

# Americans take to 'buy now, pay later' shopping during pandemic, but can they afford it?

REUTERS

When Leondra Garrett wanted to stock up on three new pairs of shoes early last year, the North Carolina resident split a \$161 online purchase into four installments through a "buy now, pay later" service, in what seemed like a convenient deal.

Now, she admits she should have read the small print about missed payments.

When the buy now, pay later (BNPL) provider tried to withdraw a payment from Garrett's bank account a few months later, she didn't have enough funds to cover it. Soon after, the 42-year-old was charged \$40 in penalties and her credit score dropped 10 points to 650, a reading generally classified as 'fair'.

"It's important for consumers to always read the fine print and we don't always do it," said Garrett, a community organizer from Charlotte.

So-called buy now, pay later services - offered by providers such as Affirm Holdings Inc, Klarna, Afterpay Ltd and PayPal Holding Inc's "Pay In 4" - have blossomed across retail websites during the coronavirus pandemic as people have turned more to shopping online.

Yet the ease with which many shoppers can make purchases is worrying some regulators around the world, who fear consumers may be spending more than they can afford.

Nearly 40% of U.S. consumers who used "buy now, pay later" have missed more than one payment, and 72% of those saw their credit score decline, according to a study by Credit Karma, which offers customers credit score checking for free.

The study, conducted for Reuters, surveyed 1,038 adult consumers in the United States to gauge interest in "buy now, pay later" and found 42% of respondents had used the service before.

"The percentage of consumers missing payments is remarkable and not as low as you would expect," said Gannesh Bharadhwaj, general manager for credit cards at Credit Karma.

"When you make something so convenient, people may not be really thinking, 'Do I have the budget? Can I afford this payment?' You get more of that impulse-shopping behavior that leads to realizing they may not be able to make the payment." A lower credit score signals to lenders that a consumer may be higher risk and makes it harder for the consumer to borrow, whether to secure a mortgage or a new credit card. It can even make it more

difficult for a consumer to set up utility accounts or find housing, as landlords will generally conduct credit score checks before renting out apartments.

Management consultants Oliver Wyman estimate BNPL firms facilitated between \$20 billion-25 billion in transactions in the United States last year, although analyst estimates on the size of the BNPL industry vary because it is relatively new and some of the companies are private. Individually, they described explosive growth last year as their services became more prevalent.

Australia-based Afterpay said it saw active U.S. customers more than double to 6.5 million in the fiscal year ended June 30,

classified as fintech companies, should be subject to stricter rules more like banks, some regulators say.

It is unclear how buy now, pay later fits into U.S. regulations because the companies that offer these services do not have bank charters, some do not charge interest and laws vary by state. However, some experts expect the sector to come under more scrutiny during the Biden administration.

"One of the questions with the new administration is, what stance will the Consumer Financial Protection Bureau take going forward? which we expect to be more aggressive," said Mark Palmer, financials analyst at BTIG Research.



A shopper wearing a protective mask tries on clothes at a retail store following the outbreak of the coronavirus disease, in New York City, New York.

2020, and its sales more than tripled in the July-September quarter from a year earlier.

Over half of Afterpay's customers in the United States are millennials, aged 25 to 40 years-old, it said.

BNPL models vary, with some companies earning most profits by collecting fees from merchants at the point of sale, and others charging interest and late fees to consumers. They say their services help merchants to boost sales and consumers to buy things they need, and cause less financial damage than credit cards because of restrictions they impose.

Nonetheless, regulators in Britain and Australia are reviewing or tightening rules around the industry. BNPL service providers,

San Francisco-based Affirm saw its revenue rise 93%, to \$509.5 million, in the fiscal year that ended in June. It allows shoppers to split up purchases in terms ranging from six weeks to four years, with interest rates of 0 to 30%.

Affirm shows customers how much a loan will cost in dollar terms and does not charge late fees or compound interest. Although missed payments can affect credit scores, Affirm says it has been working with borrowers who fell on hard times during the pandemic.

