

velera

PAYMENTS INDEX

Deep Dive: Buy Now, Pay Later (BNPL)

February 2026



While consumer sentiment continued to erode in January, actual consumer spending remained resilient. There was no change in the positive trend from January results, with year-over-year growth for both transactions and purchases. The 12-month rate of inflation through January fell to 2.4%. In our February 2026 edition of the Velera Payments Index, we present a deep dive into Buy Now, Pay Later activity.

The Conference Board reported that consumer sentiment in the [Consumer Confidence Index](#) dropped sharply in January, down 9.7 points to 84.5. The December results were upwardly revised by 5.1 points, making the change for the prior month slightly positive. The January results reflected declines across all five subsets of the index, dropping to its lowest level since May 2014, when it was 82.2. In the preliminary February 2026 results, the University of Michigan [Index of Consumer Sentiment](#) posted a one-point gain, up to 57.3. Using the year-over-year complete data, this survey is down 20% from January 2025. Consumers expressed concerns about the erosion of personal finances and the risks associated with job losses.

Performance Snapshot: January 2026

Market/Economic Variables

84.5
Consumer Confidence Index
↓ Change 9.7 points

57.3
U of M Index of Consumer Sentiment
↑ Change 1.0 point

2.4%
Consumer Price Index
↑ Change 0.2%

2.5%
Core CPI (excl. Food/Energy)
↑ Change 0.3%

132,281,000
ADP National Employment Report
↑ Change 22,000

130,000
BLS/Job Growth
↑ 75,000 jobs higher than forecast

4.3%
Unemployment Rate
↓ Change 0.1%

3.5-3.75%
Federal Reserve Interest Rate
— No Change

Payments Index Growth

Purchases

2025 v 2024

Credit
↑ **2.5%**

Debit
↑ **6.0%**

2024 v 2023

Credit
↑ **2.5%**

Debit
↑ **7.8%**

Transactions

2025 v 2024

Credit
↑ **2.4%**

Debit
↑ **3.4%**

2024 v 2023

Credit
↑ **2.8%**

Debit
↑ **4.8%**

The BLS [reported](#) that job growth surged in January, adding 130,000 jobs — more than twice the growth the [WSJ poll of economists](#) expected. The overall unemployment rate dropped to 4.3%, or 7.4 million people. January job growth came from the healthcare, social assistance and construction sectors, while job losses were reported in the federal government and financial activities sectors. The January [ADP jobs report](#), which tracks changes in U.S. private employment, showed a modest increase of 22,000. Growth was centered in education and health services, financial activities (contrary to the BLS report) and construction. Job declines were noted in the professional and business services and manufacturing sectors. The ADP payroll population represents 26 million U.S. private-sector employees.

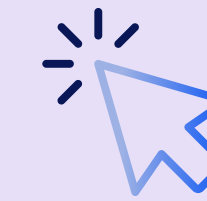
For January, the Bureau of Labor Statistics (BLS) [reported](#) a 0.2% increase in inflation, bringing the 12-month Consumer Price Index (CPI) down to 2.4%. The largest contributors to the monthly increase were shelter and food, both up 0.2%, which were partially offset by a 1.5% decline in the energy index. Core CPI, which excludes food and energy, rose 0.3% in January, lowering the 12-month Core CPI to 2.5%. Categories



contributing to the Core CPI increase included recreation, airline fares, medical care, personal care and communication, while used cars and trucks, household furnishings and operations, and motor vehicle insurance posted declines.

The first Federal Open Market Committee (FOMC) meeting of 2026 concluded on

Jan. 28, where interest rates were left unchanged. The stronger-than-expected job growth in January may decrease the likelihood of an interest rate reduction, which could come at the conclusion of the next FOMC meeting on March 18.



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We hope that the insights from the Velera Payments Index continue to help our financial institutions make informed, strategic decisions. To subscribe and receive updates when the report is published, click [here](#).

We welcome questions and feedback on the Payments Index by way of [this link](#) or scan the QR code.





"Members are telling us they want BNPL to work with the money they already have, not around it. Every time a payment flows through a third-party BNPL app, the credit union loses a little visibility into the member's day-to-day financial life. When credit unions bring BNPL into their own digital experience — including wallets like Apple Pay — and use member-centric criteria, they can keep those payments in their ecosystem and turn installments into a tool for engagement and financial wellness, not just another checkout option."

Angel Siorek

VP, Product Management, Velera

Key Takeaways for January 2026

- Growth in transactions and purchases for January continued at the same pace, proving the resilience of consumer activity. Debit purchases increased by 6%, with the Money Services and Services sectors accounting for 70% of that growth. Credit purchases were up 2.5%, with the Goods and the Service sectors accounting for 60% of the entire increase. For January, debit transactions were up 3.4% and credit transactions rose by 2.4%.
- Buy Now, Pay Later (BNPL) payments and transactions facilitated by cards grew by 22% and 12%, respectively, for the top BNPL merchants over the last year; however, growth gradually slowed throughout 2025.
- CPI rose 0.2% in January, with the 12-month inflation rate easing to 2.4%; shelter and food were the primary drivers of the monthly increase.
- Stronger-than-expected job growth may impact the likelihood of an interest rate reduction at the next FOMC meeting, which concludes on March 18.

Deep Dive: Buy Now, Pay Later (BNPL)

Following up on our BNPL Deep Dive from February 2025, we found continued strong growth among the largest BNPL providers. In aggregating the year-over-year growth in BNPL payments via cards for Affirm, Afterpay, Klarna, PayPal, Zip (formerly QuadPay), Sezzle, Sunbit and Flex Pay by Upgrade (formerly Uplift), total debit-based payments were up 22% for the year (January through December), while the number of payment transactions was up by 12%. The average BNPL debit payment with these top providers was \$42.45. It is important to note that each transaction typically represents only one of multiple installments with the BNPL vendor, not the total purchase. Typically, short-term BNPL arrangements have four installments spread over six to eight weeks, whereas long-term plans can span six to 72 monthly installments.

According to [PYMNTS Intelligence](#), BNPL and card installment plans have moved beyond seasonal adoption and point-of-sale convenience and into everyday money management, as consumers look to smooth cash flow and afford everyday items like groceries and utilities. Considering these trends, credit unions have an opportunity to

rethink post-purchase engagement and how to better serve their members. Additionally, FICO has announced plans to add BNPL to credit score models in the near future, given its growing popularity and observed predictiveness for consumer credit risk, but these newer models are not yet commercially available as of this publication.

Zip and Sezzle had the highest cumulative growth in BNPL debit payments for 2025, up 56% and 51%, respectively. Affirm made the largest contribution to the BNPL growth rate for 2025 among BNPL providers, with a 32% share of BNPL debit payments and 29% growth year over year. From a generational perspective, the largest year-over-year growth in BNPL payments was among the youngest consumers, with Younger Gen Z increasing by 80% compared to 2024, though it still represents the smallest share of activity across generations. Except for Boomers+ at 12%, the remaining generations experienced relative parity in BNPL payment growth, ranging from 19% for Gen X to 27% for Older Gen Z. Boomers+ had the lowest average payment for 2025 at \$31.94, while the other generations ranged closely between \$41.50 and \$44.92.

