Labor, Income, Finances, and Expectations (LIFE) Survey

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4-in-6 Payment Products — Buy Now, Pay Later Data from the LIFE Survey (2025)

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Note: This brief is part of a series of reports on Buy Now, Pay Later produced by the Consumer Finance Institute (CFI) at the Federal Reserve Bank of Philadelphia. Previous reports can be found on the CFI website.

This report explores trends in 4-in-6 payment product usage since the fourth quarter of 2022, including user demographics and financial health measures, and expands on previous research conducted by the Consumer Finance Institute (CFI). It draws on data from a series of quarterly consumer surveys conducted by CFI from January 2023 through January 2025. Each survey collected approximately 5,000 responses from a nationally representative sample through a web-based survey instrument; results are weighted to the American Community Survey demographic distributions for U.S. adults.

Key observations in this report include:

- Use of 4-in-6 payment methods overall did not materially increase between the 2023 and 2024 holiday seasons. The proportion of high-frequency users (six or more purchases in the previous three months) decreased year over year.

- Self-reported missed payments have decreased since 2023; this may be an indication that users of 4-in-6 payment methods have become less risky, although the possible causes of that change are unclear in our data.

- The general demographic characteristics of 4-in-6 product users have not changed significantly since we began collecting data in 2021.

- *Convenience* and *personal preference* were the primary reasons selected by respondents for using 4-in-6 products; those were cited more often than reasons associated with explicit *credit constraints* in our 2023 and July 2024 surveys.

- Users of these products consistently report higher levels of financial disruption and payment problems than nonusers. While they are generally capable of handling an unexpected expense, they are more likely than nonusers to do so by borrowing more or selling assets.

Data in this report were collected as part of CFI's Labor, Income, Finances, and Expectations (LIFE) Survey; details about the collection methodology used can be found in the LIFE Survey's methodology document. Respondents to the survey were asked to report their use of "4-payments-in-6-weeks (pay-in-four)" payment products in the previous three months.[1]

While quarterly data were collected as part of this survey series, we concentrate here on data collected in January 2023, January 2024, and January 2025, respectively. The survey asks about payment product usage over the previous three months; therefore, these survey dates cover usage during the fourth quarters of 2022, 2023, and 2024, respectively, providing insight into holiday season behaviors over the last three years.

Unless otherwise noted, all the reported difference in means between 4-in-6 users and nonusers are significantly different from zero (i.e., $p<0.10$).

Change in 4-in-6 Use Between the 2022, 2023, and 2024 Holiday Seasons

According to the survey data, there was a small but statistically significant increase in 4-in-6 users between Q4 2022 and Q4 2023. We see an additional small increase in Q4 2024; however, it is not statistically significant. In Q4 2022, 17.7 percent of all survey respondents had used a 4-in-6 product at least once during that period; the share increased to 19.9 percent of respondents by Q4 2023 and 20.4 percent in Q4 2024 (Figure 1). Looking at the velocity of use, we see that the share of high-frequency users (six or more payments with 4-in-6) increased from 37.8 percent in Q4 2022 to 40.6 percent in Q4 2023 (Figure 2); that increase, however, was not statistically significant. In the most recent holiday period, high-frequency users were a smaller portion of the 4-in-6 user population at 33.1 percent, which is a statistically different decline relative to the previous year.

For the most part, 4-in-6 users appeared to make their scheduled payments on time. In fact, between Q4 2022 and Q4 2023, the number of users who made all scheduled payments on time increased from 71.7 percent to 78.0 percent, respectively, and the rate remained high at 77.0 percent in Q4 2024 (Figure 3). At the same time,

[1] We choose not to refer to the products as *buy now, pay later* or *BNPL* in the LIFE Survey to avoid confusion with other, more traditional lending products that are often included under the umbrella term *BNPL*. As discussed in "Buy Now, Pay Later: Survey Evidence of Consumer Adoption and Attitudes" (Akana, 2022), there is evidence that respondents in previous surveys included traditional point-of-sale installment loans in reporting their use of BNPL because of confusion about the definition of buy now, pay later. By using the more specific term, we believe the results described here are more consistent with the actual product of interest.

