

III. *The Structure of Buy Now, Pay Later Financing*

A. Introduction

Buy Now, Pay Later (BNPL) credit “is a type of short-term financing that allows consumers to make purchases and pay for them at a future date, often interest-free.”¹ There are several companies, including Klarna and Affirm, that offer buy now, pay later financing on purchases made from participating merchants.² Generally, purchasers who buy from a participating retailer can “opt for buy now, pay later at checkout.”³ If approved, the purchaser makes a small down payment, often equal to 25% of the overall purchase price, and then pays off the outstanding balance in several interest-free installments.⁴ The purchaser can pay the remaining amount due via a check or bank transfer.⁵ Payments can also be automatically deducted from the purchaser’s debit card, bank account, or credit card.⁶

Modern developments in the buy now, pay later industry are less so innovations in the operation of the product, and more so innovations in BNPL’s delivery mechanism and structure.⁷ There are generally two main types of BNPL products.⁸ One type is offered

¹ Rebecca Lake, *Buy Now, Pay Later*, INVESTOPEDIA (Nov. 29, 2021), <https://www.investopedia.com/buy-now-pay-later-5182291> (explaining how Buy Now, Pay Later arrangements work).

² *Id.* (“[T]here are a number of companies, including Klarna and Affirm, that offer buy now, pay later financing on purchases made from participating merchants.”).

³ *Id.* (“[Y]ou make a purchase at a participating retailer and opt for buy now, pay later at checkout.”).

⁴ *Id.* (“[I]f approved (you’re told in seconds), you make a small down payment, such as 25% of the overall purchase amount. You then pay off the remaining amount due in a series of interest-free installments.”).

⁵ *Id.*

⁶ *Id.* (“[P]ayments can also be deducted from your debit card, bank account, or credit card automatically.”).

⁷ Paul Gerrans et al., *Fintech and responsibility: Buy-now-pay-later arrangements*, *Austl. J. Mgmt.* 1, 3 (July 2021) (“[T]he innovation is less in how the product operates and more in its delivery mechanism . . .”).

⁸ Julian Alcazar & Terri Bradford, *The Appeal and Proliferation of Buy Now, Pay Later: Consumer and Merchant Perspectives*, FED. RSRV. BANK OF KANSAS CITY (Nov. 10, 2021), <https://www.kansascityfed.org/research/payments-system-research-briefings/the-appeal-and-proliferation-of-buy-now-pay-later-consumer-and->

directly to consumers by fintechs before a purchase is made.⁹ These generally target younger consumers, including Generation Z and millennials.¹⁰ The second type is offered during a purchase through a merchant who partners with a fintech or financial institution.¹¹ These products target broader consumer segments and offer longer-term installments.¹² Since these installment plans target the broader consumer market, they tend to have higher credit limits that may reach up to tens of thousands of dollars and repayment terms that range from six weeks to sixty months.¹³ Revenue for the fintechs that provide both types of loans is primarily derived from fees charged to the merchants that accept the loans as a customer repayment option.¹⁴ However, their revenue can also be generated from late fees or penalties charged to customers that fail to comply with the terms of the repayment contract.¹⁵

B. Recent Usage of BNPL Products

The BNPL industry has seen a large increase in revenues since the beginning of the COVID-19 pandemic.¹⁶ One company, Klarna, had 14,196 users as of December 2018, but subsequently grew to 460,414 users by July of 2020.¹⁷ The onset of the COVID-19 pandemic forced much of the population to socially distance, normalizing online

merchant-perspectives/ (“[B]NPL products can be grouped into two main types, depending on how they are offered to consumers.”).

⁹ *Id.* (“[O]ne type of BNPL product is offered directly to consumers by fintechs before a purchase is made.”).

¹⁰ *Id.* (“[T]he first type of BNPL products generally targets millennials, Generation Z (Gen Z) consumers, and financially underserved consumers such as those with no credit or bad credit.”).

¹¹ *Id.* (“[T]he other is offered during a purchase through a merchant who partners with a fintech or financial Institution.”).

¹² *Id.* (“[T]he type offered through merchants targets broader consumer segments and offers longer-term installments.”).

¹³ *Id.* (explaining that BNPL products offered through merchants tend to have higher credit limits and longer repayment terms.).

¹⁴ *Id.*

¹⁵ *Id.* (“However, revenue may also be generated from late fees or penalties charged to consumers who fail to comply with the terms of repayment.”).

