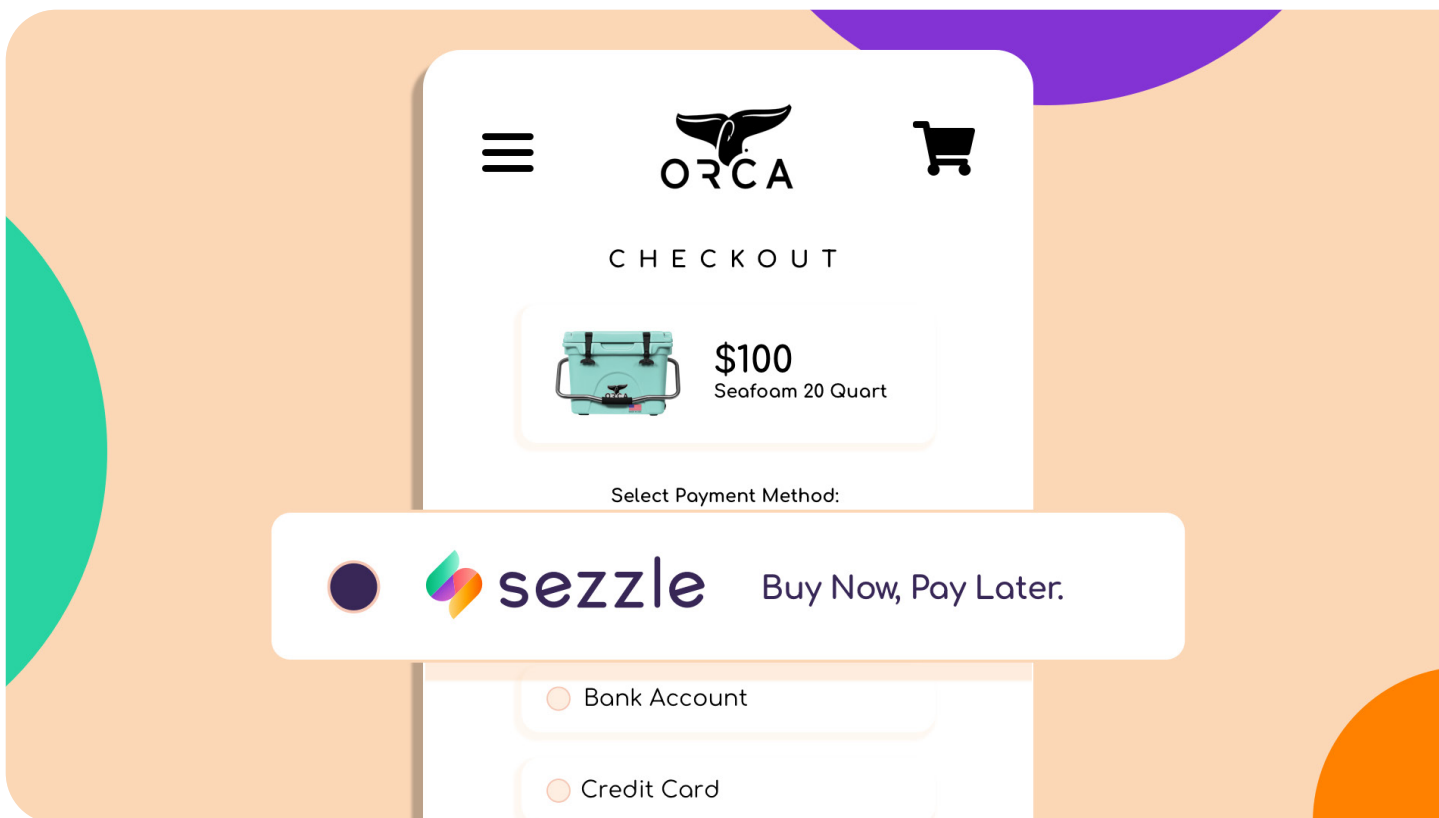
4. CGK National Research Study April 2020.