"We approve borrowers only for what they can comfortably afford to repay," said Silvija Martincevic, Affirm's chief commercial officer. "The reason our technology is

significant is that we use machine learning to make underwriting decisions." At Australia's Afterpay, customers are barred from using its services after they miss a payment.

The company says 95% of its transactions globally are paid back on time and late fees contribute less than 14% of the company's total income.

PayPal 'Pay in 4' service, launched widely across the United States in November, allows customers to split purchases ranging from \$30 to \$600 in four interest-free payments. Late fees may apply for missed payments, depending on the user's state of residency, according to its website.

The PayPal 'Pay in 4' product in the United States does not report trades or late fees to the credit bureaus, said Greg Lisiewski, PayPal's global vice president of Global Pay Later.

"We are working with the industry and the consumer credit bureaus to develop the appropriate framework," he said.

Sweden-based Klarna saw fast growth over the past year, especially purchases in the \$100-\$200 range, said its U.S. head, David Sykes.

Most of Klarna's loans are small, of short duration and interest-free, which is safer for customers than credit cards, he said. Customers can delay one payment without a penalty. Late fees vary by state in line with regulation, up to a maximum of \$21 and the company is rolling out a 25% cap.

"No one is getting buried in debt with Klarna," Sykes said. "We aren't making multi-year loans on a car or a house." Smaller loans with shorter durations do have benefits, but they are not risk-free, experts said. Customers may be taking on more debt than they can handle, even if it comes in bite-sized portions.

Tamika Rivera, a 35-year old insurance agent from Springfield, Massachusetts, uses multiple buy now, pay later services, and has missed payments. In one case, she did not have enough money to cover a \$43 sweater purchase, which resulted in a \$35 overdraft fee from her bank.

"These services are convenient but there are some negative things that can happen," Rivera said.

Alan McIntyre, head of Accenture's global banking practice, says the credit impact of the buy now, pay later trend remains to be seen.

"The optimistic take is that millennials don't want to get into debt and they want to build a budget better this is deferred debt and you are not tempted to roll it over," he said.

# Shell, Mitsubishi unit Eneco to supply wind power to Amazon's European facilities

REUTERS, Tokyo

Royal Dutch Shell and renewables firm Eneco, owned by Japan's Mitsubishi Corp, will provide Amazon.com Inc's European facilities with electricity from an offshore wind farm, they said on Monday.

Retail giant Amazon, which faces pressure from environmental activists over its carbon footprint, has vowed to be net carbon neutral by 2040. Starting in 2024, it will off-take 380 megawatts (MW) of capacity from the Hollandske Kust Noord offshore wind farm, which is being built jointly by Shell and Eneco, the two energy firms said without disclosing financial details.

Eneco will provide 130 MW and Shell 250 MW under the deal, Shell said in a separate statement.

Amazon was not immediately available for comment.

Hollandske Kust Noord, located off the Dutch coast, will have a total capacity of 759 MW and is scheduled to become operational in 2023, when it will generate at least 3.3 terawatt hours (TWh) per year, Eneco said.

Mitsubishi, along with Japanese utility Chubu Electric Power Co Inc, bought Eneco last year in a deal valuing the Dutch energy firm at 4.1 billion euros (\$4.9 billion).

Japanese trading houses as well as global oil and gas majors such as Shell, are increasingly focusing on cleaner energy as they join a global shift away from coal and other fossil fuels.

Amazon, which delivers about 10 billion items a year and has a massive transport and data centre footprint, has faced protests from environmental activists and pressure from its employees to take action on climate change.

# Germany to spend 6b euros to boost housing energy efficiency

REUTERS, Berlin

Germany is supporting steps to increase energy efficiency in buildings, with subsidies and incentives worth 6 billion euros (\$7.2 billion) this year, the economy minister said on Monday.

The measures supported by the federal government include programmes to modernise existing buildings with better insulation and more efficient heating systems, Peter Altmaier said.