¹⁶ *Id.* (explaining how consumer adoption and use of BNPL has grown rapidly since 2018).

¹⁷ Georgia-Rose Johnson, *Buy now pay later (BNPL) statistics*, FINDER (Mar. 1, 2021), <https://www.finder.com/uk/buy-now-pay-later-statistics> (explaining the increasing popularity of BNPL, including Klarna).

shopping and increasing consumer confidence in doing so.¹⁸ Global e-commerce transactions totaled \$4.6 trillion in 2020, up 19% from 2019.¹⁹ BNPL services accounted for 2.1%, or \$97 billion, of that sum.²⁰ Forty-two percent of Americans have used a BNPL service at least once.²¹ About sixty percent of U.S. consumers expect to use BNPL services in the next six to twelve months.²²

Both the proliferation of the industry and the age of the users adopting the technology present interesting trends. Research indicates that fifty-four percent of millennials, those born 1981 and 1996, use BNPL services and fifty percent of Generation Z, or those born after 1996, have embraced the technology.²³ Compare those adoption rates to the wealthier Generation X (1965-1980) and Baby Boomer (1946-1964) generations that have adopted BNPL technology at a rate of thirty-seven percent and twenty-three percent, respectively.²⁴

C. Concerns about BNPL

¹⁸ Stephanie Palmer-Derrien, *As Afterpay shares go gangbusters, why is COVID-19 driving a buy-now-pay-later boom?*, SMARTCOMPANY (July 29, 2020), <https://www.smartcompany.com.au/startupsmart/analysis/afterpay-covid-19-buy-now-pay-later-boom/> (“[S]ocial distancing measures and ongoing lockdown regulations have normalised online shopping and made consumers more confident when doing so.”).

¹⁹ Ryan Browne, *How buy now, pay later became a \$100 billion industry*, CNBC (Sep. 21, 2021), <https://www.cnbc.com/2021/09/21/how-buy-now-pay-later-became-a-100-billion-industry.html> (stating that global e-commerce transactions totaled \$4.6 trillion in 2020, up 19% from 2019).

²⁰ *Id.* (“BNPL accounted for 2.1% — or about \$97 billion — of all global e-commerce transactions in 2020, according to Worldpay.”).

²¹ Gaby Lapera, *72% of Americans saw their credit scores drop after missing a ‘buy now, pay later’ payment, survey finds*, CREDIT KARMA (Feb. 8, 2021), <https://www.creditkarma.com/insights/i/buy-now-pay-later-missed-payments> (“[A] joint Credit Karma/Qualtrics survey has found that 42% of Americans have used some sort of “buy now, pay later” service”).

²² Puneet Dikshit et al., *Buy now, pay later: Five business models to compete*, MCKINSEY & COMPANY (July 29, 2021), <https://www.mckinsey.com/industries/financial-services/our-insights/buy-now-pay-later-five-business-models-to-compete> (“about 60 percent of consumers say they are likely to use POS financing over the next six to 12 months.”).

²³ Georgia-Rose, *supra* note 16 (explaining that 54% of millennials and 50% of Generation Z use BNPL services).

²⁴ *Id.* (showing that older generations use BNPL methods but not to the same extent).

So why should we be concerned about regulating the BNPL industry at all? Opponents of regulation might point to the fact that eighty to ninety percent of all transactions using a BNPL product are debit card purchases with total values of \$100 to \$110.²⁵ But to fully understand the potential harm created by BNPL offerors, it is necessary to examine the structure of BNPL products, the type of customer the products target, and the psychology of these purchases.

Unlike credit card issuers, BNPL lenders are not required to consider a consumer's ability to repay loans and they may not offer the same disclosures or the same billing error resolution procedures.²⁶ Most BNPL providers only run a soft credit check for interest-free installment loans.²⁷ Soft inquiries allow a creditor to review an individual's credit report and credit score to get a sense of how well they are managing their credit.²⁸ Because soft inquiries "aren't attached to a specific application for credit," consumer credit reporting agencies do not consider them to be "an indicator of greater credit risk" and thus they do not impact consumer credit scores.²⁹ Consumers may overextend themselves financially by using "multiple BNPL products . . . in addition to other credit products."³⁰ Of users that made a purchase using a BNPL product, fourteen percent missed a payment once, and twelve percent missed a payment more than once.³¹ More troubling is that the survey found that forty-three percent of Generation Z users missed a BNPL payment at least once in 2021, compared with thirty-one percent of Millennials and twenty-six percent of Generation X users.³² Unlike

²⁵ Puneet Dikshit et al., *supra* note 21.