the number of users who did not make any payments decreased from 10.2 percent to 4.5 percent and 4.3 percent over the three observation periods. This may be an indication that the 4-in-6 users who we see in 2023 and 2024 are less risky than those who used the product in the first year of the survey. Whether this arose from changes in companies' underwriting methods or changes in the type of customer using the product is not clear in our data.[2]

When we look at the demographics of 4-in-6 users across the holiday seasons, the overall characteristics are similar; however, we see some small changes in the population over time. Relative to Q4 2022, users in more recent years appear to be slightly older (Figure 4). In Q4 2024, 46.1 percent of users were under the age of 36, and that is different in a statistically significant way from 51.3 percent of 4-in-6 users in Q4 2022. The population was slightly more affluent in Q4 2023 (30.1 percent earn more than $70,000, compared with 27.3 percent in Q4 2022) and less likely to be non-White (37.8 percent are non-White, compared with 40.0 percent in Q4 2022). However, both of those changes were reversed in the most recent period (Figure 4). While statistically significant, the most recent changes in the income and race/ethnicity of 4-in-6 users are small. Thus, the general demographic characteristics of the user population are practically the same as in our earlier research.

Figure 5 reports the reasons that respondents gave for using a 4-in-6 product. We compare the average response rates for each reason across the quarterly 2023 surveys to the responses given in the July 2024 survey. Respondents were presented with a list of possible reasons for using the products and could choose all that were relevant to them, which means the frequencies will not add up to 100 percent. Compared with the four 2023 surveys, in July 2024, two additional reasons were included in the response list: (1) *allows me to make a big-ticket item purchase, which I otherwise couldn't afford* and (2) *I prefer to spread the cost over multiple, smaller payments*. By expanding the list of reasons, the frequencies reported in the two periods are not entirely comparable. Nevertheless, at a high level, the response frequencies are rather consistent.

The reasons for using BNPL can be divided into three categories. The first are convenience and preference, which are cited by about one-quarter or more of respondents in July 2024 (and by about one-third of respondents in the 2023 surveys).[3] The second group of reasons focuses on the financial or budget management element of BNPL, including payment flexibility and the perceived lower cost of credit. In the July 2024 survey, respondents

[2] While demographic changes reported here point to relatively small changes in the user population, it is possible that unobserved changes in characteristics may have led to a customer base that is less prone to payment difficulties. This could include both new users who are better positioned to make payments on time as well as long-time users who have adjusted their payment habits positively.

[3] As discussed in Akana (2022), convenience was the most frequently selected reason for BNPL use, followed by the size of the purchase and ability to better manage finances. The least chosen options were inability to get approved for credit and lack of credit.

clearly valued the ability to spread payments over time (33.8 percent), the ability to purchase a big-ticket item (27.7 percent), and did not want to add to their credit card debt (21.4 percent).

The third category of reasons summarize the frequency with which respondents are citing an explicit credit constraint that leads them to use BNPL as a form of financing. This category was the least frequently cited set of reasons in both the 2023 and July 2024 surveys. In July 2024, about 7 percent report not having a credit card and about 12 percent do not believe they would be approved for additional credit.

Demographics of 4-in-6 Users Versus Nonusers

As previously noted, when we compare the demographic characteristics of users and nonusers in any time period, we almost always find statistically significant differences between them. On the other hand, with a few exceptions noted both previously and in the next section, we do not observe many changes in characteristics *within* these groups that are statistically significant. For that reason, this section will focus only on the most recent data collected in January 2025, asking about behaviors and characteristics in Q4 2024. All these data are consistent with our previously reported survey results.

According to the survey data, 4-in-6 payment products were more likely to be used by younger individuals. In Q4 2024, approximately 46.1 percent of all users were 18–35, while only 27.8 percent of nonusers were in the same group. Users also had higher incomes, with 28.1 percent of all users earning more than $70,000 in the past year, compared with 24.9 percent of nonusers. Additionally, 39.4 percent of all users were Black or Hispanic, compared with 25.8 percent of nonusers (Figure 6).

Financial Health

Similar to the demographic results, observations related to the financial health of 4-in-6 users did not change significantly over the course of the survey series. As a result, this section will focus only on data collected in January 2025 and pertains to behaviors that respondents reported they engaged in during the prior 12 months.

