



Credit That Meets the Moment

**What AI-Powered Credit
Means for Customers**



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PLAYBOOK 3: THE FUTURE OF AI CREDIT



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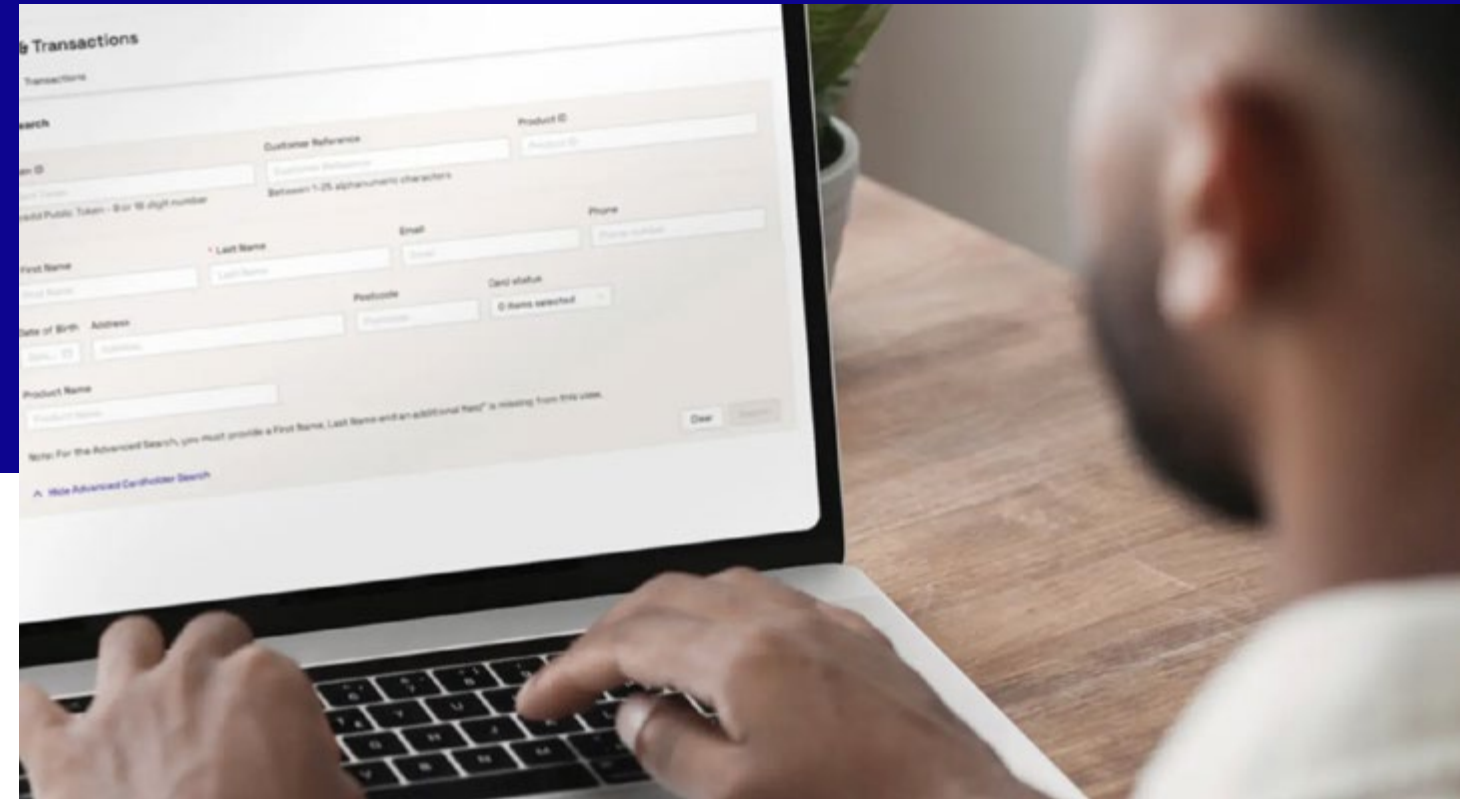
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FROM CONTROL TO TRUST: THE CUSTOMER SIDE OF AI CREDIT

The [last edition](#) in this series described a shift already underway inside financial institutions (FIs): credit moving from a fixed product to a feature that can be deployed at the exact moment a transaction calls for it. For issuers, that shift is about control. It means pricing risk more precisely, extending credit to segments once considered unscorable, and routing a transaction to the right facility in real time.



None of that infrastructure matters, though, if the person on the other end of the transaction doesn't use it. The same technology that gives issuers more control over a transaction gives customers the equivalent. It offers credit that shows up only when they need it, priced for what they're actually buying, and structured on terms they choose rather than terms fixed at signup.





