Tap Now, Pay Later:

AI-Powered Instant BNPL at the Point of Sale

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Buy Now, Pay Later (BNPL) has transformed digital lending by allowing customers to split purchases into manageable installments. However, BNPL still commonly operates as a separate checkout journey. Customers may need to select BNPL, authenticate, complete eligibility checks, choose a plan, and confirm financing before completing a purchase. At a physical Point of Sale (POS), where customers expect payments to happen within seconds, this additional journey creates friction. The next evolution can be much simpler:

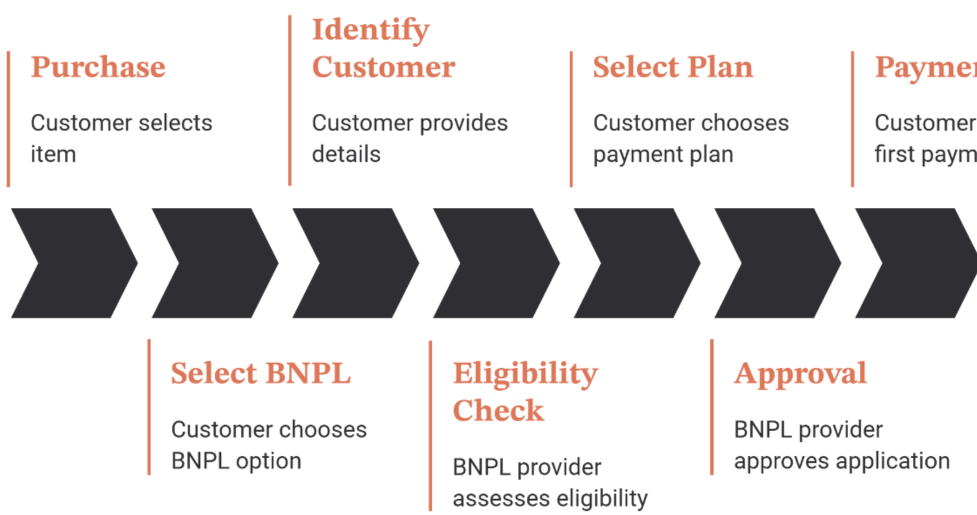
The customer taps their card or digital wallet, the platform evaluates BNPL eligibility in real time, and an eligible installment option is offered almost instantly.

Tap → Evaluate → Offer → Confirm → Pay in Installments

This concept Tap to BNPL combines contactless payments, pre-approved credit capacity, real-time risk decisioning, AI, and customer consent to bring financing directly into the card-payment experience.

Problem: BNPL Is Still Separate from the Payment Experience

Traditional BNPL typically follows this process:



Although effective for e-commerce, this approach can be less convenient at a physical POS.

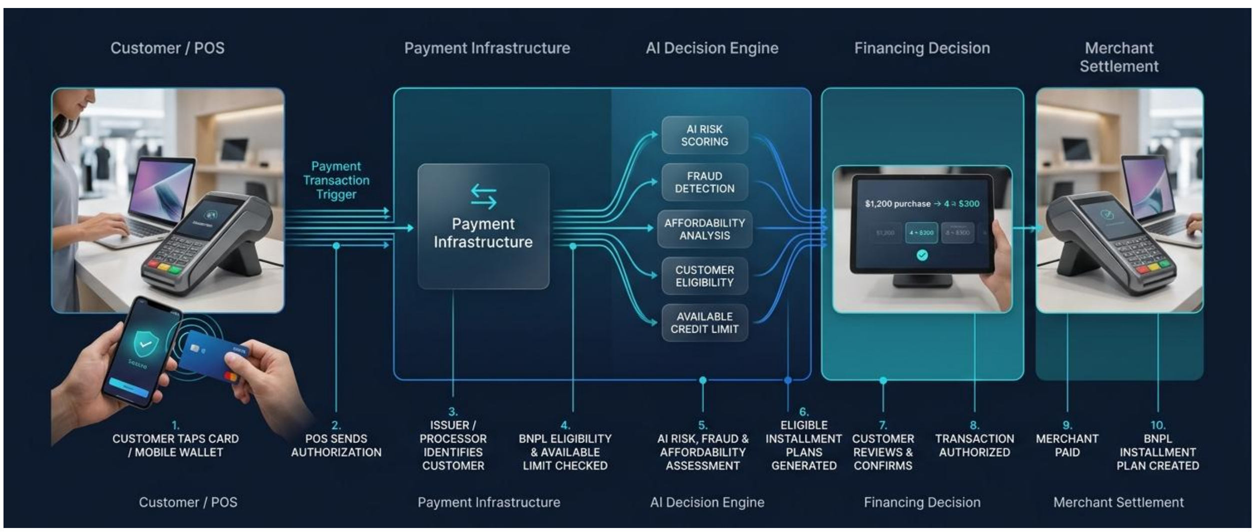
The customer may need to select a separate BNPL option, scan a QR code or open an application, authenticate again, wait for an eligibility decision, select an installment plan, accept terms and return to the payment journey. This creates checkout friction.

