

Consumers Spend Twice as Much When Paying with Credit Card-Linked Installments Versus Traditional Buy Now, Pay Later Plans, According to Retailers

New Report from Splitit and PYMNTS Finds That Seventy-Two Percent of Retailers Prefer Card-Linked Installment Options Over Other BNPL Programs

Almost 90% of Merchants Believe Card-Linked Installments Boost Customer Acquisition and Retention, Compared to Just 64% For BNPL Pay-in-3 Plans

ATLANTA, June 21, 2024 /PRNewswire/ -- Consumers are spending twice as much when they use their credit cards for interest-free installments compared to traditional Buy Now, Pay Later (BNPL) plans, according to new first-party research from Splitit and PYMNTS. The report, *Merchants' Evolving Perspective On the Value of Card-Linked Pay Later Plans*, underscores the high value that card based installments offer to retailers. The survey also found that nearly three-quarters of merchants prefer card-linked installment options over traditional BNPL programs.

"Median spend on card-linked installments is over \$1,000, compared to \$386 on average for traditional BNPL plans," said Nandan Sheth, Chief Executive Officer of Splitit. "Nearly 90% of merchants acknowledge that these card-linked plans drive higher sales conversion and enhance customer loyalty, marking a pivotal shift in the pay-later landscape. Therefore, it's no surprise that nearly three-quarters of merchants prefer card-linked installments, and over a third believe their customers are very or extremely likely to switch merchants to use these plans, a 164% increase since December 2023."

As customer acquisition and retention costs continue to skyrocket, card-linked installments are valued by nearly nine out of ten merchants (88%) to improve customer acquisition and retention. This is in comparison to 64% for traditional BNPLs.

Additional key findings from the study include:

- **82% of merchants confirm an increase in card-linked installments for in-store purchases** over the past twelve months, compared to 67% of merchants reporting an increase in BNPL use in-store during the same period.
- **37% of merchants surveyed are now using card-linked installments** an increase of 16% over the past six months.
- More than one-third of merchants believe that their **customers are very or extremely likely to switch merchants in order to use a pay later plan** linked to their existing credit card, which is up 164% since December 2023.
- 53% of merchants believe that **consumers would purchase higher-priced items or services if consumers were aware of card-linked installment options prior to checkout**.
 - The top benefits merchants see when offering pay later plans include:
 - Simplicity of receiving payments (94.5%)
 - Customer Acquisition and Retention (87.9%)
 - Sales advantage (75.8%)
 - Reduced payment processing issues (74.7%)
 - Security (53.8%)

"Card-linked installments cater to customers who don't need new credit but value a faster checkout process," continued Sheth. "This segment is being ignored by traditional BNPL lenders. Merchants view card-linked installments as incremental to legacy BNPL options, which force consumers to originate a new loan. Additionally, merchants appreciate that keeping installments on an existing card simplifies returns and other back-office processes. This combination is fueling the strong demand for card-linked installments among merchants."

To learn more, download the full [report](#).

Methodology

Merchants' Evolving Perspective on the Value of Card-Linked Pay Later Plans is a PYMNTS Intelligence and Splitit collaboration. This edition examines merchants' current support of and interest in offering various installment plans. It draws on insights from an original survey of 100 merchants with knowledge of and leadership responsibilities in AR, consumer billing and collections, and finance or financial operations. We conducted this survey from March 7 to March 28 and limited the sample to firms that met the following qualifications:

- Generate revenue in eCommerce/eTail, education, restaurants, healthcare or medical, retail trade, or travel and leisure;

- Made more than 50% of their sales to consumers;
- Generate annual revenues greater than \$50 million;
- Made sales with credit cards, store cards or BNPL.

About Splitit

Splitit is a global payment solution provider that lets shoppers use the credit they've earned by breaking up purchases into monthly interest-free installments using their existing credit card. Splitit enables merchants to improve conversion rates and increase average order value by giving customers an easy and fast way to pay for purchases over time without originating new credit. Splitit serves many of Internet Retailer's top 500 merchants and is accepted by more than 1,500 eCommerce merchants in over 30 countries and shoppers in over 100 countries.

Splitit Media Contact:

Berns Communications Group

Danielle Poggi

dpoggi@bcg-pr.com

SOURCE Splitit USA, Inc.

<https://news.splitit.com/2024-06-21-Consumers-Spend-Twice-as-Much-When-Paying-with-Credit-Card-Linked-Installments-Versus-Traditional-Buy-Now,-Pay-Later-Plans,-According-to-Retailers>