



650 California Street, 12th Floor — San Francisco, CA 94108

VIA EMAIL

The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
109 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Richard Blumenthal
United States Senate
503 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Tammy Duckworth
United States Senate
524 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mazie K. Hirono
United States Senate
109 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Cory Booker
United States Senate
306 Hart Senate Office Building
Washington, D.C. 20510

Dear Ranking Member Warren, Senator Duckworth, Senator Booker, Senator Blumenthal, and Senator Hirono:

Thank you for your letter dated November 18, 2025 requesting information regarding Buy Now Pay Later (BNPL) and associated loan products offered by affiliates of Affirm Holdings, Inc. (Affirm).¹ Affirm is a consumer-first American financial technology company that is building a healthier, more transparent credit system—one that protects consumers across the country, strengthens the U.S. economy, and supports American prosperity. Headquartered in San Francisco, Affirm has U.S. offices in Chicago and New York City, and over 2,200 employees primarily based in this country.² Our BNPL products help families budget and businesses grow by enabling consumers to pay for purchases over time—without any late fees or hidden charges, and without being trapped in revolving debt.

We welcome the opportunity to provide information about our company, products, and services to help inform your understanding of how Affirm's BNPL products serve U.S. consumers. Affirm is subject to rigorous federal and state oversight, regulation, and supervision—both directly and indirectly through our bank partners—by the Consumer Financial Protection Bureau (CFPB), the Federal Trade Commission (FTC), state financial services regulators, and state attorneys general. Affirm maintains licensing in nearly every state and actively supports the establishment of clear and responsible BNPL standards that ensure innovation evolves alongside consumer protection, driving competition among responsible lenders and furthering consumer financial health.³ For example, in response to the CFPB's

¹ Affirm's affiliates include Affirm, Inc., Affirm Loan Services, LLC, and Affirm Payments, LLC.

² Affirm Holdings, Inc., Annual Report (Form 10-K) (Aug. 28, 2025), <https://investors.affirm.com/static-files/07dafc6f-74b5-49cf-af53-65d5dce742f3>.

³ Some, but by no means all, examples of Affirm's support for federal regulation can be found at Affirm, *CFPB BNPL*

efforts to promulgate an interpretive rule construing certain regulations of credit card issuers as applying to BNPL providers, although Affirm did not agree with every aspect of the CFPB’s contemplated approach, Affirm stated that it was “encouraged that the CFPB is promoting consistent industry standards, many of which already reflect how Affirm operates, to provide greater choice and transparency for consumers,” and “urge[d] other companies that offer buy now, pay later products to live up to the industry’s promise to provide consumers with a more flexible and transparent alternative to other payment options.”⁴ Affirm has consistently advocated for thoughtful regulation, and publicly voiced its support both prior to and following the CFPB’s 2021 inquiry into the BNPL industry, stating that it “welcome[d] the CFPB’s review and support[ed] regulatory efforts that benefit consumers and promote transparency within our industry.”⁵ Affirm continues to advocate for regulation that rewards responsible innovation and consumer protection, notwithstanding recent changes in federal regulatory policy.

Affirm welcomes this opportunity to share its practices—including transparency, fee-free lending, responsible credit reporting, and clear dispute processes—that protect consumers while allowing BNPL actors to provide responsible and affordable access to credit. Please see the information below on the BNPL industry, as well as Affirm’s business model, “Pay in X” and monthly installment loan products, approach to underwriting and credit reporting, customer demographics, consumer disputes process, approach to autopay and accepted payment methods, and approach to late payments and charged-off loans.

The BNPL Industry

BNPL is one of the fastest-growing payment methods globally and serves consumers across the country. By offering increased convenience, flexibility, and transparency compared to traditional credit cards, BNPL products can help consumers spend responsibly. These efforts have yielded tangible benefits for U.S. consumers⁶: BNPL default rates are consistently and substantially lower than credit cards,⁷ and BNPL products impose significantly lower direct financial costs on consumers.⁸ BNPL also benefits U.S. businesses by facilitating e-commerce transactions and promoting long-term customer loyalty.⁹ BNPL

Recommendations How Affirm Stacks Up (Oct. 2022), <https://affirm.gcs-web.com/static-files/e87a7c88-9eb9-4676-8096-714eb4f93aec> and Akila Quinio, *Affirm chief executive calls for cap on ‘buy now, pay later’ fees*, Fin. Times (Oct. 21, 2025), <https://www.ft.com/content/6afab084-cefa-46e7-b4cf-120095c94281>.

⁴ Affirm, *Affirm statement on CFPB efforts to promote consistent industry standards for buy now, pay later loans* (May 22, 2024), <https://investors.affirm.com/news-releases/news-release-details/affirm-statement-cfpb-efforts-promote-consistent-industry>.

⁵ Paul R. La Monica, *Regulators open probe into red hot ‘buy now, pay later’ industry*, CNN (Dec. 16, 2021, 8:12 PM), <https://www.cnn.com/2021/12/16/investing/cfpb-bnpl-inquiry-affirm-afterpay/index.html>; see also Joshua Franklin and Imani Moise, *‘Buy now, pay later’ group Affirm backs tougher rules for ‘wild west’ market*, Fin. Times (Nov. 24, 2021), <https://www.ft.com/content/8276d14f-8f9b-46d4-b306-e78fd70e7f7>.

⁶ See generally Michael Linford, *All forms of credit are not created equal*, Affirm (July 2025), <https://investors.affirm.com/static-files/1013a305-2691-425b-9f32-142aa3a8528b>; Sarah Papich, *Effects of Buy Now, Pay Later on Financial Well-Being* (U. Cal. Santa Barbara, Oct. 14, 2022), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4247360.

