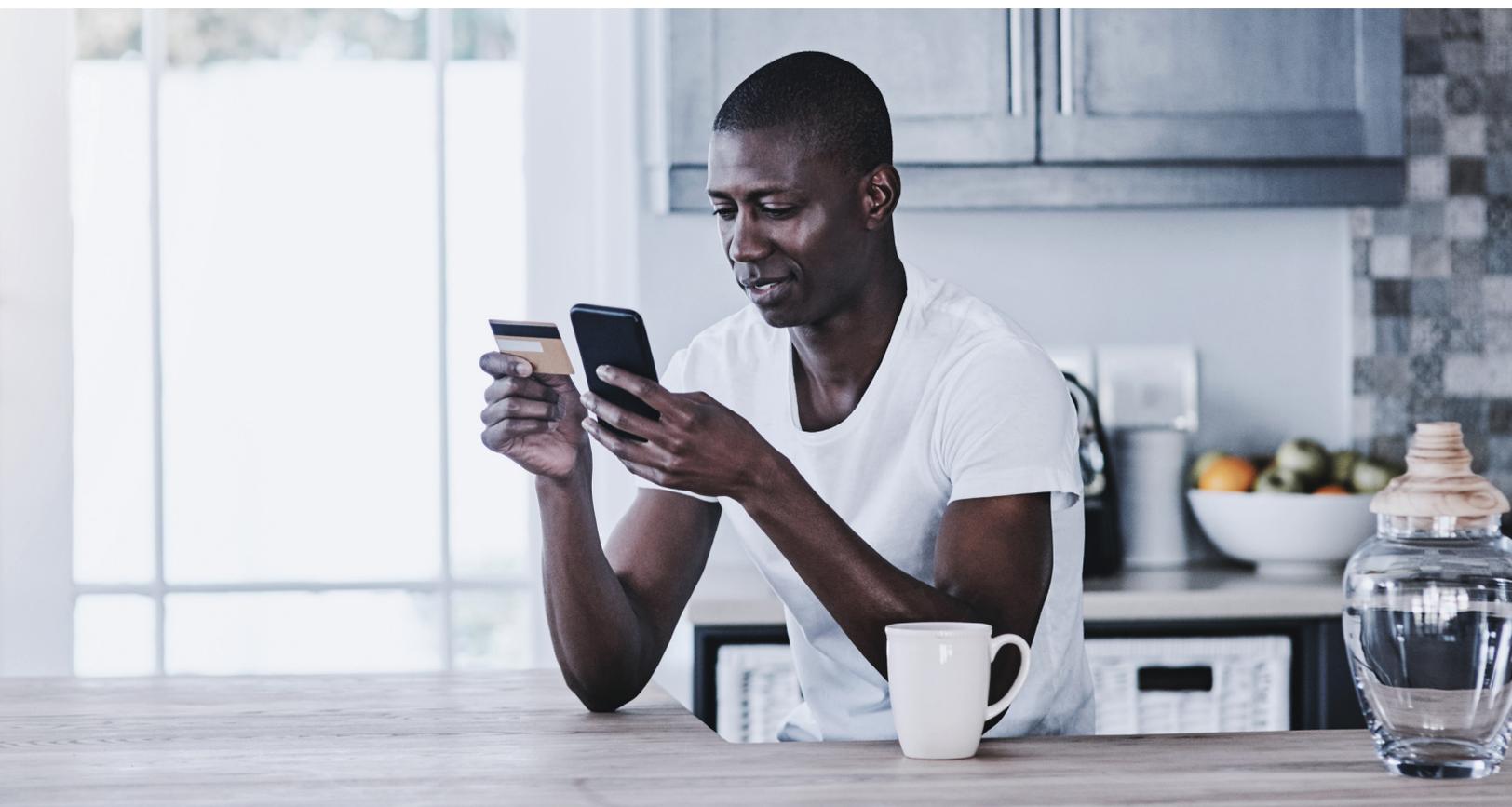


Financial Services Practice

Buy now, pay later: Five business models to compete

Financing at the point of sale may be a small share of unsecured lending in the United States today, but it's growing fast. Banks seeking long-term growth should explore market entry, and merchants should reassess their financing offers.

This article was a collaborative effort by Puneet Dikshit, Diana Goldshtein, Blazej Karwowski, Udai Kaura, and Felicia Tan, representing views from McKinsey's Financial Services Practice.



Point-of-sale (POS) financing services in the United States have grown significantly over the past 24 months, especially since the onset of COVID-19. Trends fueling growth include digitization, rising merchant adoption, increasing repeat usage among younger consumers, and an expanding set of players targeting lending at point of sale, a service also known as “buy now, pay later.”

Thus far, fintechs have taken the lead, to the point of diverting \$8 billion to \$10 billion in annual revenues away from banks, according to McKinsey’s Consumer Lending Pools data. In our view, only a few banks are responding fast enough and boldly enough to compete. Banks that underestimate the threat may see continued loss in share and could lose out on participating in a growing value pool and gaining share among younger and new-to-credit customers, as banks in Australia and China did when facing a similar situation. To avoid that outcome, US banks need to understand the landscape for POS financing and choose from among the emerging models.