²⁶ Julian, *supra* note 8 (explaining that BNPL lenders are not required to consider a consumer's ability to repay a loan).

²⁷ *Id.* (explaining that most BNPL providers only run a soft credit check).

²⁸ Julia Kagan, *Soft Credit Check*, INVESTOPEDIA (Mar. 24, 2021), <https://www.investopedia.com/terms/s/soft-inquiry.asp>. (explaining what a soft credit check is).

²⁹ Louis DeNicola, *What Is a Soft Inquiry*, EXPERIAN (May 30, 2019), <https://www.experian.com/blogs/ask-experian/what-is-a-soft-inquiry/> ("[S]oft inquiries aren't an indicator of greater risk and thus don't impact your credit scores").

³⁰ Julian, *supra* note 8 ("[A]s a result, consumers may use multiple BNPL products—in addition to other credit products—and risk financial overextension.").

³¹ *Id.* (citing 'Buy now, pay later' programs: How interested are US shoppers? PIPLSAY (Oct. 4, 2021) <https://piplsay.com/buy-now-pay-later-programs-how-interested-are-us-shoppers/?cn-reloaded=1>).

³² *Id.* (explaining that the study found that that 43% of Gen Z users missed a BNPL payment at least once in 2021, compared with 31% of millennials and 26 percent of Gen X users.).

the initial soft credit check, late payments are reported to credit agencies, so they can negatively affect an individual's credit scores.³³ Of BNPL product users, seventy-two percent of consumers that have missed a payment have seen a corresponding decrease in their credit scores.³⁴

Another risk of BNPL products is the tendency of purchasers to engage in impulsive purchases when BNPL point-of-sale services are offered by a merchant.³⁵ Sixteen percent of BNPL users reported making five or more purchases with BNPL in an average month.³⁶ When multiple purchases are made from multiple providers and merchants, the aggregate payments may be difficult to track, leading to late fees, missed payment fees, and interest.³⁷

BNPL products can also present longer-term risks.³⁸ Since BNPL product users are generally younger, any financial trouble they experience from using BNPL services "could hinder their ability to access credit in the future or even obtain certain types of employment."³⁹ In instances where BNPL loans are not reported to credit bureaus, there is a risk of identity fraud because an individual may be unaware that BNPL credit has been fraudulently established, and alerting and monitoring agencies do not have the ability to tie the BNPL loan to the individual.⁴⁰ Finally, because some merchants have decided to adopt

³³ *Id.* (citing Trina Paul, 'Buy now, pay later' loans can decrease your credit score even if you pay on time – here's what you need to know, CNBC (Sep. 3, 2021) <https://www.cnbc.com/select/how-buy-now-pay-later-loans-can-decrease-your-credit-score/>; Lopera, *supra* note 20) (showing how late payments can affect an individual's credit score).

³⁴ Lopera, *supra* note 20 ("[7]2% of respondents who said they missed a payment also reported seeing a decrease in their credit scores afterward").

³⁵ Julian, *supra* note 8 (arguing that BNPL products encourage impulse buying).

³⁶ *Id.* (citing Maurie Backman, *Study: Buy Now, Pay Later Services Continue Explosive Growth*, THE ASCENT: A MOTLEY FOOL SERVICE (Mar. 21, 2021) <https://www.fool.com/the-ascent/research/buy-now-pay-later-statistics/>).

³⁷ *Id.* (explaining how repeated uses of BNPL services makes tracking purchases difficult).

³⁸ *Id.* ("[B]NPL products also have longer-term risks.").

³⁹ *Id.* ("[U]sers of BNPL products tend to skew younger, so any financial trouble could hinder their ability to access credit in the future or even obtain certain types of employment.").

⁴⁰ *Id.* ("In instances where BNPL loans are not reported to credit bureaus, an individual may be unaware that BNPL credit has been fraudulently established and used in their name, and alert and monitoring services would have no insight.").

