

The payments predictions we got right in 2022

Article

How'd we do? Last year, we made [four predictions for 2022](#). Here are two we got right:

Prediction 1: India will beat others to the punch, becoming the next major market to launch a central bank digital currency (CBDC) in 2022.

India [kicked off](#) its wholesale CBDC pilot in November with participation from nine banks—including the country's largest bank, **State Bank of India**. It [launched](#) its retail CBDC pilot on December 1.

Breaking it down: Three key factors led us to believe India would roll out a CBDC in 2022.

1. **Strong interest in cryptocurrencies.** India attracted **\$638 million in cryptocurrency and blockchain investments** spread across 48 funding rounds in 2021, [according to](#) Tracxn data cited by the Economic Times. And retail investor interest was also robust: At the start of January 2022, Indian consumers held **\$5.3 billion in crypto assets**. Such strong appetite for digital currencies could translate into CBDC adoption.
2. **Government regulation.** India has changed its stance on crypto regulation multiple times, but it will likely enforce some form of regulation as the crypto market's volatility worsens. India's minister of finance, Nirmala Sitharaman, [expressed concerns](#) in July that crypto could hurt India's monetary and fiscal stability. Government pushback against traditional cryptocurrencies could set the foundation for CBDC adoption.
3. **Rapid payment digitization.** The **Unified Payments Interface (UPI)**, India's mobile bank-to-bank instant payments system, has been a tremendous success, helping spur strong digital payments growth in the country. We believed that a CBDC—especially one tethered to UPI—could help expand India's digital payments market.

Prediction 2: Buy now, pay later (BNPL) lending and disclosure practices will come under scrutiny from the Consumer Financial Protection Bureau (CFPB).

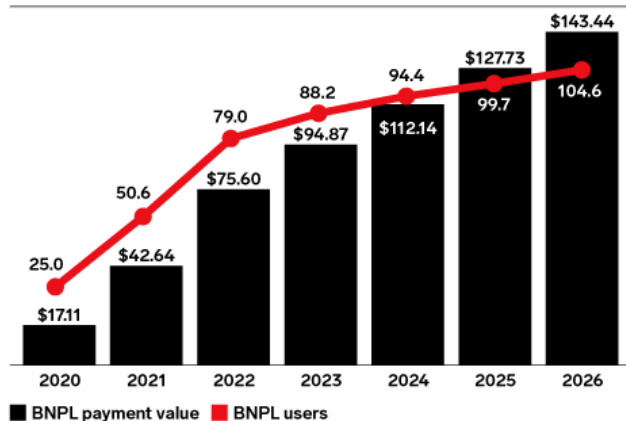
- Just weeks after we published our predictions, the CFPB [opened an inquiry](#) into five major BNPL firms to understand the risks and benefits of the payment method. The consumer watchdog released its findings from the inquiry in September and [outlined plans to regulate](#) BNPL providers like credit card firms.
- The bureau ramped up its review into the sector this year as consumer adoption grew: The **number of BNPL users in the US increased 56.1% YoY in 2022**, reaching 79 million, [per](#) Insider Intelligence forecasts.

How we got here: Mounting evidence has shown the potential risks involved with using BNPL.

One-third of US consumers reported falling behind on one or more BNPL payments in 2021, per [Credit Karma data](#) cited by Reuters. Of those, 72% said their credit score had declined as a result. And the proliferation of BNPL entrants—many of which target specific sectors like travel or healthcare—may exacerbate concerns that consumers could inadvertently fall into unmanageable debt.

US Buy Now, Pay Later (BNPL) Payment Value and Users, 2020-2026

billions and millions of users



Note: ages 14+; internet users who have accessed a BNPL account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services; excludes payments (such as bill pay, taxes, or money transfers), gambling and other vice goods sales

Source: Insider Intelligence, June 2022

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