⁷ CFPB, *Consumer Use of Buy Now, Pay Later and Other Unsecured Debt* at 15, 21 (Jan. 2025), https://files.consumerfinance.gov/f/documents/cfpb_BNPL_Report_2025_01.pdf.

⁸ CFPB, *Buy Now, Pay Later: Market trends and consumer impacts* at 61–63 (Sept. 2022), https://files.consumerfinance.gov/f/documents/cfpb_buy-now-pay-later-market-trends-consumer-impacts_report_2022-09.pdf.

⁹ See generally Tobias Berg, Valentin Burg, Jan Keil & Manju Puri, *The Economics of ‘Buy Now, Pay Later’: A Merchant’s Perspective* (Nat’l Bureau Econ. Rsch., Working Paper 33152, Nov. 2024), <https://www.nber.org/papers/w33152>.

enables consumers to make significant purchases responsibly, benefiting U.S. consumers, businesses, and the economy at large.

Affirm’s technology-driven approach to BNPL underwriting enables increased credit access for consumers whose FICO scores may not fully represent their creditworthiness. Lending products accessed through Affirm include credit products that do not have any late or hidden fees, compounding interest, or penalty interest rates. Affirm’s product attributes are aligned with decades of research from leading consumer protection groups establishing benchmarks to define responsible and affordable credit.¹⁰ Affirm is committed to bringing positive change to the consumer financial marketplace for underserved consumers and helping to address the challenges those consumers face in accessing affordable and responsible credit.

As noted above, Affirm never charges any late fees, hidden fees, or other junk charges. Consumers can make better, more informed, purchasing decisions when they are able to understand the full cost of credit upfront for each transaction. We have no interest in making money off of people’s mistakes or misfortune, and our success is aligned with consumers and merchants.

We would note that not all BNPL products are created equal. The CFPB has found that, unlike the products Affirm offers, most other “BNPL loans charge late fees,” with 11% of consumers charged a late fee related to a BNPL product in one analysis.¹¹ Late fees and other gimmicks contributed over 13% of revenue for the BNPL industry in 2021 but zero percent of Affirm’s revenue.¹² Notably, because Affirm was included in these calculations but never charges late fees, these numbers substantially underrepresent how important late fees are to other BNPL products.

Affirm’s Business Model

Founded in 2012, Affirm is an American non-bank financial services provider offering a variety of innovative products to U.S. consumers. Affirm’s mission has always been to deliver honest financial products and services that improve people’s lives. Our model is unique: no late fees, no hidden fees, no compounding interest, no deferred interest, and transparent disclosures aligned with federal frameworks.

All too often, financial products like credit cards have benefited creditors at consumers’ expense, maximizing time in debt, high interest on revolving balances, and fees—including late fees, reactivation fees, and more—that increase lenders’ profitability without delivering value to consumers. Affirm was founded to offer an alternative as the first payment platform with a consumer-first mindset. Our goal is to raise the bar for providing responsible access to credit, not repackage the same old gotchas from credit cards by deriving profits from hidden fees and deferred interest. Unlike other BNPL providers, Affirm does not charge origination fees, activation or reactivation fees, snooze fees, reminder fees, virtual card

¹⁰ See Abe Scarr, *Historic legislation to prevent predatory loans passes Illinois House*, Ill. PIRG (Jan. 12, 2021), <https://illinoispirg.org/news/ilp/historic-legislation-prevent-predatory-loans-passes-illinois-house>; Cent. for Responsible Lending, *36% Cap on Annual Interest Rate Stops Payday Lending Debt Cycle* (Nov. 2023), <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-36-ratecap-one-pager-jan2023.pdf>; Nat’l Consumer L. Ctr., *Why Cap Interest Rates at 36%?* (Aug. 2021), https://www.nclc.org/wp-content/uploads/2022/09/IB_Why_36.pdf.

¹¹ CFPB, *Buy Now, Pay Later: Market trends and consumer impacts* at 3, 22–24 (Sept. 2022), https://files.consumerfinance.gov/f/documents/cfpb_buy-now-pay-later-market-trends-consumer-impacts_report_2022-09.pdf.

¹² *Id.* at 46.

fees, or any “junk” fees. Affirm believes in aligning our success with consumers and providing clarity in what they will pay and when payments are due. We enable eligible consumers to pay at their own pace with options ranging from thirty days to six-to-eight weeks (in the case of our BNPL loans), and, in the case of our monthly installment loans, all the way up to five years. The weighted average life of an Affirm loan across our product offerings is roughly five months.¹³

Affirm’s BNPL products are accessible through several channels, including on merchant websites, at in-person points of sale, and through our app.

Affirm’s BNPL products provide substantial benefits for U.S. businesses, as well as consumers. Affirm’s products are used by more than 400,000 merchants worldwide, of which over 90% are small and medium-sized businesses. By paying merchants up front, Affirm improves cash-flow stability for small business owners managing payroll, inventory, and operating costs. Unlike credit cards, Affirm’s products provide straightforward, upfront disclosures on the true cost of a loan before consumers agree to it; fixed payment schedules; clear end dates; and, again, no late fees or hidden charges.

Consumers and businesses have adopted Affirm’s products, reflecting the value and convenience they provide. Below and on Affirm’s website¹⁴ are figures on an annual and quarterly basis since 2022 that illustrate Affirm’s adoption by consumers and respond to your related requests for information. Between 2022 and present, Affirm’s “Pay-in-X” BNPL products have comprised, on average, 16% of the company’s total volume.

