

Clearpay customer profile

May 2021

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Commissioned by

clearpay 


accenture



Executive summary

Clearpay customers are more likely to be employed and have lower debt than the general population

- 78% of Clearpay consumers are female, with 59% of all consumers below the age of 35. In the past year, Clearpay has attracted a broader customer base, with 35-to-55 year olds the fastest growing age group.
- Clearpay consumers are more likely to be in employment than the general population. 70% of Clearpay consumers are in employment, compared to 62% of the general population.
- Clearpay customers have lower debt levels than the general population, with 20% lower personal liabilities.

Clearpay makes up a relatively small share of consumers' overall debt position, and Clearpay customers are more cautious with debt

- Buy now, pay later debt makes up less than 0.2% of the total debt position of Clearpay customers
- 97% of Clearpay payments incur no late fees and 45% of consumers make an early repayment; 95% of all purchases are made on debit
- Consumers are using Clearpay as an alternative to credit. 76% use their credit cards less after signing up to Clearpay, helping keep debts low
- Relative to the cost of credit cards, Clearpay saves customers £23 million in fees. Vulnerable consumers gain the most from switching from credit to Clearpay. The top 5% of credit card users by fees pay £99 in fees for every £100 of purchases, compared to only £9 on Clearpay

Clearpay is helping its customers to take control of their finances

- Revenue per customer has increased by 118% year on year, largely driven by a near-doubling of purchases per consumer
- 74% of consumers say that Clearpay helps with budgeting. 47% of customers say that the Clearpay payment option was essential to their purchase decision
- The average consumer values Clearpay at £17 per year, amounting to £26.7 million in consumer surplus.

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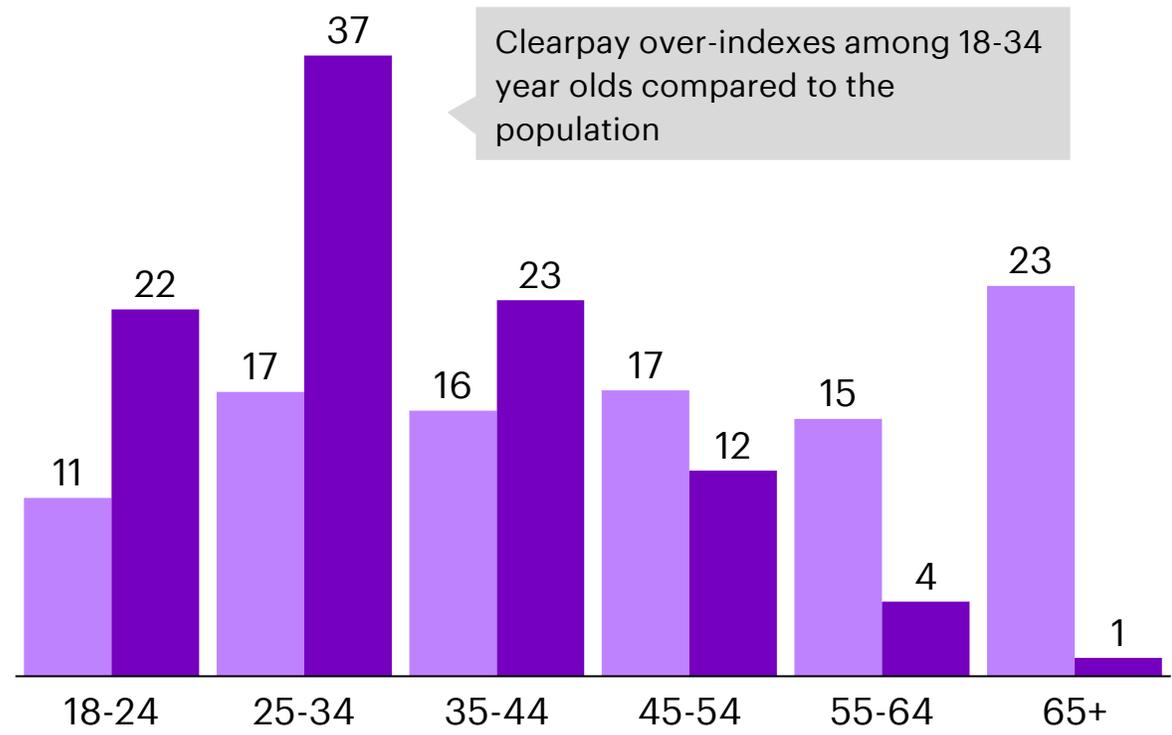
Clearpay customers are more likely to be employed and have lower debt than the general population

Clearpay has a broad range of consumers - with 18-to-34 year olds and females being over-indexed compared to the general population

General population Clearpay users

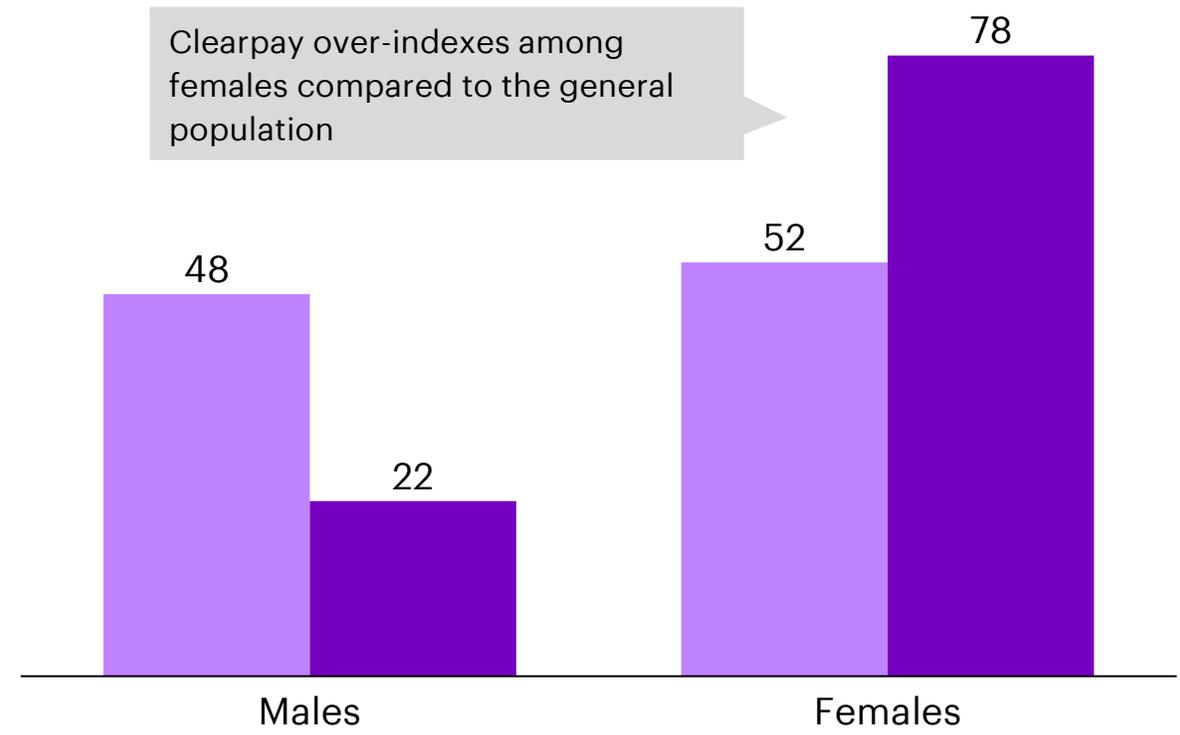
Clearpay customer age distribution vs. general population

