

Myth-busting BNPL

How shoppers
use Tabby

Tabby Business

Methodology

Critics often argue that BNPL services promote irresponsible spending habits by making it easier for consumers to indulge in impulse discretionary purchases. It's a coherent concern, but is it true? In this report we find out by studying BNPL spending data and survey responses.

Discretionary spending is purchasing beyond a consumer's normal spending habits. When exercising financial caution and sensible saving, it's healthy for shoppers to indulge in a limited level of discretionary spending.

This aims to explore whether BNPL encourages impulse discretionary spending or is used as an important money management tool for essential shopping needs.

Data sources



Tabby spending sub-categories were split into essential or discretionary.

Undefinable categories were not included in the study.



2,523 survey responses from Tabby shoppers.

57% from UAE based consumers and 43% from Saudi Arabia.

Essential spending



Insurance



Appliances



Healthcare



Maternity and baby gear



Groceries

Discretionary spending



Designer clothes



Watches



Perfumes & Oud



High end electronics



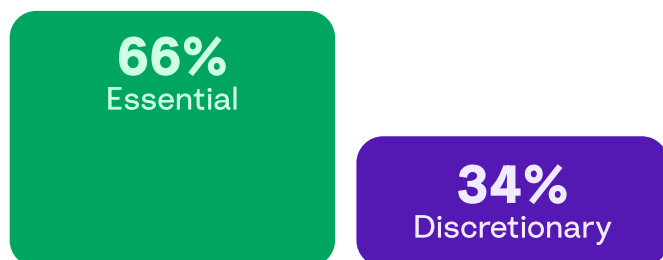
Jewellery

Essential orders double discretionary

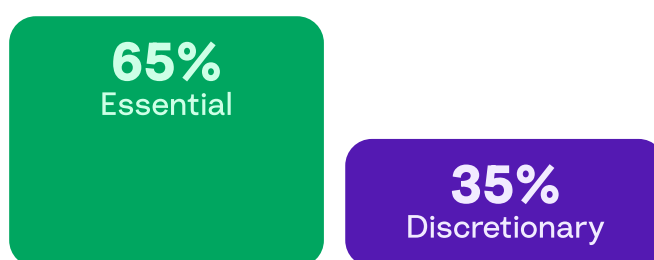
When consumers first use BNPL, they are twice as likely to use it for essential purchases compared to discretionary items. But could BNPL be first used for essentials then later entice discretionary purchases? The data suggests not, as essential spending maintains the same share of 66% over discretionary purchases when looking at total orders

For both first time purchases and total orders, there are significantly more essential orders than discretionary. For the majority of people, BNPL is used to maintain a standard of living, not impulsive spending.

First orders



Total orders



Average Order Value



BNPL isn't just a way to buy essential items. It's a necessary tool for a significant proportion of shoppers. For them it's a vital way to purchase essential items.

TOP 3 Essential Categories

-  Food & groceries
-  Travel & transport
-  Medical clinics

BNPL use for essentials is increasing

To understand if these results are consistent with the attitudes of BNPL users, we conducted an extensive qualitative study.

It's clear that shoppers are planning to use BNPL more for essential purchases in 2024. Consumers look to BNPL not as a tool for impulsive discretionary buying, but for financial planning.

There is no statistically significant trend when the results are analysed by age or gender. The vast majority of all demographics plan to use BNPL more on essential shopping this year.

Do you plan to use Tabby on essential shopping more in 2024?

