

Mastercard reportedly begins widespread rollout of BNPL program—though not everyone is on board

Article

The news: Mastercard is reportedly automatically enrolling merchants in its buy now, pay later (BNPL) program Mastercard Installments—though they do have the option to opt out, people familiar with the matter told Bloomberg.

Some fast-food restaurants and fuel merchants are said to have opted out of the program in recent months over worries about customers using BNPL for small-dollar purchases.

Key context: The card network unveiled [Mastercard Installments](#) last September and has been quickly building it out with [big-name partners](#) like **Walgreens** and **i2c**. The program—which is underpinned by technology from Mastercard’s open banking platforms **Aiia** and **Finicity**—lets Mastercard’s merchants offer installments to their customers through direct integrations into their platforms.

Customers can apply at the point of sale (POS) or with banks, lenders, and other financial institutions (FIs) like **Synchrony** and **SoFi**. They can get instant approval at checkout or be pre-approved through their lender’s or FI’s mobile app, which can then be stored in their digital wallets and used wherever Mastercard is accepted.

Why it’s worth watching: Mastercard is well-positioned to capture market share in the hot BNPL sector.

- US BNPL payment volume is expected to grow 77.3% year over year (YoY) in 2022 and hit \$75.60 billion, [according to](#) Insider Intelligence forecasts. Next year volume is forecasted to grow 25.5% YoY and reach \$94.87 billion.
- Twenty-seven percent of US respondents said they have used BNPL services and 22% said they hadn’t used it but were at least somewhat interested in doing so, [per](#) a June 2022 Insider Intelligence survey.

Mastercard’s vast merchant network and technology expertise gives its BNPL program a competitive advantage over incumbent BNPL providers like **Afterpay** or **Klarna**. And Mastercard’s ties to banks may reduce the perception of risk and add clout since they can promote the BNPL service to their customers.

What’s the catch? While Mastercard Installments seems like a win for all parties involved—Mastercard, banks, and merchants—there are concerns about the practicality of using a BNPL service for certain purchases. Although BNPL could be beneficial for spending categories like consumer electronics and furniture, it might be less necessary for dining purchases or gas transactions—such cases may be deemed a financial risk.

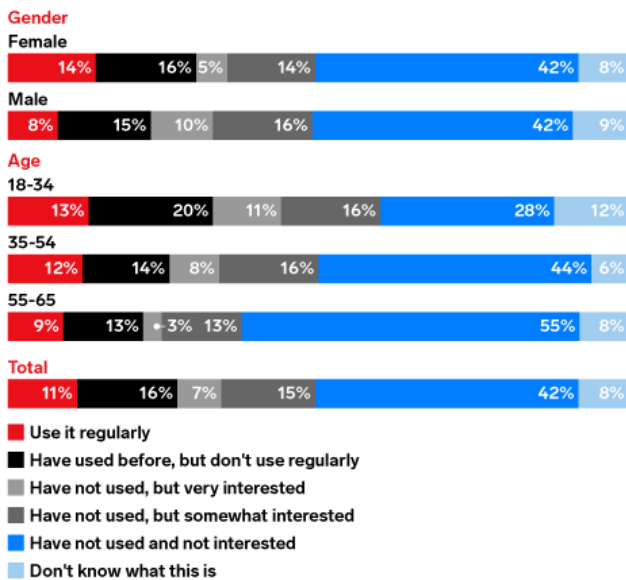
The risk factor is partly what prompted the **Consumer Financial Protection Bureau (CFPB)** to take [a closer look](#) into the **BNPL sector**. The consumer watchdog has yet to set forth any formal rules or recommendations for BNPL providers. But if it does, the ties between Mastercard’s BNPL program and established banks and financial services may leave it better positioned to cope with whatever comes down the pike.

*This article originally appeared in **Insider Intelligence's Payments Innovation Briefing**—a daily recap of top stories reshaping the payments industry. [Subscribe](#) to have more hard-hitting takeaways delivered to your inbox daily.*

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How Interested Are US Adults in Using Buy Now, Pay Later (BNPL) Services* at Checkout?

% of respondents, by demographic, June 2022



Note: numbers may not add up to 100% due to rounding; *e.g., Affirm, Afterpay, Klarna, QuadPay
Source: "The Insider Intelligence Ecommerce Survey" conducted in June 2022 by Bizrate Insights, June 22, 2022

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