This article seeks to give POS financing players as well as merchants the necessary insights to refine their strategies in the POS-financing arena. It provides an overview of the market, details key trends and factors influencing growth, and offers ideas for market entry for banks and partnerships for merchants. The insights are based on McKinsey research, including McKinsey Consumer Lending

Pools (a proprietary database covering granular market size and growth trends), the McKinsey POS Financing Consumer Survey and POS Financing Merchant Survey, and our recent experience with banks and merchants.

POS financing’s expanding role in unsecured lending

Credit originated at point of sale is projected to continue its growth from 7 percent of US unsecured lending balances in 2019 to about 13 to 15 percent of balances by 2023, according to data from McKinsey’s Consumer Lending Pools (Exhibit 1). This is the only unsecured-lending asset class that has experienced high-double-digit growth through the COVID-19 crisis. The growth is underpinned by increased consumer and merchant awareness and adoption of point-of-sale financing solutions.

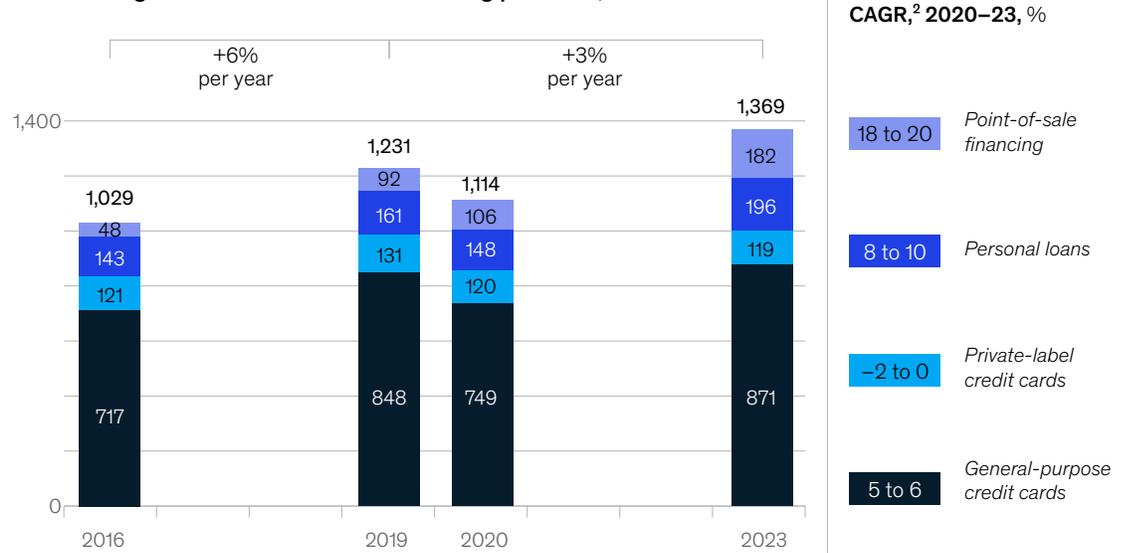
Our annual POS Financing Survey shows that US consumers are getting used to seeking merchant-subsidized credit at point of sale: about 60 percent of consumers say they are likely to use POS financing over the next six to 12 months. Additionally, merchants are seeing value in these solutions, as most enhance cart conversion, increase average order value, and attract new, younger consumers to the merchants’ platforms. However, the incremental impact of such solutions varies by merchant size and category.

About 60 percent of consumers say they are likely to use POS financing over the next six to 12 months.

Exhibit 1

Point-of-sale financing is growing faster than other unsecured lending—a trend likely to continue.

Outstanding balances for unsecured lending products,¹ \$ billion



¹Includes all consumer and small-business credit cards, installment-based products offered at point of sale, personal loans. Excludes overdrafts and student loans.

²Compound annual growth rate.

Source: Federal Reserve; TransUnion; McKinsey Consumer Finance pools

Fintechs are capturing almost all the value being created in POS financing because banks have been slow to respond. Consequently, banks have lost about \$8 billion to \$10 billion in annual revenues to fintechs. Far worse for banks, they are losing access to an acquisition channel with potential to serve highly engaged younger consumers.

Adoption of POS financing isn't limited to consumers with relatively low credit scores. Adoption across higher-credit customers is increasing as the credit mix is influenced by more premium merchants starting to offer financing at checkout. Around 65 percent of total receivables originated by point-of-sale lenders are with consumers having credit scores higher than 700. As an example, Affirm is originating upward of \$1 billion in loans at the exercise equipment company Peloton annually, with

the portfolio's average credit score at about 740. In the lower-ticket "Pay in 4" model, which allows consumers to split payments into four interest-free installments (for example, Klarna, Afterpay), usage is driven by consumers with lower credit scores, but even here, the low scores result from thinner credit files, not poor credit usage.