There is also a challenge for merchants. Supporting multiple BNPL providers can require additional APIs, SDKs, checkout integrations, reconciliation processes, refund handling, and operational support. At the same time, customers already carry an established payment credential their physical card, virtual card, or digital wallet.

The opportunity is therefore to connect the customer's existing payment credential with their available BNPL facility. Instead of treating BNPL as a completely separate payment method, financing can become an intelligent capability within the existing card-payment ecosystem.

Solution: Tap-to-BNPL

Tap-to-BNPL makes the card transaction itself the trigger for a financing decision. Consider a customer purchasing a laptop for $1,200. The customer taps their card or mobile wallet at the POS. The proposed flow is:



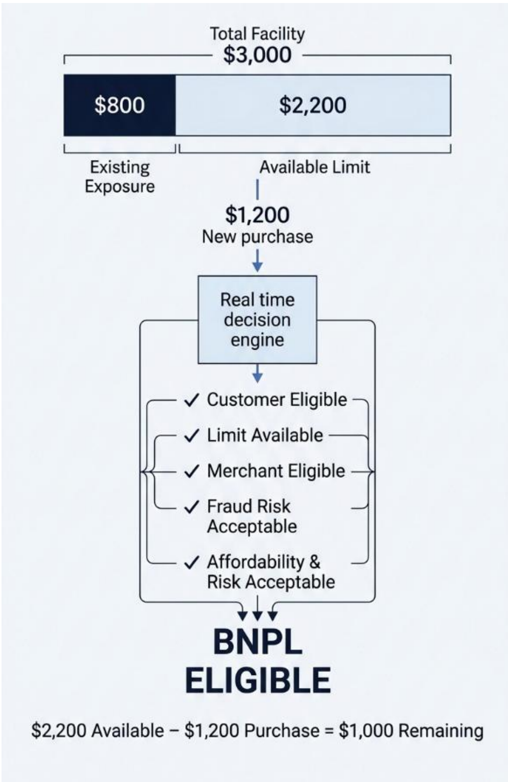
The important principle is that the customer should not have to complete an entirely separate BNPL application during every purchase.

Pre-Approved Credit & Real-Time Decision

For the solution to work quickly, the customer can have a **pre-approved BNPL facility**.

For example:

Total BNPL Facility: $3,000



Existing Exposure: $800
Available Limit: $2,200
New Purchase: $1,200

The real-time decision engine then evaluates the specific transaction:

Customer Eligible? Yes
Available Limit? Yes
Merchant Eligible? Yes
Fraud Risk? Acceptable
Affordability/Risk? Acceptable

Decision: BNPL Eligible

The system can then present suitable options—for example, 3, 6, or 12 installments—subject to credit policy and regulation.