2000

1000

0

77%

17%

3%

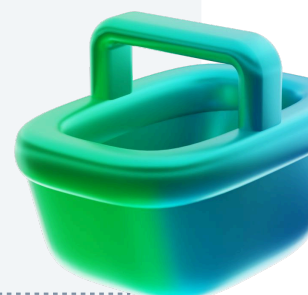
2%

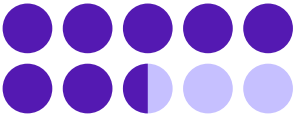
Definitely

Likely

Not likely

Definitely not



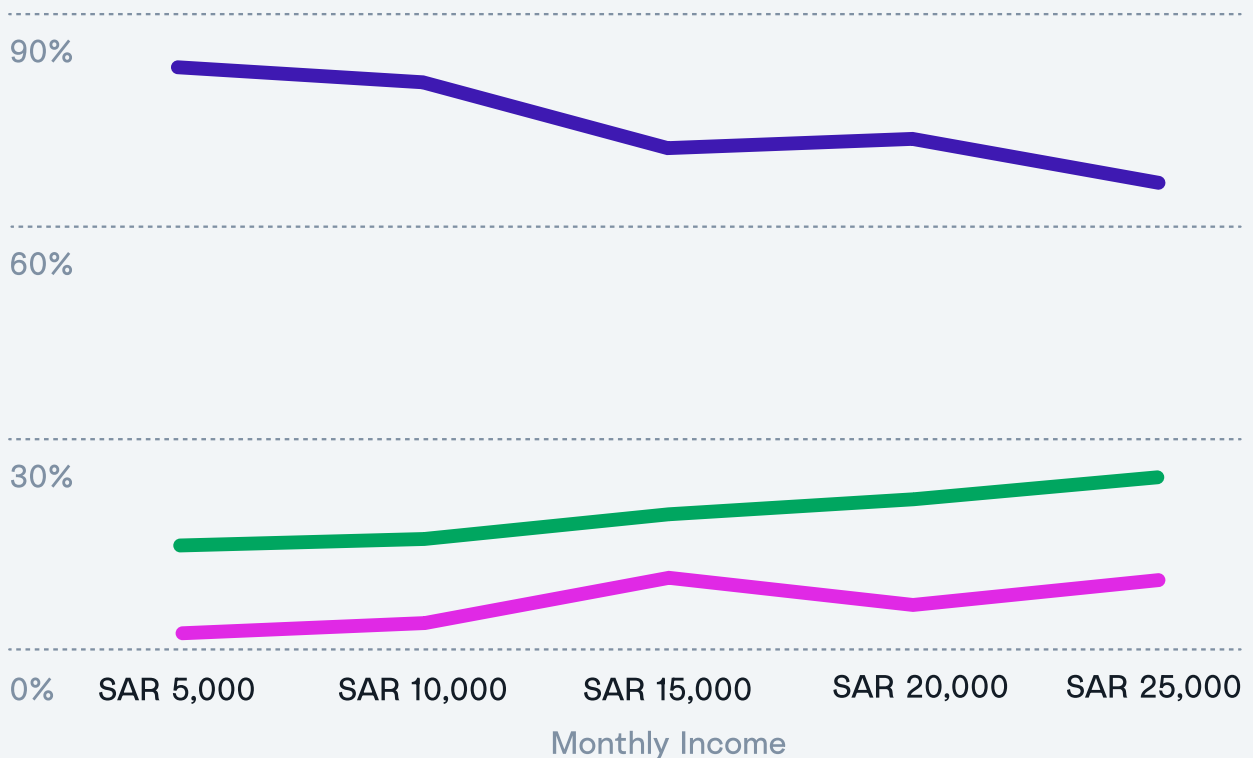
77% 

of Tabby shoppers plan to use BNPL more on essential shopping this year.