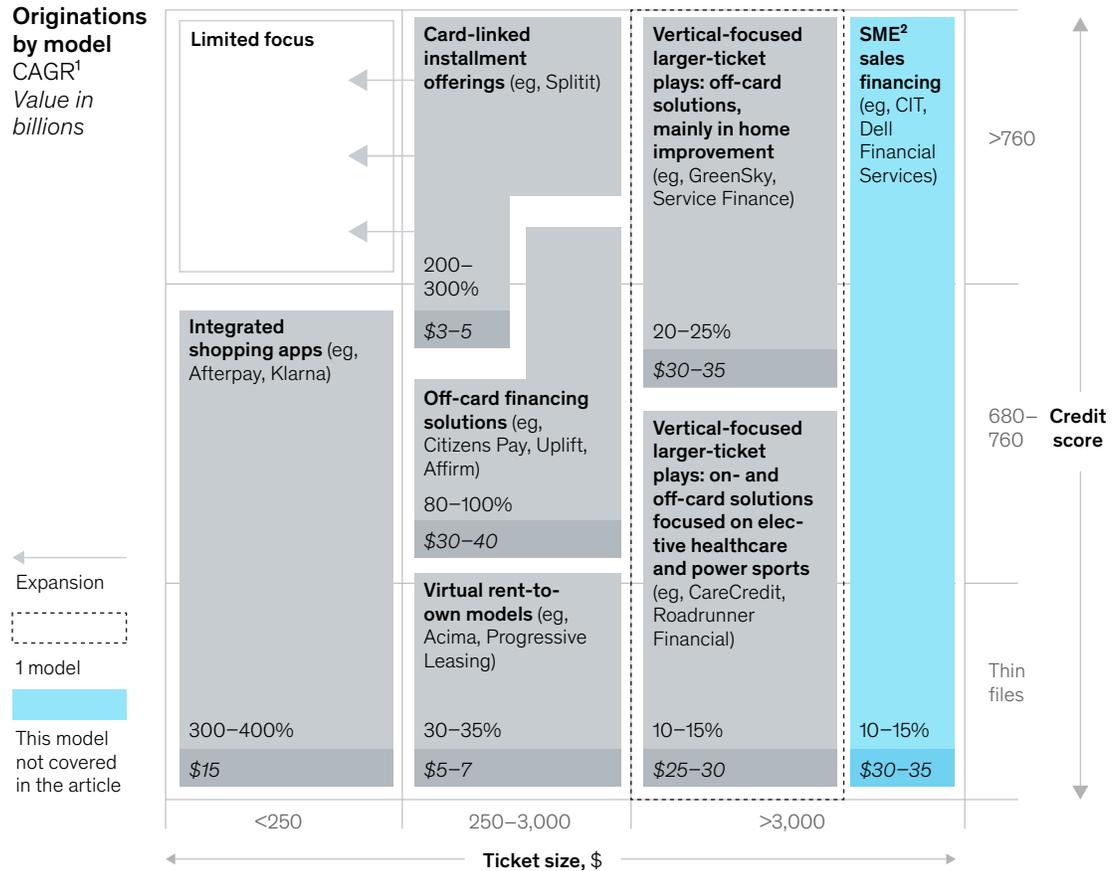
Five distinct offerings with integration across the purchase journey

The growth in POS financing for consumers involves five distinct sets of providers and models, each with varying strategies and value propositions (Exhibit 2).¹ Understanding these models gives a sense of the segments they target, the merchant and consumer needs they address, and business

¹ POS financing for small and medium-size enterprises is ripe for growth, but we do not cover the opportunity in this article.

Exhibit 2

Most point-of-sale financing involves one of five distinct sets of models.



¹Compound annual growth rate.
²Small and medium-size enterprises.

models banks and traditional lenders are competing with.

Integrated shopping apps

The most prevalent misconception across banks and traditional players is that shopping apps offering “buy now, pay later” (BNPL) solutions are pure financing offerings. While that may be true for the smaller players, the leading Pay in 4 providers are building integrated shopping platforms that engage consumers through the entire purchase journey, from prepurchase to post-purchase.

The largest players are steadily building scale and engagement with an aspiration to become a “super app,” similar to large China-based players such as TMall or Ant Group, that offer shopping, payments, financing, and banking products in a single platform. These large providers already monetize consumer engagement through offerings other than financing (for example, affiliate marketing, cross-selling of credit cards and banking products). As long as traditional competitors fail to acknowledge this and unless they build solutions that drive engagement through the entire journey, they will find it tough to compete with these players (Exhibit 3).