¹³ Affirm, *Shareholder Letter* at 12 (Nov. 6, 2025), <https://investors.affirm.com/static-files/f1ccee4-2a12-4365-9032-50287ccf5ec1>.

¹⁴ Affirm, *Historical Financial Information* (Nov. 6, 2025), <https://investors.affirm.com/static-files/00e6df1a-5c4d-4700-9fd2-a1920daf916c>, available at <https://investors.affirm.com/financial-information/quarterly-results>.

Affirm Holdings, Inc.¹⁵				
Operating Metrics (Unaudited)				
(rounded in millions unless specified otherwise)⁽³⁾				
	Fiscal Year Ended June, (3)			
	2022	2023	2024	2025
Gross Merchandise Volume (billions)	\$15.5	\$20.2	\$26.6	\$36.7
Transaction Count by POS Mix				
<i>POS-Integrated</i>	31.8	50.5	70.4	101.8
<i>Affirm Transactions⁽¹⁾</i>	9.6	13.0	20.7	32.3
Total	41.4	63.5	91.1	134.1
<i>Point of Sale (Merchant)</i>	77%	80%	77%	76%
<i>Affirm</i>	23%	20%	23%	24%
Active Consumers⁽²⁾	14.0	16.5	18.7	23.0
Transaction Count				
<i>Repeat Consumer Transactions</i>	32.6	55.6	84.1	126.4
<i>First Time Consumer Transactions</i>	8.7	7.8	7.0	7.7
Total Transactions	41.4	63.5	91.1	134.1
Transactions per Active Consumer	3.0	3.9	4.9	5.8
Average Order Value	\$374	\$318	\$292	\$273

(1) Based on transactions initiated by Affirm through mobile app and website channels as well as Affirm Card.

(2) Active Consumer defined as a consumer who engages in at least one transaction on our platform during the 12 months prior to the measurement date.

(3) Certain columns and rows may not sum due to the use of rounded numbers.

¹⁵ Please note that while your letter asked about U.S. data, this chart includes limited operations from Canada and the U.K.

Affirm Holdings, Inc.
Operating Metrics (Unaudited)
(rounded in millions unless specified otherwise)

	Three Months Ended, ⁽³⁾														
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025
Gross Merchandise Volume (billions)	\$3.9	\$4.4	\$4.4	\$5.7	\$4.6	\$5.5	\$5.6	\$7.5	\$6.3	\$7.2	\$7.6	\$10.1	\$8.6	\$10.4	\$10.8
Transaction Count by POS Mix															
<i>POS-Integrated</i>	8.0	9.2	10.3	15.0	11.7	13.5	14.7	20.2	16.6	18.9	20.5	28.9	24.0	28.3	32.1
<i>Affirm Transactions⁽¹⁾</i>	2.5	2.8	3.0	3.5	2.7	3.9	4.1	6.0	4.9	5.8	6.7	9.2	7.3	9.1	9.3
Total	10.5	12	13.3	18.4	14.4	17.4	18.8	26.2	21.5	24.7	27.2	38.1	31.3	37.5	41.4
<i>Point of Sale (Merchant)</i>	77%	77%	78%	81%	81%	77%	78%	77%	77%	77%	75%	76%	77%	76%	77%
<i>Affirm</i>	23%	23%	22. %	19%	19%	23%	22%	23%	23%	23%	25%	24%	23%	24%	23%
Active Consumers⁽²⁾	12.7	14.0	14.7	15.6	16.0	16.5	16.9	17.6	18.1	18.7	19.5	21.0	21.9	23.0	24.1
Transaction Count															
<i>Repeat Consumer Transactions</i>	8.5	10.1	11.3	15.9	12.7	15.7	17.1	24.0	20.0	23.1	25.5	35.6	29.6	35.7	39.5
<i>First Time Consumer Transactions</i>	2.0	1.9	1.9	2.6	1.6	1.7	1.7	2.2	1.5	1.6	1.7	2.5	1.8	1.8	1.9
Total Transactions	10.5	12.0	13.3	18.4	14.4	17.4	18.8	26.2	21.5	24.7	27.2	38.1	31.3	37.5	41.4
Transactions per Active Consumer	2.7	3.0	3.3	3.5	3.6	3.9	4.1	4.4	4.6	4.9	5.1	5.3	5.6	5.8	6.1
Average Order Value	\$374	\$368	\$331	\$307	\$323	\$317	\$299	\$287	\$293	\$293	\$279	\$267	\$273	\$276	\$260

(1) Based on transactions initiated by Affirm through mobile app and website channels as well as Affirm Card.

