

ACQUIRERS' NAVIGATION OF AN UNCERTAIN INSTALLMENT PLAN LANDSCAPE

December 2023 Report



PYMNTS
INTELLIGENCE



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■ September 2023
Installment Plans Becoming a Key Part of Shopper's Toolkit



Acquirers' Navigation of an Uncertain Installment Plan Landscape was produced in collaboration with Splitit, and PYMNTS Intelligence is grateful for the company's support and insight. [PYMNTS Intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

WHAT'S AT STAKE

The growing support for credit card installment plans represents a significant development in the payments landscape of recent years. The concept of modern installment plans, especially those popularized by products using the buy now, pay later (BNPL) model, is reshaping purchasing behavior, even as the term's taxonomy remains a bit murky. Merchants affiliated with acquirers offering installment plans are interested in their potential to boost sales, as consumers may make larger purchases if they can spread out the payments over time. However, while 56% of acquirers claim they facilitate the provision of general-purpose credit card installment plans before or during check-out, PYMNTS Intelligence's research finds that the actual figure is likely nearer to 8%.

“

We support different banks' credit cards to provide individual customers [with] installment plans on their purchases through the business clients.

— Vice president of finance at a FinTech

”

The strategic move by acquirers to support general-purpose credit card installment plans indicates a broader shift in consumer finance and the payments ecosystem. The data reveals significant consumer appetite for flexible payment solutions, and by enabling installment plan options, which can generate revenue through transaction fees or interest, acquirers may diversify their income and attract a broader range of merchants. However, PYMNTS Intelligence's analysis reveals significant confusion about what it means for acquirers to support installment plans, notably in the emerging area of general-purpose credit card installment plans utilizing existing consumer credit lines. Acquirers seeking to support general-purpose credit card installment plans hope to align with this trend to meet evolving consumer demands.

These are just some of the findings detailed in Acquirers' Navigation of an Uncertain Installment Plan Landscape, a PYMNTS Intelligence and Splitit collaboration. This edition examines acquirers' current support of and interest in offering installment plans and draws insights from an original survey of 50 acquirers conducted from Sept. 1 to Sept. 25, as well as 36 follow-up responses gathered from the original set of 50 acquirers between Oct. 23 and Nov. 6.

This is what we learned.

KEY FINDINGS

01

IN THEORY

Despite consumer interest in general-purpose credit card installment plans, few acquirers surveyed support their business clients with the ability to offer these plans prior to or during checkout.



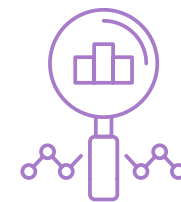
39%

Share of acquirers that do not currently allow clients to offer general-purpose card installment plans during checkout but aim to do so in the future

02

ACQUIRERS' PREFERENCE

Among the installment plans in our study — general-purpose credit cards, merchant card plans and BNPL — acquirers most prefer general-purpose credit card installment plans because they improve client satisfaction.



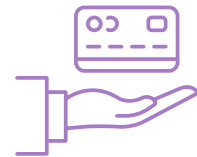
42%

Share of firms citing they support general-purpose credit card installment plans and saying these plans help retain existing clients

03

TIMING IS EVERYTHING

Although consumers prefer a merchant to offer general-purpose card installment plan options before checkout, acquirers prefer clients to offer the plans during or after checkout.



39%

Share of acquirers with plans to allow clients to offer general-purpose card installment plans to their consumers before the checkout process

04

CROSS-BANK CAPABILITIES

Despite acquirers' preference for offering installment plans after checkout, roughly two-thirds of firms think clients would sell more items or increase their higher-priced sales if they offered card installment plan options before consumers decide what to buy.



68%

Share of acquirers that think business clients would be very or extremely likely to sell higher-priced items or services if they offered card installment plans to clients before checkout

PYMNTS IN DEPTH

Few acquirers surveyed support their business clients with the capability to offer general-purpose credit card installment plans to individual consumers before or during checkout despite consumer interest in these plans.