This is the other half of the argument for credit powered by artificial intelligence (AI). Tokenization, real-time data and AI decisioning are not, from a customer's perspective, tools for better risk management. They are what make it possible for a credit line to behave less like a rigid contract and more like a responsive service. This service is instant when speed matters, flexible when circumstances change, and transparent when a customer wants to know why a decision was made.

This distinction decides whether the infrastructure issuers are building actually gets used. A customer who doesn't trust a system, or doesn't understand it, will route around it, sticking with a familiar card, a familiar lender, a familiar process, even when a better option exists. The institutions that win the next generation of borrowers will be the ones customers trust to use AI on their behalf.

I. FLEXIBILITY ON THE CUSTOMER'S TERMS

Credit as a feature doesn't just give issuers more control over when and how they extend a line. It gives customers more control over what they have to decide and when.

For most of the history of consumer credit, the terms of a purchase had to be settled before the purchase happened. Customers had to apply, wait, get approved, then buy. This sequence placed the hardest financial decision, how much this will cost and on what terms, at the exact moment a customer had the least information and the most pressure to decide quickly.

Buy now, pay later (BNPL) has begun to invert that sequence, and the data suggests customers have noticed. According to the [JD Power](#) 2026 U.S. Buy Now Pay Later Satisfaction Study, 52% of customers using a fixed-payment BNPL plan tied to their credit card decide to use it *after* the purchase has already gone through, while only 48% decide at check-out. More than one-third of U.S. consumers (37%) used a BNPL service in the past 90 days, up five percentage points from a year earlier, according to the same study.

This growth shows up in the broader numbers too. [Adobe's 2025 holiday shopping data](#) found that BNPL drove \$20 billion in online spending between November and December, up 9.8% year over year. That level of usage makes it a mainstream driver of holiday spend, not just a niche option.



Moreover, the data suggests that BNPL is not materially increasing overall consumer indebtedness. A [Richmond Fed research brief](#) published in early 2026 found no clear evidence that BNPL, at its current scale (roughly \$70 billion in 2025, or about 1.1% of total credit card spending), is creating elevated financial stress. That is worth noting on its own terms. The appeal of deciding later how to pay is not that it lets people spend beyond their means. It is that it removes a decision from the one moment in a purchase when a customer has the least room to make it carefully.

Some of that decide-later logic still runs into friction at checkout. Estimates suggest roughly [11%](#) to [13%](#) of online shoppers abandon a cart specifically because their preferred payment or financing method is unavailable, with the gap falling hardest on higher-ticket purchases. For a customer, the real benefit of credit as a feature is straightforward: The ability to decide later is not a discount or a gimmick. It is the difference between a purchase decision made under pressure and one made with room to think it through.



II. CREDIT PRICED FOR WHAT'S ACTUALLY BEING BOUGHT

Credit as a feature does more than decide whether someone qualifies for a line. It decides how that line behaves once it's in use, and for a customer, that distinction matters as much as approval itself.

For decades, a credit product's terms were set once, at account opening, and stayed fixed regardless of what the money was actually for or how a customer's income actually arrived. A small-business owner with revenue that swings by season was offered the same repayment structure as one with steady, predictable income. A specific purchase, whether inventory expected to generate revenue within weeks or a one-time discretionary expense, was priced identically, because the underlying system had no way to tell the difference. It was a bit like a parking garage charging the same flat rate whether a car stays 10 minutes or 10 hours.

Real-time, contextual data changes that. When a lender can see what a transaction actually is, and how a customer's cash flow actually moves, credit can be structured around that reality instead of a generic risk tier set once and left unchanged. A merchant whose repayment scales with daily revenue does not face a fixed payment during a slow month. A purchase priced on its own transaction-level signal, rather than off a customer's file as a whole, can carry terms that fit the purchase rather than a blanket assumption about the borrower.

This same shift reaches further than pricing. It uses more of what's actually happening in a transaction, rather than relying solely on a static credit file, so it also reaches customers a traditional file could never price accurately in the first place. According to the [Federal Reserve's October 2025 update](#), roughly 32 million American adults remain unscorable using conventional data alone. About 7 million have no credit file at all, and another 25 million have files too thin or stale to generate a reliable score. Read differently, that is 32 million people for whom more usable financial data exists than a legacy score can see. This represents an opportunity for the same contextual, real-time tools already reshaping how transactions are priced.



[Experian](#) estimates that its Lift Premium model, which folds in rental payments, utility payments and cash flow data alongside traditional credit history, can generate a score for 96% of U.S. adults, up from the 81% who are scorable using conventional data alone. Richer, contextual data can already close much of that gap.