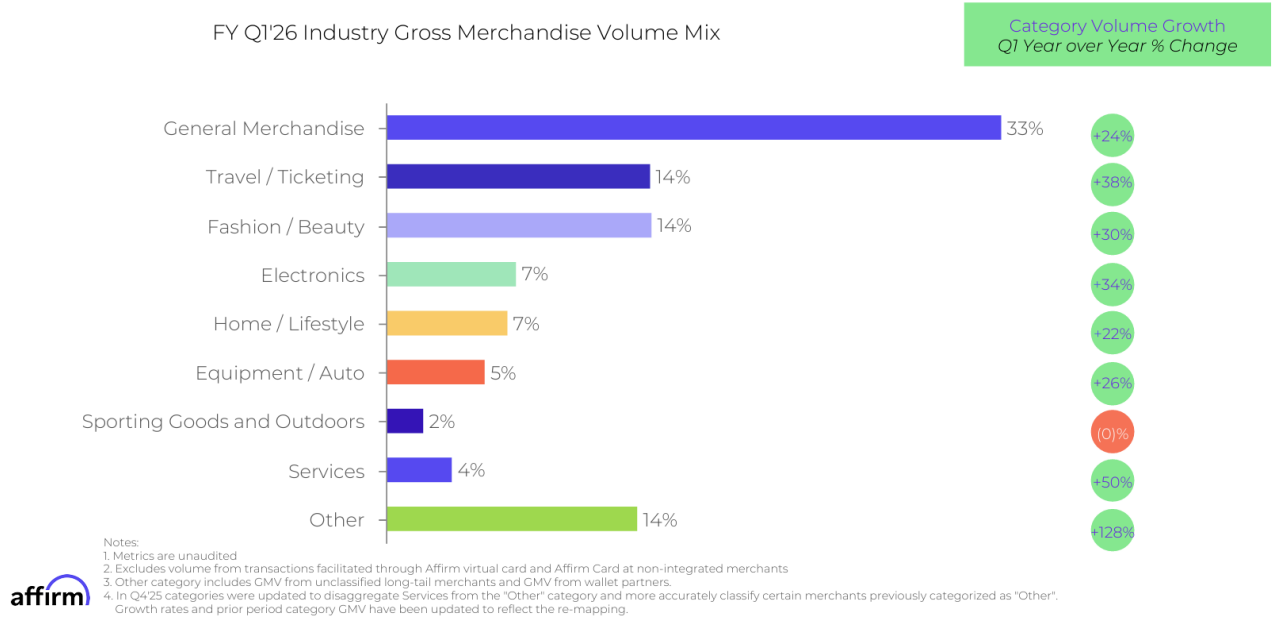
(2) Active Consumer defined as a consumer who engages in at least one transaction on our platform during the 12 months prior to the measurement date.

(3) Certain columns and rows may not sum due to the use of rounded numbers.

Illustrating how consumers use Affirm’s products, and responding to your related requests, the charts below outline our volume mix for the three months ending September 30, 2025 by industry category and illustrative merchant fee rates based on our product offerings.¹⁶ As also illustrated below, we typically

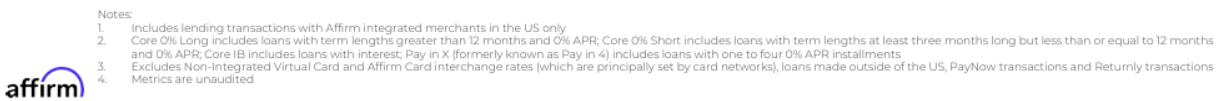
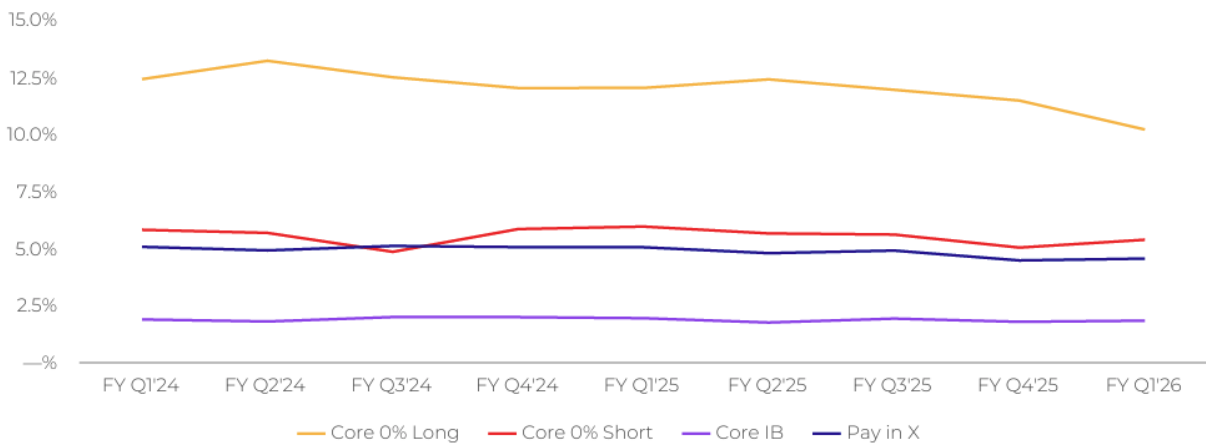
¹⁶ Affirm, *FY Q1 2026 Earnings Supplement* at 10, 16 (Nov. 6, 2025), <https://investors.affirm.com/static-files/c516694f-82c5-4637-b39f-bcc66b526ced>.

earn a fee from merchants (not consumers) when we help them convert a sale and facilitate a transaction. Merchant fees depend on the individual arrangement between Affirm and each merchant and vary based on the terms of the product offering.