This avoids performing a complete underwriting process during every card authorization while still allowing the platform to make a transaction-level risk decision.

Why Do We Need This Solution?

The payment industry has spent years reducing checkout friction.

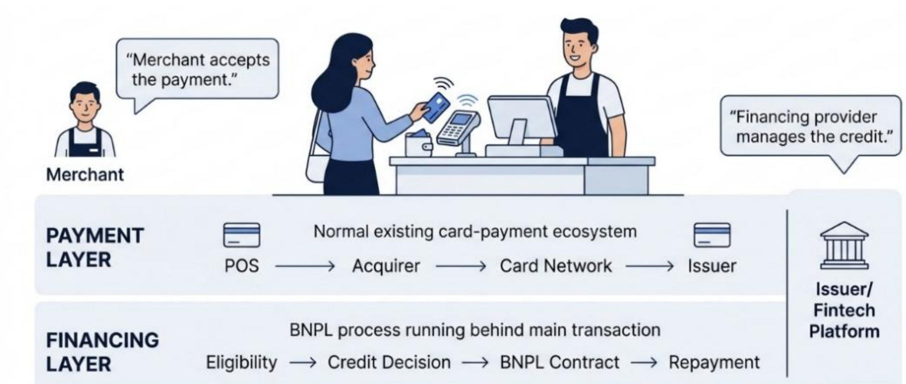
Contactless cards and digital wallets have made the customer experience extremely simple: **Tap and Pay.**

BNPL should evolve toward the same simplicity. Today, customers often ask:

"Does this merchant support my BNPL provider?"

With Tap-to-BNPL, the question could become:

"Is this purchase eligible for my BNPL facility?"



This moves the financing relationship closer to the **customer and issuer/fintech platform**, rather than making it completely dependent on individual merchant BNPL integrations. It can also simplify merchant adoption. The merchant can continue accepting a card transaction through the existing ecosystem. The merchant focuses on accepting the payment. The financing provider focuses on managing the customer's credit. This separation can make BNPL more scalable.

What Will Be the Benefits?

The biggest benefit is **convenience**. Customers can potentially access BNPL through a payment credential they already use every day. Key benefits include:

For Customers	*For Merchants*	*For Issuers and Fintech Companies*
• fewer checkout steps; • faster financing decisions; • no separate BNPL checkout journey; • personalized installment options; • physical-card and digital-wallet support; • visibility of available BNPL capacity; • consistent experience across eligible merchants.	• faster checkout; • improved conversion; • increased customer purchasing power; • potentially higher average transaction values; • reduced dependence on separate BNPL checkout integrations; • familiar card acceptance infrastructure.	• additional lending revenue; • greater card utilization; • increased customer engagement; • improved retention; • better use of transaction data; • dynamic credit management; • personalized financing; • stronger customer-level risk intelligence.

