Amid Cost Of Living Crisis, UK Consumers Look To Shake Up How They Access And Use Credit

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- *38% of UK consumers surveyed have used Buy Now, Pay Later (BNPL) to make ends meet during the last 12 months, increasing to 61% amongst 26-34 year olds*
- *61% of UK consumers surveyed looking to build their credit said they'd be interested in using BNPL to build their credit score*
- *24% of UK consumers surveyed own a credit card affiliated with a brand*

LONDON--(BUSINESS WIRE)--Oct. 23, 2023-- Consumers are looking to new tools and brands to access credit and other financial services, according to a new survey published today by Marqeta, the global modern card issuing platform that enables some of the world's most innovative embedded finance use cases. The company released its 2023 *State of Credit* report which surveyed 3,000 consumers globally – including 1,000 in the United Kingdom – highlighting that 38% of UK respondents have used Buy Now, Pay Later (BNPL) services to make ends meet during the last 12 months, increasing to 61% amongst 26-34year olds.

Consumers are interested in using BNPL to build out their credit profile

Over the last 12 months, consumers have been increasingly reliant on credit, with 53% of U.K. respondents reporting that they are now routinely using credit cards to make ends meet. Exacerbated by the current economic situation, respondents also reported concerns with traditional credit options due to inflation or the increased cost of living making it harder to make minimum monthly payments on their credit cards (46%). They also reported accessibility issues, and 46% of UK respondents who have applied for a credit card in the past 12 months had their applications denied.

As a result, consumers are turning to new credit options and, according to Marqeta's report, they are using BNPL services as a tool to help build credit and secure access to additional credit services. Nearly half of UK respondents (47%) reported that they are looking to build a credit history or improve their credit score and 61% of them confirmed they were interested in using BNPL to further improve credit scores and eventually get a credit card. Forty percent of consumers are very interested or somewhat interested in being offered the opportunity to use BNPL services by their current credit card provider, where they would be able to pay back a purchase over time for a small fee, rather than being charged interest.

Amongst BNPL users, the most popular feature was lack of interest fees, and 47% of people who had used BNPL services in the last 12 months said they chose to use these services due to zero interest being charged. Other reasons for why consumers chose to use BNPL included convenience (46%), flexibility (42%) and help with budgeting (45%). Interestingly, 15% of consumers surveyed chose to use it because they had no other access to credit.

"BNPL appeared on the market as a strong challenger to the credit card giants, and was even termed a 'credit card killer', said Todd Pollak, Chief Revenue Officer at Marqeta. "However, during this period of economic uncertainty, consumers are becoming more savvy about the different ways to access credit and are doing so in the ways that best suit them. As a result we are seeing both pressure for traditional credit providers to offer more flexible credit services, and consumers using BNPL to access and build credit, sustain a good credit score and get access to credit cards."

When using BNPL, consumers spend in similar patterns to how they use a credit card, and for both payment methods, the majority of people reported purchasing items that have an average cost of between £51-£100 (31% for BNPL, 35% for credit cards).

Consumers looking to brands for embedded credit card services

UK consumers are becoming more reliant on their favourite brands to provide credit products with 31% of respondents looking for a recognisable brand they trust when choosing to apply for a new credit card, compared to 21% of US respondents.

Nearly one-in-four UK respondents (24%) own a credit card affiliated with a brand (e.g. British Airways credit card, Tesco credit card), and 54% consider themselves a customer of the brand or store, instead of the bank that provides the physical card, and 47% consider the brand to be responsible for customer service.

The report shows that payment cards and credit cards are the gateway to additional financial products, with 25% of respondents reporting that they have more than one financial product from their credit card provider and 42% confirming they had a credit card first and added additional financial products over time.

"Payment cards in general, and credit cards in particular have become the new front door to the banking industry," said Pollak. "Brands and banks can offer these to deepen their relationship with customers and increase revenue. Going forward, we are likely to increasingly see integration of financial services into non- financial products, giving consumers more seamless access to credit and the embedded finance experiences they require."

To download the full report, please click here.

About The 2023 State of Credit Report

Marqeta's 2023 *State of Credit* Report marks the third time the company has surveyed consumers in the US and UK about their credit preferences. Marqeta's 2022 State of Credit survey was fielded by Propeller Research on behalf of Marqeta, surveying 3,046 consumers ages 18 and up (2,012 in the US, 1,034 in the UK).

About Marqeta (NASDAQ: MQ)

Marqeta's embedded finance and modern card issuing platform empowers its customers to create customized and innovative payment cards and embedded finance offerings. 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 is headquartered in Oakland, California and is certified to operate in more than 40 countries globally. For more information, visit www.marqeta.com, Twitter and LinkedIn.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements expressed or implied in this press release include, but are not limited to, quotations and statements relating to changing consumer preferences; increasing consumer adoption of certain digital payment methods, products, and solutions, including credit card issuing; which payment, banking, and financial services products and solutions may succeed; technological and market trends; Marqeta's business; Marqeta's products and services, including credit card issuing; and statements made by Marqeta's senior leadership. Actual results may differ materially from the expectations contained in these statements due to risks and uncertainties, including, but not limited to, the following: any factors creating issues with changes in domestic and international business, market, financial, political and legal conditions; the effect of and uncertainties related to the U.S. and global economies and demand for Marqeta's services and products; the the risk of ongoing financial services and banking sector instability and follow on effects to fintech companies, general economic conditions in either domestic or international markets, including inflation and recessionary fears, conditions resulting from geopolitical uncertainty and instability or war, including the direct and indirect effects on U.S. and global economies, our business, results of operations, and financial condition; the risk that Marqeta is unable to further attract and grow its customer base; the risk that consumers will not perceive the benefits of Marqeta's products and services, including digital payment and banking products and services and credit card issuing; the risk that Marqeta's products and services do not operate as intended, including digital payment and banking products and services and credit card issuing; the risk that Marqeta's products and solutions will not achieve the expected market acceptance, including digital payment and banking products and services and credit card issuing; and the risk that competition could reduce expected demand for Marqeta's products and services, including digital payment and banking products and services and credit card issuing. Detailed information about these risks and other factors that could potentially affect Marqeta's business, financial condition and results of operations are included in the "Risk Factors" disclosed in Marqeta's Annual Report on Form 10-K for the year ended December 31, 2022, as such risk factors may be updated from time to time in Marqeta's periodic filings with the SEC, available at www.sec.gov and Marqeta's website at http://investors.marqeta.com. The forward-looking statements in this press release are based on information available to Marqeta as of the date hereof. Marqeta disclaims any obligation to update any forward-looking statements, except as required by law.

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