Responsible Spending
The FinTech Innovations Transforming Consumer Finance
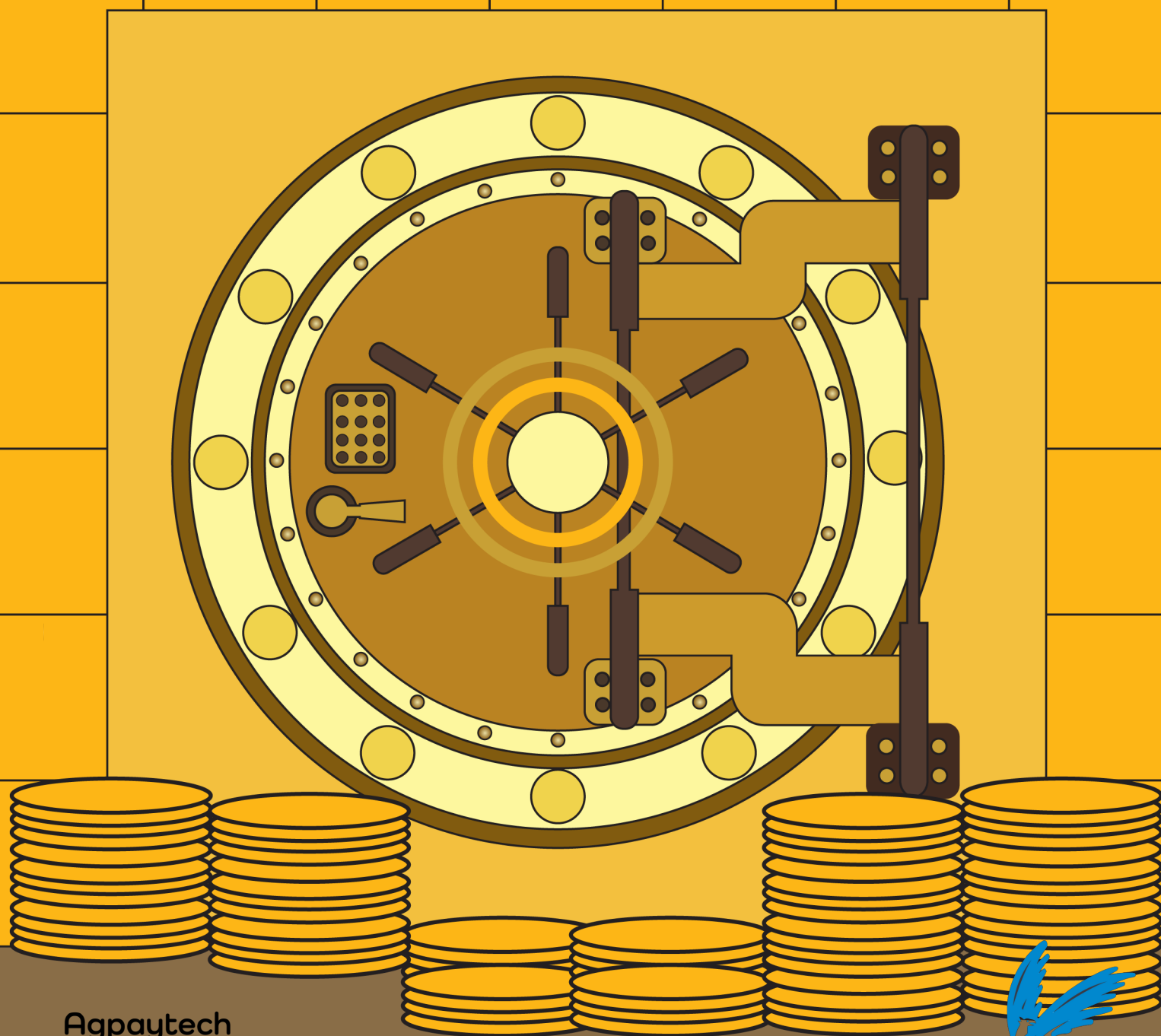
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Executive Summary