Based on the survey results, it appears that 4-in-6 users have more challenging financial lives compared with nonusers. For example, 57.9 percent of all users experienced a financial disruption of some sort, compared with 47.9 percent of nonusers (Figure 7). As for specific types of disruption, users reported a higher incidence of each type of disruption except for large non-health-related expenses. For example, 8.1 percent of users reported losing access to government benefits compared with 4.6 percent of nonusers; an income disruption was reported by 11.1 percent and 7.2 percent of users and nonusers, respectively. Users of 4-in-6 products were also more likely to experience a relocation, eviction, or other increases in housing costs. They were also more likely to have been exposed to a natural disaster or severe weather event.

When asked about the strategies they have used to help pay their bills, 77.7 percent of users reported using at least one financial coping strategy to help meet their monthly expenses in 2024, compared with 66.1 percent of nonusers (Figure 8). In particular, 4-in-6 users were substantially more likely to resort to working more, borrowing more, or reducing savings or debt payments to meet expenses. For example, 51.1 percent of users stated that they borrowed more money, compared with 32.1 percent of nonusers.[4] It is somewhat surprising to find that BNPL users reported lower rates of cutting discretionary spending than nonusers, at 39.7 percent and 44.9 percent, respectively. While it is possible that BNPL users are more financially constrained and have less discretionary spending to cut compared with nonusers, we do not have the data to verify this conjecture.

BNPL users also consistently report a lower ability to make their monthly bill payments and more frequent concerns about making ends meet compared with nonusers. In the January 2025 survey, 29.0 percent of users indicated that they could not pay some or any of their monthly bills that month, compared with 22.3 percent of nonusers (Figure 9). Looking to the future, 46.4 percent of users said they are concerned about making ends meet over the next six months versus 30.3 percent of nonusers (the relationship was similar for the seven-to-12-month time period).

When asked about handling a $400 emergency expense, the same percentage of both users and nonusers reported that they would not be able to pay that expense — about 15 percent (Figure 10). Among respondents who could handle an emergency expense, there was a distinct difference between BNPL users and nonusers in how they would meet that expense. More than half of nonusers (52.9 percent) said they would use a *cash equivalent* (defined as using cash from their checking or savings account or using a credit card and then paying it in full at the next statement), compared with only 36.8 percent of BNPL users. Conversely, almost half (48.7 percent) of BNPL users indicated they would meet such an expense by either by additional borrowing or selling an asset, whereas less than one-third (31.8 percent) of nonusers suggested this is how they would pay for an emergency expense.

Conclusion

This report presents an analysis of trends in 4-in-6 usage, demographics, and consumers' financial health from CFI surveys collected in January 2023, January 2024, and January 2025 that cover respondents' use of 4-in-6 payment products during the last three holiday seasons. When comparing the characteristics of 4-in-6 product users between the 2022 and 2024 holiday seasons, we see a relatively little change in the percentage of

[4] In our second report on BNPL (Zeballos Doubinko and Akana, 2023) that analyzed the credit bureau data of anonymized respondents from a different survey, we found the most important distinguishing characteristic of BNPL users, relative to nonusers, was an evident demand for more credit.

respondents using the products, but we did observe a decline in the proportion of adopters using BNPL intensively.

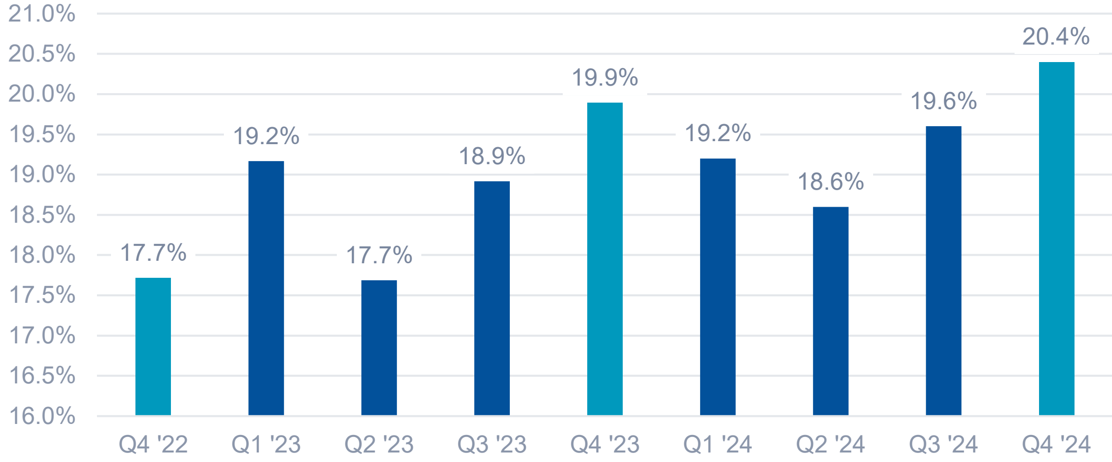
We found the demographic characteristics of the BNPL users did not change significantly. We found that 4-in-6 products continued to be more heavily used by 18-to-35-year-olds (although we do see a shift into older groups), individuals earning more than $70,000, and Black or Hispanic respondents. We also found that, in the most recent periods, BNPL users were more likely to make their 4-in-6 payments on time.