Exhibit 3

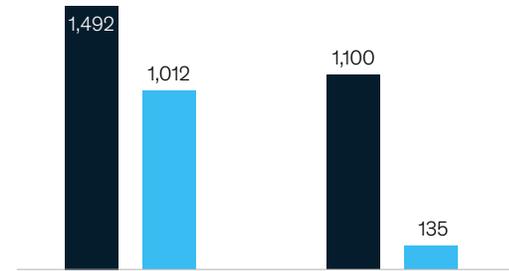
Metrics demonstrate how ‘buy now, pay later’ could become an attractive business model.

Major performance metrics

■ Private-label credit cards (PLCC) ■ Buy now, pay later (BNPL)

Purchase volume and receivables per active account

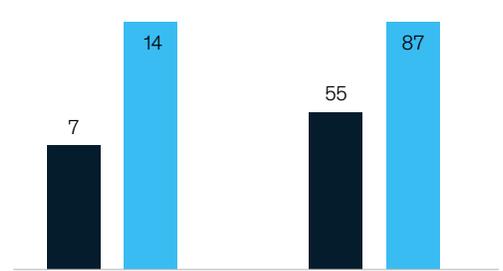
Average annual spend per customer, \$ Average receivables per customer, \$



Spending of mature BNPL cohorts (customers >180 days on book) is 70% that of PLCC, but receivables at ~10%

Engagement

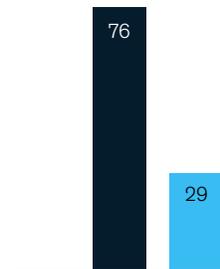
Average annual transactions per account Customers active 12+ months after acquisition, %



BNPL customers are much more active and engaged across transaction volumes, digital app engagement, and length of relationship

Portfolio performance

Average annual revenue per customer,¹ \$



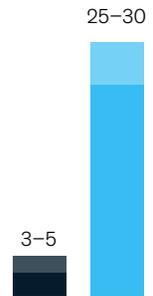
Avenues to grow per-customer profitability of BNPL customers (vs PLCC) include cross-selling DDA and other credit products

Net credit loss rates,² %



Although BNPL risk-adjusted revenue per account is 1/3 that of PLCC, ROA is much higher, given low average receivables

Return on assets, %



¹Risk-adjusted and commission-adjusted revenue (net of losses and net of partner share) per active account.
²Loss rate for BNPL calculated on outstanding receivables as reported by BNPL providers.

Source: Analysis of publicly listed BNPL providers (Afterpay, Zip, Sezzle for their US businesses); analyses of Synchrony, ADS, and CRS portfolios

The core Pay in 4 model still focuses on financing smaller-ticket purchases (typically less than \$250) with installments that consumers pay down in six weeks. Providers like Klarna and Afterpay have seen exponential growth during the COVID-19 pandemic, amplified by rising merchant adoption and repeat

consumer usage. Even the largest merchants that have shied away from these products, in part to limit cannibalization of their private-label credit card portfolios, are now integrating these offerings at checkout.

Roughly 80 to 90 percent of these transactions happen on debit cards, with average ticket sizes of between \$100 and \$110.² And a survey in July 2020 found that nearly 56 percent of American consumers have used a BNPL service—compared with 38 percent the year prior.³ Unlike with other POS installment loans, consumers have a very high affinity and engagement, resulting in significant repeat usage. More mature consumer cohorts are using these financing products about 15 to 20 times a year and logging into these apps ten to 15 times a month to browse or shop. While the average credit score of consumers using these solutions is under 700, this has less to do with bad credit history and more to do with relatively thin credit files.

The already fast growth of Pay in 4 accelerated during the COVID-19 crisis, increasing at 300 to 400 percent in 2020 and accounting for about \$15 billion in originations. McKinsey projects that Pay in 4 players are likely to originate about \$90 billion annually by 2023 and to generate around \$4 billion to \$6 billion in revenues, not including

revenues from other products they will cross-sell. Most of the originations are from higher-margin, discretionary-spend categories, such as apparel and footwear, fitness, accessories, and beauty. However, the largest players are also starting to integrate with newer categories, as in the cases of Klarna with Etsy.com and Afterpay with Houzz.com.

Given the shorter duration of financing in this model, receivables turn over about eight to ten times a year, resulting in return on assets (ROA) between 30 and 35 percent. Loss rates for more mature portfolios are comparable to those of credit cards (6 to 8 percent).⁴

In markets like Australia, POS financing is significantly more mature and widespread and Pay in 4 products have been around longer than in the United States; in Australia, roughly 30 percent of the adult population had an account with a Pay in 4 provider as of June 2019,⁵ and the value of BNPL transactions grew by around 55 percent in 2020,⁶ in contrast to the continued decrease in credit cards

²Jared Beilby, "6 need-to-know buy now, pay later statistics for small businesses," Merchant Maverick, August 12, 2020, merchantmaverick.com.

³Maurie Backman, "Study: Buy now, pay later services continue to explode," Ascent, March 22, 2021, fool.com.

⁴Review of company reporting.

⁵*Buy now, pay later: An industry update - Report 672*, Australian Securities & Investments Commission, November 16, 2020, ASIC.gov.au.