BNPL options instead of layaway services, some customers may feel forced to use BNPL services, even when it is against their best interest.⁴¹

BNPL services have been shown to psychologically heighten the risk of indebtedness in both their design and mechanism. A Swedish study found that BNPL services are less transparent than credit card services.⁴² The less transparent a payment method is, the less a consumer will feel the pain of the purchase, therefore increasing the consumer's willingness to incur debt.⁴³ This finding aligns with the payment transparency theory, whereby payment options which are less transparent are more likely to lower the pain of paying for the consumer and facilitate increased spending.⁴⁴

D. International Regulation of BNPL Providers

1. BNPL Regulation in Australia

The main regulator of BNPL providers in Australia is the Australian Securities and Investment Commission (ASIC), which is tasked with maintaining consumer protection laws.⁴⁵ ASIC is granted the power to intervene for the protection of consumers when there is “significant consumer detriment.”⁴⁶ Thus far, ASIC has determined

⁴¹ *Id.* (“Because some merchants have eliminated layaway services in favor of BNPL options, some consumers may feel nudged into using a credit product they cannot effectively manage.”).

⁴² Mari Anette Hjorthol & Ida Helene Grøtan, *Consumers’ willingness to incur debt with “Buy Now Pay Later” payment options* (July 1, 2021) (M.S. thesis, BI Norwegian Business School) (showing how BNPL options are less transparent than credit card options).

⁴³ *Id.* at 58 (“[O]ur findings are in alignment with the payment transparency theory, which states that payment options which are less transparent are more likely to lower the pain of paying for the consumer and facilitate increased spending compared to more transparent payment options”).

⁴⁴ *Id.* (citing Gafeeva et al., *What else can your payment card do? Multifunctionality of payment modes can reduce payment transparency*, 29 MKTG. LETTERS 61 (2017)

<https://www.proquest.com/docview/2010717905?OpenUrlRefId=info:xri/sid:primo&accountid=9676> (see parenthetical above).

⁴⁵ Di Johnson et al., *Analyzing the Impacts of Financial Services Regulation to Make the Case that Buy-Now-Pay Later Regulation is Failing*, 13 MDPI 1992, 1998 (Feb. 12, 2021) (explaining that the ASIC focuses its efforts on protecting consumers).

⁴⁶ *Id.* (explaining that the benchmark for ASIC’s intervention powers is “significant consumer detriment”).

that BNPL regulation will include a voluntary code of conduct for BNPL providers.⁴⁷ This inevitably suggests that the industry will be subject, at least some extent, to “self-regulation.”⁴⁸ This is despite a survey by ASIC in November 2020 that found that twenty percent of consumers had cut back on, or gone without, essentials in order to make BNPL payments on time.⁴⁹ The survey also found that fifteen percent of consumers surveyed had taken out an additional loan.⁵⁰ Despite the survey’s findings, ASIC concluded that there was not sufficient evidence of significant detriment to trigger an intervention.⁵¹

In October 2021, the Reserve Bank of Australia, Australia’s central bank, decided that BNPL providers were no longer permitted to prohibit merchants from passing on surcharges for their services.⁵² The move is seen as levelling the playing field between banks and credit card providers, who cannot ban merchants from passing on their fees to customers.⁵³ The BNPL ban on the passing-on of surcharges had allowed BNPL providers to explode in popularity in Australia because their services cost consumers nothing, and merchants had not pushed back because of the boom in business that BNPL provided.⁵⁴

⁴⁷ *Id.* at 2002 (explaining that ASIC will provide a voluntary code of conduct for BNPL providers).

⁴⁸ *Id.* (showing how the voluntary code suggests ASIC believes the industry is suited for self-regulation).

⁴⁹ *Id.* at 2003.

⁵⁰ *Id.* (“ . . . the November 2020 review of BNPL by ASIC detailed that 20 percent of consumers say they had cut back on, or went without, essentials such as meals to make their payments on time, and 15 percent of consumers surveyed said they had taken out an additional loan.”).

⁵¹ *Id.* (“[D]espite these findings, ASIC concluded that there was not sufficient evidence of significant consumer detriment to trigger an intervention.”).

⁵² Paulina Duran, *Australia’s central bank tells ‘buy now, pay later’ firms to drop surcharge ban*, REUTERS (Oct. 22, 2021), <https://www.reuters.com/business/finance/australias-central-bank-tells-buy-now-pay-later-firms-drop-surcharge-ban-2021-10-22/> (“[A]ustralia’s central bank said buy now, pay later (BNPL) firms will no longer be able to prohibit merchants from passing on surcharges for their services”).