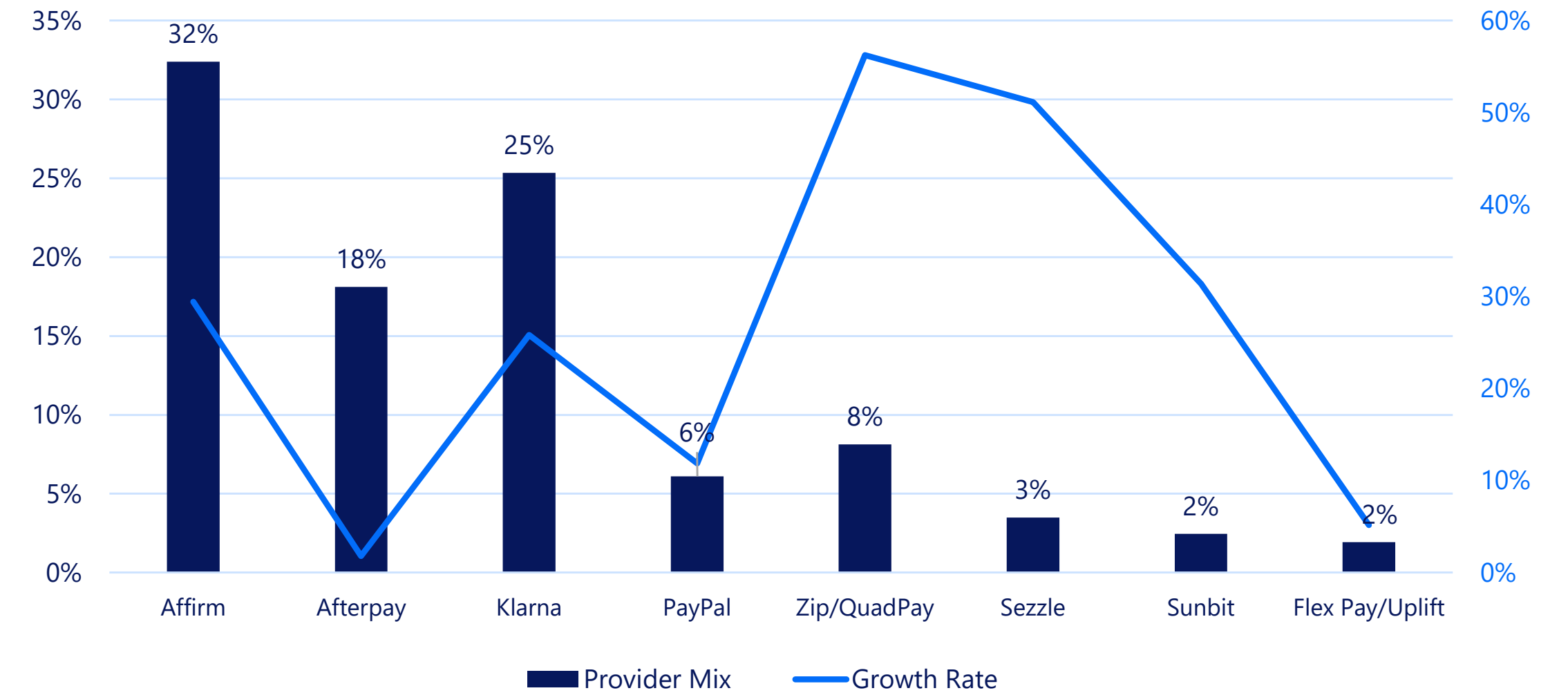


Debit Growth and Average Payment by BNPL Provider

BNPL Provider	Transactions Growth	Payment Growth	Average BNPL Payment
Affirm	31%	29%	\$48.63
Afterpay	-12%	2%	\$38.67
Klarna	17%	26%	\$42.25
PayPal	10%	12%	\$34.95
Zip/QuadPay	35%	56%	\$43.43
Sezzle	31%	51%	\$35.25
Sunbit	23%	31%	\$121.85
Flex Pay/Uplift	6%	5%	\$149.01
OVERALL	12%	22%	\$42.45

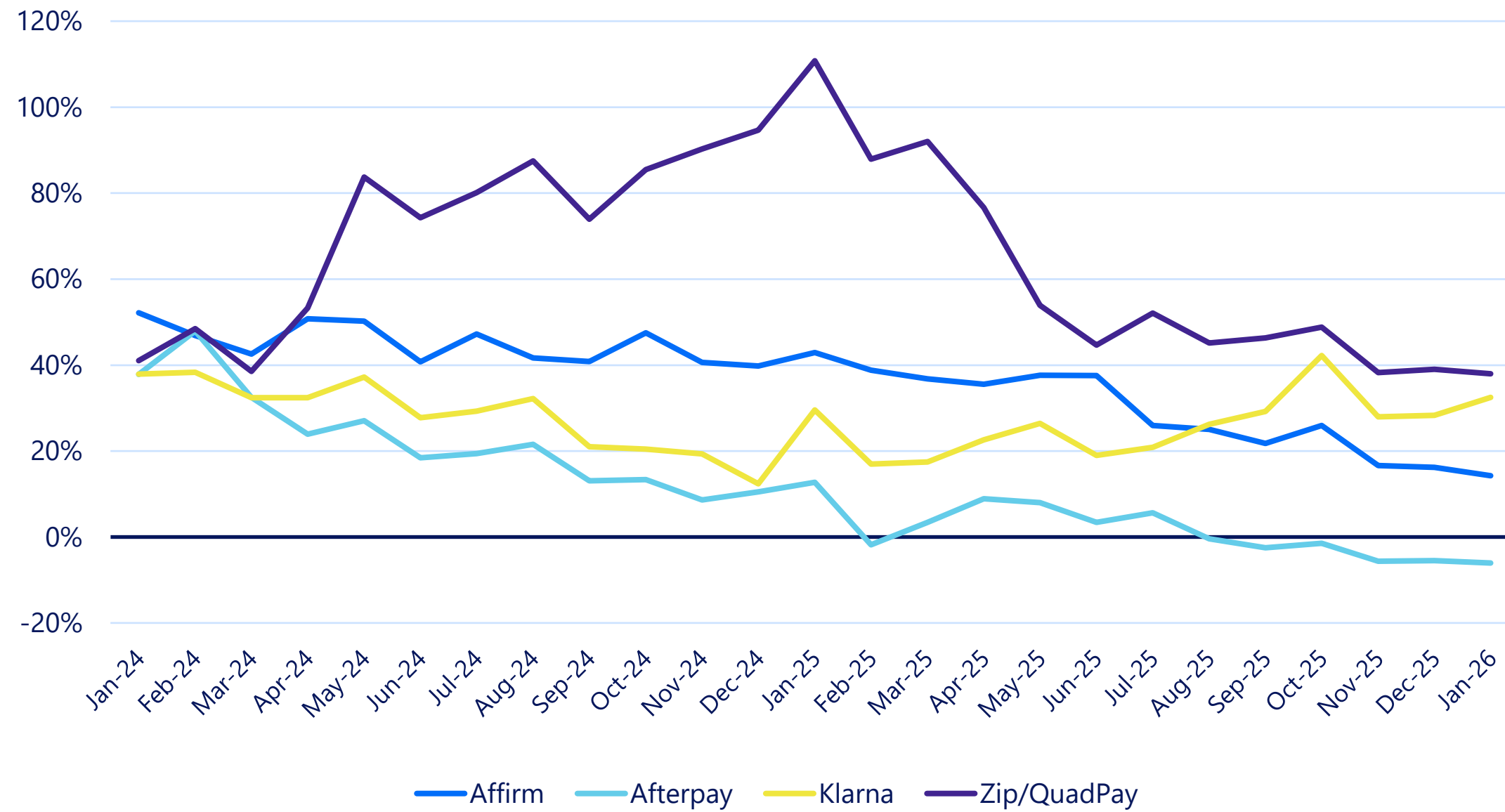
Full Year (January to December) 2024 vs 2024

2025 Debit Payment Mix & Growth by BNPL Provider



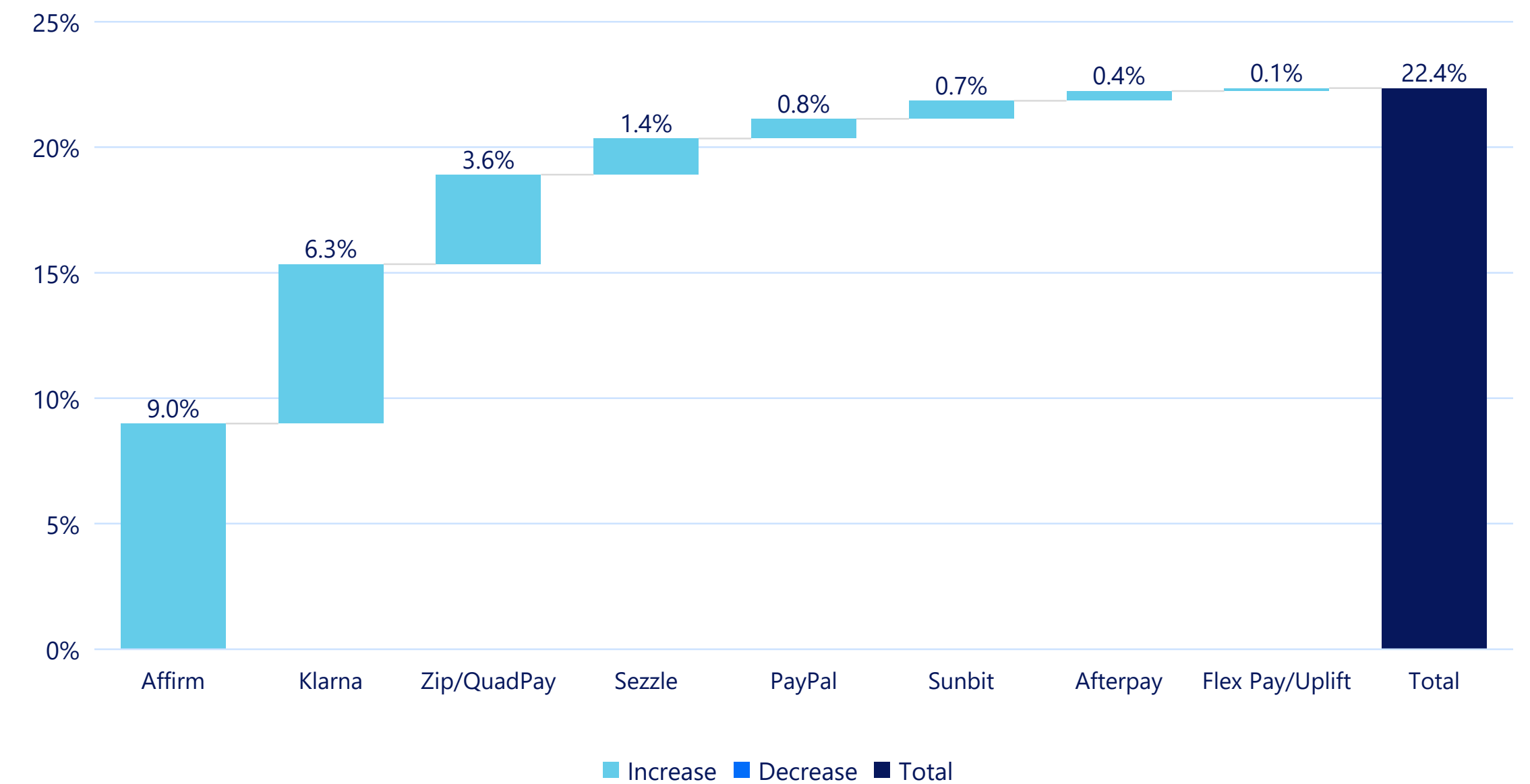
- Affirm, Afterpay and Klarna represented approximately three-quarters of BNPL payments for 2025.
- Zip (QuadPay) demonstrated the largest BNPL payment growth in 2025, boosting market share to 9% from 7% in 2024.
- Overall growth in 2025 for BNPL payments was strong at 22%, with no provider experiencing negative growth.