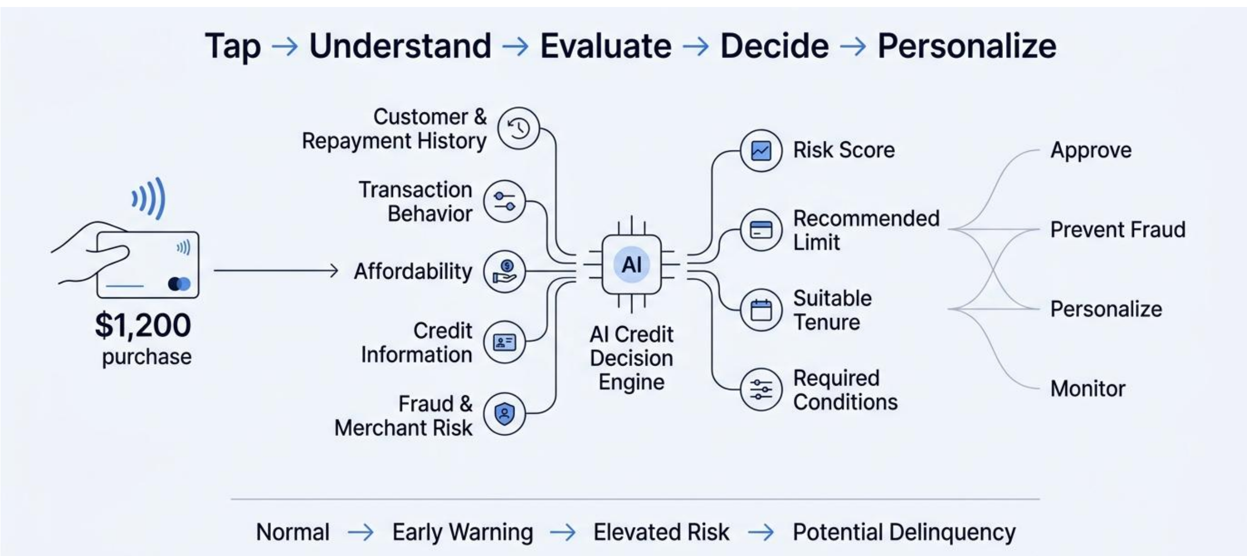
The customer still needs clear information about installment amounts, payment dates, fees or interest, total repayment, and other applicable credit terms. Instant should not mean invisible.

Tap-to-BNPL can potentially provide merchants with: The merchant can receive payment through the normal card ecosystem while the financing provider manages the customer's installment obligation.

For issuers and fintech providers, Tap-to-BNPL creates an opportunity to make BNPL part of the wider customer payment relationship. The issuer can potentially understand the customer's overall payment and repayment behavior rather than evaluating only one isolated BNPL checkout.

How AI Can Improve the Process

AI can transform Tap-to-BNPL from a simple installment-conversion feature into an **intelligent credit decisioning platform**. The objective should not be: **Tap → Automatically Approve**



AI-Powered Credit Decisioning

An AI decision engine can evaluate permitted information such as:

Dynamic Credit Limits

Traditional credit limits can remain unchanged for long periods. AI can support continuous risk assessment. For example, a customer who consistently repays successfully may move from:
$1,000 → $1,500 → $2,000
A customer showing increased repayment risk may have future BNPL capacity reduced. The objective is to make credit limits reflect the customer's **current risk and affordability**, not only their original approval.

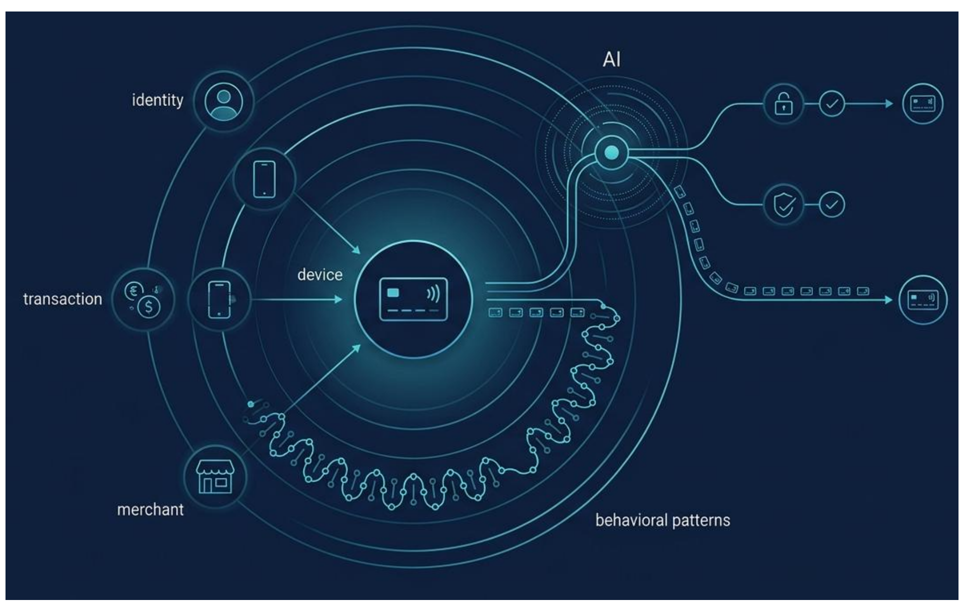
AI Fraud Detection

Instant financing also creates instant fraud exposure.