Merchant Fee Rates

Illustrative merchant fees, transaction fees, and virtual card network fees divided by product level GMV



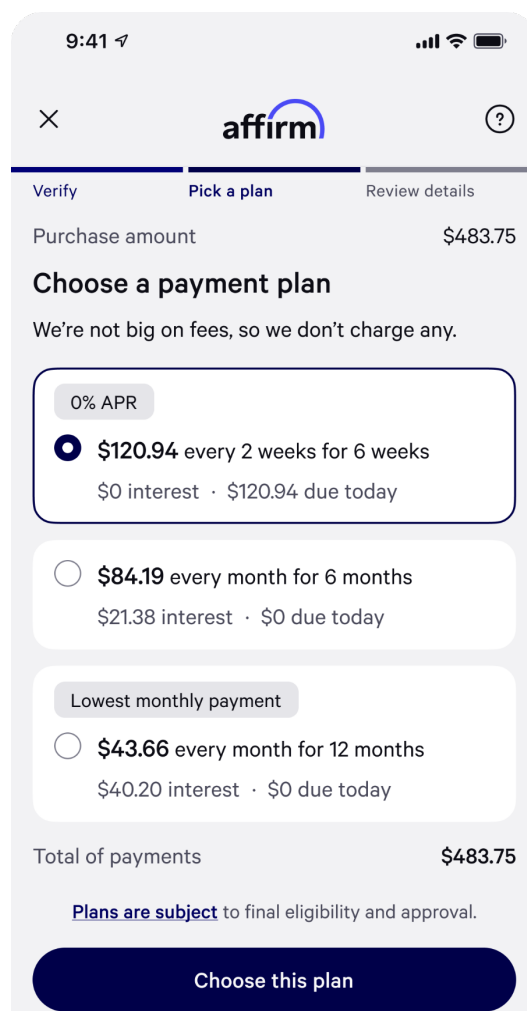
Affirm maintains a robust and resilient funding platform for its loan portfolio, designed to ensure stability, scalability, and efficiency. Affirm's diverse and durable funding model includes warehouse facilities, forward-flow loan sale agreements, and asset-backed securitizations (ABS). This approach enables Affirm to efficiently and responsibly increase access to its financial products. Affirm's ABS program is structured to maximize capital efficiency and risk mitigation, carrying ratings from two major rating agencies: Fitch and DBRS.

Affirm’s “Pay in X” and Monthly Installment Loan Products

Affirm introduced its “Pay in X” loan product in September 2020. This product allows consumers to pay for a purchase in one to four interest-free and fee-free payments made every two weeks, thereby increasing consumers’ purchasing power and giving them greater control and flexibility when it comes to making significant purchases. Consumers that use Affirm’s “Pay in X” loans pay zero interest and zero additional costs. Affirm also offers monthly installment loans that are typically originated by Affirm’s originating bank partners.

BNPL products like Affirm’s “Pay in X” product are distinct from credit cards. Unlike credit cards, they do not provide open-ended revolving lines of credit. In open-ended revolving lines of credit, a creditor anticipates repeated transactions, may impose a finance charge on an outstanding unpaid balance, and generally makes credit available to the extent any outstanding balance is repaid. Issuers profit when consumers take longer to pay down balances and incur finance charges as a result. In contrast, BNPL products like Affirm’s “Pay in X” product provide closed-end credit—one extension of credit to be repaid in pre-agreed installments. In the case of Affirm’s “Pay in X” product, there are no finance charges.

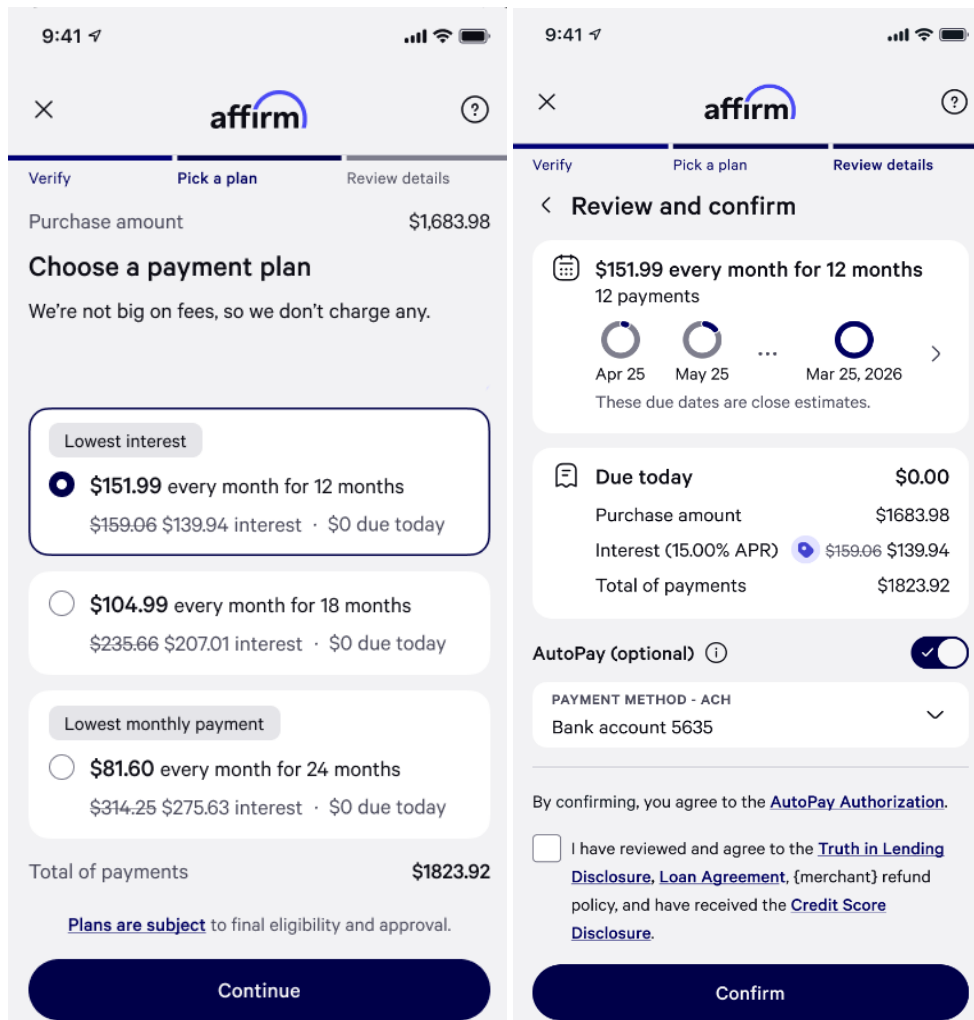
In partnership with Affirm’s merchant partners, Affirm’s products are marketed to consumers through various channels, including social media, online, in-store, and e-mail advertising. Affirm provides detailed compliance guidance to assist merchants in developing marketing assets that comply with regulatory standards.¹⁷ Affirm’s guidelines help to ensure that merchants advertise Affirm’s products in a straightforward, accurate, and effective manner, providing Affirm-approved messaging that incorporates clear disclosures. Regardless of how a consumer learns about Affirm, they are provided with consistent and transparent disclosures at checkout. All Affirm consumers to whom credit is extended also receive Truth in Lending disclosures for all our products.¹⁸