5. <https://www.forbes.com/sites/zackfriedman/2019/01/11/live-paycheck-to-paycheck-government-shutdown/#50f4045a4f10>

# The problem:

## Sezzle needed a card issuing platform that could:

1. Enable virtual card creation for customers to make online purchases
2. Power tokenized cards to be used in brick-and-mortar stores through digital wallets
3. Enable reloading functionality so cards could be used more than once



# The solution:

## Creating new opportunities for shoppers and merchants

### Sezzle partners with Marqeta to:



#### Issue multi-use virtual cards

Once Sezzle's customers are approved for an installment payment plan, Sezzle issues them a reloadable Marqeta virtual card so they can make payments online with merchants. For merchants, this virtual card functionality is a benefit as it enables them to reach a wider net of consumers using Sezzle's Buy Now, Pay Later platform, and the virtual cards integrate with merchants' existing payment systems.



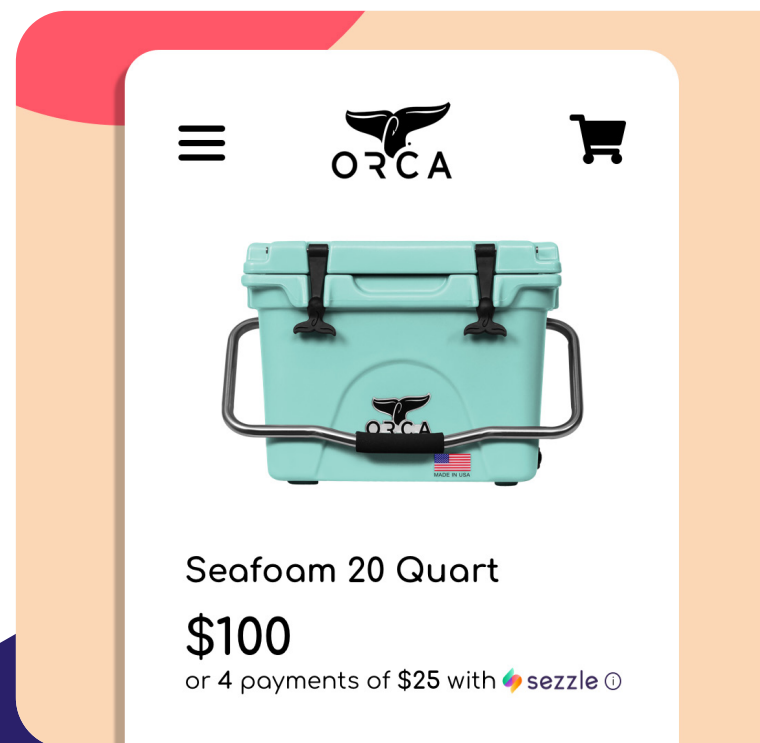
#### Instantly push cards to digital wallets

Tokenized cards enable Sezzle customers to use their Marqeta-powered Sezzle card via digital wallets for immediate in-store purchases, so they're not limited to online shopping. Additionally, merchants do not need to do any additional technology development to their point of sale systems to accept tokenized cards. Tokenized cards in digital wallets are also reloadable, so they can be used more than once — which helps keep the Sezzle card at the top of customers' wallets.