Consistent across our surveys, we found that users either cited convenience or a simple preference for the product as primary reasons for using BNPL, with a smaller proportion of respondents citing explicit credit constraints as reasons for using BNPL. Our most recent surveys also show that users with an apparent choice over how to finance their purchases prefer to avoid adding to their credit card debt and perceive BNPL as a cheaper form of financing.

Finally, we found that BNPL users were more likely than nonusers to experience financial disruptions and were significantly more concerned about making ends meet in the future. In addition, BNPL users tended to rely on more financial coping strategies — including borrowing more or taking on additional work — to meet their monthly expenses. If faced with an emergency expense ($400), BNPL users indicated they were more likely than nonusers to meet that expense through additional borrowing or selling assets.

Appendix

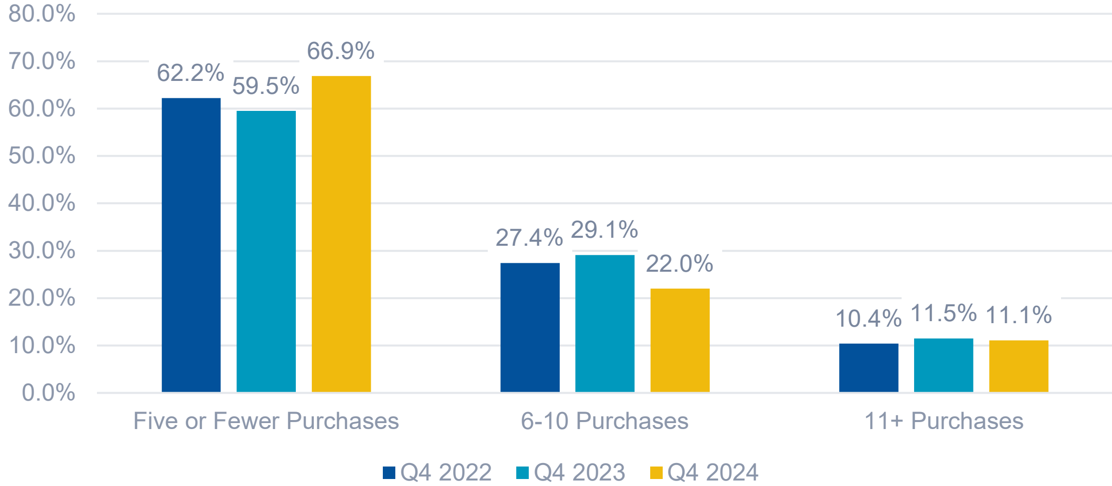
Figure 1 — Percentage of Users (One or More Payments Made with 4-in-6) (Q4 2022–Q4 2024)



Note: This chart shows data from all quarters of the LIFE Survey; statistics referenced in the body of the report focus on the fourth quarters of 2022–2024 (lighter blue).