Below is an example of a typical menu of loan options that a consumer might see when checking out with Affirm, followed by the screen where the consumer is presented with the Truth in Lending disclosure and other information about borrowing with Affirm.

¹⁷ See, e.g., Affirm, US Marketing Compliance Guide: Pay in 4, https://businesshub.affirm.com/hc/en-us/article_attachments/26816536649748 (last updated June 2024).

¹⁸ Affirm, Affirm Fact Sheet FY 2025 at 3, <https://investors.affirm.com/static-files/d076cc4c-b665-4c8d-b611-26a64c05605f>.



“Pay in X” loans are interest-free. Monthly payment options through Affirm can be interest-free or simple interest-bearing. Facilitating simple interest¹⁹ bearing transactions on monthly installment loans enables Affirm to address more of our consumers’ and merchants’ needs responsibly.

Affirm’s Approach to Underwriting

Affirm strives to responsibly extend access to credit to as many people as possible. Key to this effort is Affirm’s unique approach to underwriting, which sets it apart from traditional lenders, including credit card issuers.²⁰ Unlike open-ended forms of credit (such as credit cards), where a borrower’s credit is typically evaluated at the outset of a relationship that may involve many individual transactions, Affirm’s proprietary model risk score and underwriting evaluates each transaction individually in real time according to Affirm’s credit policies, and those of our bank partners. By leveraging the most up-to-date

¹⁹ Simple interest means the interest is based on a fixed percentage that never compounds. This enables consumers to see their total costs upfront before deciding whether to checkout.

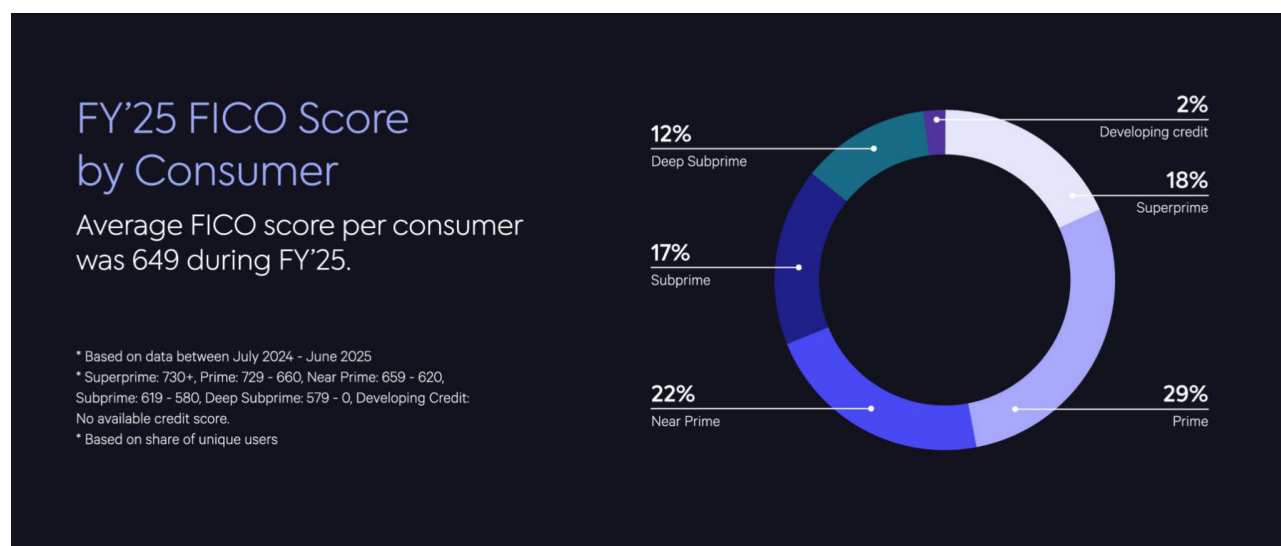
²⁰ See generally Libor Michalek, *Affirm’s underwriting approach and advantage*, Affirm (Mar. 17, 2025), <https://investors.affirm.com/news-releases/news-release-details/affirms-underwriting-approach-and-advantage>.

information regarding a consumer’s financial situation, Affirm is able to facilitate tailored payment options aligning risk with what consumers can responsibly repay.

Affirm’s underwriting process considers three overarching categories of data: external data from credit reporting agencies; internal Affirm data, including the consumer’s repayment history and, in some instances, the number of loans they currently have open with Affirm; and transaction details, including the requested purchase amount. Affirm assesses risk for a specific consumer, for a specific transaction, at a specific merchant, and at a specific moment in time.