⁶Chay Fisher, Cara Holland, and Tim West, "Developments in the buy now, pay later market," *Bulletin*, Reserve Bank of Australia, March 18, 2021, rba.gov.au.

Regulatory actions outside the United States

Regulators across geographies are looking at enhancing regulatory oversight of some POS financing models like Pay in 4. With this in mind, industry players in some countries are trying to self-regulate to address potential regulatory concerns proactively.¹

Regulators outside of the United States, in markets including Australia and the United Kingdom, have raised concerns regarding the share of late fees charged by the Pay in

4 players. Another concern, referred to as "stacking" risks, involves consumers using too many Pay in 4 providers and getting overburdened by debt.

In Australia, the largest industry players have come together to self-regulate and issue a code of conduct intended to protect consumers. The industry leaders' commitments include affordability checks, greater transparency on fees, and financial-hardship assistance.

In the United Kingdom, the Treasury announced that Pay in 4 players will come under the purview of the Financial Conduct Authority (FCA), which regulates financial-services firms. Pay in 4 players will be required to conduct affordability checks before lending to customers, and customers will be allowed to escalate complaints to the UK financial ombudsman.

¹Ranina Sanglap, "Australian buy-now-pay-later industry may need regulation to inspire confidence," S&P Global Market Intelligence, March 9, 2021, spglobal.com

in circulation. These markets are experiencing increased regulatory activity associated with POS financing (see sidebar, “Regulatory actions outside the United States”). This model has a set of competitive advantages that are increasingly difficult for traditional banks and large incumbents to replicate. Key differentiators of the Pay in 4 model include the following:

- **Solutions to engage throughout the purchase journey.** The largest providers are transforming into shopping apps; consumers are starting their journeys within the Pay in 4 providers’ apps, not just using Pay in 4 at merchants’ checkouts. As an example, Afterpay reports that about 17 percent of their consumers initiated one or more transactions from within their shopping app in February 2021.⁷ Shopping from within the app allows consumers to use the Pay in 4 feature even at merchants where these solutions are not integrated at checkout. For example, consumers shopping from within the Klarna app can use Klarna at Amazon, even though Klarna is not available at Amazon’s checkout.
- **Newer revenue drivers.** As these Pay in 4 providers further drive engagement and access in prepurchase journeys through enhanced rewards programs, attractive marketing campaigns and offers, and newer features (for example, credit cards), they are starting to see a growing share of revenues from affiliate marketing and advertising versus pure-play financing.

Given the race to sign up the largest merchants over the next 18 to 24 months, Pay in 4 providers are competing heavily on price and on marketing support promised to retailers. However, they are offsetting this price compression by offering merchants affiliate marketing services: merchants pay 4 to 12 percent of the transacted amount if the customer landed at the merchant website from within the provider’s app or website. McKinsey’s semiannual POS Financing

Merchant Survey of more than 200 large and midsize merchants has repeatedly shown that acquiring new consumers is more important for merchants than increased cart conversion and increased average order value across categories. This heavily influences merchants’ willingness to pay more for affiliate marketing than for financing.

- **Low cost of consumer acquisition.** As the largest Pay in 4 players acknowledge the threat of price compression at checkout, they intend to treat the merchant checkout as a low-cost consumer-acquisition channel. As more consumers sign up for these apps at checkout and build engagement, Pay in 4 providers will be able to monetize this highly engaged base by cross-selling traditional banking products and through revenues from advertising and affiliate marketing. Klarna and Afterpay have already launched bank accounts and credit cards in other markets and are likely to do so in the United States in 2021. Affirm has announced its own debit card that offers Pay in 4 features.

As these players continue to acquire consumers at a low cost through merchant checkout (getting access to a large, low-cost feeder channel) and leverage their engagement through cross-selling, they are well positioned to become the financial-services provider of choice for new-to-banking consumers.

- **Advanced technological capabilities, including distinctive merchant underwriting and consumer-fraud models, deep integrations into shopping carts, and sophisticated consumer-service tools.** Competing in the Pay in 4 installment market requires highly sophisticated fraud tools, because identifying the consumer’s intent to defraud at the time of the application is a lot more important than assessing ability to repay, especially given the six-week tenure of the loan. In that short time, the ability to repay is unlikely to change dramatically. Advanced

⁷“Afterpay reports record sales of \$10B in first half 2021,” PR Newswire, February 25, 2021, prnewswire.com.

underwriting requires integrations into merchants' order management systems that enable lenders to access and leverage SKU-level data. Additionally, dispute mitigation is significant, given the high rate of returns in many of the target categories, including apparel and footwear. Managing billings in real time is crucial for mitigating disputes, because it materially reduces customer complaints for wrongful billing and payments.