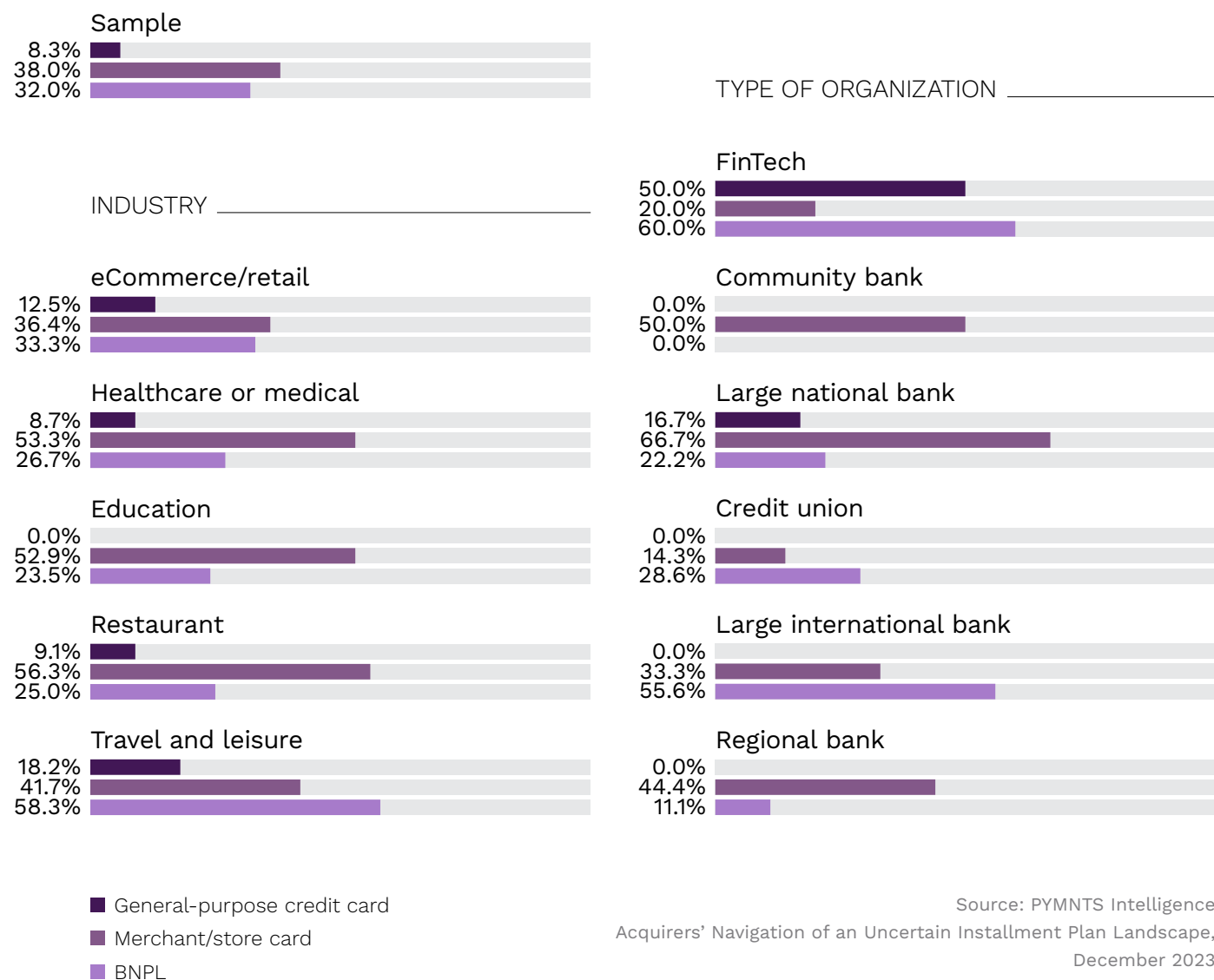
All acquirers in our survey report offering some kind of support for business clients that want to offer customers the ability to pay using installment plans.

On the surface, the move reflects what could amount to a significant shift by acquirers to satisfy the growing consumer demand for flexible payment solutions. However, our analysis reveals significant confusion about what it means for acquirers to support installment plans, especially when it comes to nascent schemes offering general-purpose credit card installment plans that facilitate payment using consumers' existing credit lines. For example, 56% of acquirers say they support offering general-purpose credit card installment plans before or during checkout, but PYMNTS Intelligence's analysis shows this number is far lower — probably closer to 8%.

FIGURE 1:

Uneven support for installment plans

Share of acquirers that support specific split payment options for clients' sales to consumers



Source: PYMNTS Intelligence
 Acquirers' Navigation of an Uncertain Installment Plan Landscape,
 December 2023
 N varies by installment plan type,
 fielded Sept. 1, 2023, – Nov. 6, 2023

“

We offer plans on both credit cards and merchant cards, and we partner with clients to promote the installment plan for the customers. We have also integrated the installment plan into the checkout process, wherein the customers can choose what suits them the best.

— CFO at a large national bank

”

Installment plan options can vary significantly and include BNPL, merchant financing and general-purpose card installment plans. Nearly every acquirer surveyed reports that they support installment plans in some form, but just more than one-third, 38%, specify enabling merchant/store card installment plans. Meanwhile, 32% of acquirers offer explicit support for BNPL schemes. Most process credit card payments that consumers can split into installments post-purchase at their bank, though most acquirers do not yet support splitting purchases with general-purpose card installments at the point of purchase. Likewise, PYMNTS Intelligence’s recent consumer survey showed that consumers want card-attached installment options and they want the merchant to offer these options prior to purchase. Overall, however, support for installment plans of any kind remains uneven across the transaction lifecycle (i.e., before, during or after checkout), by acquirer type and by industry segment.

Acquirers prefer general-purpose credit card installment plans over merchant/store card plans and BNPL, partly because the plans increase client satisfaction.

