

# Big-name partnerships give Mastercard a leg up in the BNPL arms race

Article

**The news:** Mastercard added H&R Block, i2c, Walgreens, and other partners to [Mastercard Installments](#), the buy now, pay later (BNPL) program it announced in September, per a press release.

**Here's how it works:** Mastercard Installments lets the card network's merchants offer BNPL options—including pay-in-four interest-free installment plans—through a direct integration

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 instantly approved 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.

**Mastercard's benefit:** Two factors give Mastercard Installments a strong edge in the BNPL space.

- **Mastercard can rely on its vast reach to scale its BNPL program and drive volume.** The card network has **78 million merchants** in its acceptance network, per PYMNTS. The program's simple integration may be a key selling point for merchants since it lets them rely on their existing relationship with Mastercard instead of forging deals with BNPL firms.
- **It's well-positioned to weather anticipated [BNPL regulation](#).** The **Consumer Financial Protection Bureau (CFPB)** could update its regulations shortly after the deadline for receiving public comment on BNPL closes on March 25, consumer advocacy firm PIRG [told](#) American Banker. Mastercard's underwriting capabilities and tie-ups with established banks could give its installments solution a leg up on other BNPL providers that may have less room to pivot to accommodate new regulations.

**The bigger picture:** The number of **US BNPL users is expected to grow 31.4%** year over year (YoY) to hit 59.3 million in 2022, [per](#) Insider Intelligence forecasts.

Players like **Affirm**, **Afterpay**, and **Klarna** have dominated the space, but that may change as payments titans like Mastercard and **Visa** quickly build out their own BNPL programs. Even though these providers can use Mastercard Installments to access Mastercard's payments rails and scale merchant acceptance, the card network's presence increases competitive pressures by making it harder to stand out. This may be why BNPL incumbents are exploring sectors like [healthcare](#) and [offering](#) more traditional banking solutions to diversify their business lines.

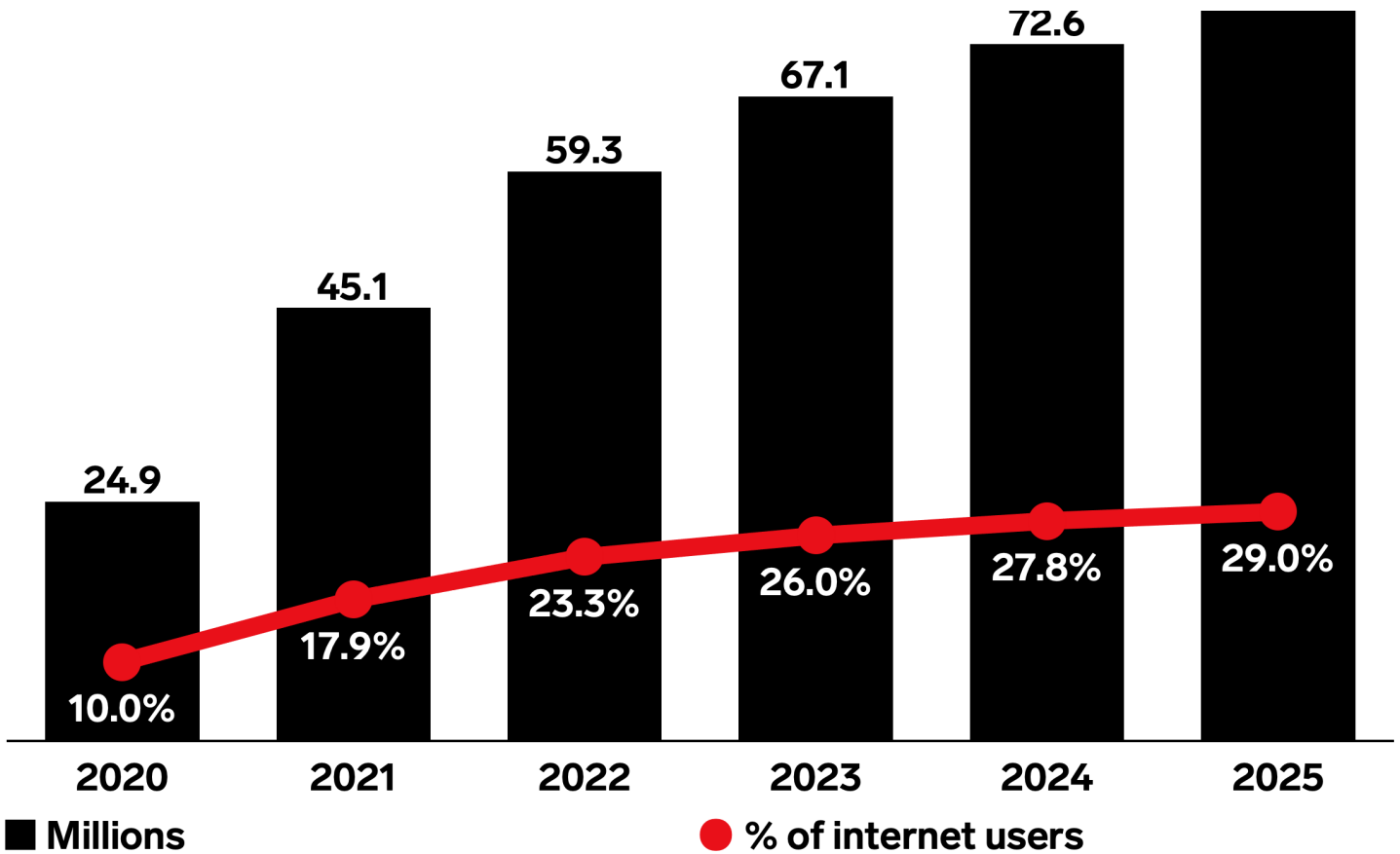
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# Buy Now, Pay Later Service Users

*US, 2020–2025*

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**76.6**



*Note: Ages 14+; internet users who have accessed a buy now, pay later account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services. Buy now, pay later (BNPL) services are defined as interest-free solutions provided by third-party payment platforms that allow consumers to purchase and finance a product or service, and pay in scheduled installments; also known as digital installments, installment lending, and point-of-sale financing. Users are typically allowed to pay off balances in weekly, bi-weekly, or monthly installments. Failing to adhere to a predetermined payment plan will usually lead to late fees and interest charges. Consumers access these solutions at the point-of-sale (online or in-person), usually via a merchant’s website or app, via the third-party provider’s app or via proximity mobile payment apps like Google Pay and Apple Pay. Examples include Affirm, Afterpay, Klarna, Sezzle, and PayPal’s BNPL service. Excludes services that provide a revolving line of credit, and retailer- and bank-branded financing options.*

Source: eMarketer, May 2021

*Methodology: Estimates are based on the analysis of survey and traffic data from research firms, historical consumer adoption and buying trends, payment adoption trends, reported company data, interviews, demographic and socioeconomic factors, and macro-economic conditions.*

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