% of 18+ population by age group



Adult population gender distribution

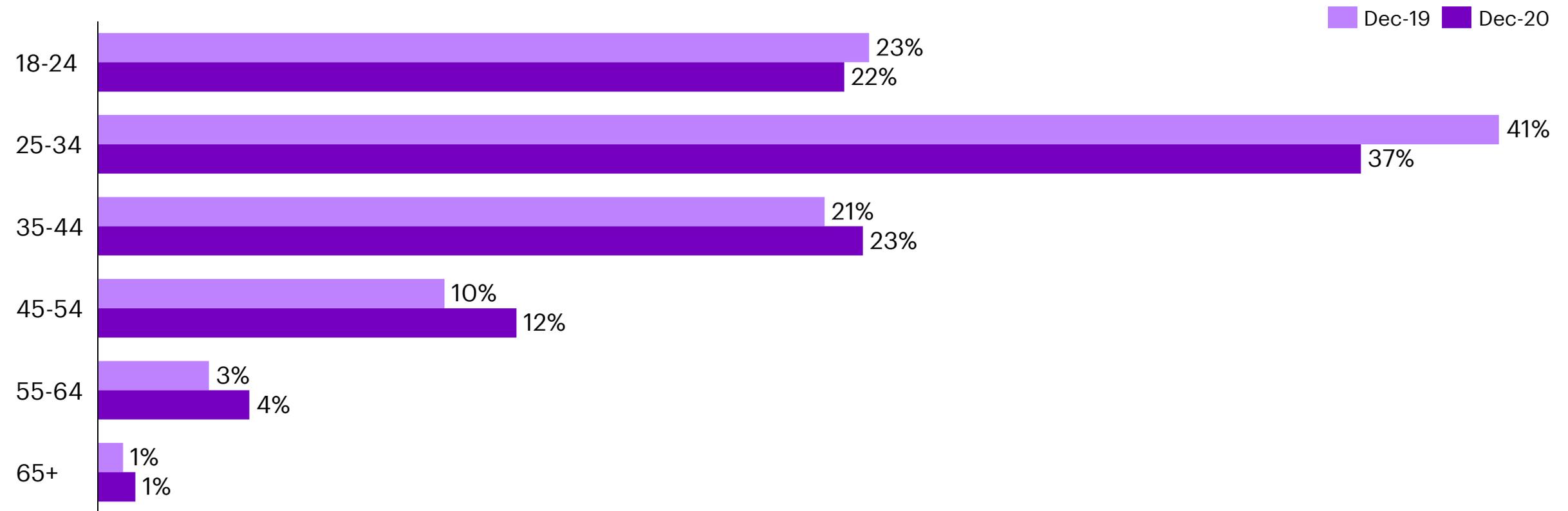
% of population by gender (2020)



As Clearpay has grown, it has attracted a broader customer base, with 35-to-54 year olds the fastest growing age groups

Clearpay customer age distribution

Age, % of 18+ population



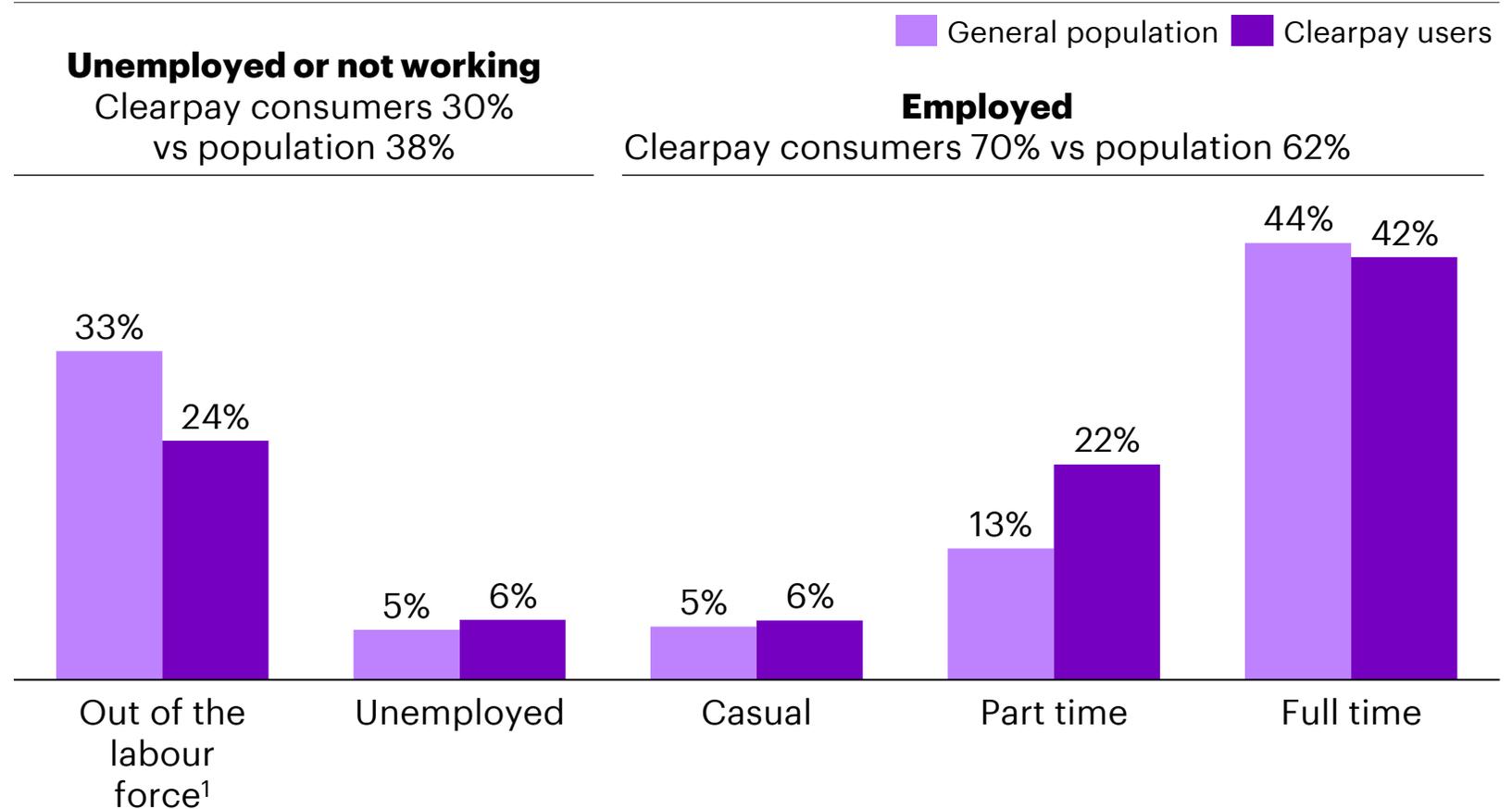
Clearpay consumers are more likely to be employed than the general population

64% of Clearpay consumers are in regular employment, full-time or part-time work – compared to 57% for the general population.

Only 24% of Clearpay consumers are out of the labour force compared to 33% of the general population.

Clearpay over-indexes among consumers in permanent employment

% of consumers and general populations by employment bracket



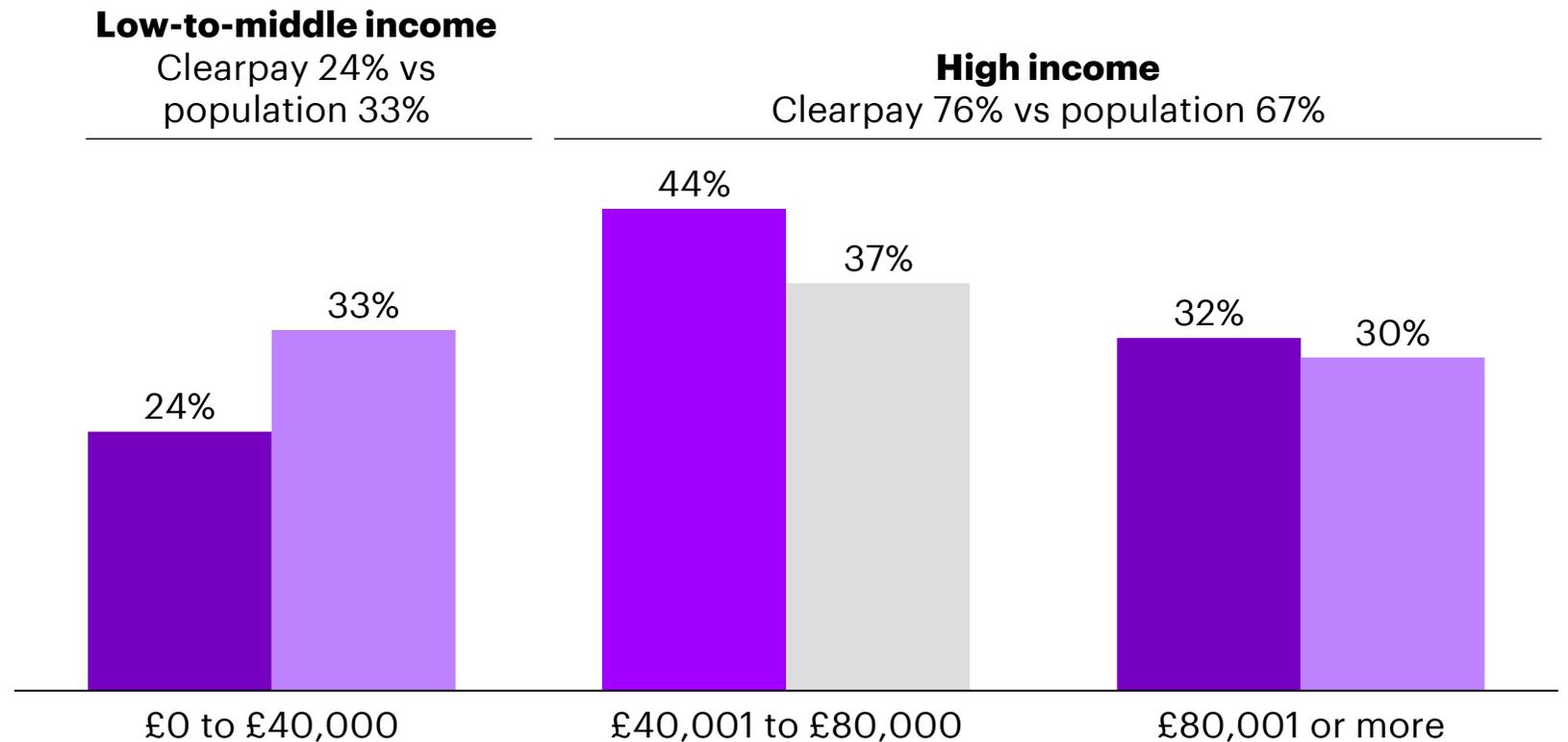
Clearpay customers have higher incomes than the general population

Clearpay has more consumers in high income brackets than the general population (76% of Clearpay customers vs 33% of the general population).¹

Also, only 24% of Clearpay consumers have a household income of £40,000 or less, compared to 33% of the general population.

