

Apple Pay Later launch shakes up BNPL landscape

Article

The news: Apple launched its BNPL solution Apple Pay Later to an invite-only group of users in the US ahead of a widespread rollout, per a press release.

How it works: The solution is enabled through the **Mastercard Installments** program, with **Goldman Sachs** issuing the payment credential. The credit assessment and lending will be done through Apple's subsidiary Apple Financing.

- Users can apply for a loan ranging from \$50–\$1,000 through the Apple Wallet. Apple will conduct a soft credit pull to determine creditworthiness. Apple had also **reportedly considered** using customers’ Apple spending histories, which devices they own, their history with Apple Card, and other cards linked to users’ Apple Pay accounts to determine loan eligibility.
- Upon approval, users will see the Pay Later option whenever they select Apple Pay at checkout. It will let them split purchases into four payments over six weeks, with no interest or fees.
- Users will link their debit cards to the solution. Apple Pay Later will not accept credit cards to help prevent users from taking on more debt to pay back their loans.

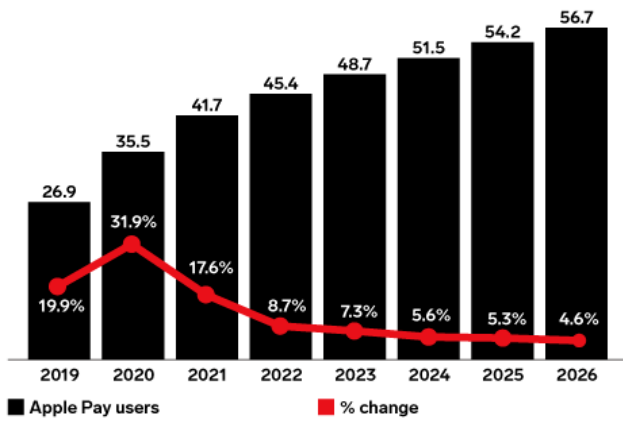
Why this is a big deal: The long-anticipated Apple Pay Later has strong growth potential.

- Apple Pay is already accepted at **more than 1 million retail stores across the US**, setting the stage for rapid and widespread uptake upon launch.
- And Apple has a huge user base: We expected **48.7 million customers will use Apple Pay this year**—up 7.3% annually, per our forecasts. Adding BNPL will likely boost Apple Pay’s user numbers in turn.
- Letting users manage the loans directly from the Apple Wallet—without having to download an additional app or connected card like with other BNPL providers—reduces friction and makes the solution easy to use. And authenticating purchases using Face ID, Touch ID, or passcode eliminates the need for extra logins, which become a pain point at checkout and can lead to cart abandonment.

Apple Pay Later’s launch will undoubtedly reverberate across the BNPL industry and could redraw the competitive landscape, stealing market share from segment leaders. Apple’s financial health and firepower give it a competitive advantage out of the gate, and we expect it to make significant BNPL lending inroads.

US Apple Pay Users, 2019-2026

millions and % change



Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past month using Apple Pay
Source: Insider Intelligence, March 2022

274938

InsiderIntelligence.com

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.

- Are you a client? [Click here to subscribe.](#)
- Want to learn more about how you can benefit from our expert analysis? [Click here.](#)