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US Expert Warns: 'Buy Now, Pay Later' Risks for Youth

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“Buy now, pay later” (BNPL) services are gaining popularity among young Americans, but some experts warn these payment plans may pose financial risks.

Haley Sacks, a personal influencer with over one million followers, described BNPL as potentially “predatory” during a Tuesday interview on Fox & Friends Tuesday. She advised consumers to avoid BNPL altogether.

“My take is that you should not use ‘buy now, pay later’ at all,” Sacks said. She recommended using credit cards instead, noting many offer “pay over time” options with zero percent interest.

According to Sacks, credit cards provide protections and benefits that BNPL services lack, including consumer safeguards and the opportunities to build credit history.

BNPL services allow shoppers to split purchases into multiple smaller payments rather than paying the full amount upfront. Initially marketed as a lower-risk alternative to credit cards, these plans have surged in popularity.

However, if payments are missed or delayed, consumers may face late fees and mounting debt. Financial experts warn that BNPL’s ease of use can encourage overspending, especially among younger consumers.

A recent LendingTree survey of 2,000 American adults found nearly half have used BNPL services such as Klarna or Affirm. Millennials represented the largest group, but Generation Z and Generation X users were also significant.

The survey also revealed that 40 percent of BNPL users admitted to missing at least one payment in the past year. Many are using BNPL to cover everyday essentials such as groceries amid rising economic pressure.

High inflation, ongoing price increases, rising interest rates, and the resumption of student loan payments after the COVID-19 pandemic have contributed to this shift.

“Gen Z is facing significant inflation, wages have not kept up, and this is a way to get things they want,” Sacks said. “But of course, then you’re paying the price.”

As BNPL services continue to expand, consumers are urged to carefully consider potential risks before relying on deferred payment plans.