Year-Over-Year Debit Payment Growth by BNPL Provider



- Since June 2025, Affirm and Afterpay have seen declining growth rates for BNPL debit payments, with Afterpay falling into negative growth and Affirm being overtaken by Klarna starting in August 2025.
- BNPL provider Zip (QuadPay) demonstrated the most significant payment growth for any BNPL provider; however, its year-over-year monthly growth rates decelerated from over 100% at the start of 2025 and stabilized at nearly 40% in June 2025.

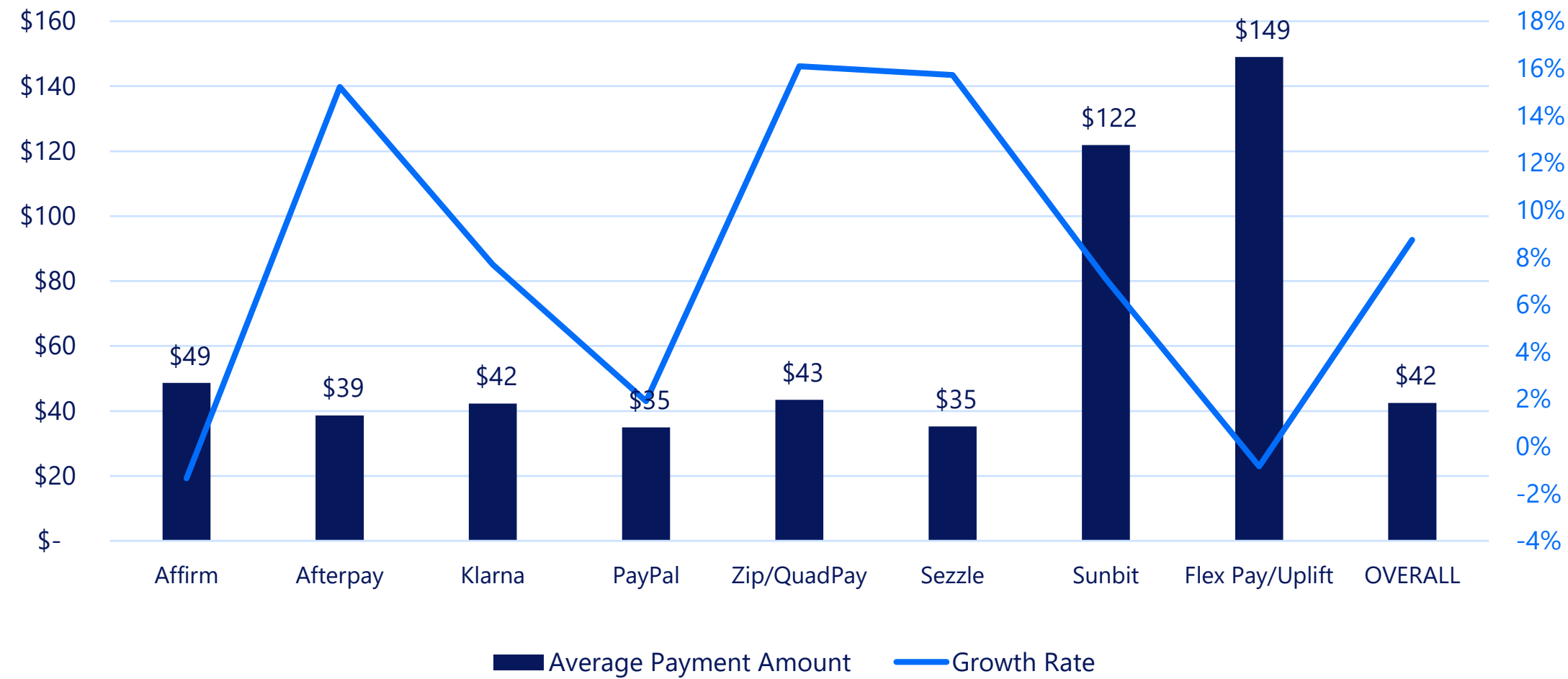
2025 Debit Payment Growth Contribution by BNPL Provider



- Zip/QuadPay contributed 16% to overall BNPL payment growth, despite comprising only 8% of payments in 2025.
- Conversely, Afterpay accounted for only 2% of overall BNPL payment growth, despite comprising 18% of payments in 2025.

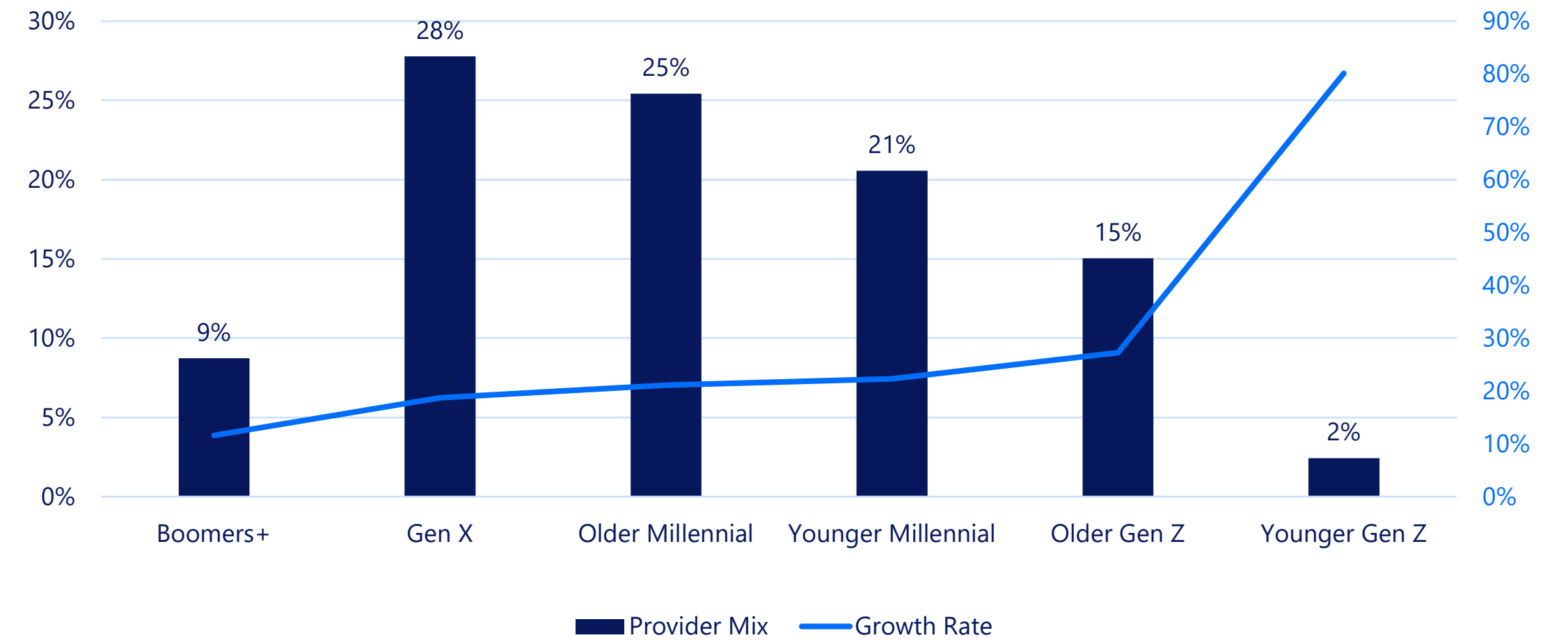


2025 Debit Average Payment & Average Payment Growth by BNPL Provider



- The average BNPL payment increased from \$39.04 to \$42.45 in 2025, with positive growth across all BNPL providers except for Affirm and Flex Pay/Uplift, which were both down 1% for 2025.
- Sunbit notably allows consumers to pay for auto repairs and medical expenses in installments, reflected in a \$122 average payment for 2025 — nearly three times that of the nearest BNPL provider, except for Uplift, which similarly enables BNPL for higher-ticket travel purchases.