Clearpay over-indexes high income Britons

% of customers and general population in each household income (before-tax) brackets, pre-COVID income



02

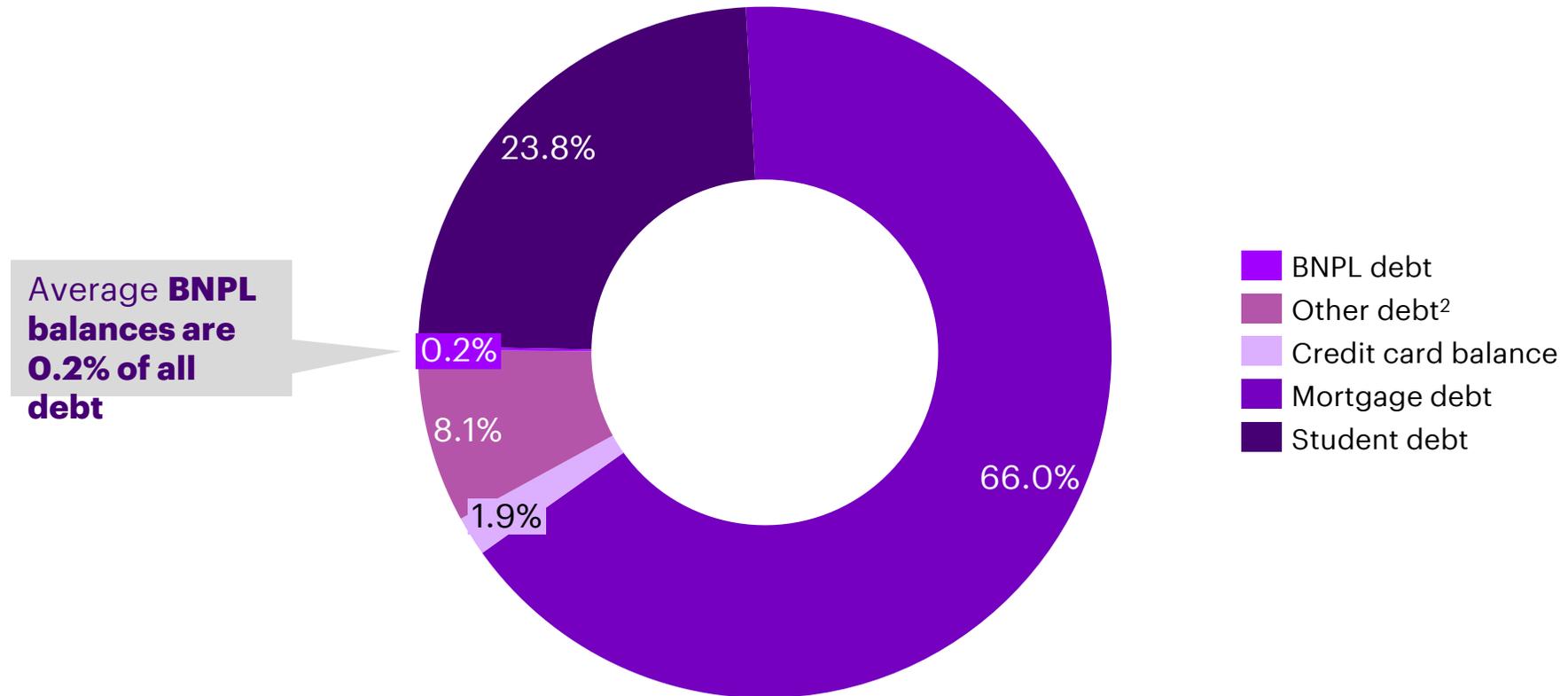


Clearpay makes up a relatively small share of consumers' overall debt position, and Clearpay customers are more cautious with debt

Clearpay makes up less than 0.2% of the total debt position of consumers

Composition of total debt for Clearpay consumers

% of responses (n=2,569)¹



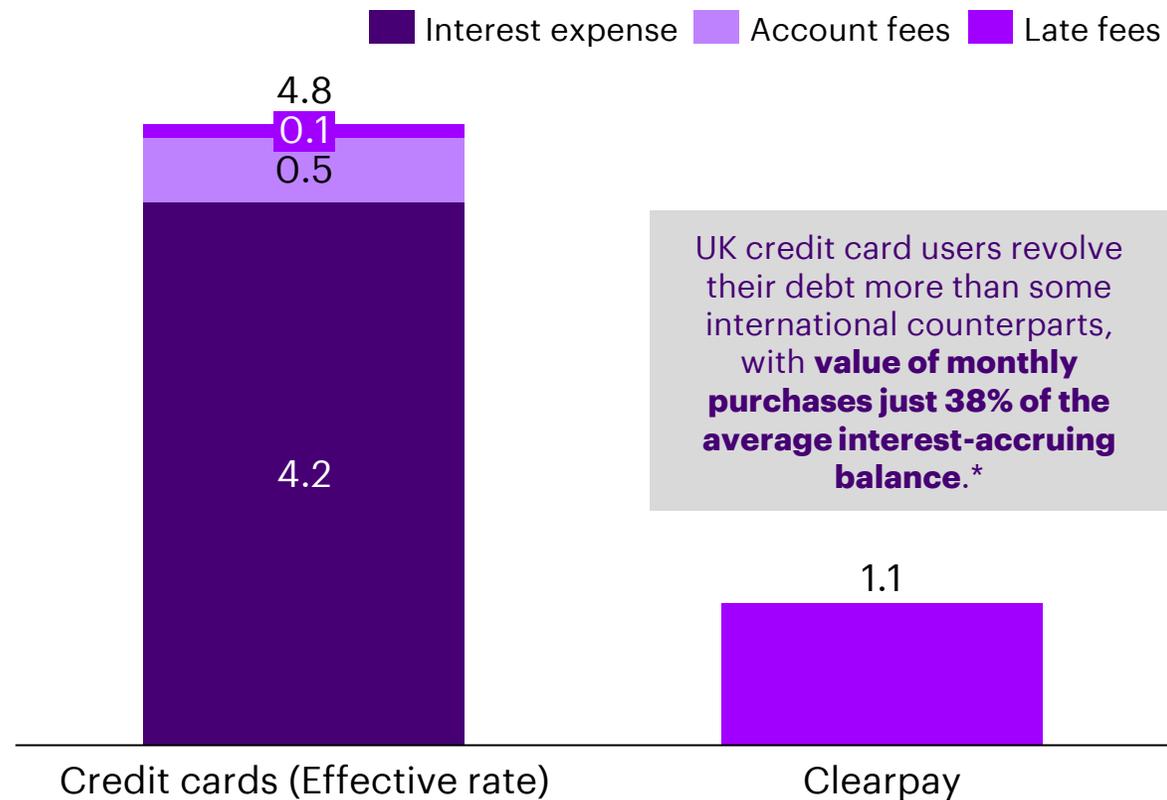
Source: Ipsos/I-view general population survey (2020/21); Accenture analysis.

