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THE WALL STREET JOURNAL.

Business News: Apple Shuts Its Buy-Now, Pay-Later Service

By Joseph Pisani

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English

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Apple is ending its buy- now, pay-later service, just over a year after launching it.

The service, called Apple Pay Later, allowed customers to split purchases between \$50 and \$1,000 into four payments spread over six weeks with no interest and no fees.

The initiative, unveiled in March 2023, was part of the company's push to use finance to deepen its relationship with consumers. It competed with buy-now, pay-later companies such as Affirm and Klarna.

Apple's website said Monday that the company is "no longer offering new loans" for Apple Pay Later, but that existing ones aren't affected. The company said it plans to offer a way for people to apply for buy now, pay later loans from other companies when they check out with Apple Pay, its payment system.

Last week, Apple announced one of those companies would be Affirm, which it is adding as an option in the fall. Citigroup and Synchrony Financial will also be a part of the rollout, Apple said. The company is also adding a scannable code that will help shoppers use Apple Pay across the web.

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Heard on the Street
Apple Pay Gives Banks a Bigger Bite

By Telis Demos
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[Financial Analysis and Commentary]

Apple is sometimes called a disrupter to banks. But relationships in financial **technology** are much more complicated than that.

Announcements out of the tech company's latest product showcase included enhancements to Apple Pay, the digital wallet whose size and stature has rapidly expanded in recent years. They included a feature that will enable banks to offer **buy now, pay later** installment payments via their cards loaded into users' Apple Pay wallets. In the U.S., Citigroup, Synchrony Financial and Apple Pay issuers using Fiserv, a software provider to many banks, will be part of the initial rollout, Apple said.

One of the threats to banks' credit-card businesses are **buy now, pay later** options offered by other lenders, including Apple itself. So for banks, it is a win to be able to offer customers the option to convert a card purchase into an installment-payment option right at the point of purchase.

Apple also is introducing the ability to pay for a purchase with card rewards, adding that much more value to those points, and giving banks another opportunity to win a transaction. Discover Financial Services, Synchrony and Fiserv's issuers will be the initial participants, Apple said.

To further expand Apple Pay's reach, Apple will enable payments via third-party browsers with a code that can be scanned with a phone -- meaning a card in a user's iPhone digital wallet can effectively make payments across the web, too.

All this continues to bring the credit card -- banks' bread-and-butter retail product, generating transaction fees and interest on revolving balances -- to more forms of e-commerce retail sale. This helps banks keep their customer spending growing and compete with upstart payment types.

Of course, there is a price. The Wall Street Journal reported that banks in the U.S. agreed to pay Apple 0.15% of a purchase made with a credit card via Apple Pay. And non-monetarily, it gives Apple a big seat at the table with customers and their financial lives.

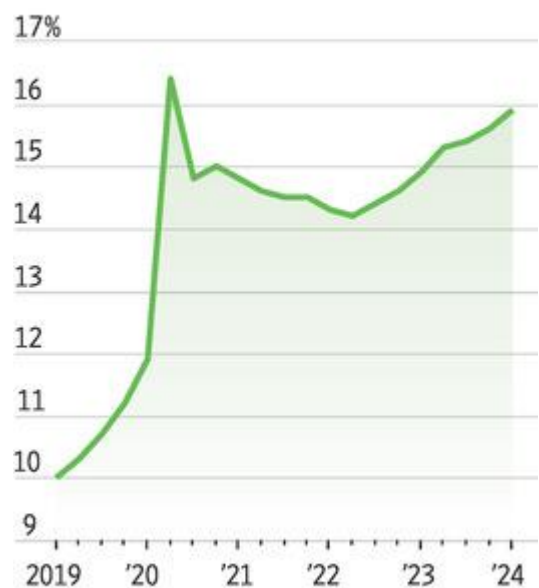
This is how things go in the world of **"fintech."**

Few developments are a straightforward win or loss for traditional players or newer entrants. Apple and banks could go their separate ways. But then Apple would lose out on many transactions, and banks would battle to push people toward friendly wallets.

It will be interesting to see how consumers sort out these options. Apple will also continue to have its own Apple Pay Later installment option, and it announced that U.S. users will be able to apply for loans through **buy now, pay later** provider Affirm when they pay with Apple Pay.

Disruption comes in many forms. And it is rarely a one-way street.

U.S. e-commerce retail sales, percentage of total sales, quarterly



Note: Seasonally adjusted
Source: U.S. Census Bureau

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