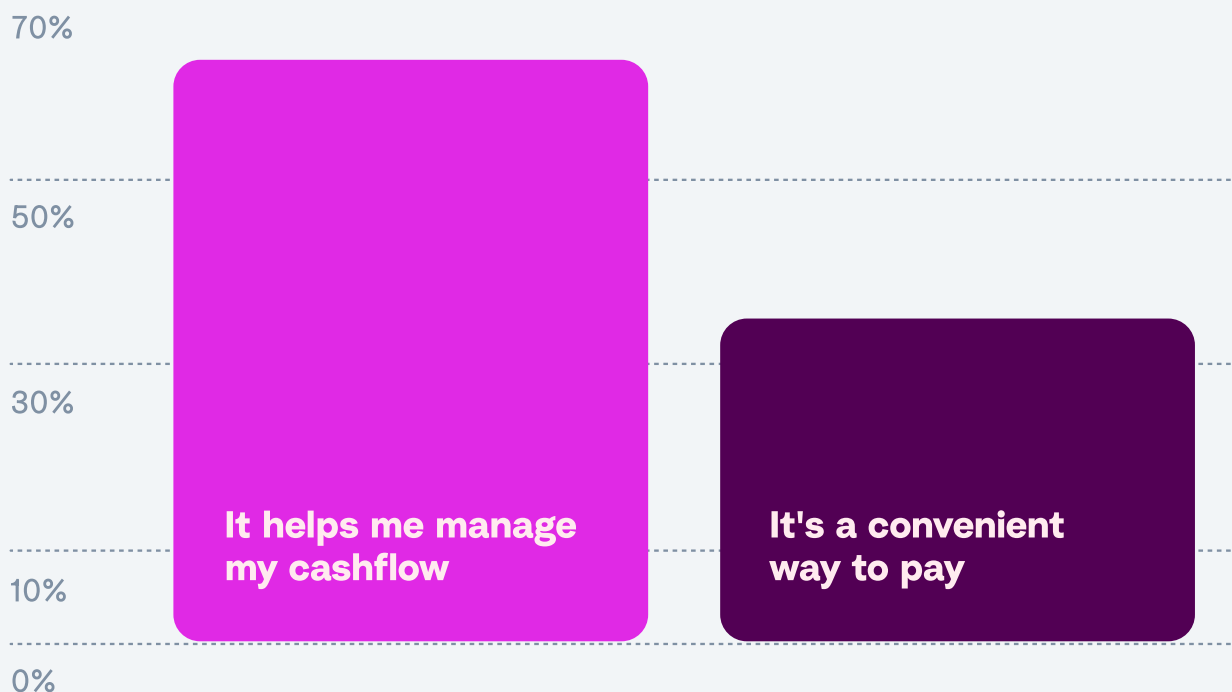
Lower-income shoppers are planning to use BNPL more for essentials in 2024. Planned discretionary spending, although still low, is skewed towards higher earners.

Lower income shoppers in particular use BNPL as a financial tool for essential spending, rather than a way to indulge on impulsive spending.

Do you plan to use Tabby on essential shopping more in 2024?



Why will you use Tabby more on essential shopping this year?



The survey asked respondents why they plan to use BNPL so much on essential spending. Either to help them manage their cashflow, or because it's a convenient way to pay.

64% of consumers use BNPL to manage their cashflow, with the other 36% citing convenience.

