

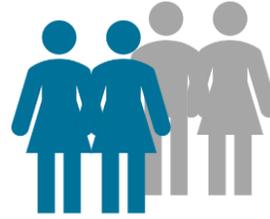


# Promoting Consumer Financial Health Through 'Buy Now, Pay Later'

BNPLs already expand credit access to young and underbanked consumers.



**70%**  
of BNPL users have a non-prime credit score, mostly due to thin files.<sup>1</sup>

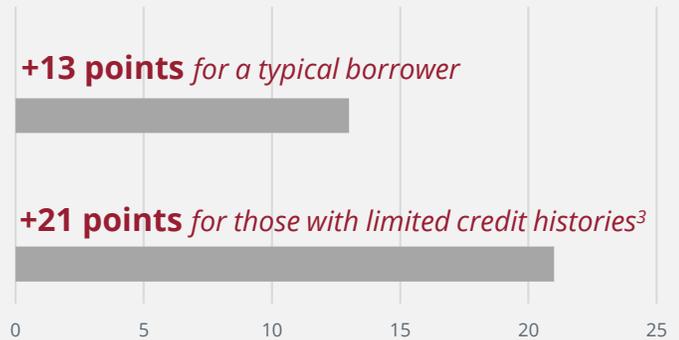


**52%**  
of Americans ages 18-24 have used BNPL.<sup>2</sup>

## What more can BNPLs do to improve consumer financial health?

- Some BNPL firms may report defaults to credit reporting agencies but exclude on-time payments.
- As a result, consumers do not build credit using BNPL as they would with a credit card — but their credit ratings can still suffer in the event of non-payment.<sup>3</sup>
- Much unreported consumer payment data likely consists of on-time payments. As a result, increased reporting of BNPL transactions to credit reporting agencies would, in many cases, improve consumer credit scores.<sup>3</sup>
- Credit scores are a critical part of economic mobility, influencing prices for loans, insurance, and housing.<sup>4</sup>

Including BNPL payment information in credit reports can result in improved credit scores with on-time payments:



By reporting data to credit bureaus, BNPLs can help consumers improve their credit scores and access more financial services at a lower cost.



**Financial Services**  
for those without access to traditional credit



**Improve Credit Scores**  
by reporting repayment data to credit bureaus



**Unlock and Expand Access**  
to more financial services



<sup>1</sup>Equifax, 2022, note: non-prime includes accounts with credit scores below 660; <sup>2</sup>Grand View Research, 2021; <sup>3</sup>Equifax (2022), cited in WSJ, 2021; <sup>4</sup>Brookings, 2021.

## Some credit bureaus are adding BNPL tradelines to enable simpler credit checks and reporting for BNPLs.

- There can be lags between when consumers open BNPL accounts and lenders distribute that data externally. In some cases, the data furnisher process can exceed the loan’s repayment period.
- Some credit-reporting agencies are adding or enhancing tradeline categories for BNPL like biweekly payments and pay-in-four plans, making it easier for lenders to check with and report to credit bureaus.<sup>5</sup>

**“Responsible lending benefits from a complete picture of a person’s financial obligations.”**

*Mark Begor  
Equifax Chief Executive Officer*

## Reporting to credit bureaus like Equifax will bring long-term benefits.

- **Brand Reputation:** By reporting to credit bureaus, BNPL companies can help their customers improve credit with on-time payments. This will expand their access to additional financial services, cultivating BNPL’s reputation among consumers, regulators, and other stakeholders.
- **Customer Loyalty:** By helping consumers build credit, BNPL companies can increase customer loyalty and retain these consumers when they are offered competing services. BNPL already helps consumers manage their budgets more effectively and avoid the “debt treadmill,” but if they can’t build credit using BNPL, they may migrate back to traditional lenders (e.g., credit card issuers) when they need to access additional financial services.
- **Regulatory Oversight:** Regulators have demonstrated increased interest in how BNPL companies impact consumer financial health. The Equifax tradeline reporting solution is designed to provide lenders a more complete view of borrowers’ obligations while offering many consumers the opportunity to build a stronger financial profile.



**Brand Reputation**  
*providing access to other financial services*



**Customer Loyalty**  
*knowing they are building credit*



**Regulatory Oversight**  
*focused on consumer financial health*

<sup>5</sup> WSJ, 2021.