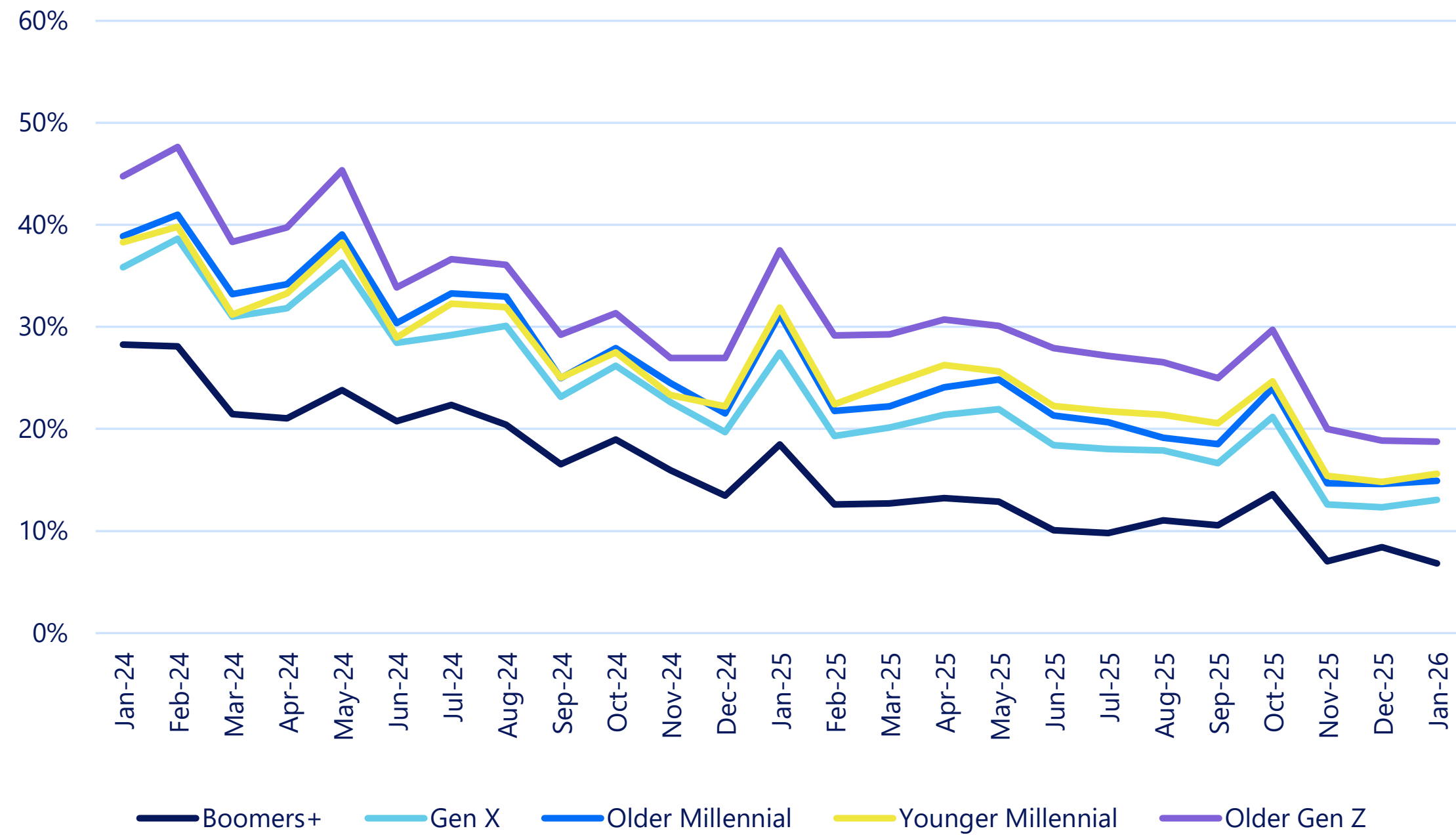
2025 BNPL Debit Payment Mix & Growth by Generation



- For 2025, BNPL payment growth rates decreased for each successively older generation following Younger Gen Z, although growth remains strong for all generational cohorts.