Notes: 1. Minimum n=213 (general population with student loans), maximum n=2,569 (Clearpay consumers with BNPL debt). 2. Other debt includes overdue bills, personal loans, car loans and investment loans (e.g., property, stocks)

Relative to the cost of credit cards, Clearpay saves consumers £23 million in fees

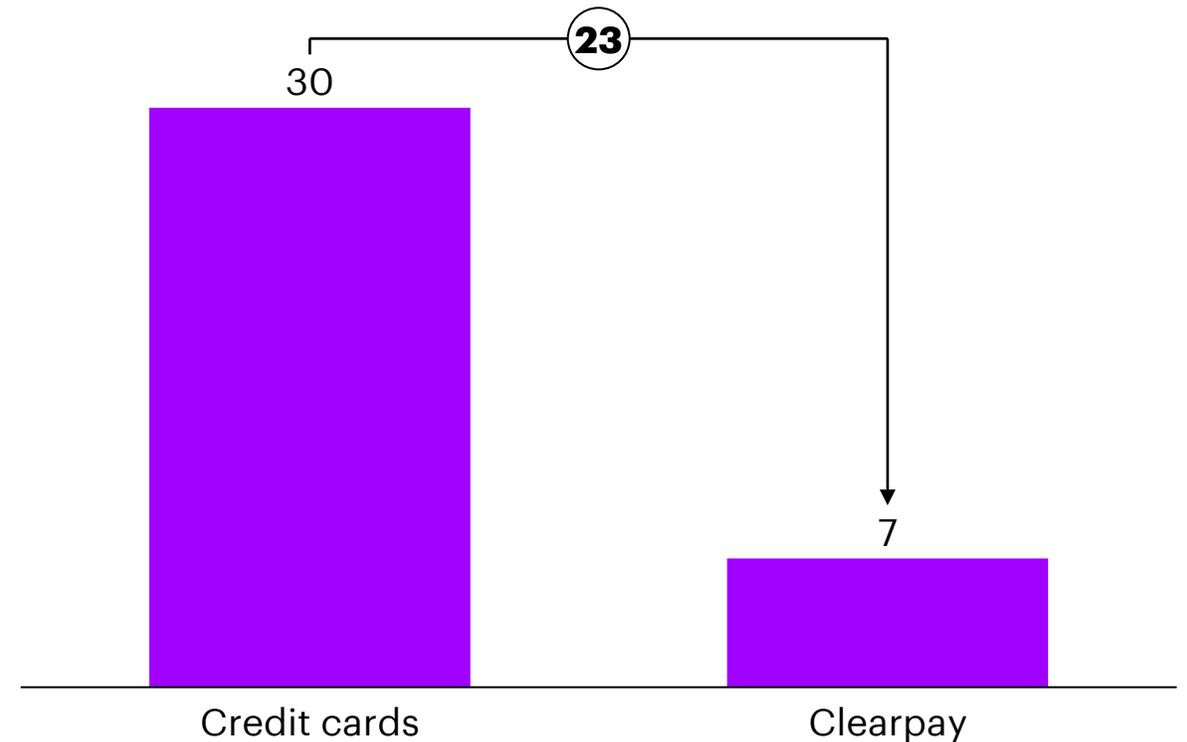
Fees on credit cards and Clearpay across all consumers

% of purchase value, 2020



Equivalent cost if all Clearpay sales were made on credit cards

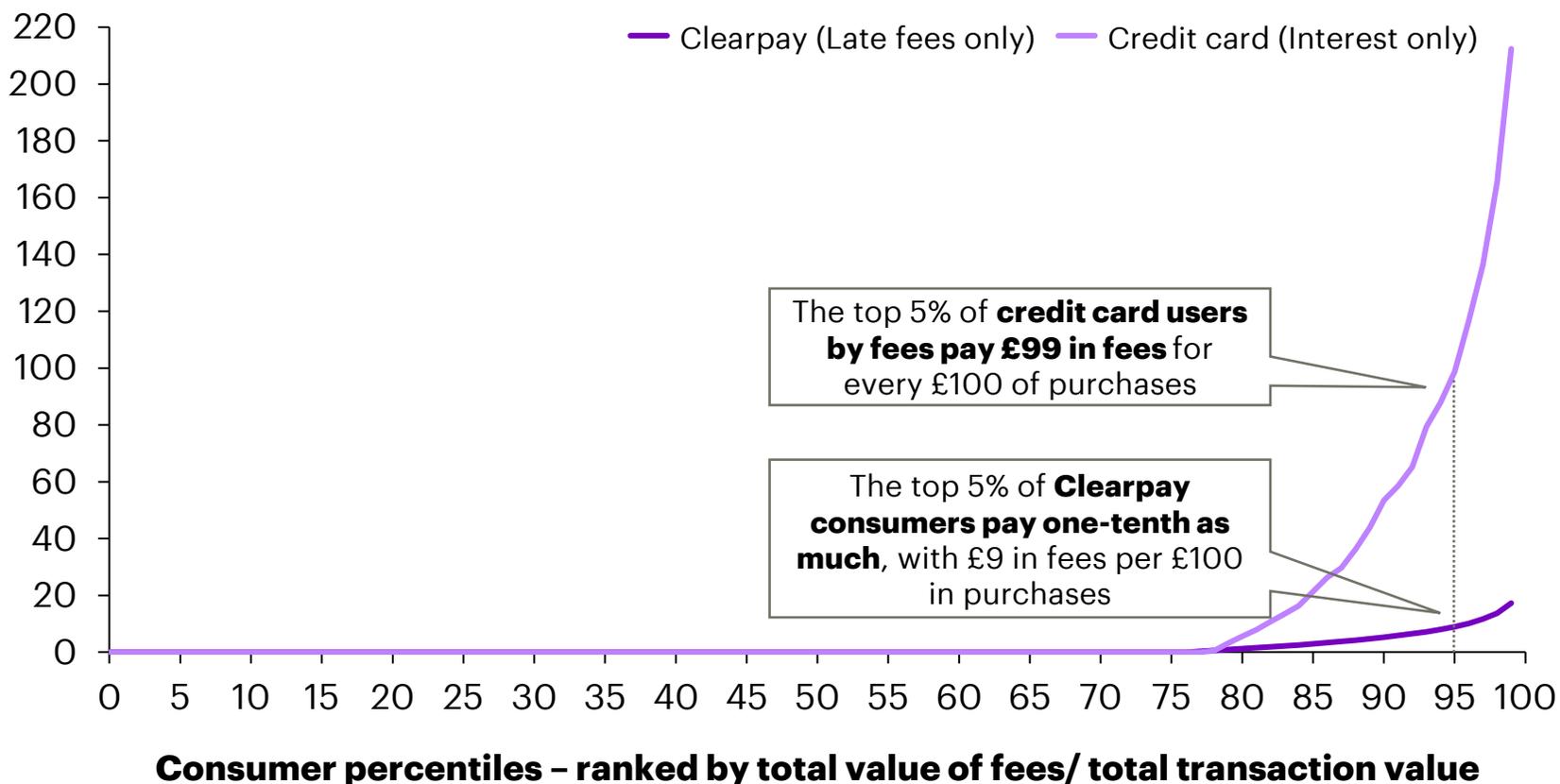
£ millions, 2020



Vulnerable consumers gain the most from switching from credit to Clearpay

Clearpay consumer fees vs. credit card user fees

Fees as a % of purchase value, latest data

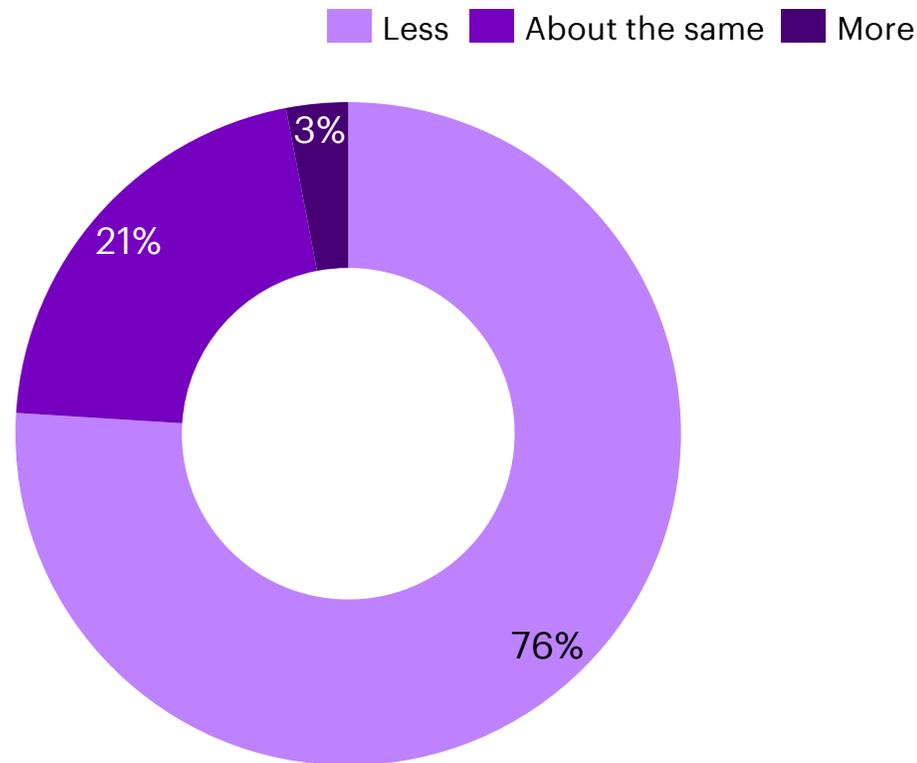


- Customers were ranked from 0-100 by fees paid as a percentage of their value of purchases.
- The results show that customers that do pay late fees pay up to a maximum of 17% of total purchase value.
- Credit card users in the UK have a high ratio of balances to purchases. When interest bears on those balances, it constitutes **a high ratio to purchase value, up to 212%** of transaction value.