In financial technology, a paradigm shift is emerging that transforms the traditional Buy Now Pay Later (BNPL) model into a more sustainable and financially empowering approach known as Save Now Buy Later (SNBL).
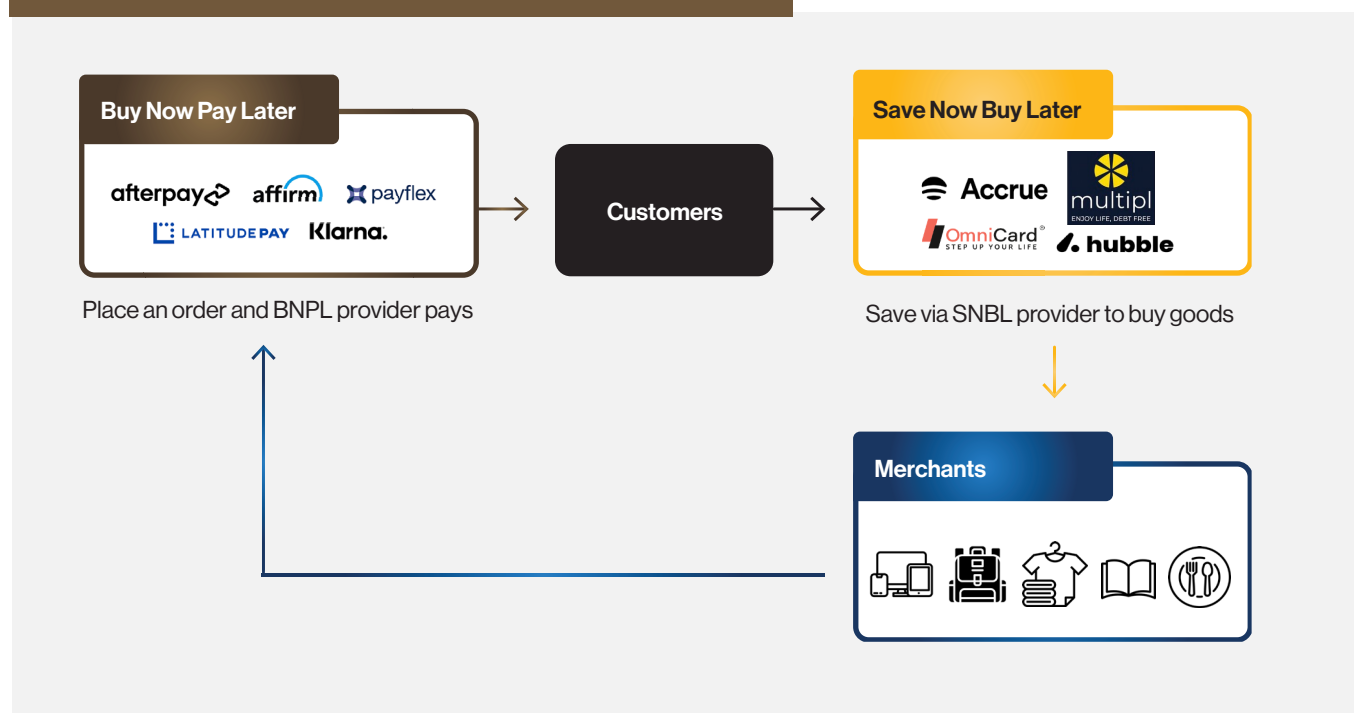
FinTech firms are encouraging consumers to save systematically before making purchases, thus promoting healthier financial habits and reducing reliance on debt.

Through case studies and industry analysis, the report examines the effectiveness of SNBL strategies in enhancing consumer financial literacy, increasing savings rates, and fostering long-term financial stability. The rise of SNBL represents a significant shift in consumer finance, highlighting the potential for FinTech to not only revolutionize spending behavior but also contribute to the broader goal of financial well-being.

Figure 1: The BNPL process

Buy Now Pay Later

afterpay affirm payflex LATITUDE PAY Klarna.