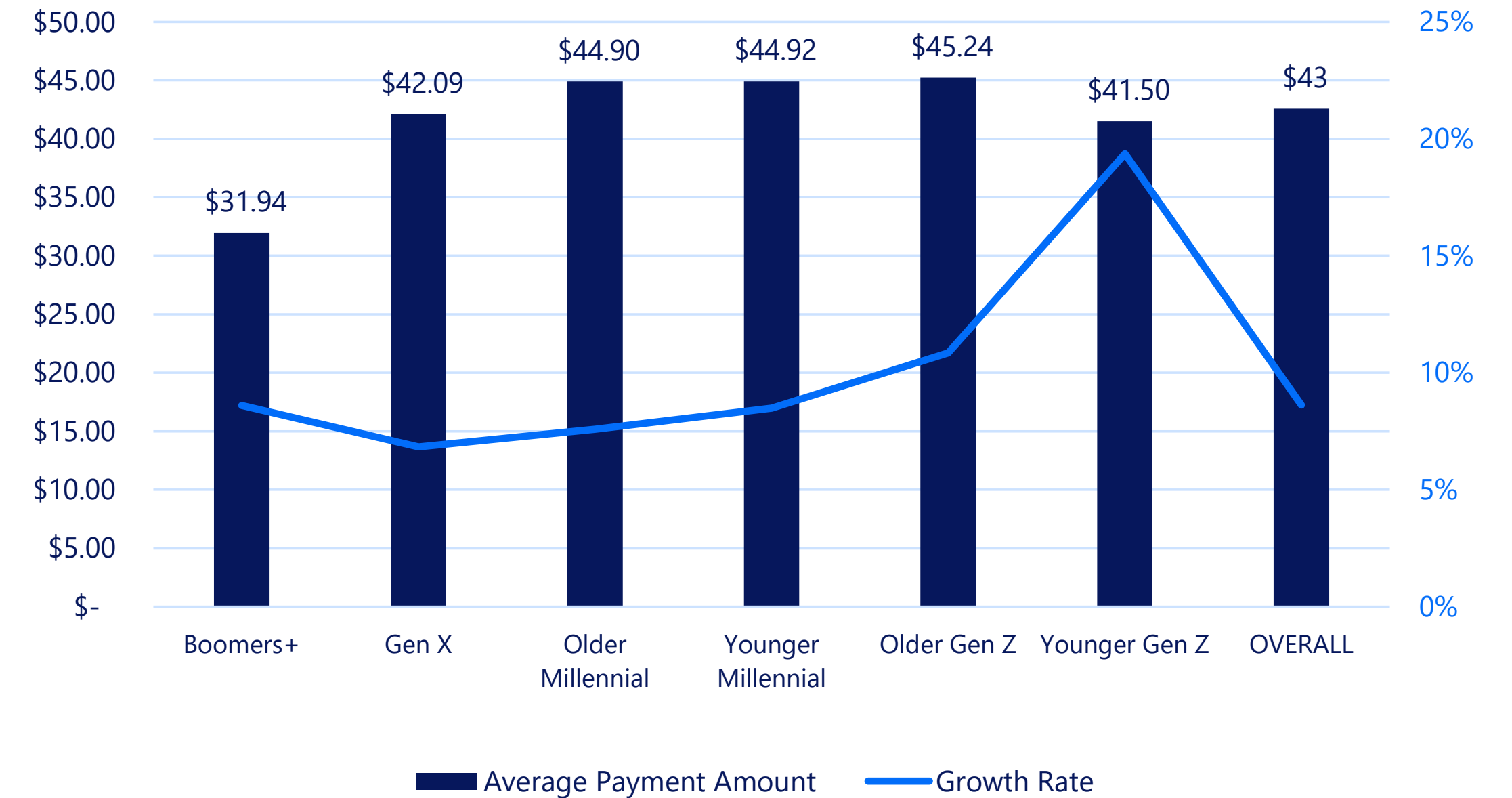


Year-Over-Year BNPL Debit Payment Growth by Generation



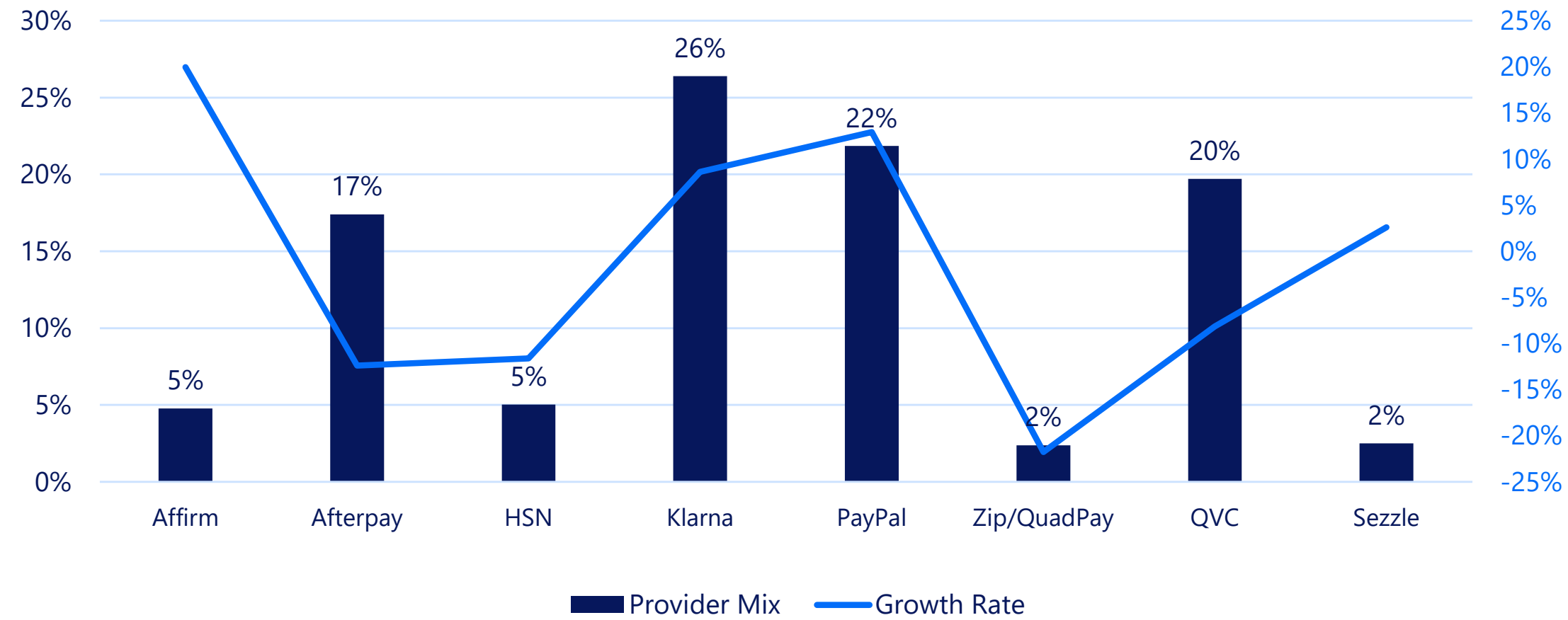
- While still demonstrating positive growth across all generations, BNPL debit payment growth has been steadily slowing over the last two years.

2025 BNPL Debit Average Payment & Average Payment Growth by Generation

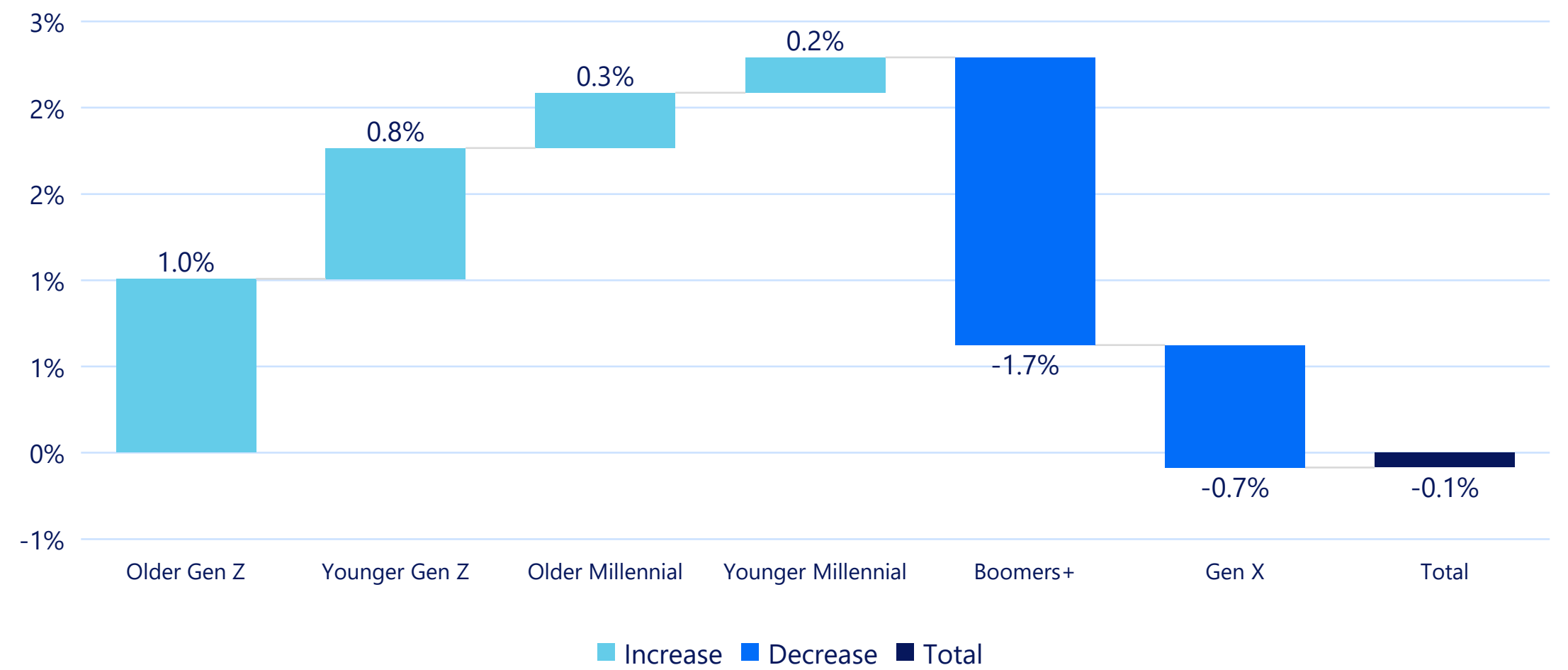


- Relative parity exists for average payment and growth for BNPL among generations, except for Boomers+ and Younger Gen Z.
- Boomers+ and Younger Gen Z had the lowest average payments for BNPL at \$32 and \$41, respectively; however, Younger Gen Z's average payment grew 19% for 2025 compared to modest growth for Boomers+.

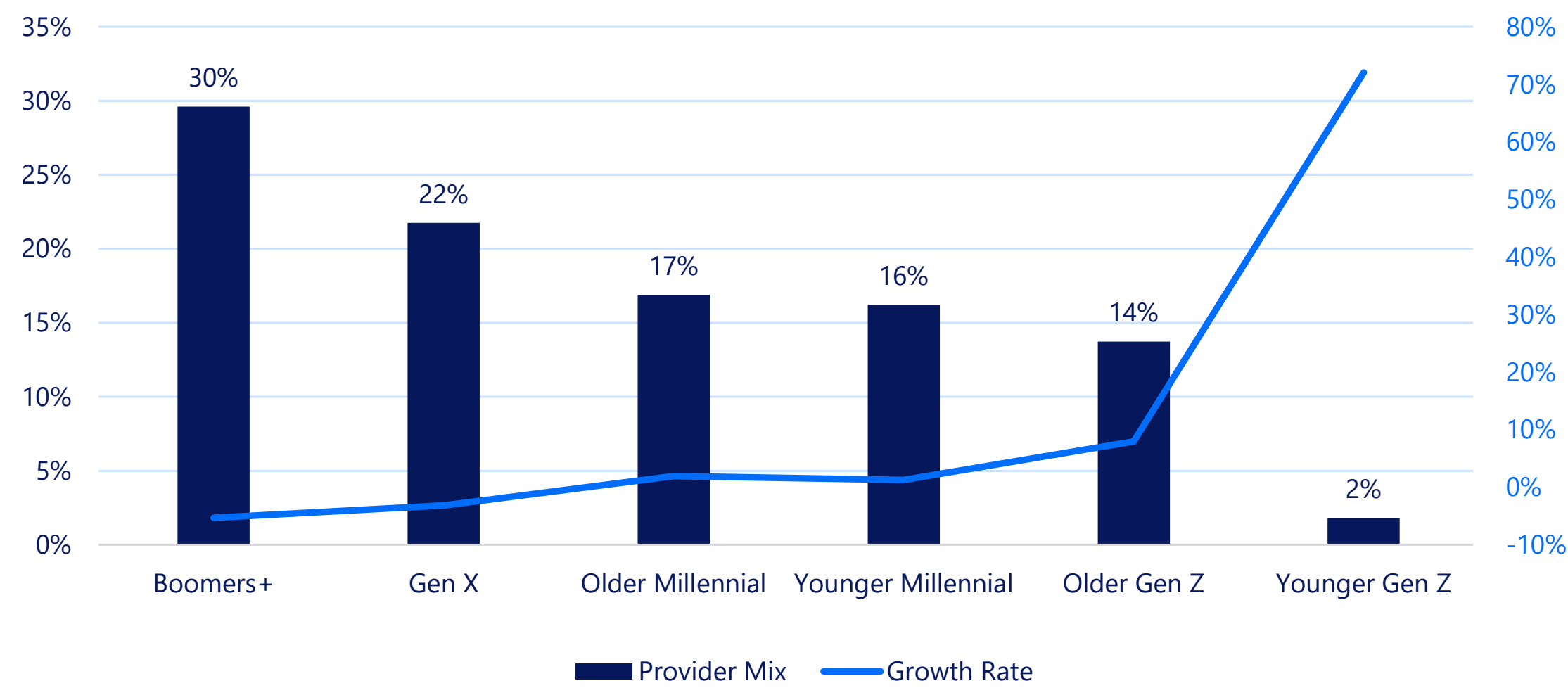
2025 Credit Payment Mix & Growth by BNPL Provider



2025 BNPL Credit Payment Growth Contribution by Generation



2025 Credit Payment Mix & Growth by BNPL Provider



- For 2025 BNPL credit payments, positive growth among younger consumers was offset by negative growth among older consumers.