Affirm’s Customer Demographics

Affirm’s BNPL products are used by consumers across the country with all kinds of credit histories. A CFPB research report that aggregated data across several BNPL companies with varying business models and practices suggested that most BNPL loans were extended to borrowers with subprime or deep subprime credit scores.²¹ But Affirm’s own data shows a much more even distribution. Across Affirm’s products, 69% of Affirm’s customer base are near prime, prime, or superprime, compared to only 35% in the CFPB’s aggregated data. And whereas almost 45% of consumers served by the industry at large have deep subprime credit scores, only about 12% of Affirm’s customers have credit scores in that range.²²



The charts below outline our consumer demographics by income levels and generations based on data from our most recent fiscal year ending June 30, 2025.

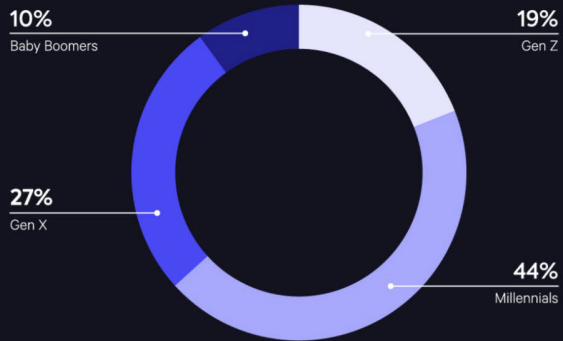
²¹ CFPB, *Consumer Use of Buy Now, Pay Later and Other Unsecured Debt* (Jan. 2025) at 3, 13–14, https://files.consumerfinance.gov/f/documents/cfpb_BNPL_Report_2025_01.pdf.

²² Katherine Adkins, *A deeper look at buy now, pay later users, benefits and common criticisms*, Affirm (Feb. 5, 2025), <https://investors.affirm.com/news-releases/news-release-details/deeper-look-buy-now-pay-later-users-benefits-and-common>.

FY'25 Generational Breakdown

Gen Z was Affirm's fastest growing segment in FY'25, up 27% from the prior year.

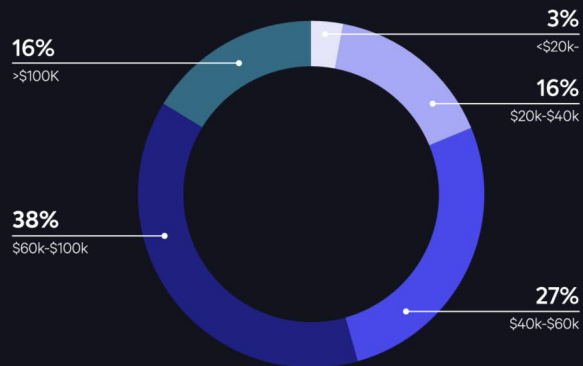
* Based on data between July 2024 - June 2025
* Gen Z: 1997 - 2012, Millennials: 1981 - 1996, Gen X: 1965 - 1980, Baby Boomers: before 1964
* Based on share of unique users



FY'25 Annual Income by Consumer

Average household income per consumer was \$73K during FY'25.

* Based on data between July 2024 - June 2025
* Based on share of unique users



When a consumer makes a purchase on a merchant website with an Affirm integration, they have the option to choose Affirm as their payment option.²³ New customers are prompted to create an account and provide some personal information, including date of birth, that is used to authenticate the customer and verify their identity. To be eligible to use Affirm, customers must be at least 18 years old.

Affirm protects consumers' personal information from unauthorized access via physical, electronic and procedural security measures, as well as safeguards such as firewalls and data encryption.²⁴ The process of opening an account or applying for a loan initiates a soft credit check, which does not impact the consumer's credit score. When the consumer selects Affirm as their payment option at checkout, our underwriting process evaluates the risk for the transaction before making a real-time credit decision. The consumer is then presented with their loan decision and, if approved, available plan options and terms so they can select the plan that best fits their needs. If denied, the consumer receives an adverse action notice via e-mail explaining the decision in accordance with the applicable provisions of the Equal Credit Opportunity Act (ECOA) and its implementing Regulation B, as well as the Fair Credit Reporting Act (FCRA) and its implementing Regulation V. Consumers may also see a declination message during

²³ Affirm, *Online: eCommerce website flow*, <https://businesshub.affirm.com/hc/en-us/articles/6003392244884-Online-eCommerce-website-flow> (last updated July 2025).

²⁴ Affirm, *Affirm Privacy Notice*, <https://www.affirm.com/privacy> (last updated Nov. 5, 2025).

checkout with links to more information about the decision.²⁵ Affirm also provides consumers a Regulation Z subpart C disclosure, including for zero-interest Pay-in-X loans.

Affirm's Approach to Credit Reporting

To our knowledge, Affirm is the only major BNPL company reporting all U.S. loans to credit reporting agencies.²⁶ We firmly believe that reporting *all* Affirm loans to credit bureaus is in the best interest of consumers and the broader financial system. It provides a fuller view of a consumer's financial history and thus can lead to more responsible lending decisions and better credit outcomes, and can help hardworking Americans build credit history safely and responsibly. Affirm has worked closely with the credit bureaus and FICO to ensure that BNPL data is categorized accurately and fairly.