Place an order and BNPL provider pays

Customers

Save Now Buy Later

Accrue multipl OmniCard hubble

Save via SNBL provider to buy goods

Merchants

Source: Agpaytech

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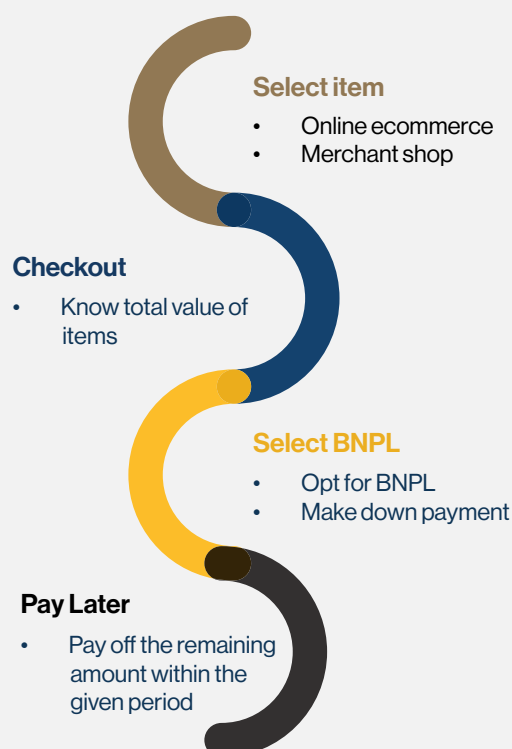
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Buy Now Pay Later vs Save Now Buy Later

With public debt reaching record levels, 60% of the world economy is facing global debt and therefore eligible for the Debt Service Suspension Initiative (DSSI).

Meanwhile, the consumer finance market is spearheaded by Fintechs is providing unique credit access and relief to consumers in an innovative way of Buy Now Pay Later (BNPL). The BNPL is an agreement between the consumer and lender (FinTech creditprovider) for the provision of credit to the consumer to purchase goods or services, with the debt being paid off later by the consumer. The BNPL provides consumption relief to individuals to enable them to buy basic needs and have enough time to pay them without interest. Unlike traditional banks, the BNPL involves less process, 24/7, and without interest.

In this debt-distressing moment in most African countries, the Fintech BNPL is bridging the credit access gap between the merchant and consumers.

Figure 2: The BNPL process

Select item
- Online ecommerce
- Merchant shop

Checkout
- Know total value of items

Select BNPL
- Opt for BNPL
- Make down payment

Pay Later
- Pay off the remaining amount within the given period

Source: Agpaytech

What is the Concern?

With rising interest rates, a looming recession, and job losses, people are struggling and squeezed, being more likely to struggle to manage their BNPL payments. According a recent research conducted by the Behavioural Insights Team and the Money Pensions Service (MaPS) in the UK, over half of the surveyed BNPL users (55%) have pending payments, with 33% juggling multiple outstanding bills. This financial fragility is concerning, as it paves the way for a potential debt cycle that could impact the long-term financial well-being of the customers. Around 70% of respondents admitted to utilizing BNPL even when they originally intended to make full upfront payments. This behavioural shift raises concerns about the growing reliance on deferred payments and the possible repercussions on financial stability.

FinTechs Turning Heads on BNPL

Saving money to buy something is not new and almost all financial institutions are aware of this concept. Most financial institutions have a range of features to encourage putting money aside including rules for automatic saving, tools to monitor spending patterns, and goal setting.

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But FinTech is changing the game, monetizing and adding value to customers' savings
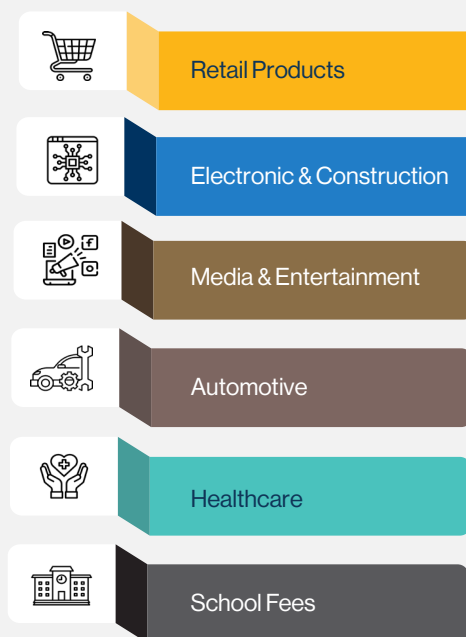
The challenge has always been how to monetize these savings programs and turn them into revenue-generating endeavors. But FinTech is changing the game, monetizing and adding value to customers' savings. A new payment method centered around saving is turning the concept of Buy Now Pay Later on its head.

FinTechs are leveraging new digital savings experiences to attract and retain deposits. Save Now, Buy Later (SNBL) is a new payment experience where customers create savings plans to make purchases with a merchant in exchange for discounts or rewards. It offers a unique opportunity for revenue growth and differentiation at a critical time for both FinTech startups and traditional retail banks.