Opportunities to Act On: What Credit Unions Should Do Now

Elevate Your Debit Strategy with BNPL



Installment plans have become an everyday cash-flow tool, providing members with flexibility and predictability without taking on new credit. Younger members are driving this shift, pushing Buy Now, Pay Later (BNPL) into the mainstream and positioning debit-based BNPL as a key strategic opportunity for credit unions. To stay competitive, credit unions need to own the BNPL experience. Velera's Debit Flex Payments solution, powered by equipifi, offers a turnkey path: members can view, accept and manage installment offers directly in the credit union's mobile app, with pre- and post-purchase options. The benefits are compelling — higher engagement, stronger retention, increased spending and preserved interchange.

Transform Credit Card Acquisition with Instant Digital Origination



Digital origination is now essential for credit unions looking to grow and compete in a digital-first landscape. Members today expect instant decisions, especially for credit cards. Velera's Origination Solutions suite delivers a seamless, end-to-end digital experience with real-time approvals and immediate access to credit card credentials through digital banking and mobile wallets. With integrated membership verification and instant decisioning, both members and prospective members benefit from the same fast, intuitive application process, positioning credit unions for stronger, sustained growth.

Maximize Card Engagement with a Strategic Onboarding Journey



Once a credit card is instantly approved and issued, the next critical step is guiding members through an onboarding journey that drives activation and early usage — key behaviors for establishing and maintaining top-of-wallet status. Timely, personalized, data-driven touchpoints engage cardholders right away, boosting satisfaction and strengthening loyalty. Velera's Portfolio Marketing & Communications team partners with your credit union to build a tailored New Account Onboarding Journey marketing campaign that supports these goals. When paired with instant digital origination, a strategic onboarding journey transforms every new credit card account into a high-value relationship and a catalyst for long-term cardholder engagement.

Contact your Client Growth Executive for further details or to explore how Velera can support your credit union with these opportunities.

Credit and Debit Cards

January delivered another month of healthy card growth, with debit maintaining its advantage over credit. Debit purchase growth rose 6% year over year, outpacing credit's 2.5% increase. While debit trailed its prior-year January performance, credit remained relatively stable. Transaction growth lagged purchase growth for both products, up 3.4% for debit and 2.4% for credit.

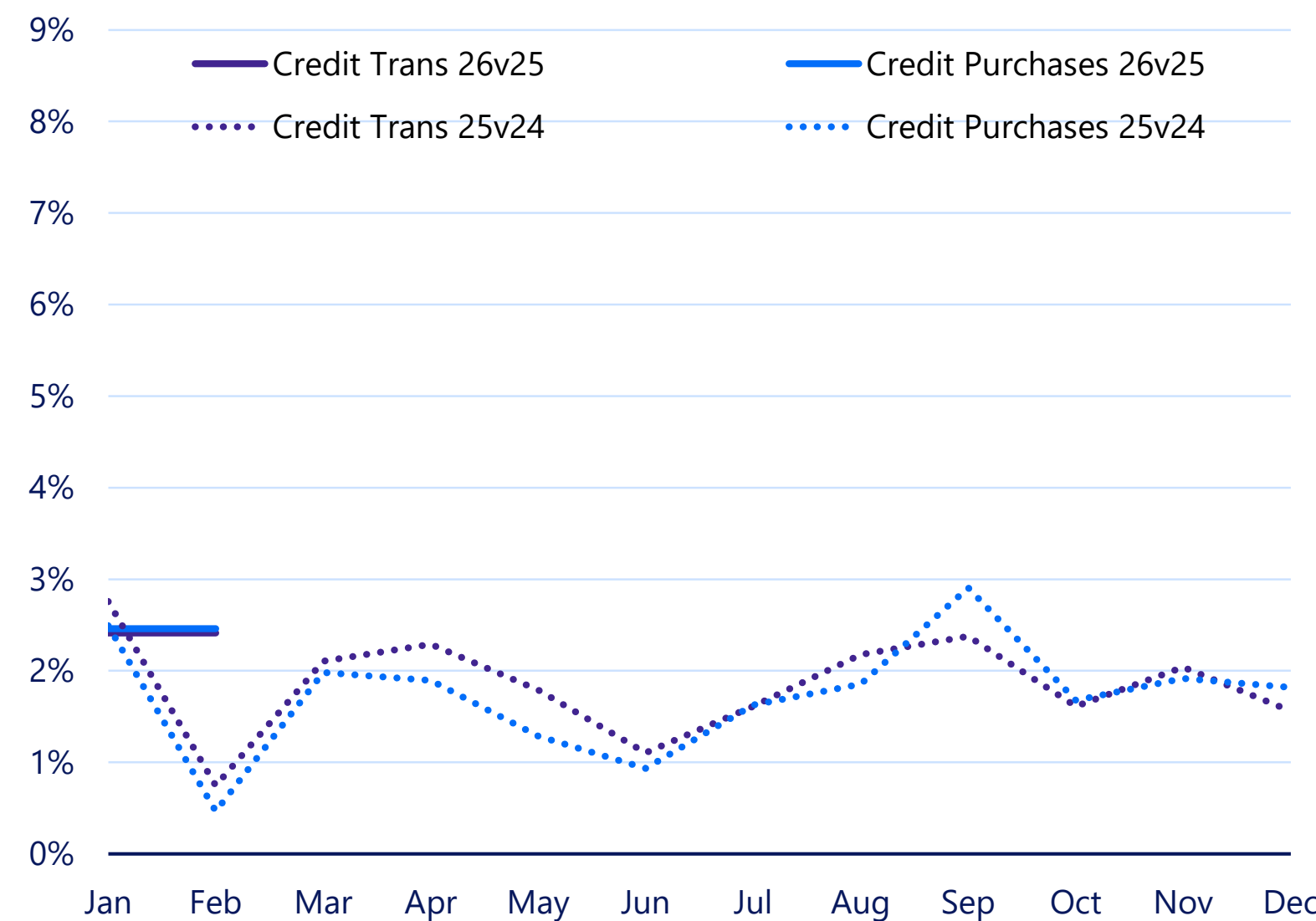
From a sector perspective, Money Services drove the largest share of debit purchase growth at 40%, followed by Goods at 31%. For credit, the Goods sector was the dominant contributor at 40%, with both Services and Food & Grocery each accounting for 20%. On the transaction side, the Goods sector was the primary growth driver for both credit and debit.

January also brought the 2.8% Social Security cost-of-living adjustment (COLA), boosting benefits for nearly 75 million Americans by an average of \$56 per month. Meanwhile, the social-media-driven "No Spend January" trend continued to gain traction in 2026, with many consumers reducing discretionary spending to reset financial habits or redirect savings toward key financial goals.

