

VIDEO TRANSCRIPT

Talking Buy Now Pay Later with Alex Janjic from Afterpay

Buy Now Pay Later is a really simple product. You buy a product now, you get to take the good or the service home straight away and you pay for it later. There's lots of different flavours or options of Buy Now Pay Later, but the most popular service is split it into four equal instalments, where effectively the payment company takes the risk of the transaction, the retailer gets paid straightaway and a customer shops more frequently.

A lot of businesses online and instore today use a Buy Now Pay Later solution. And the reason is really simple - it actually drives incremental sales. There're two key factors that drive these sales through, one is conversion, so a customer who's browsing online or in your store, when they see that price breakdown, so instead of a pair of jeans for \$100, it's four payments of \$25, it's much easier for that customer to convert today

The second reason is customer acquisition. Buy Now Pay Later tools have become incredibly popular with customers and it's a really easy way for you to be introduced to new customers. So one of the big benefits for small businesses in particular is tapping into that customer network. So Afterpay New Zealand for example, we get over a million visits a month to our shop directory and app, and we use it to send free referrals to our retailers.

One of the things that we noticed really early on was that the service appealed to female millennials in particular. There're two main reasons, the first one is you know, your average mum, so she's shopping for the kids, she's got a couple of pairs of school shoes for example that she needs to purchase in January and February, and she uses it as a budgeting tools to space the payments out.

The second reason is justification, take me for example, I want to buy the \$200 pair of jeans and I just need to be able to justify it. I can shop using Afterpay and it's just \$50 today, obviously I could hide it from my husband on the bank account as well and I few pay cycles.

Buy Now Pay Later from a category perspective has probably changed quite dramatically over the last 3 or 4 years. When it first started it was about fashion, but as customers got used to this service, they've looked to use it in different categories.

Today it's used in everything from fashion, sports, lifestyle purchases all the way through to dental and health and those everyday type family needs.