⁵³ *Id.* (“The RBA’s move is a step in levelling the playing field with banks and credit card providers, who cannot ban merchants from passing on their fees to customers.”).

⁵⁴ *What will be the impact of Australia’s BNPL regulation?*, KAPRONASIA (Nov. 1, 2021), <https://www.kapronasia.com/asia-payments-research->

Perhaps the most stringent regulation to date in Australia has been the enactment of the Australian Finance Industry Association's (AFIA) Buy Now Pay Later Code of Practice.⁵⁵ The AFIA's membership consists of banks, BNPL providers, and merchants.⁵⁶ The code highlights nine promises to the users of their product but lacks the specificity and enforcement powers that regulation would provide. For example, the code signees agree to focus on customers, including providing an inclusive and accessible service, without defining inclusive and accessible.⁵⁷ The code is presumably part of the ASIC's determination that self-regulation will be the major regulatory mechanism for the BNPL industry in Australia until further notice.

2. *BNPL Regulation in the United Kingdom*

In the United Kingdom, BNPL companies are regulated by the Prudential Regulation Authority, which deals with financial stability, and the Financial Conduct Authority (FCA), which provides for consumer protection.⁵⁸ The FCA has recommended a series of measures that are specifically designed to target BNPL services ; they require providers of BNPL services to “provide better information to consumers and not charge backdated interest on repayments made in promotional periods.”⁵⁹ However, the nature of these measures makes them ineffective against “fee-based [BNPL]

category/what-will-be-the-impact-of-australia-s-bnpl-regulation.html (explaining why BNPL services thrived in Australia).

⁵⁵ AFIA, *Media Release: AFIA's Buy Now Pay Later Code of Practice Comes Into Effect*, AFIA (Mar. 1, 2021), <https://afia.asn.au/post/175/Media-Release-AFIA-s-Buy-Now-Pay-Later-Code-of-Practice-Comes-Into-Effect>.

⁵⁶ *AFIA Full Members*, AFIA, <https://afia.asn.au/AFIA-Full-Members>.

⁵⁷ AFIA, *supra* note 52B.

⁵⁸ Di Johnson et al., *supra* note 44, at 1995.

⁵⁹ *Id.* at 1995-96 (citing *PS19/17: Buy Now Pay Later offers – feedback on CP18/43 and final rules*, FIN. CONDUCT AUTH. (Dec. 12, 2019), <https://www.fca.org.uk/publications/policy-statements/ps19-17-buy-now-pay-later-offers-feedback-cp18-43-and-final-rules?twitter>) (“[M]ore recently, the FCA recommended a series of measures aimed at BNPL schemes that require those schemes to provide better information to consumers and not charge backdated interest on repayments made in promotional periods”).

schemes that do not charge interest.”⁶⁰ Fee-based schemes are heavily promoted to consumers and to merchants who gain a competitive disadvantage by not offering them as checkout options.⁶¹ The FCA has announced that it will assess the unsecured credit market and how these providers are regulated.⁶²

E. Potential Areas of Regulation Following CFPB Investigation

The CFPB is primarily concerned that there may be some systemic, underlying problems with the BNPL industry, particularly around the accumulation of debt, regulatory arbitrage, and data harvesting in a consumer credit market that is already quickly changing with technology.⁶³ While industry and public comments are not due until March 2022, and any ensuing regulation could be years away, there are a few pieces of the BNPL business model that are ripe for increased scrutiny.

First, many BNPL products have hidden late fees that can accrue.⁶⁴ Some consumers may not be aware of late fees, as they are distracted

⁶⁰ *Id.* at 1996 (“[H]owever, these measures are largely inapplicable to the fee-based schemes that do not charge interest.”).

⁶¹ *Id.* (citing *Retailers without ‘Buy Now, Pay Later’ will pay the price*, JUST STYLE (Apr. 12, 2021), <https://www.just-style.com/comment/retailers-without-buy-now-pay-later-will-pay-the-price>; Rebecca Wearn, *The rapid rise of ‘Buy now, pay later’*, BBC (Jan. 26, 2020), <https://www.bbc.com/news/business-51195759> (“[T]hese fee-based schemes are often heavily promoted to consumers, but also to merchants who are faced with the proposition that failing to offer BNPL schemes to their customers will result in losing a competitive disadvantage”).