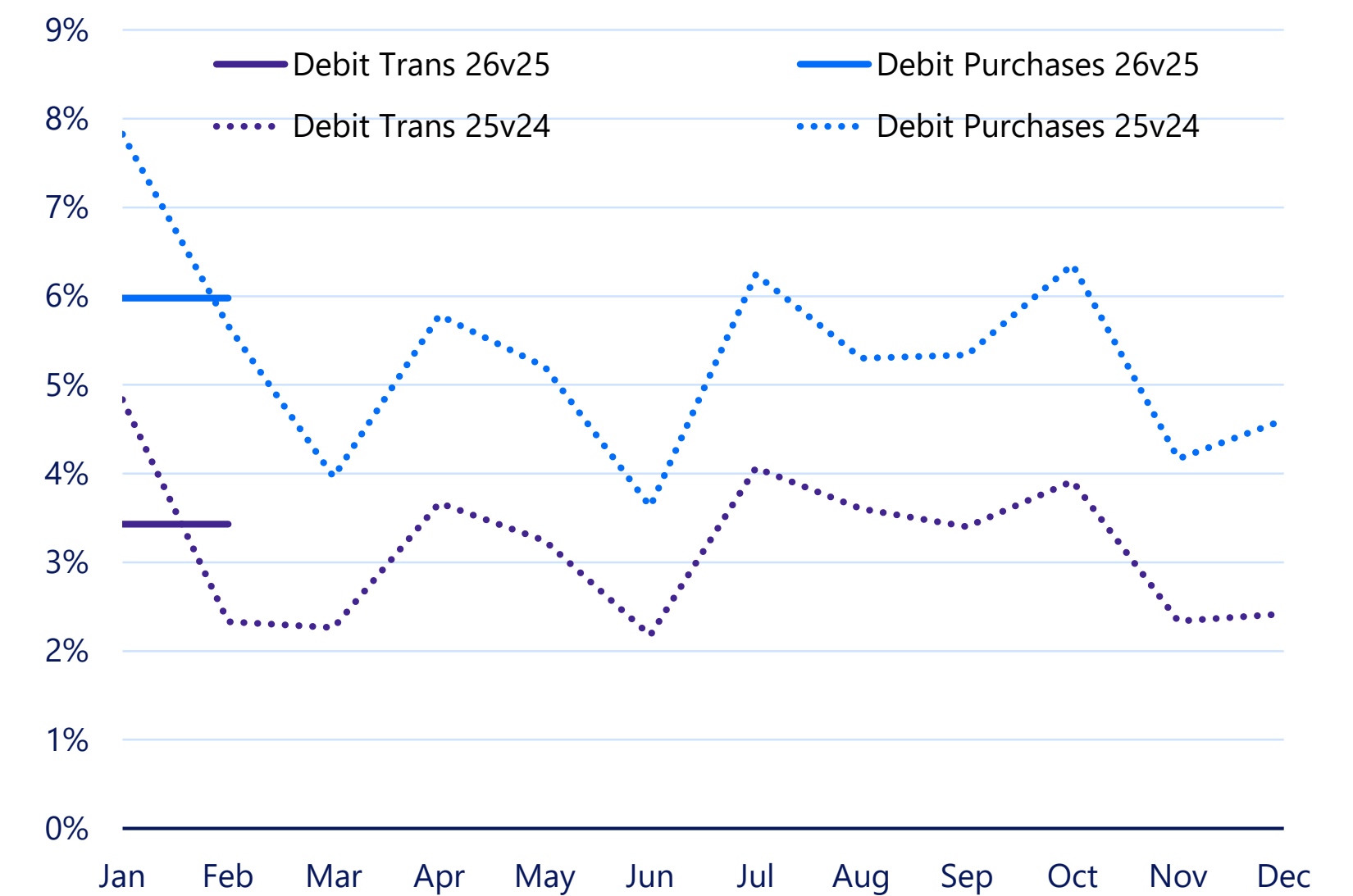
Month of January 2026

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2025 v 2024	↑ 2.4%	↑ 2.5%	↑ 3.4%	↑ 6.0%
2024 v 2023	↑ 2.8%	↑ 2.5%	↑ 4.8%	↑ 7.8%