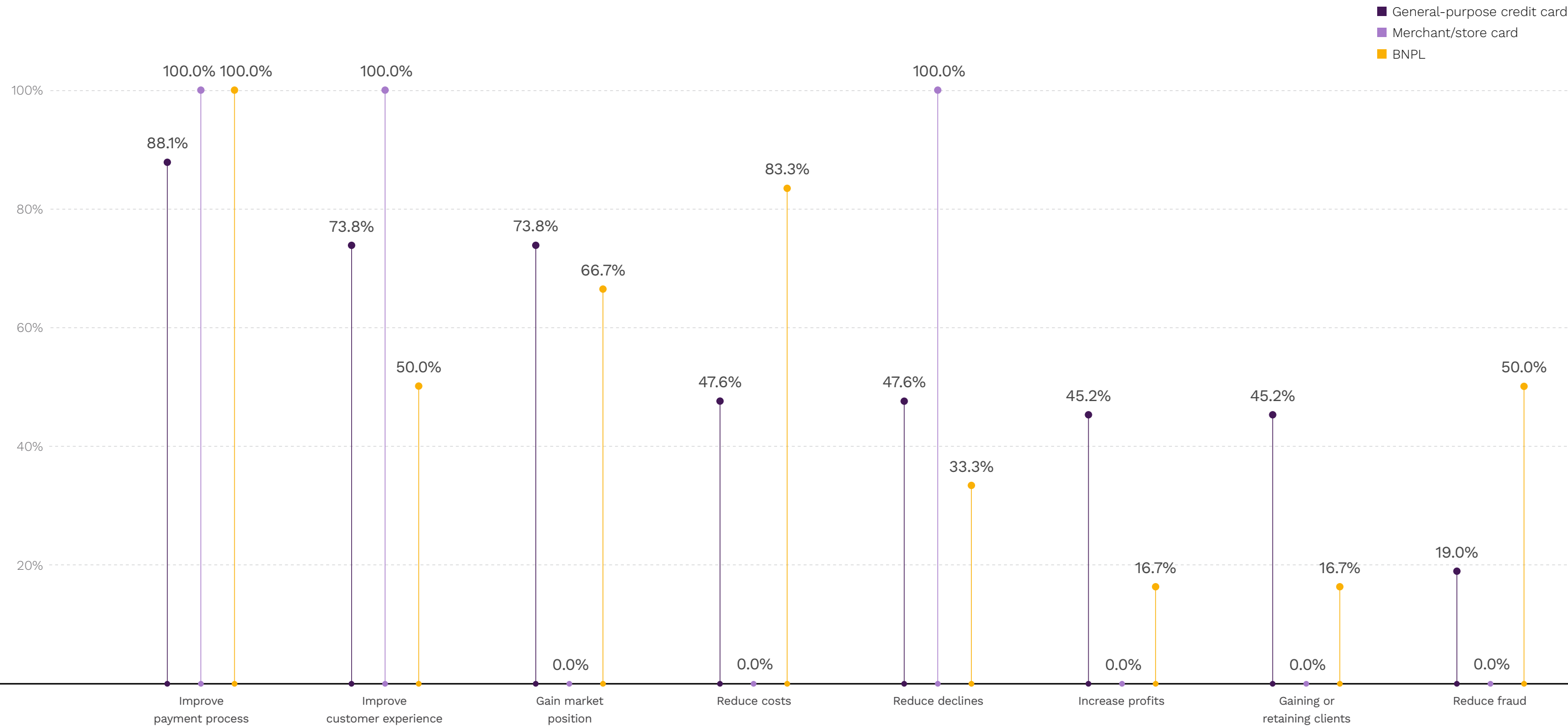
Current support for installment plans by acquirers reveals the inroads made in recent years to meet consumer demand. Improved client satisfaction is the benefit most frequently cited among acquirers reporting that they offer general-purpose card installment plans; 50% cited this. But client satisfaction with general-purpose credit card installment plans significantly lags client satisfaction with merchant/store card installment plans, at 74%, and BNPL, at 63%, possibly because consumers desire the ability to use general-purpose card installments during checkout, while many but not all offerings are post-purchase. The data suggests that general-purpose card installment plans are particularly likely to help acquirers retain existing clients, with 42% of firms reporting to offer general-purpose card installment plans citing client retention, while by contrast, just 25% of firms offering BNPL cite this benefit.

42%
Share of firms reporting that general-purpose card installment plans are likely to **help acquirers retain existing clients**

Meanwhile, the data on how increased use of installment plans by business clients reveals that a level of consensus has formed across installment types. Acquirers believe that each of these plans improve payment processes and the customer experience. In particular, 88% of acquirers cite improved processes as a virtue of offering general-purpose credit cards with installment plans, while 74% of acquirers cite improvements to customer experience. The sizable share of acquirers recognizing the significance of general-purpose credit cards with installment plans underscores their potential in optimizing payment processes. The positive impact on customer experience further affirms the role of these credit solutions in enhancing consumer satisfaction and loyalty.