- **Brand and positioning.** Pay in 4 players have invested heavily in building a brand image that appeals to the segments they target. Klarna leverages celebrities to further enhance its brand and distinguish itself from legacy banking providers. Merchants in fashion and similar categories value this strong brand positioning and see these providers as brand adjacent. This brand positioning has also changed the way merchants perceive these players relative to banks. Merchants look at banks as private-label credit card partners and hence will seek profit sharing from them, but the same merchants look at Pay in 4 players as partners in commerce enablement and co-marketing.

Banks and larger incumbents that are building solutions to compete with Pay in 4 players will need to address each of these differentiators to build a compelling and scalable business model. Most banks and traditional players are thinking about this only as a financing solution at checkout and have not considered how they need to cover the entire purchase journey. Additionally, banks are not effectively leveraging their existing scale to highlight their ability to drive incremental traffic to merchants. This is a missed opportunity. Integrations with shopping carts, an engaging consumer-facing app, and self-serve functionality to limit call volumes also are critical to win. The higher bar on regulation, credit reporting, and compliance also affects a bank's ability to design seamless application experiences at checkout.

Despite these hurdles, banks will need to assess ways in which they can present themselves within

purchase journeys and ideally at point of sale. The shift in volumes to credit originated at point of sale is accelerating. Neobanks that have built significant scale with a younger audience also have the potential to compete more directly in this model.

Off-card financing solutions

Typically, off-card financing solutions, such as Affirm and Uplift, offer financing on midsize purchases (between \$250 and \$3,000) and require payment in monthly installments. The average ticket sizes are close to \$800, and the average tenure of the loans is about eight or nine months. Typical verticals include electronics, furniture and home goods, sports and home fitness equipment, and travel. Unlike Pay in 4 solutions, which are entirely merchant subsidized (0 percent annual percentage rate for consumers), off-card financing models also have originations where consumers are paying an APR—at times partially subsidized by the merchant—in the case of lower-margin verticals, such as travel.

Of the consumers who take these loans, about 80 percent already have a credit card with enough credit availability to fund the purchase. These consumers choose to take a financing product because it offers cheaper credit or easier payment terms.

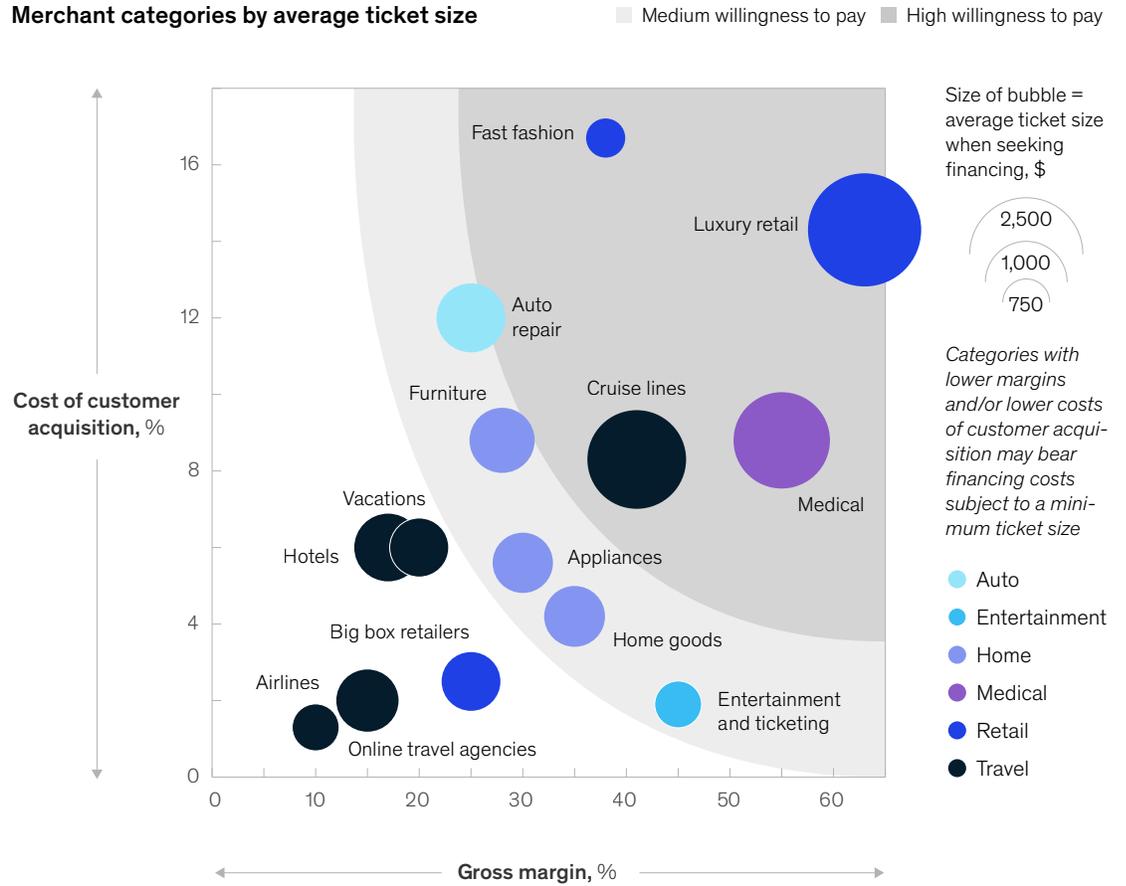
Most merchants that integrate such solutions are in categories with higher-ticket, lower-frequency purchases where cart conversions are critical, given abandonment rates—which can be as high as 80 or 90 percent—and costs. According to results from McKinsey's semiannual POS Financing Merchant Survey, the willingness to pay for POS financing is greater among merchant categories with higher costs of acquisition and higher gross margins (Exhibit 4).