#### Enable Gateway Just-In-Time (JIT) Funding

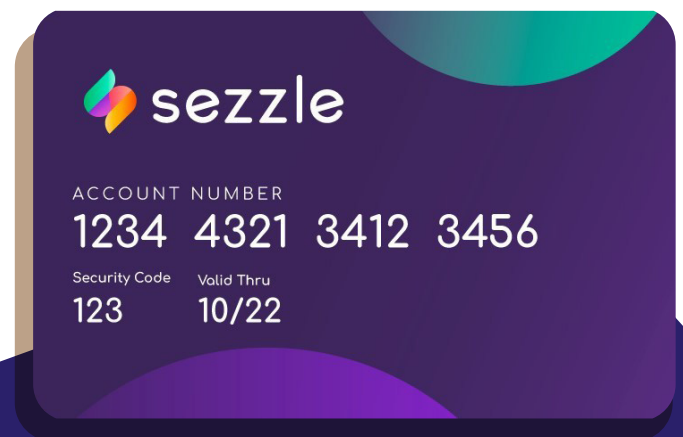
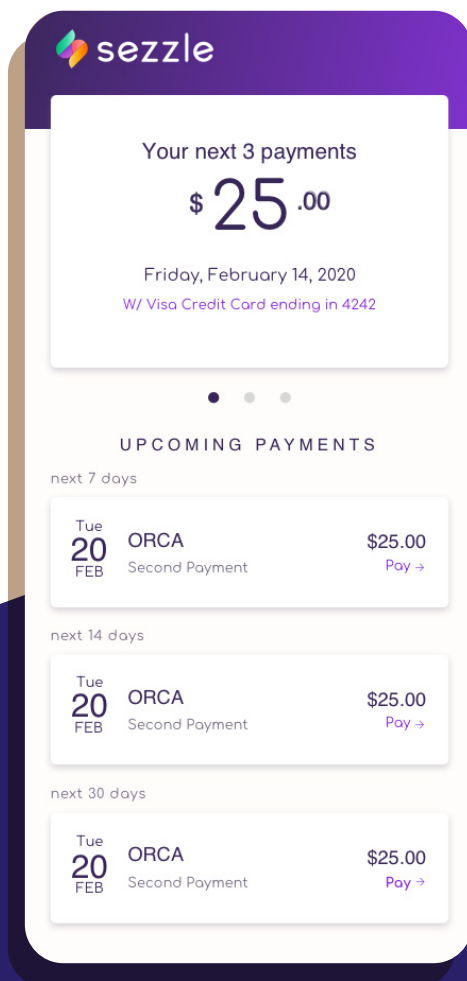
Sezzle utilizes Marqeta's Gateway JIT Funding when their customers transact using a virtual card. When a Sezzle customer initiates a transaction with their virtual card at a merchant, Marqeta sends a JIT Funding request to Sezzle with the transaction details. If the transaction details match for both the merchant and Sezzle, the funds are moved in real time, which helps manage cash flows as well as reduce the risk of fraud.



# The results:

Sezzle launched with Marqeta in the summer of 2019, with a quick set-up process speeded along by Marqeta's comprehensive developer guides. Sezzle has now issued virtual and tokenized cards to thousands of consumers, with transaction volume more than doubling year over year.

Future initiatives for Sezzle include expanding into new markets outside the United States, as well as bringing their virtual card program to mass merchants and in-store locations so that more consumers can take advantage of paying in installments for the items they want and need.



*"Marqeta ticked every box for Sezzle when we were looking for a modern card issuing platform. They've helped us deploy quickly and scale at speed. The combination of their virtual card issuing capabilities with their innovations around tokenization has allowed us to easily onboard vendors to the Sezzle network and make the payment experience seamless for our end users."*

Killian Brackey,  
Chief Technology Officer, Sezzle

[\\*https://sleeknote.com/blog/online-shopping-statistics](https://sleeknote.com/blog/online-shopping-statistics)

## About Marqeta

Marqeta powers modern payment solutions for companies, innovating new services and process flows in a digital world.

Our platform, open API, and advanced analytics provide unprecedented control for companies to issue cards, authorize transactions, and manage payment operations with ease. Highly configurable, secure, and reliable, Marqeta built its technology from the ground up to help companies bring products to market faster, design seamless user experiences, streamline purchase flows, and reduce fraud risk.

### We enable modern payment solutions for:

- Instant card issuing of virtual, tokenized, and physical cards
- Real-time funding using our exclusive Just-in-Time (JIT) Funding feature
- In-app provisioning to digital wallets and customizable webhooks
- Full program management resources and PCI compliance tools
- Actionable data insights, reporting, and advanced analytics tools with our DiVA API

Marqeta is the global standard for modern card issuing.

### » Additional resources

- > [Get started with your sandbox](#)
- > [Discover hands-on tutorials in our developer guides](#)
- > [Learn about our work in Point of Sale Financing](#)
- > [Contact us to request a demo](#)