Consumers are using Clearpay as an alternative to credit. 76% use their credit cards less after signing up to Clearpay, helping keep debts low

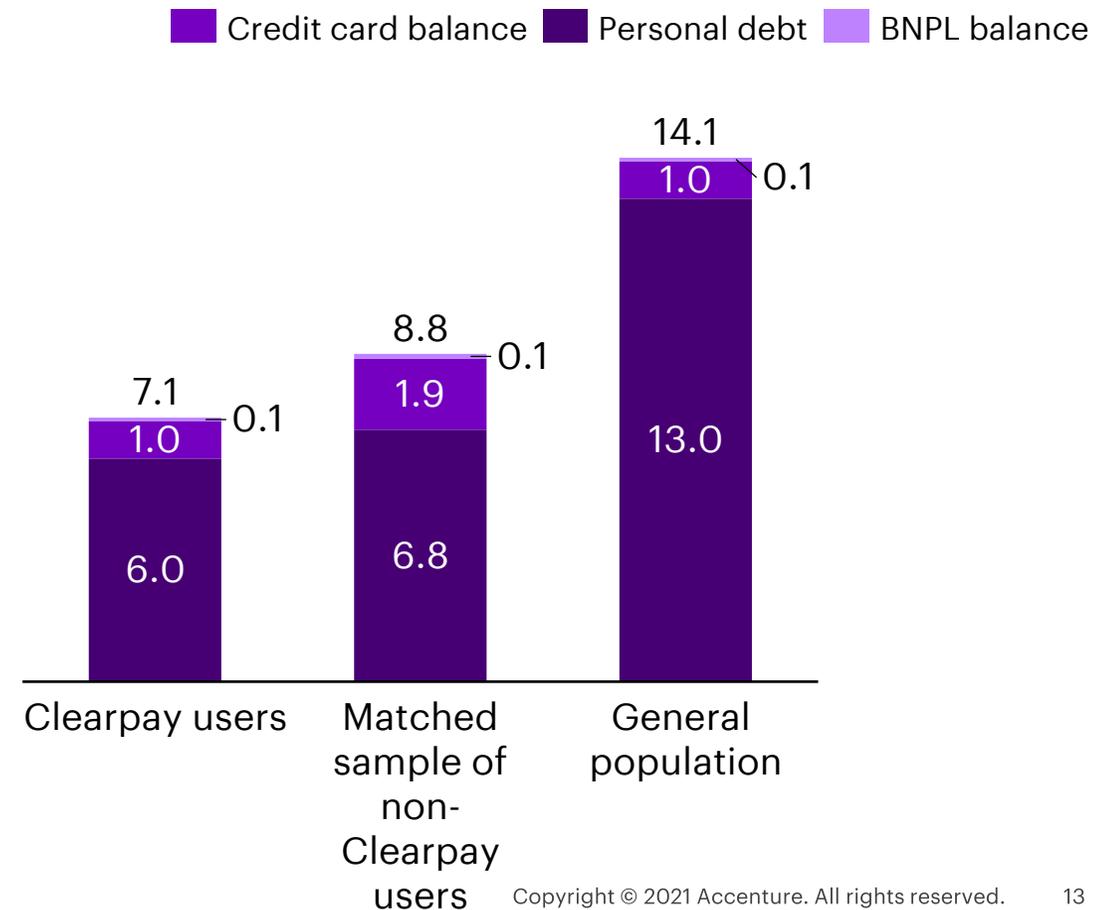
Use of credit cards declines after signing up to Clearpay¹

% of responses, Jan-21



Clearpay consumers have lower personal liabilities

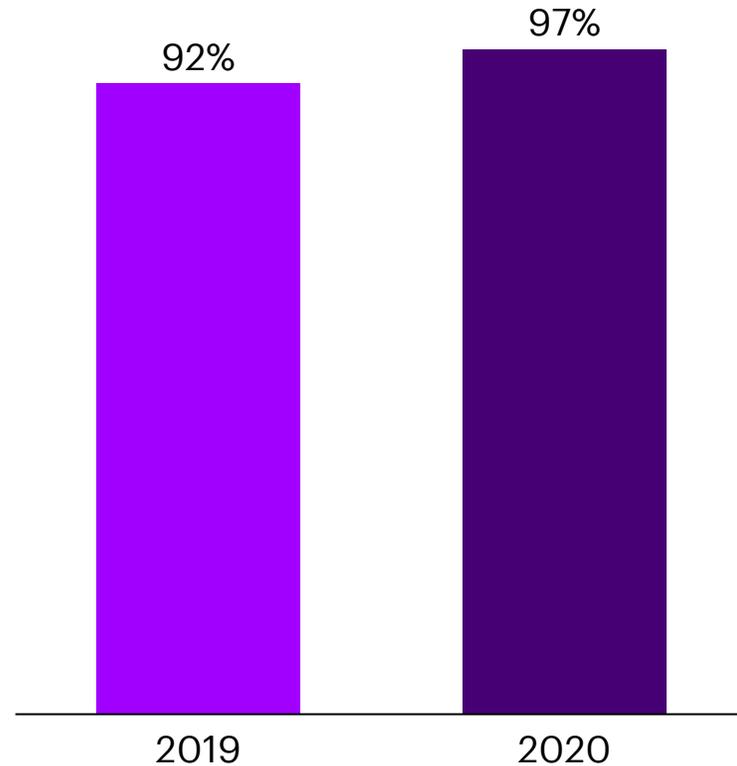
£000s, Jan-21



97% of payments incur no late and 45% of consumers make an early repayment. 95% of all purchases are made on debit

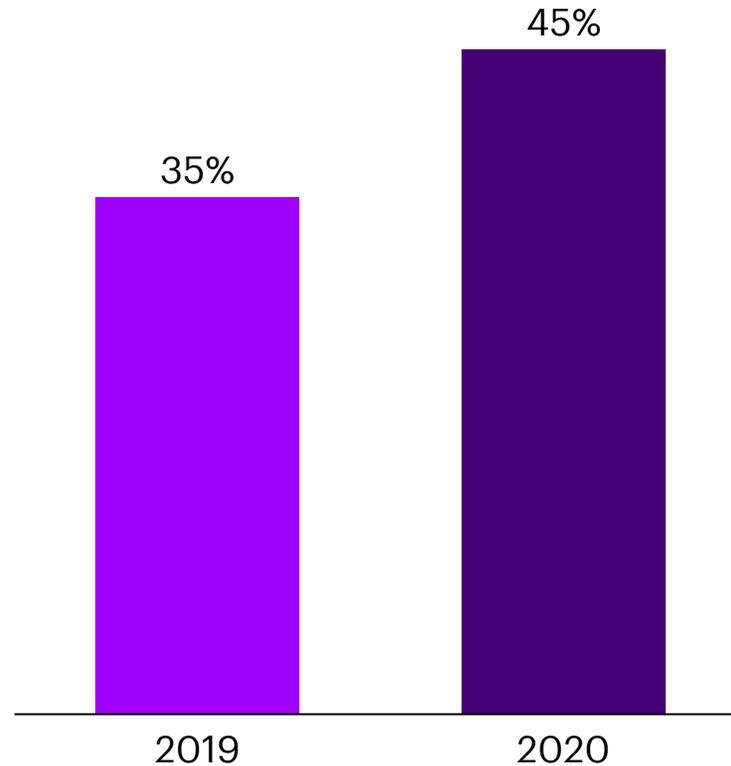
Total Payments

% of payments on-time or early, 2019 & 2020



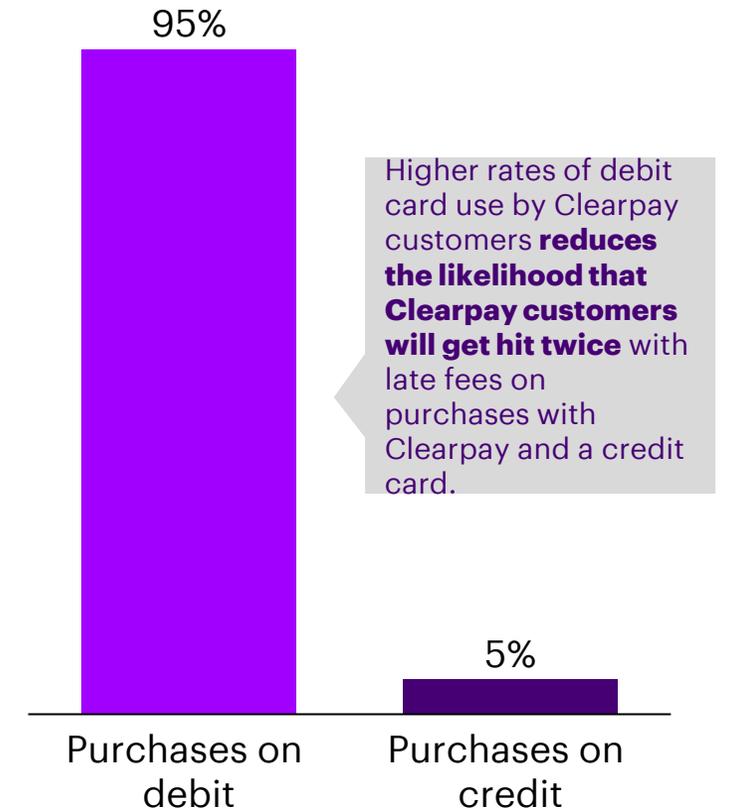
Early repayments

% of consumers paying early, 2019 & 2020



Purchases on debit

% of payments in value, 2020



Higher rates of debit card use by Clearpay customers **reduces the likelihood that Clearpay customers will get hit twice** with late fees on purchases with Clearpay and a credit card.