Digital has been a primary driver of growth for these solutions, though in-store financing is starting to catch up: about 25 to 30 percent of originations in 2021 are expected to be in-store, using applications submitted through smart tablets. Additionally, increasing adoption across customers with higher credit scores—especially in higher-ticket financing

Exhibit 4

High-margin categories with higher acquisition cost are more likely to subsidize point-of-sale financing.

Merchant categories by average ticket size



Source: McKinsey Merchant POS Financing Survey

categories—is further fueling growth. Roughly 65 percent of originated volume is prime or higher. As a result, this model has cannibalized volume from credit card issuers.

Consumers using these financing solutions tend to be less engaged with these solutions than are consumers using the integrated Pay in 4 shopping apps. Active consumers in mature cohorts, even best-in-class off-card financing players, have a repeat usage of two or three times a year, versus more than 20 times for integrated Pay in 4 shopping apps. This

will be a critical metric for these players to address, given the risk of commoditization at point of sale.

Additionally, as credit-card-linked installments start becoming more readily available at point of sale, these models will see volumes move back to cards, especially in originations from higher-prime customers. Offering card-linked installments at point of sale will also enable the issuers to deliver a much more frictionless financing process and to match the 0 percent APR financing from the off-card financing providers.

Some off-card financing players are starting to make investments that can help offset this potential threat from card-linked installments by integrating across the shopping journey from prepurchase to returns (for example, Affirm's acquisition of Returnly). Legacy financing providers are either modernizing their platforms or licensing the technology platforms from new software-as-a-service-based players to compete more effectively; an example is TD Bank with Amount at NordicTrack.

Virtual rent-to-own models

The virtual rent-to-own (VRTO) players, including AcceptanceNow and Progressive Leasing, are primarily targeting the subprime consumer base and have very high implied APRs. Most (95 percent) of the consumers have a credit score below 700; about 70 percent have a score below 600. A difference from most other models is that merchants are not heavily subsidizing APRs. On the contrary, larger merchants now receive rebates from VRTO providers on originated volumes.

Categories are typically limited to goods that can, in theory, be repossessed, but VRTO players are branching into other categories. More than three-quarters (78 percent) of all originations are across two categories: mattresses/furniture and electronics/appliances.

Most of these players are integrating digitally and in-store as second- or third-look financing providers; examples include Progressive Leasing at Best Buy and Katapult at Wayfair. For larger lenders and issuers, there is an opportunity to partner with one of these players to enhance the breadth of the credit box and make the proposition more compelling for merchants. Subprime issuers have an opportunity to address this need through their existing card solutions.

Card-linked installment offerings

Card-linked installments are the prevalent form of financing at point of sale across Asia and Latin America. In contrast, US card issuers have launched post-purchase installment functionality

(for example, American Express Plan It and Citi Flex Pay), but the adoption rates have stayed low. In the United States, these post-purchase installments cannot compete with the 0 percent APR solutions offered at purchase.

However, card-linked at-purchase installments do have the potential to materially gain scale, as they can enable merchant-subsidized offers. Another highly underserved opportunity is in prepurchase journeys: before buying, issuers can enable consumers to select merchant transactions they want converted into installments. This can be done by using the existing offer portals that most issuers have—examples include Amex Offers for You, BankAmeriDeals, and Capital One's Capital One Shopping asset. This is a significant opportunity to address merchant needs met by the integrated Pay in 4 shopping apps.

Currently, card-linked installments at purchase are offered in the United States through fintechs like SplitIt; network-offered solutions in pilot stages, like Visa Installments; or cobranded or narrowly targeted merchant partnerships, such as the ones Chase and Citi have with Amazon. Average ticket sizes are around \$1,000, and adoption is greater in higher credit bands.

Card-linked installments will be a table-stakes capability in the coming years, but the players who can integrate this across the purchase journey and effectively monetize prepurchase offerings are likely to be able to differentiate.

Vertical-focused larger-ticket plays

A model very similar to the way sales financing has worked historically is vertical-focused larger-ticket plays. This model usually has category specialists; examples include CareCredit in healthcare and GreenSky in home improvement.

Average ticket sizes for healthcare can range between \$2,000 and \$10,000, with elective healthcare categories like dental, dermatology, and veterinary accounting for a majority of the originations. Nonelective healthcare is still underserved.