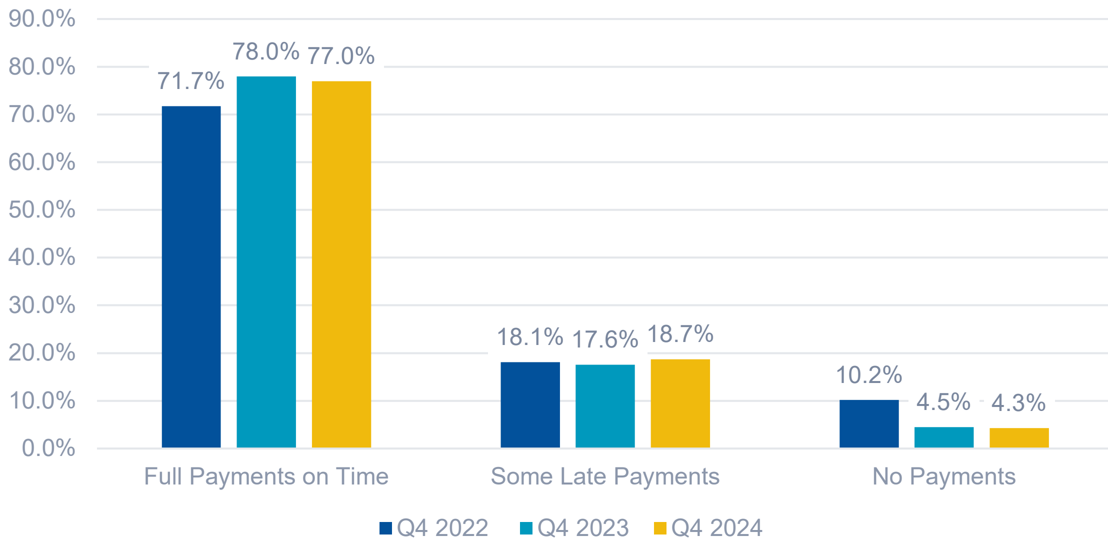
Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey Data

Figure 2 — Total Purchases Made with 4-in-6 (Q4 2022–Q4 2024)



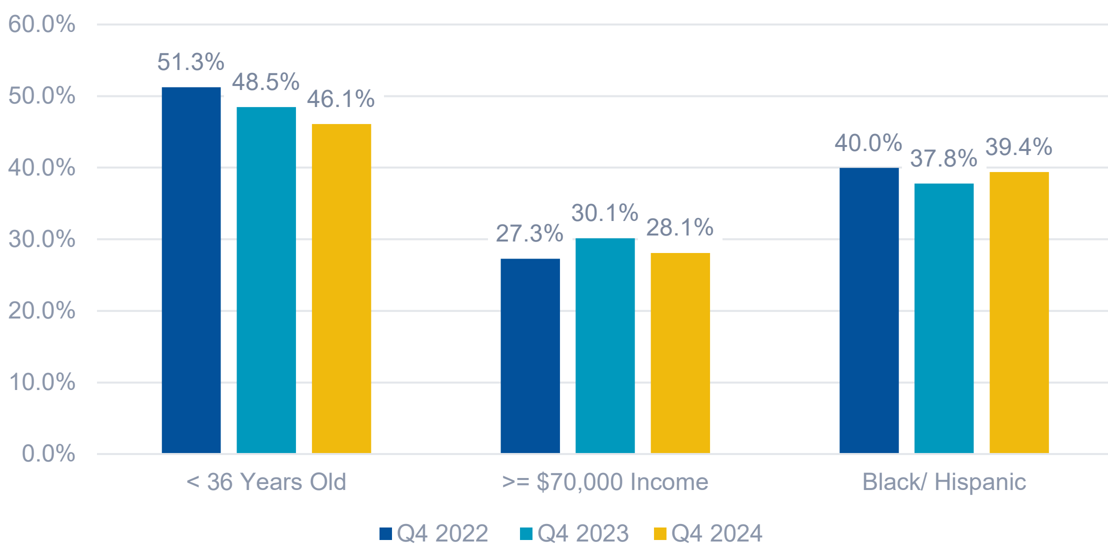
Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data

Figure 3 — Full Payment Status (Q4 2022, Q4 2023, and Q4 2024)



Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data

Figure 4 — Demographic Characteristics of Users (Q4 2022, Q4 2023, and Q4 2024)