AI can evaluate:

Identity Risk + Device Risk + Transaction Risk + Merchant Risk + Behavioral Risk

If a transaction differs significantly from the customer's normal behavior, the platform can require additional authentication or decline the BNPL conversion while potentially allowing the normal card-payment process to continue where appropriate.



Personalized Installment Plans

AI can also help determine which repayment options are appropriate.

For example:

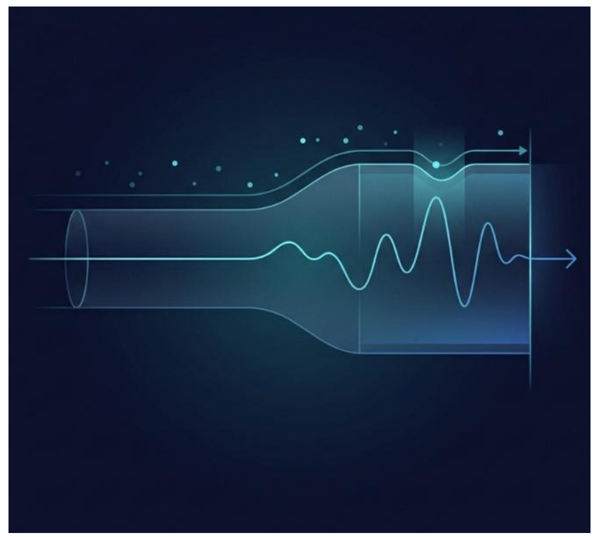
Low Risk	3, 6 or 12 installments
Medium Risk	3 or 6 installments
Higher Risk	Initial payment + shorter installment period

The objective should not simply be maximizing credit utilization. It should be finding the appropriate balance between: **Customer Affordability + Credit Risk + Customer Experience**

Predicting Repayment Problems

AI can continue supporting the customer after the purchase.

Rather than waiting until an installment is missed, the system can identify permitted early-warning signals: ***Normal → Early Warning → Elevated Risk → Potential Delinquency***
This can help the provider introduce appropriate reminders, repayment assistance, or exposure controls earlier.
AI therefore becomes useful across the complete BNPL lifecycle: ***Approval → Fraud Prevention → Personalization → Repayment → Risk Monitoring***



Conclusion

BNPL's first generation brought installment financing into checkout. The next generation can bring financing directly into the **payment transaction itself**. Tap-to-BNPL combines the simplicity of contactless payments with intelligent credit infrastructure.
The concept addresses three major challenges:

- **Customer friction:** Financing should not require an unnecessarily complicated checkout journey.
- **Merchant complexity:** Merchants should not always need a completely separate integration for every financing provider.
- **Credit decisioning:** AI and real-time data can help make financing decisions faster, more contextual, and more responsive to risk.

The goal is not simply to approve BNPL in seconds. The goal is to create a payment ecosystem where the customer's existing card or digital wallet can become the secure entry point to an **intelligent financing capability**. The merchant receives payment. The customer receives appropriate financing choices.
The issuer or fintech manages the credit, risk, and repayment lifecycle. And AI provides the intelligence required to make better decisions throughout that lifecycle. Customer consent, affordability, transparency, privacy, and regulatory compliance must remain fundamental to the model.
The future of BNPL may therefore become remarkably simple from the customer's perspective:

Tap. Evaluate. Confirm. Pay Over Time. Tap-to-BNPL could be the next evolution of point-of-sale credit.