"The building sector is an important factor if we want to make the energy transition a success," he told an online conference organised by the economy ministry.

The push should help the housing sector in Europe's most populous country move towards its goal of becoming climate-neutral by 2050, and with it enable Germany to reach its wider climate protection targets over the next three decades. The modernisation drive could, however, increase the cost of living for Germans as, by law, landlords can pass on the cost of investments by raising rents.

Parties in Chancellor Angela Merkel's coalition government are currently quarrelling about whether to protect tenants from massive rent hikes by forcing landlords to shoulder a certain portion of modernisation investments.

# US 10-yr yield rises to 1.2pc, inflation expectations build

REUTERS, London

A U.S. Treasury selloff gathered pace on Monday, with 10-year yields rising to 1.20 per cent and inflation expectations at the highest since 2014 as investors priced an acceleration in economic recovery thanks to President Joe Biden's spending package.

The \$1.9 trillion stimulus package looks likely to be approved by Congress, bypassing Republican roadblocks. Friday's lacklustre labour data appeared to highlight the urgency of getting state support to the economy.

Ten-year borrowing costs extended

their rise to the highest since last March at 1.2 per cent, while 30-year yields touched 2 per cent for the first time since mid-February 2020.

Ten-year yields are up around 30 bps since end-2020.

Rabobank analysts said the catalyst appeared to be Treasury Secretary Janet Yellen's comments "where she cited her expectation that, with sufficient fiscal support, the U.S. should be at full employment in 2022".

The Treasury curve steepened further, with the gap between 2- and 10-year yields now at its widest since early-2017 at around 108.4 bps.

The 5-year/30-year Treasury yield gap widened to around 151.50 bps, a

new October 2015 high.

Inflation expectations have been steadily rising in recent weeks and on Monday, 10-year breakeven inflation rate rose briefly above 2.20 per cent, the highest since 2014.

Investors will be closely watching inflation data due on Wednesday. Prices had increased 0.4 per cent in December.

"Inflation is becoming a prominent theme with a growing suspicion that its rise could be larger and longer-lasting than the Fed currently anticipating," ING Bank told clients.

The moves haven't yet spooked global equity markets which hit a record high on Monday.

**Government of the People's Republic of Bangladesh**  
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This is an online tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender documents of following packages from the National e-GP System Portal have to be deposited online through any registered bank's branches.

**Tender Notice No. EE/EED/Ctg/e-Tender/2020-2021/40**      **Date: 04.02.2021**

Sl. No.	Package No.	Name of works	Tender ID & procurement method	Last date & time of selling documents	Last date & time of submission documents
01	Ctg/New 3000 School/Dev/20-21/PW24	Construction and Driving of Pre-Cast Pile Works at Halihsahar Meher Afzal High School, Bandar, Chattogram.	543951 OTM	22-Feb-2021 16:00	23-Feb-2021 15:30
02	Ctg/New 3000 School/Dev/20-21/PW25	Construction and Driving of Pre-Cast Pile Works at Barik Mia Multilateral High School, Bandar, Chattogram.	543952 OTM	22-Feb-2021 16:00	23-Feb-2021 15:30
03	Ctg/New 3000 School/Dev/20-21/PW26	Construction and Driving of Pre-Cast Pile Works at Alhaj M.A Salam High School, Double Mooring, Chattogram.	543953 OTM	22-Feb-2021 16:00	23-Feb-2021 15:30
04	Ctg/New 3000 School/Dev/20-21/PW27	Construction and Driving of Pre-Cast Pile Works at Balua High School, Patiya, Chattogram.	543954 OTM	22-Feb-2021 16:00	23-Feb-2021 15:30
05	Ctg/New 3000 School/Dev/20-21/PW28	Construction and Driving of Pre-Cast Pile Works at Saral Amiria High School, Banshkali, Chattogram.	543955 OTM	22-Feb-2021 16:00	23-Feb-2021 15:30