03

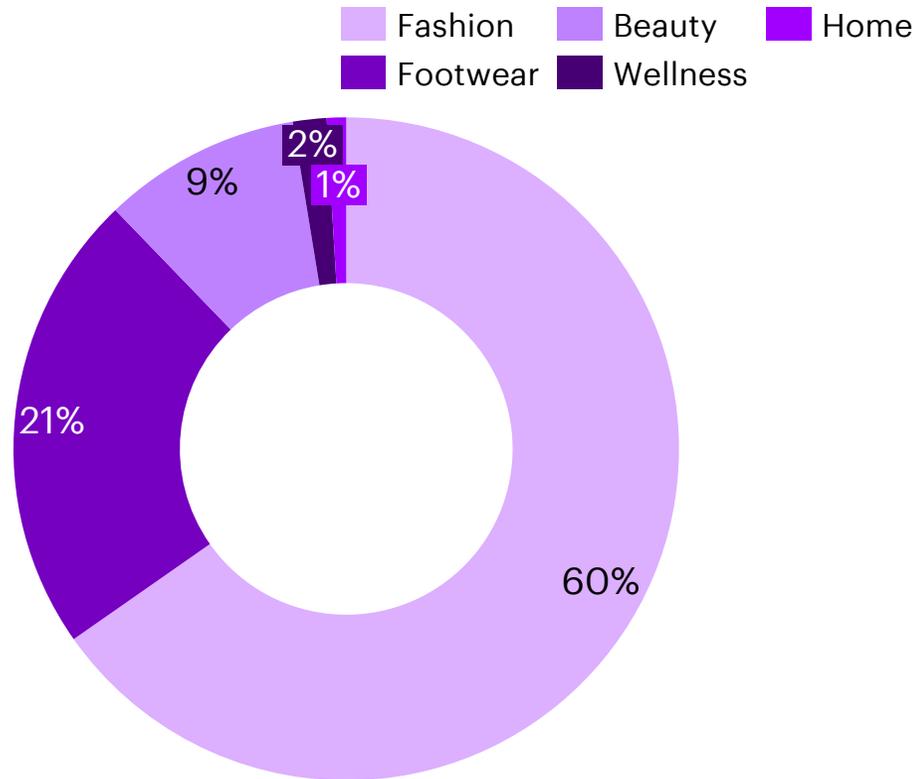


**Clearpay is helping its customers
take control of their finances**

Clearpay customers primarily purchase medium-sized fashion purchases

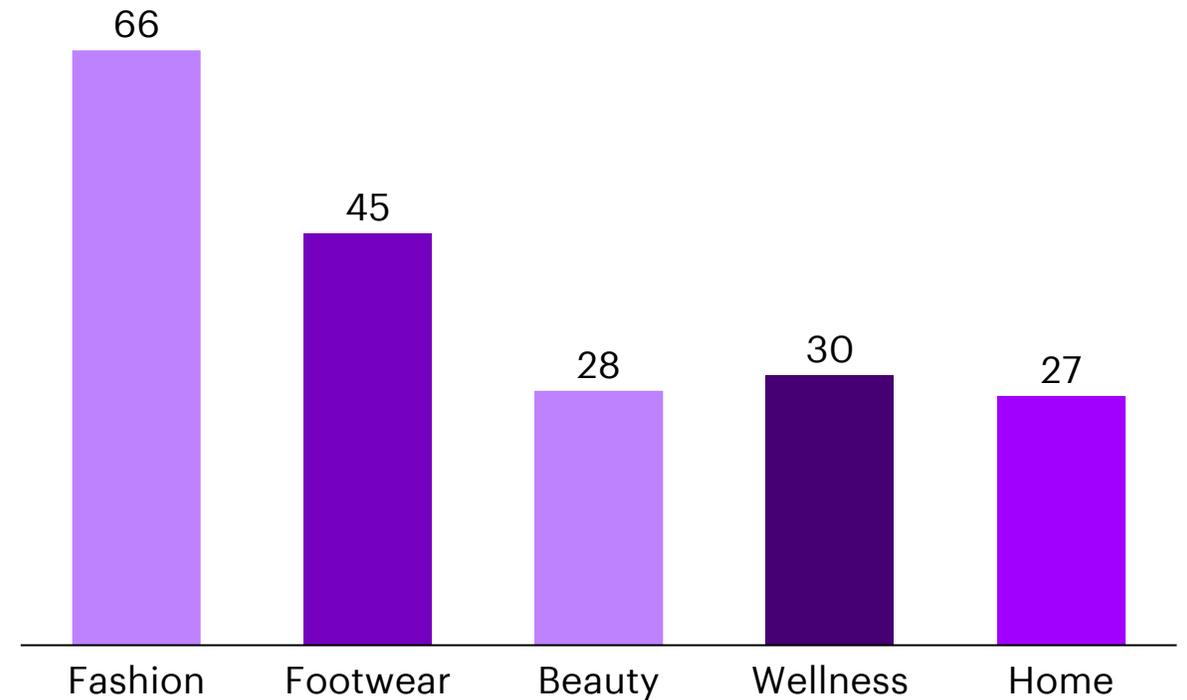
Share of spending by category

% of total spend, 2020 calendar year



Average order value by category

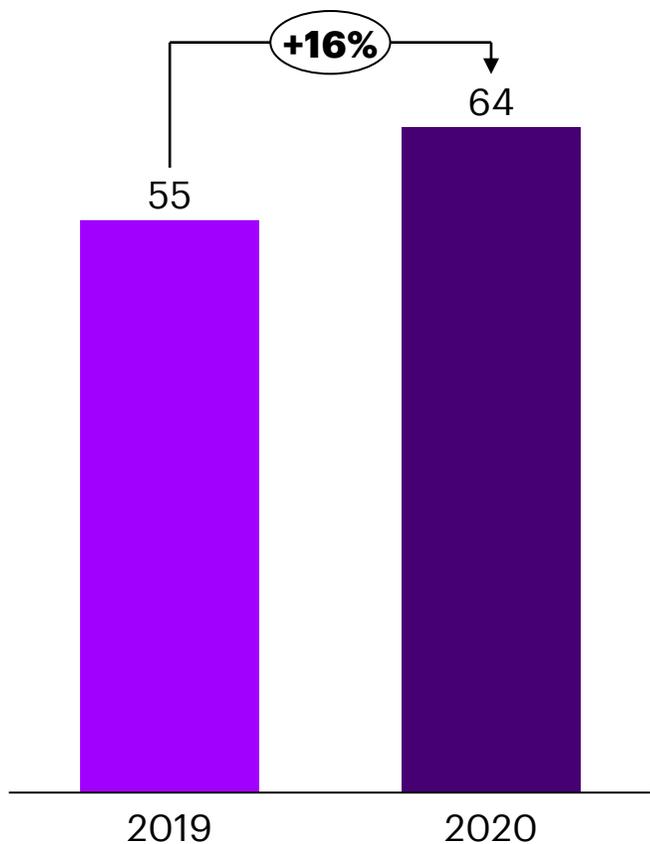
£, 2020 calendar year



Revenue per customer has increased by 118% year on year, largely driven by a near-doubling of purchases per consumer