FIGURE 2:
Firms anticipate payment process and customer experience improvements from installment plans

Share of firms citing how increased use of installment plans by their business clients would benefit them more as compared to the use of other installment plans, by type of installment



Source: PYMNTS Intelligence
 Acquirers' Navigation of an Uncertain Installment Plan Landscape, December 2023
 N = 50: Complete responses, fielded Sept. 1, 2023, – Nov. 6, 2023

Although consumers prefer to be offered card installment plan options before checkout, acquirers and their clients differ in their capacity to offer them at that time.

Four in 10 acquirers believe their business clients would prefer to offer bank-issued card installment plans before checkout. Meanwhile, 38% of acquirers would prefer consumers be offered bank-issued card installment plan options after the purchase — even though just 4% think their business clients would prefer this approach. However, due to differing capabilities, discrepancies persist between when acquirers and their business clients can offer various installment plans, such as those that are merchant card-based or BNPL.

Moreover, distinct preferences exist between acquirers and their business clients regarding the timing of installment plan offerings across various industry segments. In retail trade and eCommerce,

89%

Share of firms preferring that business clients offer their individual customers an installment plan during or after purchase — **even though most consumers want installment plan options before checkout**

the preference for installment plans during or after checkout is pronounced at a combined 83% and 50%, respectively. This timing reflects the broader retail sectors' focus on immediate, transaction-driven experiences. Customers likely appreciate the convenience of instant financing options as they complete purchases. By contrast, healthcare, education and travel and leisure show a more even distribution between pre- and post-purchase installment offerings, suggesting a recognition of varying financial needs and decision-making timelines in these sectors. Healthcare and education may offer post-purchase plans to accommodate budgeting for larger, planned expenses, while travel and leisure might balance the need for upfront booking convenience with flexibility in payment timing.

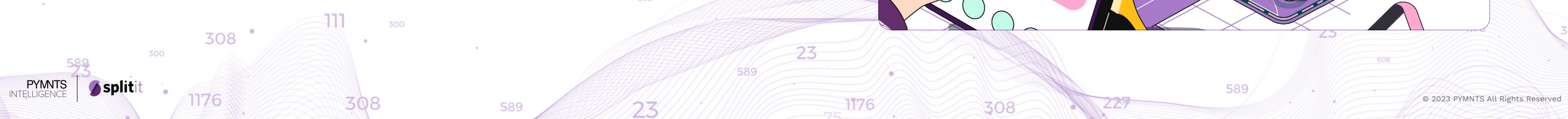
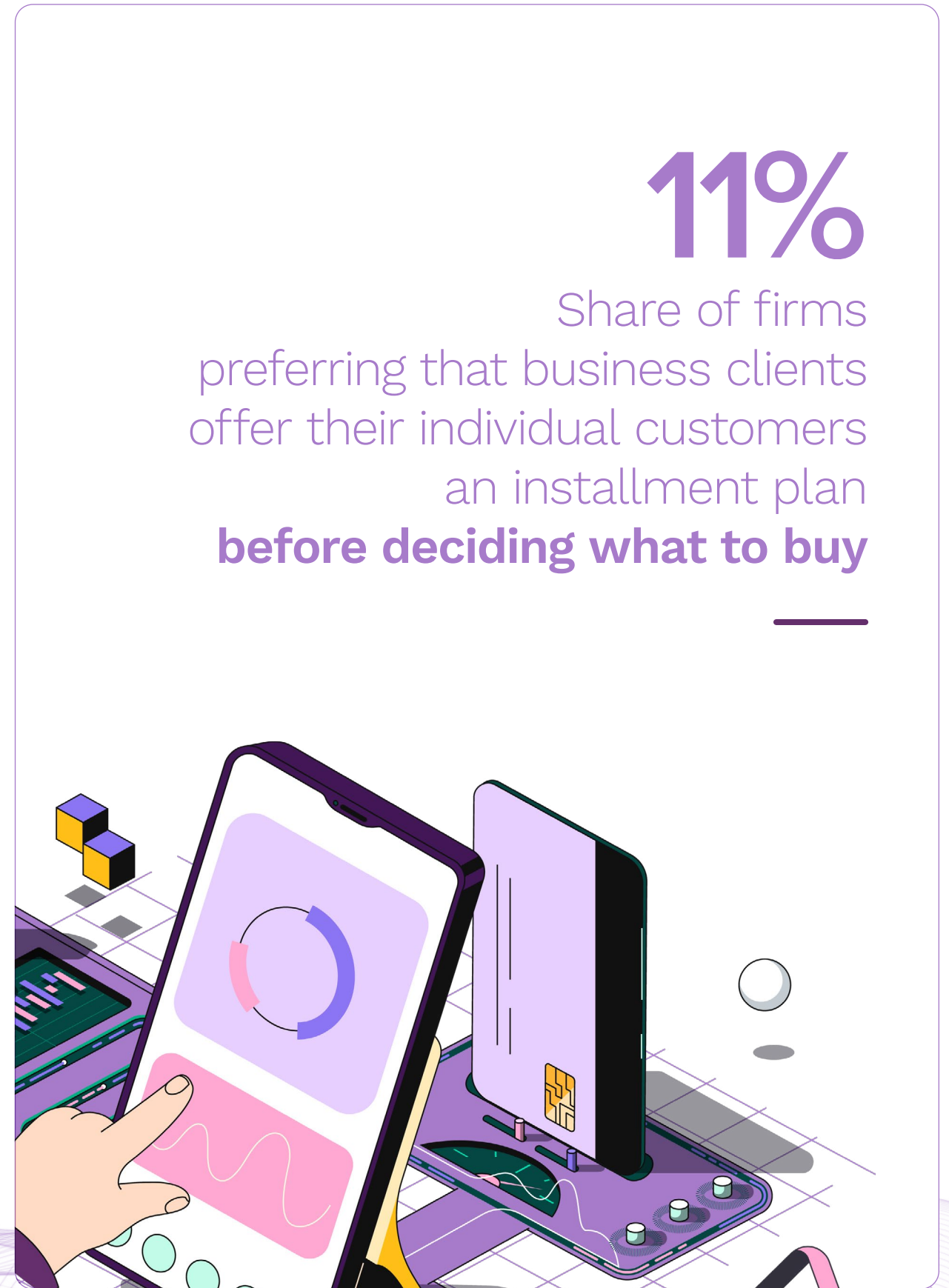
FIGURE 3:

Timing installment offerings differ based on industry segment

Share of firms citing when they prefer the individual customers of their business clients to be offered an installment plan that uses the existing limit on a credit card or merchant/store card

	Prefer their individual customers to be offered installment options after making the purchase	Prefer their individual customers to be offered installment options during checkout	Prefer their individual customers to know about installment options before deciding what to buy
SAMPLE	38.9%	50.0%	11.1%
INDUSTRY			
• Retail trade	45.8%	37.5%	16.7%
• Healthcare or medical	34.8%	65.2%	0.0%
• Restaurant	45.5%	45.5%	9.1%
• Education	25.0%	58.3%	16.7%
• eCommerce	25.0%	25.0%	50.0%
• Travel and leisure	36.4%	36.4%	27.3%
Annual revenue			
• Less than \$500M	44.4%	44.4%	11.1%
• \$500M-\$1B	45.5%	45.5%	9.1%
• More than \$1B	31.3%	56.3%	12.5%

Source: PYMNTS Intelligence
 Acquirers' Navigation of an Uncertain Installment Plan Landscape, December 2023
 N = 36: Recontacted firms, fielded Oct. 23, 2023 – Nov. 6, 2023



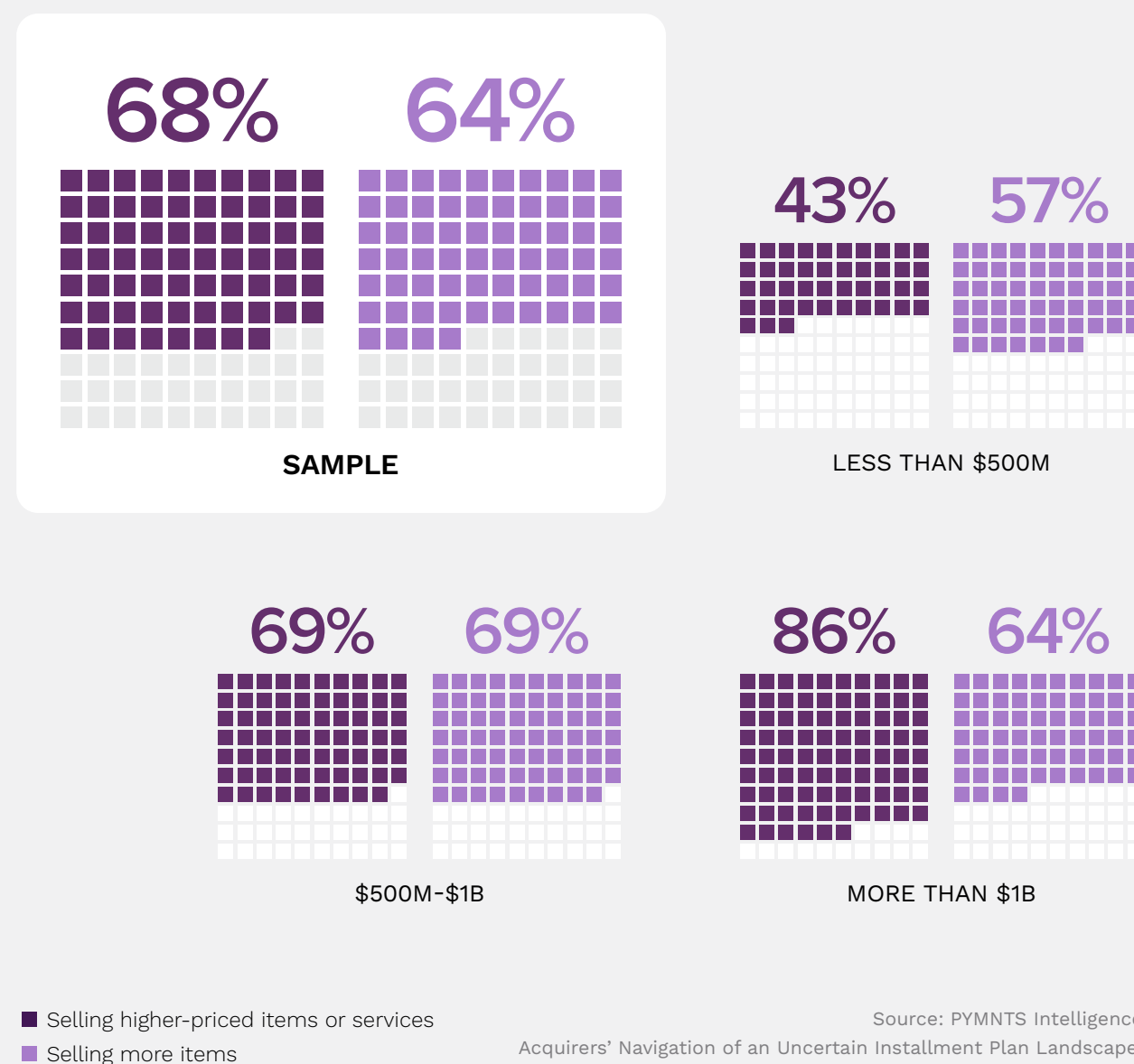
Approximately two-thirds of acquirers think their clients would be very or extremely likely to sell more items or increase their higher-priced sales if they offered installment plan options before consumers decide what to buy.

