

What is Buy Now Pay Later (BNPL)?

Buy Now Pay Later (BNPL) technology enables consumers to make purchases and defer payment, breaking down the total cost into smaller, more manageable installments with 0% interest. This approach offers flexibility and accessibility, particularly for individuals facing temporary financial constraints.

1



Sarah is a college student in need of textbooks for her upcoming semester. She is putting herself through university, and despite receiving financial aid, she finds herself short of funds to cover the cost of her required textbooks.

2



With BNPL technology, Sarah can proceed with purchasing her textbooks without undue financial strain. By spreading the cost of her purchases over manageable installments, Sarah can acquire the necessary materials for her education while maintaining her budget and financial stability.

3



This representation is just one of countless use cases where BNPL technology alleviates financial burden and helps get consumers the products they need for their day-to-day lives without emptying their savings.

Standard for Buy Now Pay Later (BNPL Companies)

1. It is deemed a loan, so consumers receive TILA disclosures clearly stating APR.
2. It is underwritten through the use of relevant consumer information to enable prudent, well-informed decision making.
3. If late fees are applied, they are fully disclosed and do not exceed 36% APR.
4. The business pledges to work with credit bureaus to avoid harming consumer credit scores and improve reporting, since BNPL can appear as multiple trade lines.
5. Clear and transparent disclosures are provided in an appropriate manner, including payment schedule and any applicable fees.
6. Providers maintain processes to address consumer questions, complaints, and disputes in a timely manner.
7. Consumer data is handled in accordance with applicable privacy and data protection laws.

The legislative landscape surrounding BNPL remains nuanced and continues to evolve. While federal regulations provide overarching guidelines for consumer financial protection, specific laws governing BNPL transactions vary from state to state.

A report by the Consumer Financial Protection Bureau (CFPB) showed that BNPL loans have become a significant alternative to credit cards for consumers. Specifically, the CFPB found that BNPL loans have been increasing by approximately \$20 billion annually, to nearly \$120 billion in 2025—approximately 10 percent of the size of the credit card market. Further, these loans have a significantly lower default rate, meaning consumers are able to use the product responsibly. (Consumer Financial Protection Bureau, “Buy Now, Pay Later: Market trends and consumer impacts”, September 2025)