⁶² *Id.* (citing *Christopher Woolard to chair review of unsecured credit market regulation*, FIN. CONDUCT AUTH. (Sept. 16, 2020), <https://www.fca.org.uk/news/press-releases/christopher-woolard-chair-review-unsecured-credit-market-regulation> (“However, the FCA has announced a review into the unsecured credit market that is expected to address how these providers are, or are failing to be, regulated”).

⁶³ Ashwin Vasan, *Our public inquiry on buy, now pay later*, CFPB, (Jan. 12, 2022), <https://www.consumerfinance.gov/about-us/blog/our-public-inquiry-buy-now-pay-later/> (“[B]ut we are concerned there may be some systemic, underlying problems, particularly around accumulating debt, regulatory arbitrage, and data harvesting in a consumer credit market already quickly changing with technology.”).

⁶⁴ Eamonn Moran & Robin Nunn, *CFPB’s Probe of Buy Now, Pay Later: What’s the Risk to Consumers?*, BLOOMBERG L. (Feb. 15, 2022),

by the enticing appeal of a zero-interest loan. The CFPB could implement rules requiring the disclosure of late fees, their amount, and the compound effect of missing multiple payments. Additionally, consumers lack some of the dispute resolution features mandated in the credit card industry.⁶⁵ The Fair Credit Billing Act allows consumers to file two types of complaints against a credit card issuer: a billing error or an issue with the quality of a good or service.⁶⁶ If a user has a billing error, the FCBA requires the issuer to conduct an investigation into it, as long as the consumer files a complaint within sixty days of receiving their account statement.⁶⁷ BNPL loans are not subject to the FCBA.⁶⁸ While the lack of dispute resolution features does not seem to dissuade many consumers from adopting the technology, it could become more important as the usage of BNPL increases in the e-commerce sector.

Second, the CFPB could require increased disclosure from BNPL providers. Disclosures could include increased warnings prior to opting-into their service, disclosure to the CFPB concerning missed payments and late fee collection, and increased reporting to credit bureaus. Thirdly, the CFPB could require BNPL providers to evaluate a purchaser's creditworthiness. As mentioned above, BNPL providers do not routinely conduct credit checks, nor are they required to do so.⁶⁹ Any increased regulation would need to be carefully balanced against the benefits that BNPL companies provide consumers. These companies allow consumers to spread out payments for relatively small purchases without incurring interest.⁷⁰ Consumers in a liquidity crunch, who might be denied if subject to a credit check, could greatly benefit from using BNPL services. I would propose a more stringent form of the soft credit check currently employed. It would take into

<https://news.bloomberglaw.com/business-and-practice/cfpbs-probe-of-buy-now-pay-later-whats-the-risk-to-consumers>.

⁶⁵ *Id.*

⁶⁶ Trina Paul, *What consumer protections do you have with 'Buy Now, Pay Later' services? Here's what you need to know*, CNBC, (Oct. 9, 2021), <https://www.cnbc.com/select/consumer-protections-buy-now-pay-later-what-to-know/> (“[T]here are two types of complaints consumers can file with their credit card issuer: A billing error or an issue with the quality of a good or a service.”).

⁶⁷ *Id.* (“[I]f you have a ‘billing error’, the FCBA requires that credit card issuers conduct an investigation if a consumer files a complaint within 60 days of receiving their account statement.”).

⁶⁸ *Id.* (“[B]NPL loans, on the other hand, are not subject to the regulations that credit or debit card issuers fall under”).

⁶⁹ See Julian, *supra* note 8.

⁷⁰ Lake, *supra* note 1.

account the number of BNPL purchases currently outstanding and the aggregate amount of payments owed but would not be a full hard-credit check as required by credit card companies. Finally, the CFPB could implement more stringent data harvesting and cybersecurity rules.⁷¹ These companies have access to personal and sensitive financial data, and the CFPB could require BNPL companies to take extra precautions to protect and encrypt their data.

F. Conclusion

The dramatic rise in usage of BNPL services has been extraordinary. The trend does not appear to be ending any time soon. The current structure and regulatory scheme of BNPL companies is bound to change in the coming years. Companies are seeing pressure not only in the United States, but all over the world. Regulation to bring increased consumer education and transparency will benefit consumers, but too much regulation could decrease the efficiency and usefulness of the product. Striking that balance will be important for consumers and BNPL providers alike.

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⁷¹ Moran & Nunn, *supra* note 61.

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