Timing is a key aspect of installment plans, as acquirers tend to believe their business clients would not only increase their sales of higher-priced items if they offered bank-issued card installment plans to clients before checkout but also sell more items overall if they offered card installment plans at that time. Data reveals that among acquirers generating annual revenues that exceed \$1 billion, 86% predict an increase in the sale of higher-priced items or services. Nearly 70% of acquirers in this study's mid-revenue range (\$500 million to \$1 billion) predict increased sales of higher-priced items and a greater quantity of items due to installment plans. However, confidence in

FIGURE 4:

Firm size's correlation with confidence in revenue growth

Share of acquirers that think their business clients would be very or extremely likely to sell higher-priced items/services or sell more items if they offered customers the option to pay with a bank-issued card installment plan before deciding what to buy



Source: PYMNTS Intelligence
 Acquirers' Navigation of an Uncertain Installment Plan Landscape,
 December 2023
 N = 50: Complete responses,
 fielded Sept. 1, 2023 –Sept. 25, 2023

installments to drive revenue dips for smaller acquirers (those generating less than \$500 million annually), among which only 43% foresee an uptick in higher-priced sales and 57% predict a rise in overall sales volume.

Client satisfaction and reputation improvements represent the top benefits acquirers identified across installment plan types. The data on each of the principal installment plans — general-purpose credit card installment plans, merchant/store-based plans and BNPL — reflects benefits and challenges that vary, suggesting that the plans are hardly interchangeable. For instance, BNPL plans are notable for a higher portion (63%) of acquirers supporting these plans experiencing the benefits of faster payment processing. By contrast, general-purpose credit card installment plans reveal a far lower share (46%) of acquirers that report supporting these plans experiencing this benefit. Finally, 50% of the acquirers reporting to support general-purpose card installment plans acknowledge improved client satisfaction as a benefit of these plans.

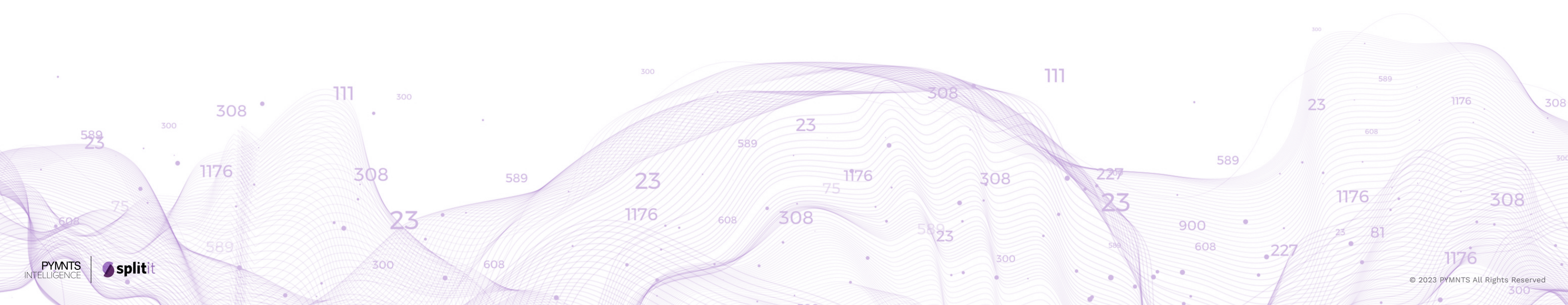
FIGURE 5:

Benefits of supporting installment plans

Share of acquirers citing benefits obtained from supporting select installment plan options

	General-purpose credit card	Merchant/store card	BNPL
• Improve client satisfaction	50.0%	73.7%	62.5%
• Improve reputation	48.0%	36.8%	43.8%
• Faster processing of payments	46.0%	47.4%	62.5%
• Increase profits	46.0%	42.1%	43.8%
• More transparency in payment processes	44.0%	31.6%	62.5%
• Reduction in delinquencies	42.0%	26.3%	N/A
• Retain existing clients	42.0%	31.6%	25.0%
• Lower processing costs and fees	36.0%	21.1%	12.5%
• Better tracking of payments	36.0%	36.8%	37.5%
• Simplified process of receiving payments	36.0%	36.8%	37.5%

Source: PYMNTS Intelligence
 Acquirers' Navigation of an Uncertain Installment Plan Landscape, December 2023
 N = 50: Complete responses, Sept. 1, 2023 - Sept. 25, 2023



DATA FOCUS

While few acquirers are currently innovating capabilities to process card installment payments, more than half plan to do so within the next year, and most are satisfied with their decision to offer various types of installment plans, citing high returns on investment (ROIs).

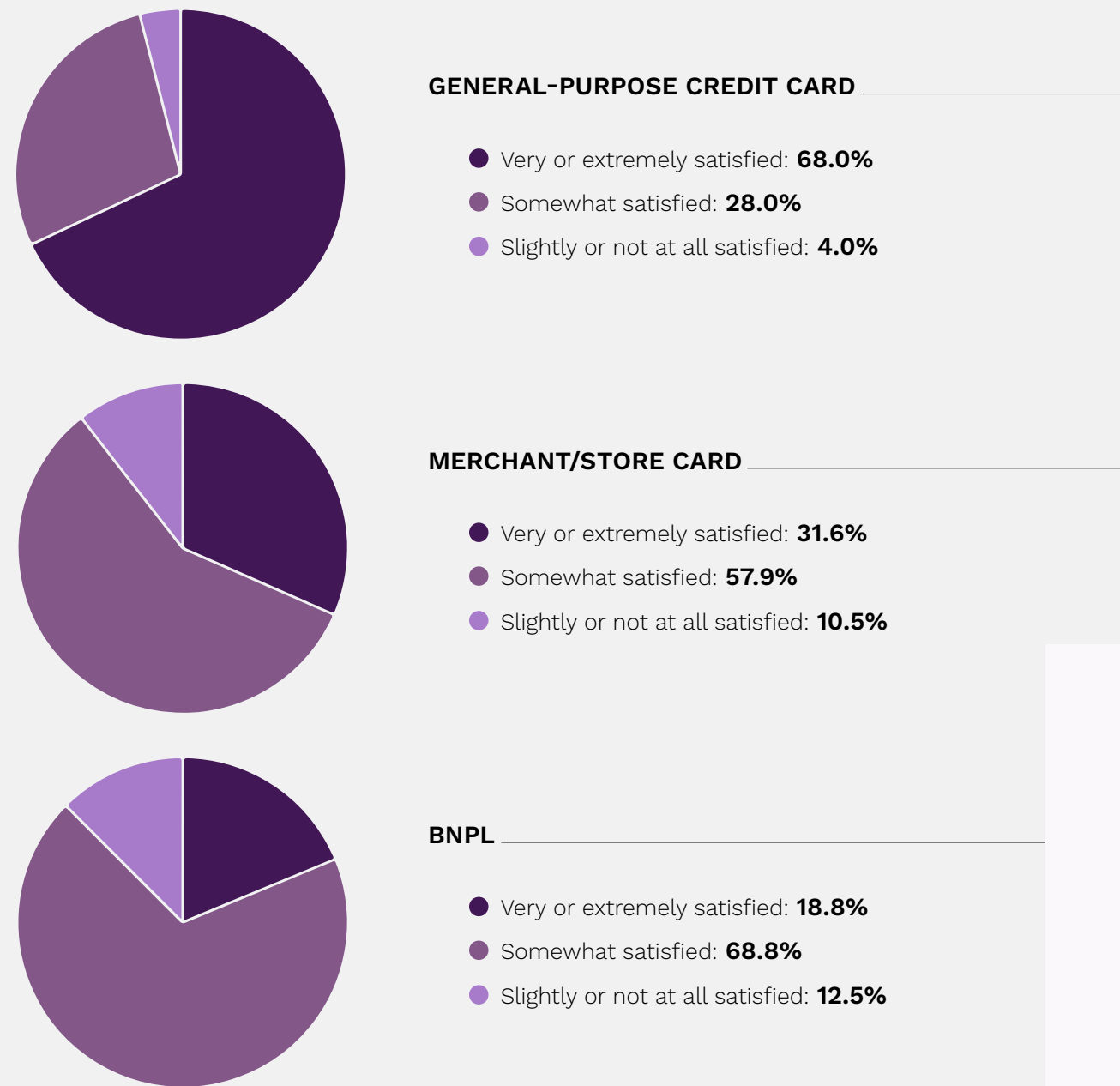
While 96% of acquirers reporting to offer general-purpose credit card installment plans were highly or somewhat satisfied with their ROI, 88% of acquirers offering BNPL installment plans were somewhat or highly satisfied with their ROI.