In home improvement, average ticket sizes can vary between \$5,000 and \$50,000, depending on subcategories. The larger categories are heating, ventilation, and air conditioning (HVAC); windows and doors; roofing and siding; and remodeling. Players tend to achieve scale through partnerships with original equipment manufacturers (OEMs). Solar financing, while growing, is a more complex vertical, given larger loan tenures and tax credit implications. Home improvement financing has been cannibalizing volumes for home equity lines of credit and personal loans, so traditional lenders need to assess how to compete in this model.

As this space gets increasingly competitive, there is growing margin pressure and a greater need for experience. Players trying to scale in this space will have to assess which subcategories to focus on, whether they want access to the end-consumer relationship, and which go-to-market approach to pursue. Banks can target this space to acquire high-credit customers and to cross-sell mortgage refinancing and other banking services.

How traditional players and other fintechs can compete

The traditional players should treat the variety and growth of POS financing as a signal to rethink the lending landscape. To achieve long-term growth, lenders of all kinds will need to address three core changes in consumer experience related to borrowing:

1. **Product-agnostic delivery of credit.** The lines across traditional credit products are already blurring, as banks offer loans against open credit card lines and fintechs offer installment-based credit cards or debit cards with Pay in 4 features. Underwriting therefore needs to be agnostic of the product through which credit is being delivered—say, personal loans or credit cards. Banks that do this early and well while managing economics and risk will benefit significantly.
2. **Integration and engagement across the entire purchase journey.** A big differentiator for banks will be integrating across the entire purchase journey, leveraging affiliate marketing to subsidize both credit and rewards costs, and delivering greater control and value to the end consumer. These integrations not only contribute to scale and engagement but also help banks get much better access to and visibility into younger consumers and their credit behavior. Integration at checkout alone will not be enough, as the providers not offering incremental value to the merchant in prepurchase journeys will get commoditized.
3. **Habituation to subsidized credit and enhanced value.** As consumers get habituated to merchant-subsidized credit, banks need to rethink their risk and economic models and even the underlying value propositions. US banks might imitate Australian banks that have launched interest-free credit cards to address the expectations set by Pay in 4 providers across the younger consumer base that credit can be accessed at 0 percent APR. Merchant partnerships of some form will be critical to enable this, and merchant acquirers can play a big role in being the intermediaries to scale this model.

Traditional issuers and lenders, merchant acquirers, and neobanks each have a mix of assets that gives them a right to play in this space. But competing will require players to assess which is the right business model to focus on, which verticals to prioritize, and how to go to market. Players can choose from a mix of go-to-market models to access this space (Exhibit 5).

The go-to-market models vary in their expected return on assets, technology requirements, size of investment, and speed to market. In fact, these are just a few of the relevant considerations. Banks also need to make decisions across each step based on implications on required capabilities, compliance and risk, consumer experience, vertical focus, competitiveness of offering, and other factors.

Traditional lenders and others wanting to offer point-of-sale financing can explore several market-entry options.

Model options, by speed to market, not exhaustive

| | Model | Description | Average return on assets, % | Investment required | Technology build required |
|------|---|--|-----------------------------|---------------------|---------------------------|
| FAST | 1 Wholesale purchase of originations | Fund loans within specified risk parameters with originator responsible for all business functions (eg, SunTrust with GreenSky; PenFed with Loanpal) | 3–5 | | |
| | 2 Acquire an existing platform | Buy at-scale platform for rapid access to underpenetrated verticals (eg, ADS with Bread) | n/a | | |
| | 3 Partner with lenders or marketplaces | | | | |
| | A Partner with small-ticket lenders for originating in higher-ticket tiers | Partner with small-ticket buy now, pay later players to originate leads above a ticket size threshold (eg, Sezzle with Ally Lending) | 5–8 | | |
| | B Originate through a lending aggregator (waterfall model) | Partner with aggregators that manage merchant sourcing to lend in priority categories (eg, ADS with Chargeafter; TD with Skeps) | 2.5–5.0 | | |
| | C Partner with marketplaces, integrated software vendors | Partner with integrated software vendors to access merchants on the platform (eg, Affirm with Shopify) | 4–7 | | |
| | 4 Direct to merchant: License a platform | License tech platform and own rest of value chain (eg, TD with Amount at NordicTrack; Citizens with First Data at Apple) | 7–9 | | |
| SLOW | 5 Direct to merchant: Own entire value chain | Own end-to-end platform, including merchant sign-ups, tech, servicing, balance sheet (eg, Affirm; Uplift) | 7–9 | | |

Growth in point-of-sale financing is a secular trend, and regardless of whether the existing players survive, the underlying consumer needs addressed by POS financing will affect consumer choice over the long run. Moving fast to have a

clear strategy and some path to enter and play in this market will be critical. While this evolution of POS financing may seem slow to scale for now, it is likely to accelerate. Starting to make investments to address this trend should be on every banking player's strategic road map.

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