

Flagship Market Monitor: Credit Issuing Q4 2025

1 Q4 2025 Credit Market Updates (October - December 2025)

(select inventory of additions and changes terminations in credit products)

U.S. Bank Split World Mastercard



U.S. Bank experiments if alternatives to traditional BNPL can replace revolving credit with a new card that defaults all purchases into 3-month installments, with 0% APR and extensions with fees.



Klarna Card Premium Tiers



Klarna debuted premium subscription-based membership tiers, unlocking richer perks without spend thresholds or annual fees. After roll-out in the UK, the offering was expanded to Europe and the U.S.



Google Pay Flex Credit Card



New digital, UPI-powered credit card embedded in Google Pay that lets users pay via QR or online with credit, turning everyday payments into credit moments.



SoFi Smart Card



New card combining checking, savings, debit, and credit, with dynamic limits based on balance, no hard credit check, and built-in credit-building features. This account-centric model ties credit access directly to cash flow and behavioral data.



Circle Bank PayLater Card



New PayLater digital card offering instant credit approval via AI underwriting, virtual card issuance in minutes, and global Visa acceptance without a traditional bank account.



Sources: Company websites and press releases, Flagship analysis

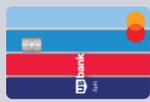
Select Regional Themes:

Innovation in card issuing is widespread, though the approaches and use cases vary by region:

- North America - Issuers are increasingly blending credit, debit, and installment features, experimenting with hybrid account structures that go beyond traditional revolving credit models.
- Europe - As perks are unbundled from credit requirements, premium rewards are no longer the exclusive domain of credit products. Issuers and fintechs are experimenting with monetization beyond interchange and interest, suggesting a shift toward fee-based, lifestyle-oriented credit ecosystems.
- Asia - Growth opportunities differ by market maturity, with emerging markets prioritizing access, speed, and embedded distribution over traditional underwriting models. In emerging markets with low credit penetration, AI-driven underwriting can help overcome traditional barriers.

Market Theme Spotlight: BNPL Card Program Convergence

(non-exhaustive examples, as of January 2026)



US Bank Split Card

A credit card that automatically splits all purchases into a three-month payment plan with no interest or annual fee. Cardholders can extend payment plans for larger purchases for a fixed monthly fee.



AMEX Plan It

This credit card feature allows purchases over \$100 to be split into equal monthly installments with a fixed fee, without interest and while still earning rewards. Cardholders can create up to 10 active plans.



Affirm Card

A hybrid card that allows cardholders to pay in full from a linked bank account, or request to pay for purchases in installments within the Affirm app, with a choice of plan options offering different interest and repayment terms.



Klarna Card

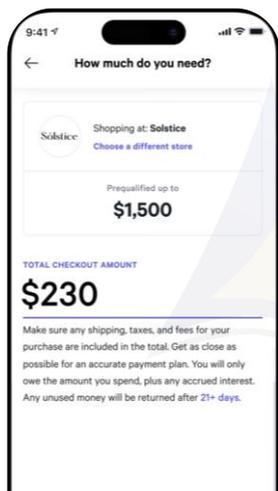
A debit card that allows cardholders to pay for purchases in full using their Klarna balance or opt into one of Klarna's payment plans. It requires payment in full every month to avoid interest charges.

There are 4.2 million active Klarna Card users as of Q4 '25

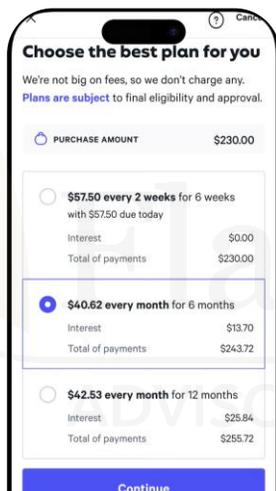
Sources: Company websites and press releases, Consumer Financial Protection Bureau, Flagship analysis

UX Deep Dive: Affirm Card Checkout Flow

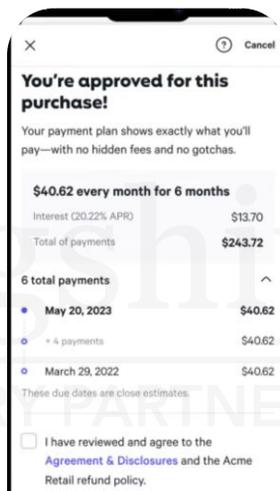
The Affirm Card can be used at any merchant that accepts Visa, both online and in store. Cardholders can pay in full for a purchase using the funds of a linked debit bank account, or request a payment plan through the Affirm app:



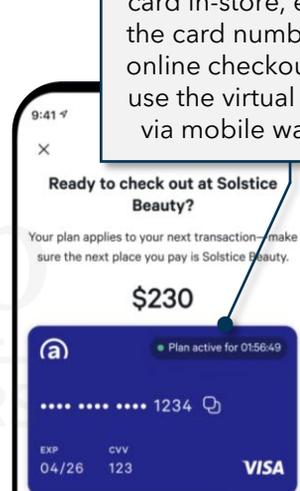
Search for the merchant and enter the amount



Choose a repayment plan from the approved options



Confirm the terms and payment schedule



Complete the purchase within 24 hours

Use the physical card in-store, enter the card number at online checkout, or use the virtual card via mobile wallet

Sources: Affirm website, Flagship analysis

Flagship Commentary & Highlights

- Q4 2025 reflects a market in transition. Instead of a focus on incremental product enhancements, there is an active repositioning of the credit market:
 - Issuers are exploring alternatives to legacy credit models and testing installment models to compete with BNPL providers
 - Fintechs are redefining value and reshaping perks
 - Emerging markets work towards expanding credit access and bypassing physical card models.
- As installment options become standard, issuers should consider the mix between structured payment plans and traditional interest, refresh rewards to compete with subscription-style benefits, and ensure installment features work seamlessly across payment methods.

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