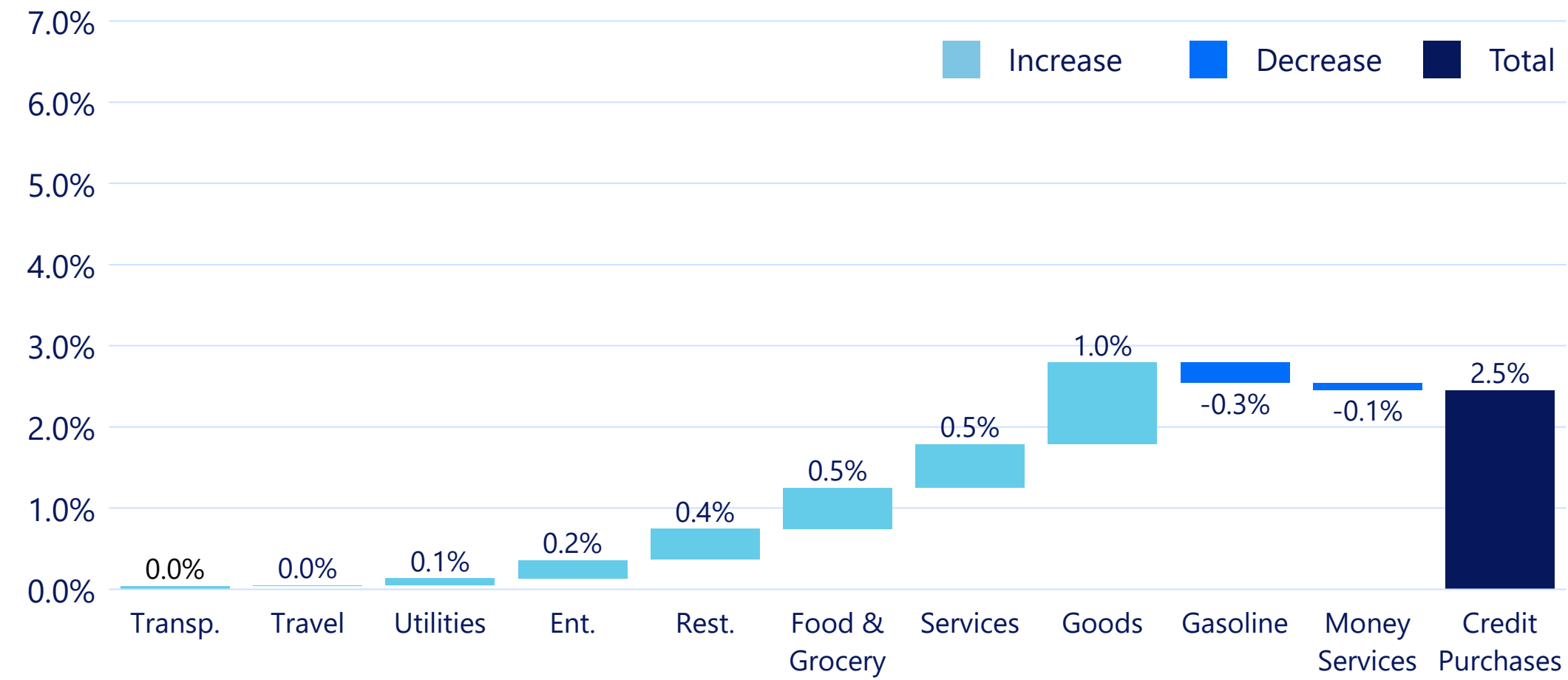
Credit



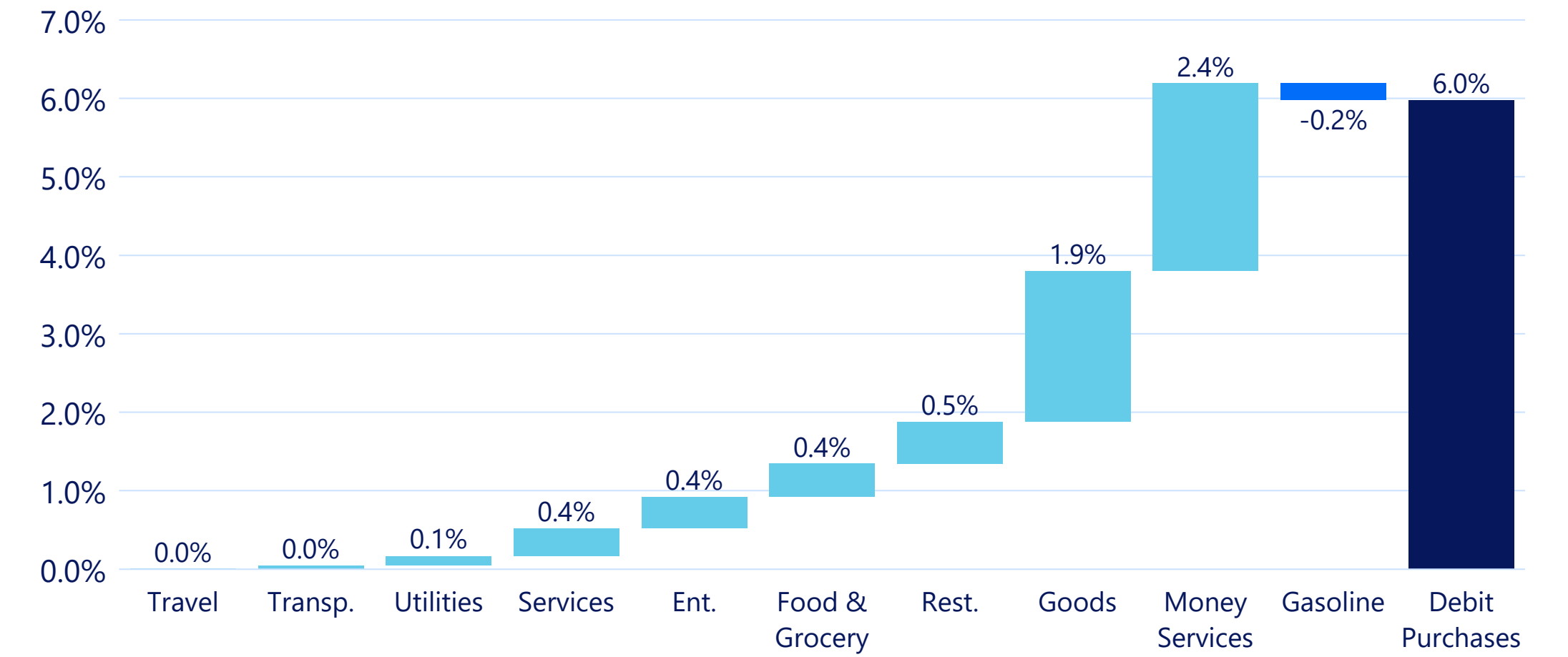
Debit



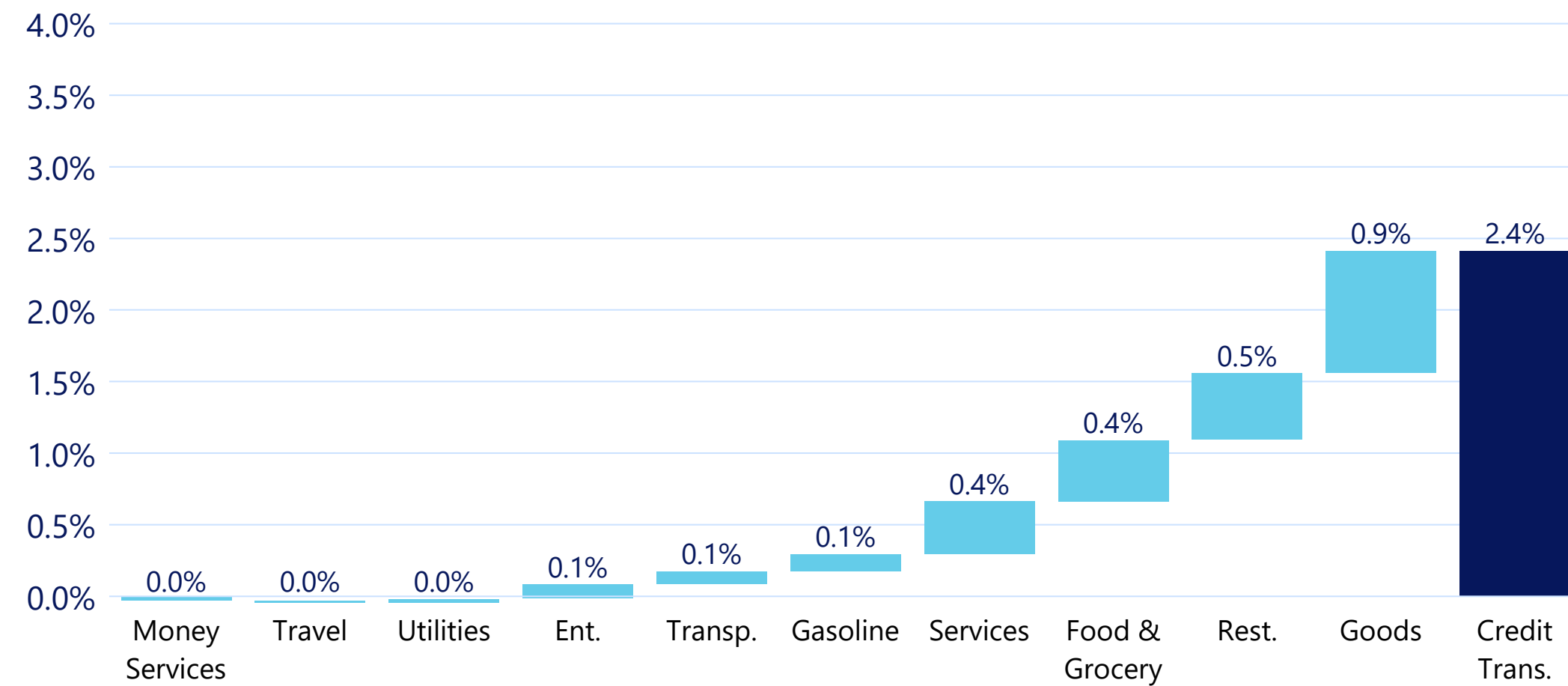
Sector Contributions to Growth in Credit Purchases: January



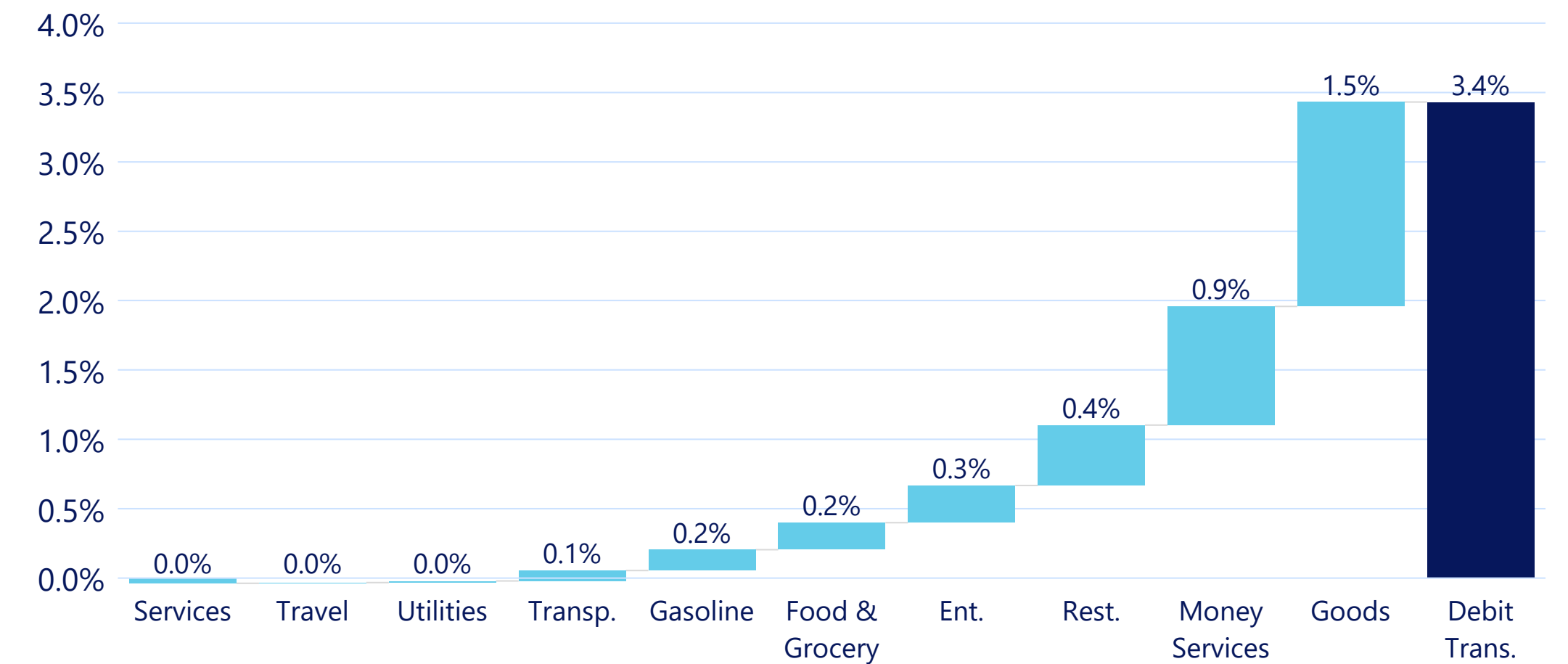
Sector Contributions to Growth in Debit Purchases: January



Sector Contributions to Growth in Credit Transactions: January



Sector Contributions to Growth in Debit Transactions: January





About the Velera Payments Index

The Velera Payments Index provides timely insights, trend analysis and thought leadership on consumer payment preferences and behavior. Distributed monthly to financial institutions, the payments market and industry media, the Velera Payments Index is designed to help credit unions make strategic, data-informed decisions on behalf of their members.

For current-year results, credit unions included in the Velera Payments Index data set have been processing with our company from the start of 2024 through the most current complete month of 2026, enabling an accurate and relevant year-over-year same-store comparison (2026 vs. 2025, 2025 vs. 2024) for purchasing behaviors and data. When the credit union populations are reviewed and updated each year, some metrics may have a nominal change from previously posted results. Additionally, as we become aware of new or changing market conditions, we may adjust merchant category code characteristics to portray the most accurate view of the consumer payments landscape.

For the “same-store” population of credit unions over the past rolling 12-month period, the February 2026 edition of the Velera Payments Index represents a total of 3.6 billion transactions valued at \$182 billion of credit and debit card activity from February 2025 through January 2026.

About Velera

Velera is the nation’s premier payments credit union service organization (CUSO) and an integrated financial technology solutions provider. With over four decades of industry experience and a commitment to service excellence and innovation, the company serves more than 4,000 financial institutions throughout North America, operating with velocity to help its clients keep pace with the rapid momentum of change and fuel growth in the new era of financial services. Velera leverages its expertise and resources on behalf of credit unions and their members, offering an end-to-end product portfolio that includes payment processing, fraud and risk management, data and analytics, digital banking, instant payments, strategic consulting, collections, ATM and POS networks, the Shared Branch network and 24/7/365 member support via its contact centers. For more information, visit visit velera.com.



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