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

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**Government of the People's Republic of Bangladesh**  
College Education Development Project (CEDP)  
Govt. P.C. College, Bagerhat  
Website: [pccollege.edu.bd](http://pccollege.edu.bd)  
Issued Ref.: [www.eprocure.gov.bd](http://www.eprocure.gov.bd) / DG/PCC/2020-21/OTM(W-01) February 09, 2021

## Invitation for Tenders

1	Ministry/Division	Ministry of Education.		
2	Agency	University Grants Commission/ National University.		
3	Procuring entity name	Principal, Govt. P.C. College, Bagerhat.		
4	Procuring entity code	N/A.		
5	Procuring entity district	Bagerhat.		
6	Invitation for	Works.		
7	Invitation Ref. No.	GSAC/Works/CEDP/W-1/2020-2021/03		
8	Date	February 09, 2021.		
<b>KEY INFORMATION</b>				
9	Procurement method	Open Tendering Method (National).		
<b>FUNDING INFORMATION</b>				
10	Budget and source of funds	Development Budget (Government & IDA Credit).		
11	Development partners	International Development Association (IDA), World Bank.		
<b>PARTICULAR INFORMATION</b>				
12	Project code	224017200		
13	Project name	College Education Development Project (CEDP).		
14	Tender Package No.	W-1.		
15	Tender package name	Renovation and Refurbishment of common room, classrooms, female wash room, mother corner etc.		
16	Tender publication date	09/02/2021		
17	Tender last selling date	24/02/2021, Time: 05.00pm.		
18	Tender closing date and time	25/02/2021, 2.00pm.		
19	Tender opening date and time	25/02/2021, 3.00pm.		
20	Name & address of the office	Govt. P.C. College, Bagerhat.		
	Selling tender document			
	Receiving tender document			
	Opening tender document			
21	Place /date/time of pre-tender meeting (optional)	Shall not be held.		
<b>INFORMATION FOR TENDERER</b>				
22	Eligibility of tenderer	1. The minimum number of years of general experience of the tenderer in the construction works as prime contractor or subcontractor or management contractor shall be 5 years. Years counting backward from the date of publication of IFT in the newspaper 2. The minimum specific experience as a prime contractor or subcontractor or management contractor in the building construction/renovation/refurbishment/extension works of at least 01 (one) contract(s) of similar nature, complexity and methods/construction technology successfully completed within the last 05 (five) years with a value of at least Tk. 20,000,000.00 (twenty lac) only. Years counting backward from the date of publication of IFT in the newspaper. 3. The required average annual construction turnover shall be greater than Tk 32,000,000.00 (thirty-two lac) over the last 3 years. 4. The minimum amount of liquid assets i.e. working capital or credit line(s) of the tenderers shall be Tk 20,000,000.00 (twenty lac) only. 5. Other criteria mentioned in TDS.		
23	Brief description of works	Renovation and Refurbishment of common room, classrooms, female wash room, mother corner etc.		
24	Brief description of related services	Related service shall be in accordance with Section 4: Particular Conditions of Contract, Section 6: Bill of Quantities and Section 7: General Specification of the tender.		
25	Tender document price	BDT 1,500.00 (one thousand five hundred).		
26	Tender name	Location	Tender security amount (Tk)	Completion time in months
	Renovation and Refurbishment of common room, classrooms, female wash room, mother corner etc.	Govt. P.C. College, Bagerhat	60,000.00 (sixty thousand)	03 months
27	Name of official inviting tender	Professor Md. Shakhilur Rahman.		
28	Designation of official inviting tender	Principal.		
29	Address of official inviting tender	Govt. P.C. College, Bagerhat.		
30	Contact details of official inviting tender	Tel: 0468-62324	Fax: N/A	E-mail: <a href="mailto:pccollege1918@gmail.com">pccollege1918@gmail.com</a>
31	The procuring entity reserves the right to accept or reject all tenders without assigning any reason whatsoever.			

**Professor Md. Shakhilur Rahman**  
ID-8541  
Principal  
Govt. P.C. College  
Bagerhat

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