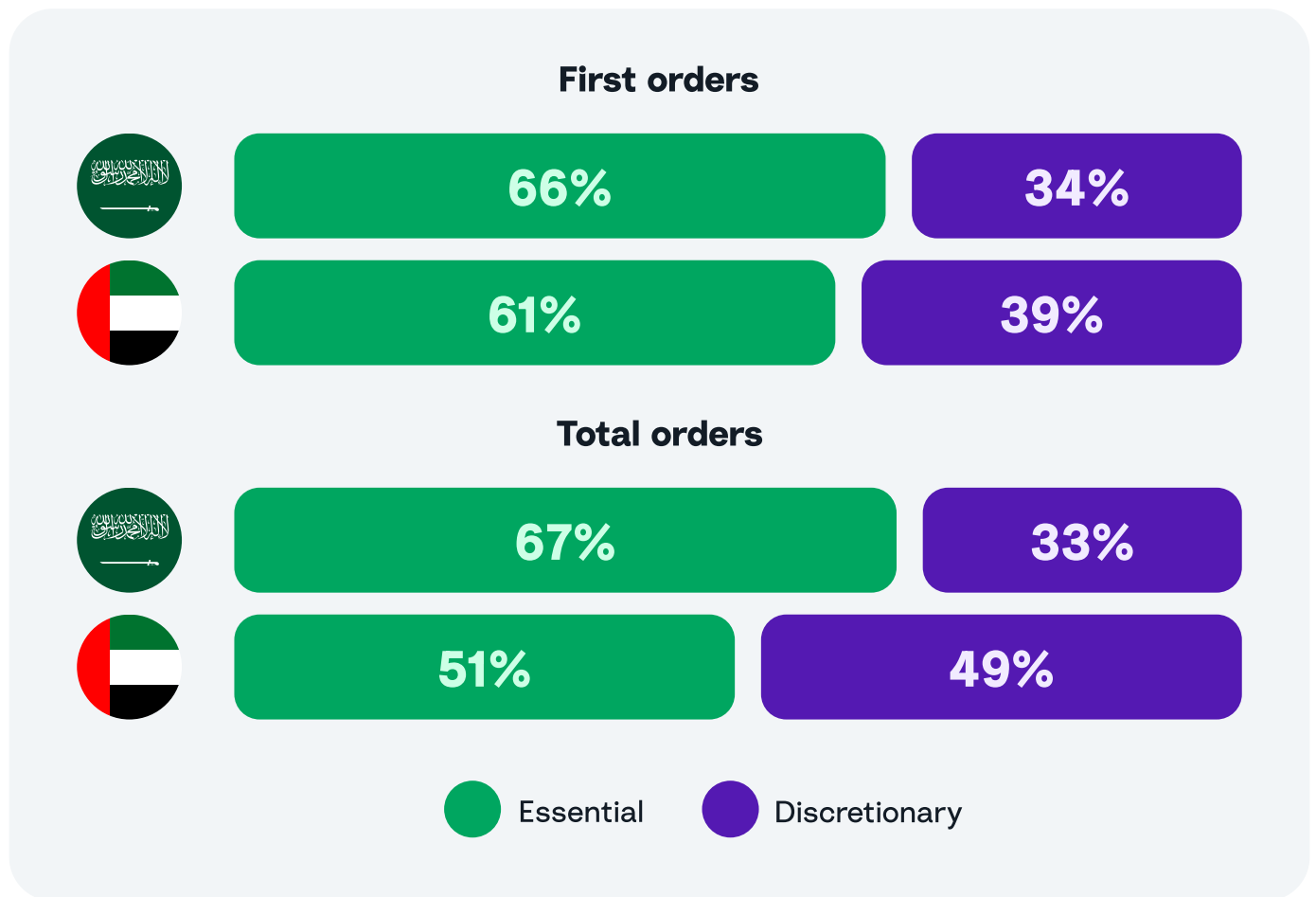
For the majority of users, BNPL is a money management tool, rather than an easy way to impulse buy.

BNPL provides an accessible and affordable way to access credit.

Regional differences

The results are exaggerated when examining Saudi Arabia in isolation. The share of essential first orders and the number of essential orders per customer are significantly higher than the UAE.

In addition, the reason more Saudi consumers use BNPL is to manage their cashflow, rather than simply for convenience.



What does this mean?



BNPL is used for both essential and discretionary purchases.

Essential purchases through BNPL vastly outweigh discretionary ones, dispelling the myth that BNPL is just a tool used for high value, impulsive buys.

The data shows that Tabby is a vital money management tool rather than an easy way for shoppers to impulse buy. As shoppers plan out their monthly spending, Tabby is playing a crucial role in helping consumers get what they need.



Tabby is committed to supporting shoppers and helping them make financially sound decisions.

Tabby's role is to provide financial flexibility by offering a responsible way for shoppers to access credit.

Unlike traditional credit cards, Tabby's incentives are aligned with customers by not trapping them in debt with rolling interest. Tabby also promotes responsible spending habits by carefully evaluating every purchase before approval.



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