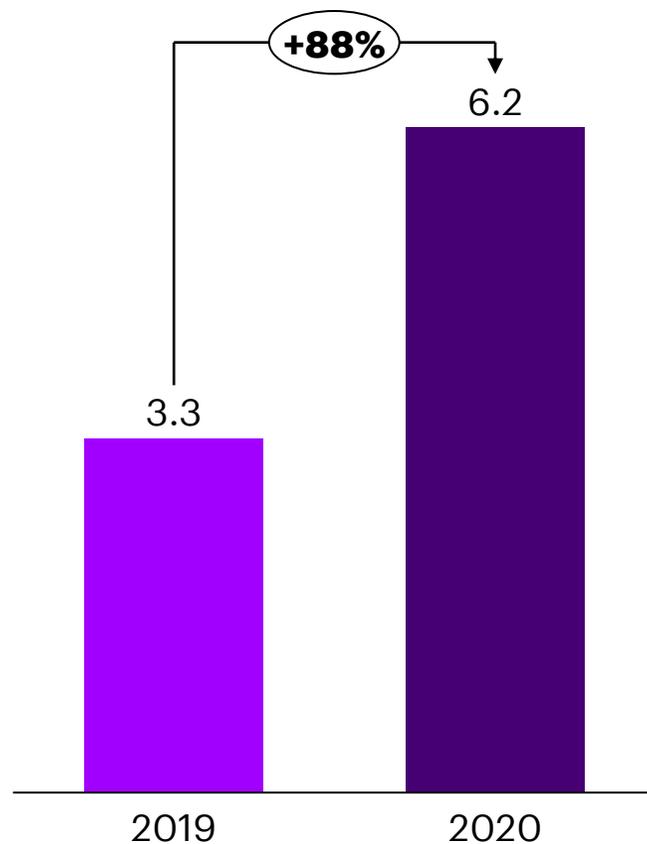
Average order value

£, year ending 2019 and 2020



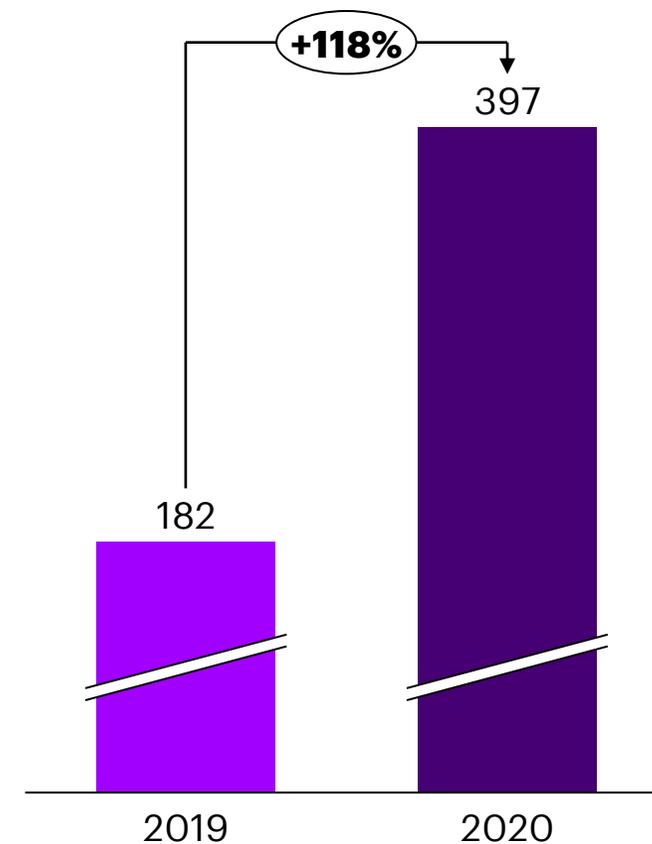
Average purchases per consumer

#, year ending 2019 and 2020



Average revenue per customer

£, year ending 2019 and 2020



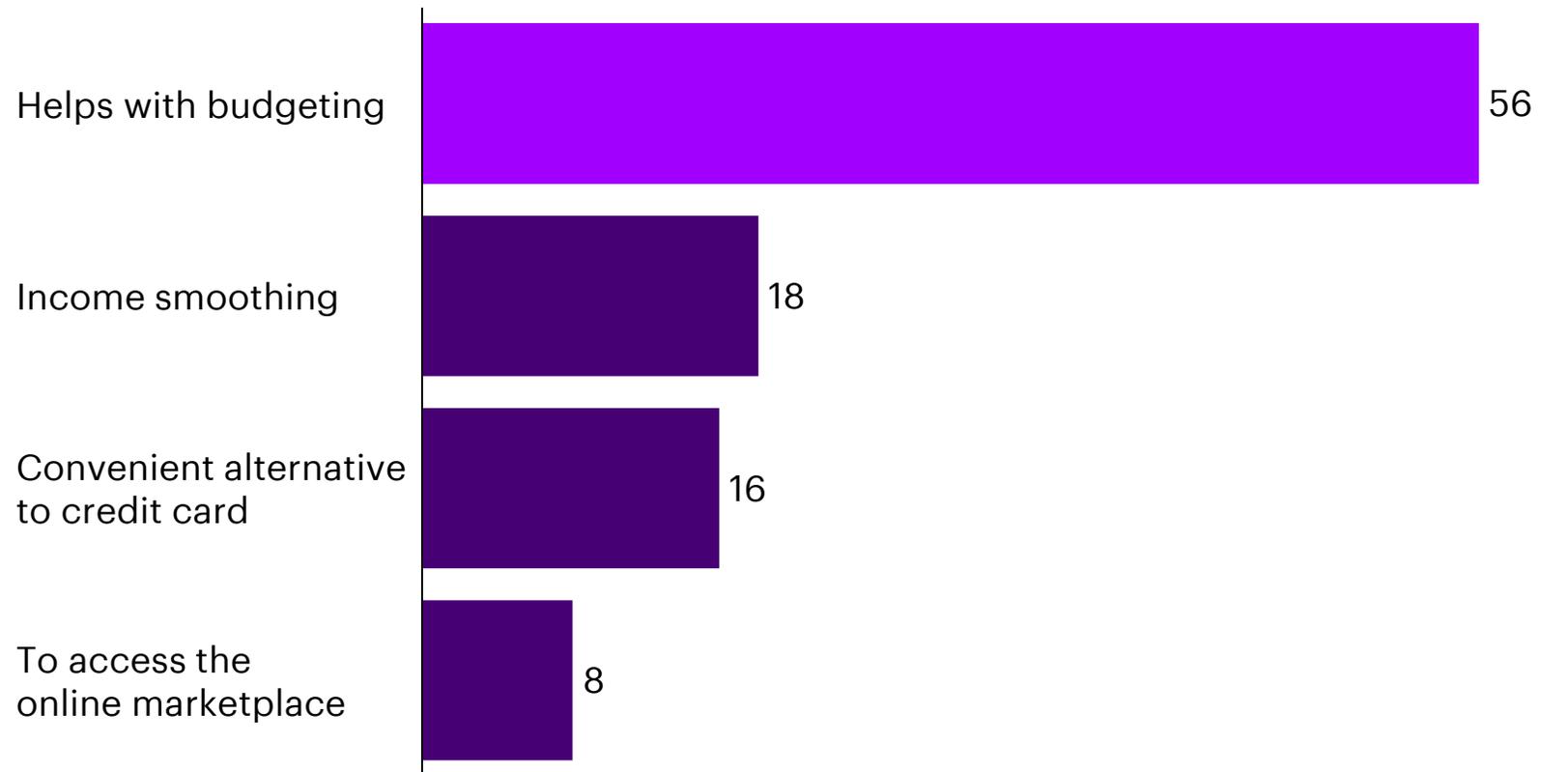
56% of consumers say that they use Clearpay to help with budgeting

If the COVID-19 crisis causes consumers to be permanently more budget conscious, Clearpay is a tool that will help them.

Also, Clearpay is used by consumers who prefer not to use expensive payment methods such as credit card.

Customer survey response: 'top 3 reasons why you use Clearpay'