The clearest illustration is the gig economy. [PYMNTS Intelligence](#) research finds that gig workers are more than six times as likely as financially stable consumers to live paycheck to paycheck and struggle to pay their bills. This is driven not by how much they earn but by how unpredictably it arrives, evidence of income volatility that a static credit file simply cannot see. A separate [TransUnion](#) study of Canadian gig workers found that they apply for new credit or refinancing at a substantially higher rate (35% within six months) than the general population (22%). This finding suggests that gig workers are not credit-averse. Rather, they are underserved by a system built to measure a kind of income they don't have.

Institutions that have built AI credit systems capable of reading this kind of real-time, contextual data report that it pays off on both sides of the transaction. [LexisNexis Risk Solutions'](#) 2025 Alternative Credit Data Impact Report, based on a survey of 875 lending and risk professionals across 10 countries, found that two-thirds (67%) of lenders report increased confidence in decisions supported by alternative data. Roughly three-quarters say it has improved portfolio performance, including through earlier risk detection and identifying more creditworthy consumers. Structuring credit around actual data, rather than a static assumption about the borrower, is not a trade-off against profitability. For a growing share of customers, and the institutions that serve them, it can simply be better business.

III. TRUST IS BUILT THROUGH TRANSPARENCY

Winning a customer's trust, the challenge this playbook opened with, turns out to be less complicated than it sounds. It comes down to one thing: A customer should always understand, and control, what their own credit is doing on their behalf.

That understanding now comes with real backing. Regulators in the United States and the United Kingdom have both reinforced that customers are entitled to a clear, specific reason behind any credit decision, no matter how complex the model behind it. The U.S. Consumer Financial Protection Bureau ([CFPB](#)) and the U.K.'s [Financial Conduct Authority](#) have each made the point directly. Sophistication is not a substitute for clarity. But the more useful story for customers isn't the regulation. It's the control they already have, or can have, over their own account.

This control is not hypothetical. Consider a customer carrying a card built on something like [Visa Flex Credential](#), introduced in the previous edition of this series. Rather than being stuck with a single funding source decided once at signup, that customer can set a standing rule: Everyday purchases under \$50 draw automatically from a debit balance, while a larger purchase, such as furniture or a flight, routes instead to an installment plan or a credit line, no fresh application required. A customer using [Monzo Flex](#) has a similar kind of say after the fact, deciding once a purchase has already cleared whether to pay it off immediately or spread it over a few interest-free installments. In both cases, the rule belongs to the customer. It can be set once and left alone, or changed the moment circumstances do, without a call to the bank or a new application.



This is a meaningfully different relationship from the one legacy credit offered. A traditional credit line is a single decision, made once, that a customer then lives inside of for years. A transaction-level system lets a customer actively shape how their own credit behaves: which purchases can draw on it automatically, what limits apply and when, and how quickly they're notified when something changes. Understanding why a transaction was approved, declined or routed a certain way is part of that control. So is being able to change the rule the next time.

Academic research reinforces why this matters more in credit than in other corners of financial technology. A peer-reviewed synthesis published in the journal [FinTech](#) in May 2026 found that explainability in automated credit decisions is tied specifically to fairness and a customer's ability to contest an outcome. This is a distinctly different function from the reassurance-driven role that explainability tends to play in something like a robo-adviser recommendation. Knowing why a decision was made is not just reassuring. It's what makes an outcome contestable, and fair, in the first place.

For issuers, that is the whole game. A customer who understands and controls their own credit is a customer who trusts it enough to keep using it.



IV. THE LOYALTY EQUATION FOR THE NEXT GENERATION

Issuers building toward AI-driven, transaction-level credit are making a bet that younger customers want this. The data suggests that this bet is a safe one, while standing still carries real risk.

[PYMNTS Intelligence](#) research finds that 40% of millennials and 48% of Gen Z consumers say they would increase their card usage if they could choose their repayment plan at the point of sale, rather than being locked into a single, fixed structure decided at account opening. Additional research found that nearly 60% of consumers, and 70% of bridge millennials specifically, prefer flexible rewards and [payment structures that adapt](#) over time rather than staying fixed.

This preference for adaptability extends to how customers judge an issuer day to day, not just at the moment of a big purchase. Another [PYMNTS Intelligence](#) study, extending research already cited in the previous edition of this series, found that nearly seven in 10 cardholders say the quality of their card's app directly influences which card they treat as their primary one. This figure climbs sharply among younger cardholders. Push notifications, real-time account visibility and in-app controls are not add-ons to the credit relationship anymore. For a growing share of customers, they *are* the relationship.

None of this is a rewards story. It's a control story. The generation now entering its prime borrowing years has shown, repeatedly, that flexibility and transparency are not preferences at the margin. They are close to being the price of admission for staying top of wallet. Issuers that treat AI-driven credit as a back-end efficiency play, without translating that investment into something a customer can feel in the form of choice, speed and control, risk building excellent infrastructure that a generation of customers simply routes around.

ABOUT

PYMNTS INTELLIGENCE

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+thredd

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