Notably, 39% of acquirers have plans to support their clients with the ability to offer general-purpose credit card installment plans during checkout in the future, as most acquirers recognize this move is paramount to accommodate changes in consumer preferences. Acquirers report that they believe installment plans offered before purchase can help customers plan their expenses, for example, and that the plans may encourage consumers to make larger purchases.

FIGURE 6:

Installment plans and ROI

Share of firms citing their level of satisfaction with the ROI of offering business clients' individual customers the option to pay using installment plans



Source: PYMNTS Intelligence
 Acquirers' Navigation of an Uncertain Installment Plan Landscape, December 2023
 N = 50: Complete responses, fielded Sept. 1, 2023 – Sept. 25, 2023

The qualitative data behind PYMNTS Intelligence’s research on installment plans — general-purpose credit card, merchant/store card and BNPL options — confirms that a strong consensus is forming among acquirers regarding the plans’ value. These plans are widely recognized as catalysts for enhancing customer satisfaction and boosting sales, underscoring the critical role of flexible payment options in driving business growth. Furthermore, firms acknowledge the operational benefits that installment plans provide, such as streamlined payment processing, reduced likelihood of transaction declines, and decreased risk of defaults, which contribute to smoother financial operations. Some also view the provision of installment plans as a competitive differentiator, allowing them to stand out in the market and adapt to shifts in consumer purchasing patterns.

“
 We prefer to offer the installment plan during checkout because, firstly, it helps reduce the number of declined transactions, and secondly, it enables individual customers to make more purchases, which benefits the clients' businesses and increases the overall organizational revenues.
 — Senior vice president of finance at a large international bank”

ACTIONABLE INSIGHTS



01

Acquirers almost entirely support at least the idea of processing post-transaction installment plans, but the ability to establish an installment plan at checkout still lags behind consumer demand. That leaves it to the customer and the issuing bank to set up the plan after checkout. Businesses should leverage the ability to offer consumers flexible payment options at checkout, which could improve customer satisfaction and increase sales.



02

Many customers take advantage of the ability to set up installments through their banks after checkout. Companies should consider developing mechanisms to track consumer preferences about installment plans across installment and product type, as they can offer valuable insights into customer behavior and payment preferences.



03

Most acquirers plan to improve their capabilities to support installment plans in the near future. Businesses should explore deepening these partnerships with technology providers to stay competitive and meet consumer expectations for seamless and modern payment experiences.



04

A small portion of acquirers have implemented installment plan capabilities across multiple banks before and during checkout, illustrating an emerging trend of cross-bank services. This indicates a potential strategic advantage for acquirers and their clients in offering more versatile installment plan options across different banking platforms.

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METHODOLOGY

Acquirers' Navigation of an Uncertain Installment Plan Landscape is a PYMNTS Intelligence and Splitit collaboration. This edition examines consumers' use of installment plans for completing common purchases and draws insights from an original survey of 50 acquirers conducted from Sept. 1 to Sept. 25, as well as 36 follow-up responses gathered from the original set of 50 acquirers between Oct. 23 and Nov. 6. We limited the sample to firms that met the following qualifications:

- They provide payments processing services to clients.
- They have clients in the following industry segments: eCommerce/eTail, education, restaurant, healthcare or medical, retail trade or travel and leisure.
- More than half of their customers' processed payments are for sales to individuals.
- They process payments from credit cards, merchant/store cards or BNPL.

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ABOUT

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INTELLIGENCE

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

 **splitit**

Splitit powers the next generation of commerce innovation through its merchant-branded Installments-as-a-Service platform. Splitit is solving the challenges businesses face with legacy BNPL while unlocking BNPL at the point of sale for card networks, issuers and acquirers all through a single network API.

Splitit's white-label platform mitigates issues with legacy BNPL like the declining conversion funnel, clutter at the checkout and a lack of control of the merchant's customer experience while putting the power back in the hands of merchants to nurture and retain customers, drive conversion and increase average order value. Easy to adopt, integrate and operate, Splitit delivers an uncluttered, simplified, card-attached experience embedded into their existing purchase flow.

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