

# Citi blurs the line between credit cards and BNPL solutions with new Spot card

Article

**The news:** Citi will launch a buy now, pay later (BNPL) card dubbed Spot in Australia through a partnership with **Diners Club**, [per](#) PYMNTS.

**How it works:** The card can be used online or in-store anywhere **Mastercard** is accepted and lets customers pay for purchases in four interest-free biweekly installments. For purchases above \$200, customers can split repayment into eight installments for a \$10 flat fee. Unlike Citi's existing lending solution, **Flex Pay**, Spot bears no interest. Flex Pay can also only be used for Amazon purchases or applied to past transactions.

**Why it's worth watching:** BNPL products **gobbled up** payments volume during the pandemic, and recent moves from big-name companies suggest that activity won't slow down any time soon.

- **BigCommerce** **made** **Sezzle** its preferred BNPL partner this week—bringing the solution to its **more than 60,000** merchants. And **Apple** **partnered** with **Affirm** so Canadian customers can pay for Apple products through the BNPL provider.
- Credit card issuers suffer the most as demand for BNPL offerings from incumbent players like **Klarna** and **Afterpay** grows—which may have informed Citi's decision to move further into the BNPL space.

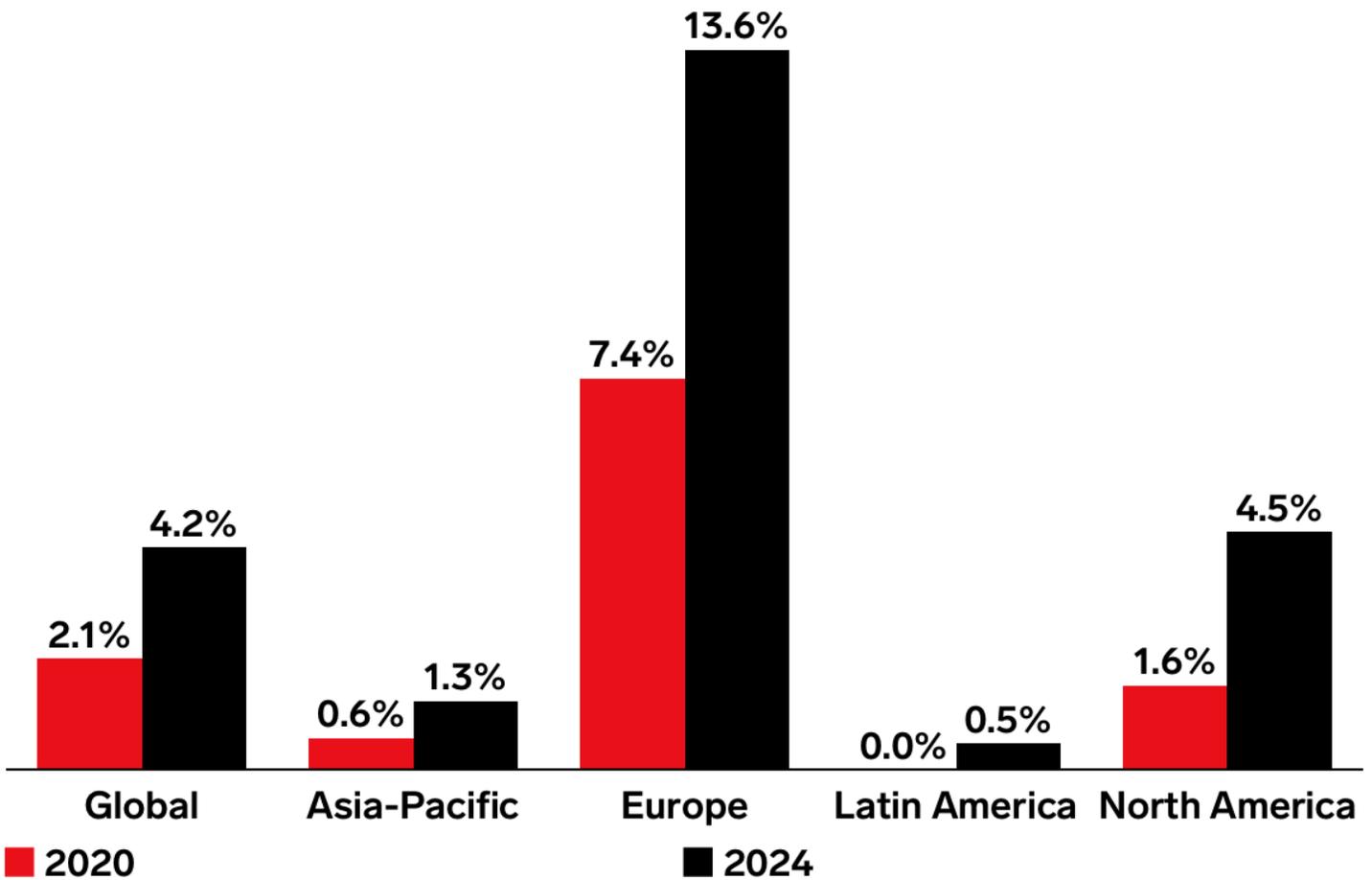
**Why this could succeed:** Unlike many BNPL providers, Citi doesn't have to worry about forging retail partnerships because its card can be accepted at most points-of-sale.

This makes Citi a formidable player in the BNPL space, especially in Australia—where BNPL services are extremely popular: **48%** of Australian internet users reported using a BNPL service in the past 12 months, **per** an April 2021 Leger survey.

Customers may be more inclined to use the Spot card over other BNPL offerings. Card-based solutions are easy to use and offer a more streamlined payment process compared with many incumbent BNPL providers, which include approval processes and can require using third-party mobile apps for in-store purchases.

**What's next?** Citi will likely bring the Spot card to other markets if it's well-received in Australia, and the newest iteration of BNPL solutions could shake up the global installment lending landscape. Issuers that aren't already involved in the BNPL space—like **Capital One**, which has a **strained history** with BNPL services—might follow Citi's lead with their own BNPL card launches to counter the threat of BNPL solutions.

# Share of Ecommerce Transactions Made Using Buy Now, Pay Later Services



Note: percent of BNPL transactions made online

Source: Worldpay from FIS, "The Global Payments Report," February 2021

Methodology: Data is from the February 2021 Worldpay from FIS report titled "The Global Payments Report," which measures transactions across 41 countries.

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