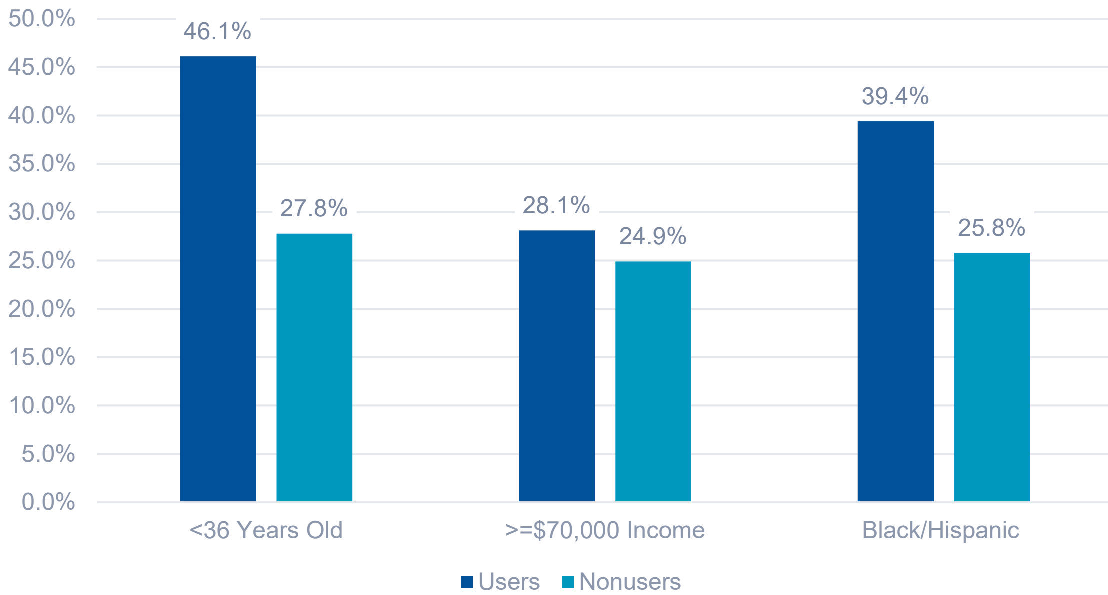
Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data

Figure 5 — Reasons for 4-in-6 Product Use

		2023 Surveys Combined	July 2024 Survey
Convenience/Preference	It is more convenient to use	29.3%	36.5%
	I just prefer to use it	24.2%	30.2%
Financial/Budget Management	I prefer to spread the cost over multiple, smaller payments		33.8%
	It allows me to make a big-ticket item purchase, which I otherwise couldn't afford		27.6%
	I don't like to add more credit card debt	21.4%	23.5%
	It costs less than other payment methods	16.5%	24.6%
Credit Constraint	It does not require a credit check	15.6%	18.0%
	I won't get approved for other types of credit	11.5%	13.8%
	I don't have a credit card	6.9%	10.6%