With increasing smartphone penetration, and biometric identifications for easy onboarding, as well as the economic looming recession, SNBL can be a less-risky payment method compared to unsecured loans like credit cards BNPL. With SNBL, consumers are also ager to receive personalized, AI-driven financial wellness experiences, creating an opportunity for banks and large data-holding companies like Telecoms to leverage SNBL to differentiate themselves, deepen engagement, and generate growth. Additionally, the competition for deposits has intensified, sharpening the need to find cost-effective ways to give incentives to customers to save.

Figure 2: BNPL/SNPL market segment

- Retail Products
- Electronic & Construction
- Media & Entertainment
- Automotive
- Healthcare
- School Fees

Source: Agpaytech

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Save Now Buy Later (SNBL) Business Model

SNBL's business model may constitute two or three approaches depending on the customer's choice and business environment. For model 1 (Connect to Merchant), the subscriber is required to choose a merchant store and products from which to make savings. Model 2 allows subscribers not to connect to any specific merchant but to make savings and choose any products that the amount can fully purchase.

Model 3, which is the Save Now Use Later (SNUL) allows the customers to save and buy anything from the merchant stores or withdraw for any personalized activities.

The business concept presents several gamification or incentive approaches to sustain customers such as rewards, discounts, referrals, and cash bearing for Model 3. Moreover, the revenue generation designs include commissions from merchants, entrance or registration fees, and other advisory services to merchants, businesses, and customers. The partnership approach is flexible and open to large data holding firms, financial (rural and commercial banks) and non-financial institutions (MNOs, Utility firms) as well as e-commerce (Jumia). Table 1 provides an overview of the whole SNBL model.

Activity	Save Now Buy Later		Save Now Use Later
Model	Connected to merchant	Not connected to a merchant	Personalized activity
Concept	Save and pay	Save and buy	Save pay/withdraw
Rationale	Savings are linked to specific products or services with a merchant store	Savings can be used to buy anything from registered merchant stores	• Not linked to a product, merchant, or making a purchase. • Can withdraw for personal use.
Operations	Online/offline	Online/offline	Online/offline
Incentive mechanism	Cashback approach	Cashback approach	Cashback & Interest bearing
Premium design	Institute levels and benefits such as gold, silver, diamond, bronze, etc.		
Gamification	G1	Invite friends for coupons, discounts, gifts, or points that can be used to buy something from a merchant.	
	G2	Rewards are offered when reaching the desired purchase amount	
Target market KYC	Employees on government or private organizations' payroll National card, mobile number, bank-affiliated integration		
Revenue model	R1	Commission from merchants upon customer's full payment	
	R2	Charging merchant entrance fees	
	R3	Providing advisory services	
Partnership firms	Banks	NFI	E-commerce
	Rural and commercial banks, MFI	MNOs, Telcoms, DSTV	Jumia, Yango, Uber

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Conclusion

The transition from "Buy Now Pay Later" (BNPL) to "Save Now Buy Later" (SNBL) heralds a significant shift in consumer finance, driven by the innovative capabilities of FinTech. As we move away from the culture of instant gratification, SNBL offers a promising pathway to financial wellness by encouraging saving and responsible spending.

This new model not only helps individuals avoid debt but also fosters a healthier relationship with money. FinTech companies are at the forefront of this revolution, providing the tools and platforms necessary to make saving easier and more appealing. As SNBL continues to gain traction, it has the potential to transform our financial habits and lead us towards a more stable and prosperous future. The rise of SNBL in FinTech is not just a trend; it is a movement towards a more sustainable and secure financial ecosystem for all.

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About Agpaytech Ltd.

Agpaytech Ltd. is a company pioneering in the Fintech space with a focused approach to building robust technologies for e-commerce Card Processing Solutions for Payment Service Providers (PSPs). Additionally, we provide Compliance and Regulatory Umbrella, Remittance-as-a-Service (RaaS), Banking-as-a-Service (BaaS), Foreign Exchange, Cross Border Payments, and digital currency technology.

We also provide practical white paper research support to central banks, government and private institutions, economic organizations, and NGOs in Africa. Our services expand from research projects, state-of-industry reports, project assessment, data collection, and consulting services in the fintech space.

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