Earlier this year, FICO released the results of a 12-month study we conducted together that analyzed how to appropriately factor BNPL loan data into credit scoring. The research compared the FICO Scores of more than 500,000 consumers who opened at least one new Affirm BNPL loan against a benchmark population of consumers without an Affirm BNPL loan. FICO simulated the inclusion of these Affirm loans into consumers' credit reports, and then examined the potential impact to resulting credit scores of those consumers. The results showed that adding Affirm loan data can lead to higher FICO scores and improved credit outcomes.²⁷ In particular, the results show higher scores or no score changes for the majority of consumers in the study who had recently obtained five or more Affirm BNPL loans.

We have repeatedly encouraged other BNPL providers to join us in working with FICO and the credit bureaus to establish industrywide credit reporting standards. This would ensure consumers get credit for responsibly managing their finances and help lenders make smarter decisions that can prevent borrowers from becoming overextended.²⁸

Affirm's Consumer Disputes Process

Although the CFPB recently withdrew its interpretive rule that interpreted Subpart B of Regulation Z to apply to BNPL providers, Affirm continues to offer a robust and expedient dispute resolution process for consumers. Returns and refunds are generally subject to a merchant's policies. Consumers that encounter issues with their purchase may also submit a dispute through Affirm.²⁹

In those situations, Affirm treats disputes received through any channel (*e.g.*, mail, webform, or agent) with the same attention regardless of the channel used. While a dispute is open, consumers are not required to make payments and there is no collection activity or negative credit reporting.

²⁵ Affirm, *Online: eCommerce website flow*, <https://businesshub.affirm.com/hc/en-us/articles/6003392244884-Online-eCommerce-website-flow> (last updated July 2025).

²⁶ For plans that started on or after April 1, 2025, Affirm reports all payment plans and payment activity to Experian. Plans that started on or after May 1, 2025 are also reported to TransUnion. Payment plans for "Pay in X" loans that started before April 1, 2025 were not reported to credit bureaus. See Affirm, *Affirm credit reporting*, <https://helpcenter.affirm.com/s/article/affirm-credit-reporting>.

²⁷ FICO, *FICO and Affirm Unveil Industry-Leading Analysis of 'Buy Now, Pay Later' Loans* (Feb. 4, 2025), <https://www.fico.com/en/newsroom/fico-and-affirm-unveil-industry-leading-analysis-buy-now-pay-later-loans>.

²⁸ Affirm, *People deserve credit for managing their money responsibly* (Nov. 25, 2025), <https://investors.affirm.com/news-releases/news-release-details/people-deserve-credit-managing-their-money-responsibly>.

²⁹ Affirm, *Dispute a purchase*, <https://helpcenter.affirm.com/s/article/dispute-a-purchase>.

After a consumer submits a dispute, a reasonable investigation is conducted. If Affirm resolves a dispute in favor of the merchant, Affirm notifies the consumer of its decision. If Affirm resolves the dispute in favor of the consumer, Affirm lets the consumer know of the outcome and the disputed amount is refunded.

Affirm also provides information about refunds in its Help Center, including that refunds are subject to a merchant's return policy, how refunds are applied to a balance, and how to dispute a purchase.³⁰

Affirm's Approach to Autopay and Accepted Payment Methods

Affirm customers are not required to maintain an autopay agreement, although it is an available feature for consumer convenience. Consumers are reminded in advance of upcoming payments via e-mail and SMS, with appropriate consent. Consumers can manage their autopay settings through their Affirm account at any time, including disabling and enabling it, and changing payment methods.

The overwhelming majority of Affirm loans are paid via debit cards, checking accounts, and ACH. Generally, we discourage consumers from using credit cards and they are not accepted as a payment method on the majority of transactions we facilitate. Consumers are only able to use a credit card with Affirm as a means of making a downpayment and for short-term interest-free options.

Affirm's Approach to Late Payments and Charged-Off Loans

Affirm never charges late fees on its loans and has advocated for regulatory efforts to cap late fees across the BNPL industry. Affirm works with consumers who may be struggling with payments by notifying them of any delinquency beginning at one day past due all the way until a loan charges off (120 days past due). Customers with overdue payments on existing Affirm loans cannot take out new Affirm loans until they bring their accounts current, preventing them from getting deeper in debt. When a loan becomes 120 days past due, Affirm may charge off the loan and may send it to a collection agency.³¹

In part due to Affirm's unique approach to underwriting every transaction individually, Affirm's delinquency rates are consistently lower than traditional credit card providers.³² There is zero business benefit to Affirm in extending access to credit that can't be repaid, as Affirm does not impose late fees or hidden charges. Any interest charges are limited to a fixed amount consumers agree to in the repayment schedule, and interest never compounds or grows beyond that fixed amount, even if consumers miss a payment. As such, we are able to manage individual exposure limits and a consumer's activity with Affirm, including their repayment history and the number of loans they currently have open with Affirm. These factors are incorporated into our underwriting process. These fundamental features of our business model support our goal of safely and responsibly expanding access to credit for U.S. consumers.

³⁰ Affirm, *Get a refund*, <https://helpcenter.affirm.com/s/article/get-a-refund>.

³¹ Affirm, *Collections and charged-off loans*, <https://helpcenter.affirm.com/s/article/collections-and-charged-off-loans>.

³² Libor Michalek, *Affirm's underwriting approach and advantage*, Affirm (Mar. 17, 2025), <https://investors.affirm.com/news-releases/news-release-details/affirms-underwriting-approach-and-advantage>.

Thank you again for the opportunity to respond to your letter. Affirm remains deeply committed to serving and protecting U.S. consumers, and we hope the information provided is helpful.

Sincerely,

A handwritten signature in black ink that reads "John Pitts". The signature is written in a cursive style with a large, looped initial "J".

John Pitts
Vice President
Government Relations, Public
Affairs, and Social Impact