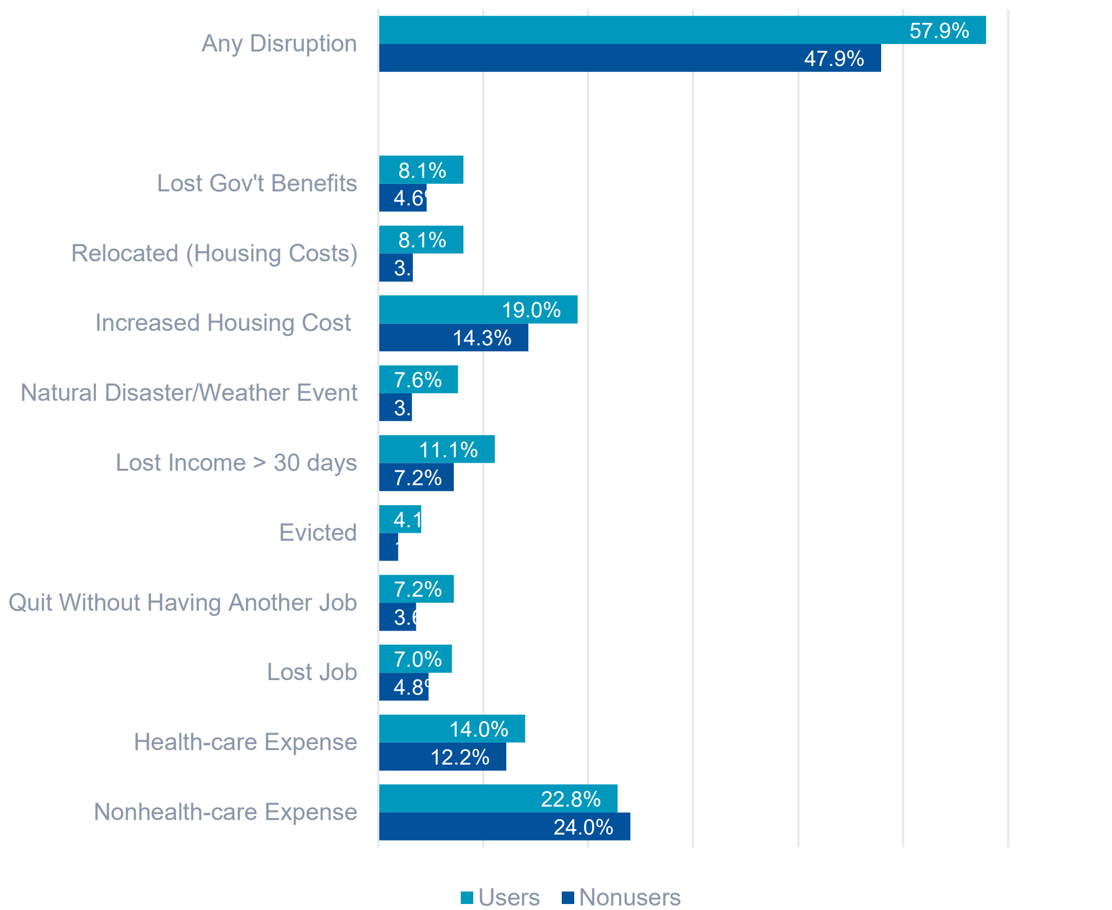
Note: The question related to reasons for using a 4-in-6 payment method was changed between the 2023 and 2024 data collection; results are presented side-by-side here, but specific comparison of 2024 data with prior results is not possible.
Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data

Figure 6 — Demographic Characteristics of Users and Nonusers (Q4 2024)



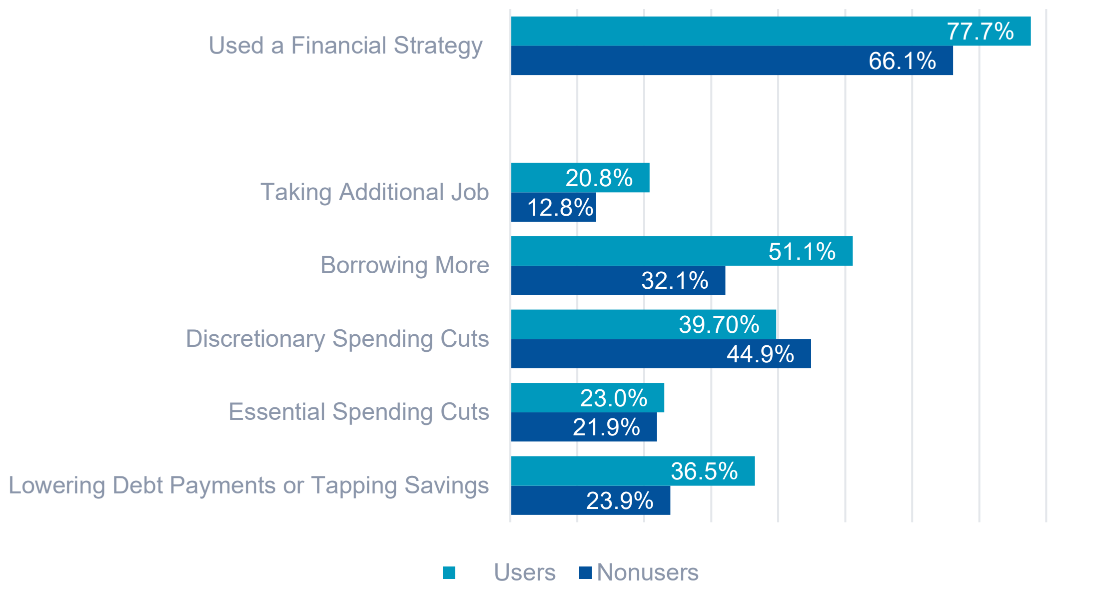
Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data

Figure 7 — Disruptions Experienced by Users and Nonusers (12 Months Before January 2025)