% of responses, Jan 2021



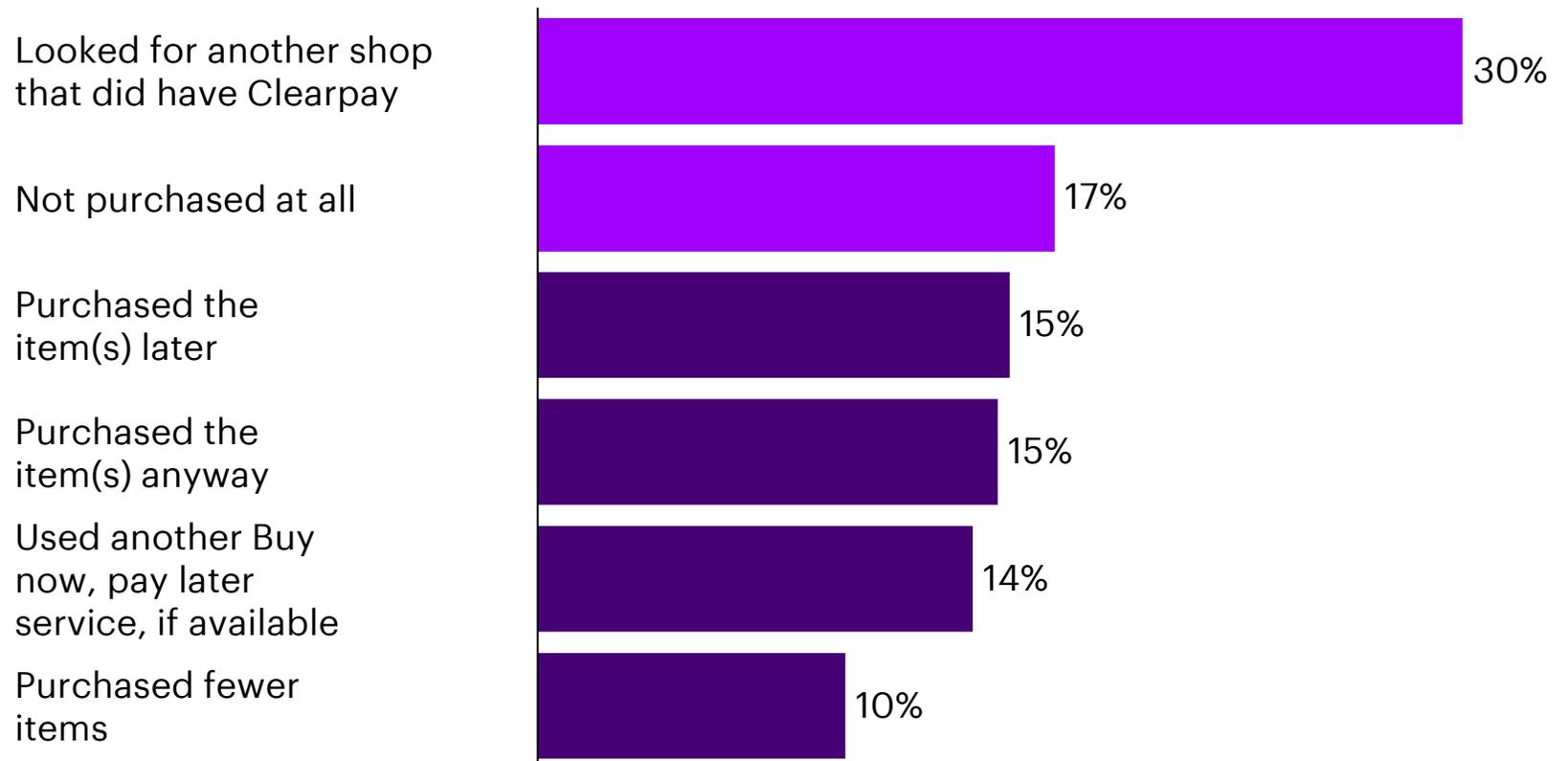
47% of customers say they would have looked for another store that did have Clearpay or not purchased

The survey results show that consumers value the availability of Clearpay due to the utility it provides them. Only 15% of purchases would have been made (with the same order basket) at the merchant store without Clearpay, indicating low cannibalisation.

However, Clearpay consumers are prudent with their finances. 74% of consumers would have purchased an item at a different store or using other methods.

Customer survey response: Clearpay unavailable for previous order

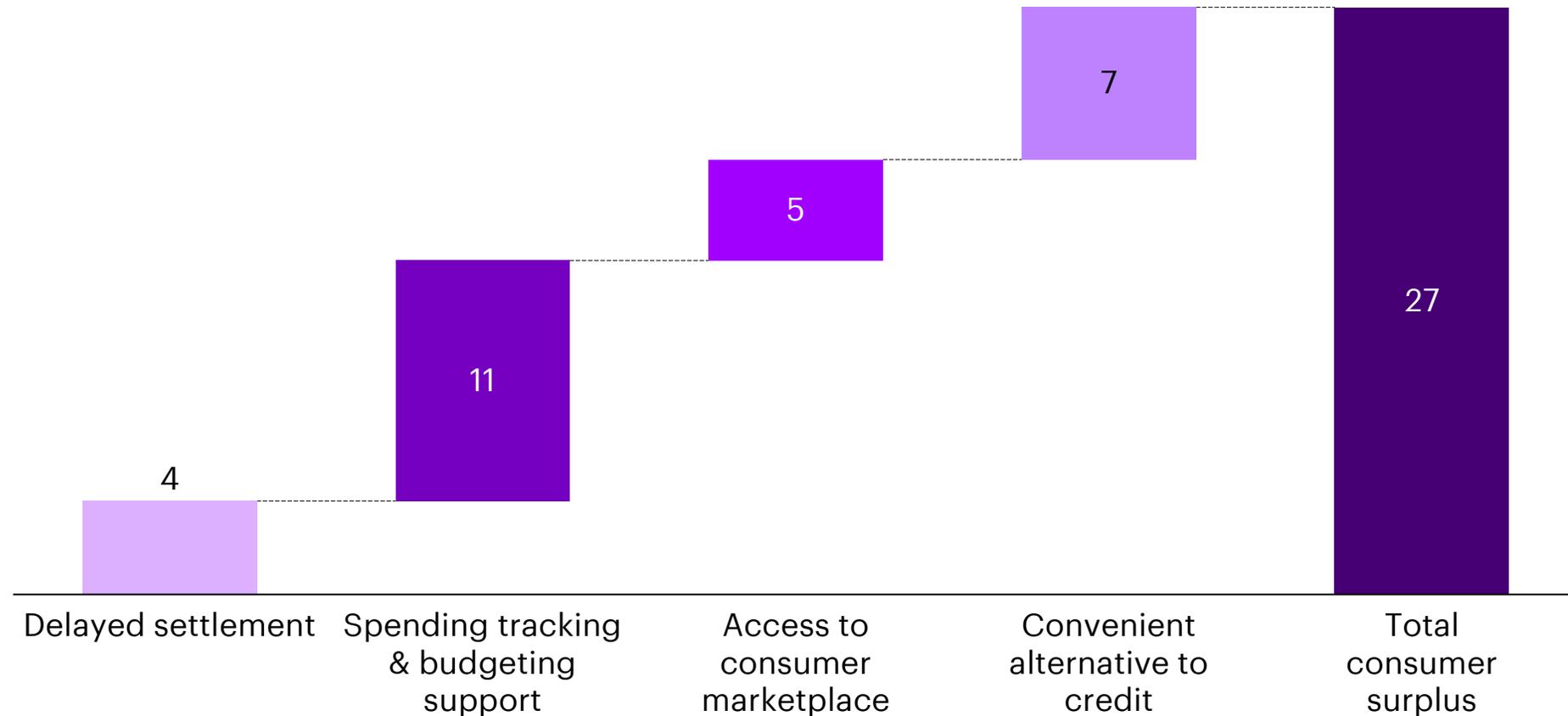
% of responses, Jan 2021



Clearpay delivers £27 million in consumer surplus as a financial management tool and an alternative to credit

Consumer benefits of Clearpay

£m, 2020



From survey responses, the average consumer **values Clearpay at £17 per year**, amounting to £26.7 million in consumer surplus across the 1.6 million customer base.



Source: Ipsos surveys of Clearpay consumers and general population, n=2,622.
Notes: Responses to 'How important is this reason' ranged from 'Not at all' to 'Very important', and were assigned a score. The distribution of scores across the derived figure for consumer surplus gives a value for the surplus derived for each reason.

04



Appendix

Three major data sources were used in this analysis

Ipsos/I-view Panel Survey

- Fieldwork in January 2021
- Commissioned by Accenture on behalf of Clearpay
- 1,539 total respondents
- Matched sample to age, location and gender characteristics
- Data on spending, savings and budgeting

Ipsos/I-view Survey of Clearpay customers

- Fieldwork in February 2021
- Commissioned by Accenture on behalf of Clearpay
- Respondents from n=50,000 random sample of consumer e-mails
- 2,611 total respondents
- Data on spending, savings and budgeting

Clearpay transaction data

- Transaction and late fee data
- Directly tracks spending amounts, dates, categories, payment methods, fees and returns
- 2019 and 2020 data used

Full citation of additional data sources:

Understanding Society – University of Essex. Institute for Social and Economic Research, NatCen Social Research and Kantar Public, [producers]: Understanding Society: Waves 1-7, 2009-2016 and harmonised British Household Panel Survey: Waves 1-18 [computer file]. 9th Edition. Colchester, Essex: UK Data Service [distributor], November 2017. SN: 6614, <http://dx.doi.org/10.5255/UKDA-SN-6614-8>. <http://dx.doi.org/10.5255/UKDA-SN-6614-9>.

Card Spending Update - UK Finance (Oct 2020, released Jan 2021) [url = https://www.ukfinance.org.uk/sites/default/files/uploads/Data%20\(XLS%20and%20PDF\)/Card-Spending-Update-October-2020-final.pdf](https://www.ukfinance.org.uk/sites/default/files/uploads/Data%20(XLS%20and%20PDF)/Card-Spending-Update-October-2020-final.pdf)

Bank of England Bankstat tables (CFMZ61R), released Feb 2021; Clearpay late fees data 2020., [url= https://www.bankofengland.co.uk/boeapps/database/](https://www.bankofengland.co.uk/boeapps/database/)

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