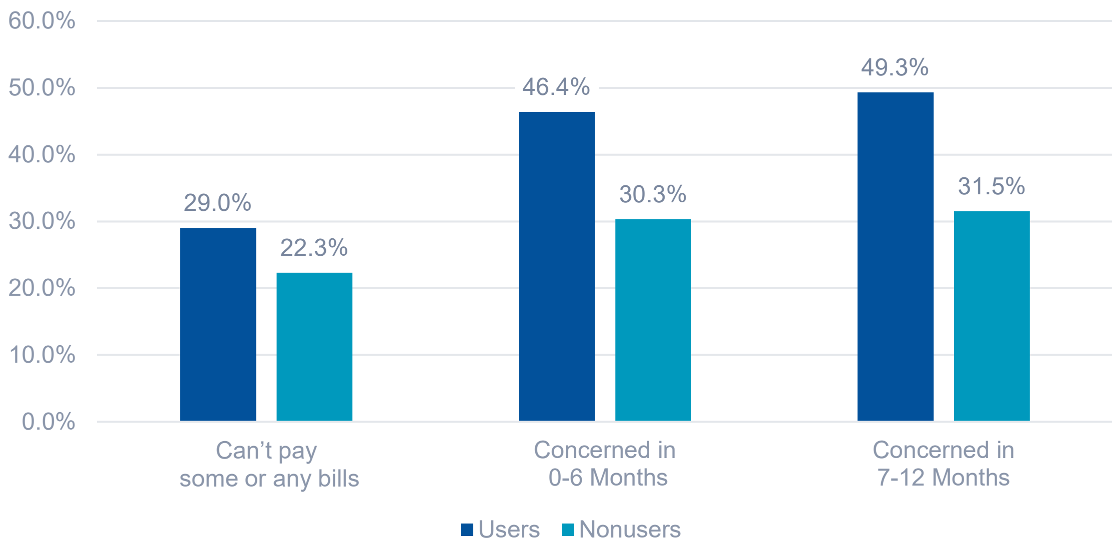
Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data

Figure 8 — Financial Coping Strategies Used by Users and Nonusers (12 Months Before January 2025)



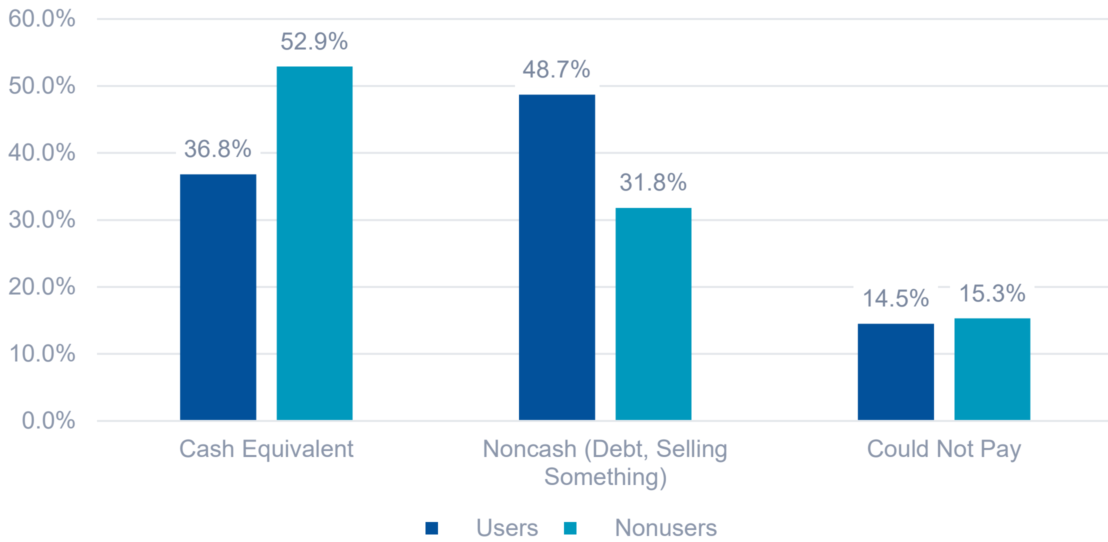
Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data

Figure 9 — Paying Bills and Making Ends Meet (as of January 2025)



Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data

Figure 10 — Method of Handling a $400 Expense (as of January 2025)



Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey data