

# Factors driving profitability of BNPL (Buy Now Pay Later) in the healthcare market

The world of digital payments has seen innovations that improve the customer experience and support businesses' growth. Buy Now, Pay Later (BNPL) has revolutionized the healthcare industry and simplified need-based healthcare expenditure. It is not a new concept, and the freedom and accessibility it provides people in the healthcare industry are immense.

*Did you know? The credit industry in India is expected to touch [\\$50 billion by 2028](#), and it will only grow. With several FinTech companies coming into play, the growth scope is immense.*

Buy Now Pay Later, also known as BNPL, is a method of instant financing that allows customers to make purchases that they then pay over time. Consumers can split the payment into smaller installments. From BNPL in Ecommerce to Care Now, Pay Later (CNPL) in healthcare, this approach is helping businesses from each sector to improve their customer experience by making services accessible and affordable.

## How does BNPL/CNPL work?

BNPL or CNPL enables customers to access instant installment-based plans with minimal paperwork. The customers are not discriminated against based on their credit history and have transparent working systems at a low cost.

The customer selects BNPL as their chosen payment method and specifies the number of installments. The BNPL provider then conducts a soft credit check to assess if the customer is eligible for BNPL. On approval, the BNPL service provider registers the transaction, and the customer then pays the BNPL provider according to agreed terms and conditions.

In the healthcare sector or CNPL approach, the CNPL providers would allow patients to split medical bills into small monthly payments that include minimal or no cost. No matter the circumstance, CNPL facilitates timely and quality healthcare for all. One can avail of zero-cost payment options while availing of healthcare products and services.

## Factors driving profitability in Healthcare Sector

This emerging digital financial payment approach is expected to grow in the coming years, helping patients and customers benefit from healthcare products and services.

- Unsurprisingly, healthcare expenses account for more than \$40 billion of out-of-pocket costs yearly. Over 70% of Indians prefer private healthcare, which results in tremendous

financial strain on a large population. CNPL in action will help patients pay their medical bills quickly and make healthcare accessible to them.

- [Niti Aayog's report of March 2021](#) mentioned that Indians paid over \$72 billion to pay for their healthcare expenses, essentially from their savings or borrowings. And it presents a tremendous opportunity for CNPL providers in healthcare. Healthcare expenses are one of the biggest reasons why many Indians fall below the poverty line yearly.
- With ready credit available in the form of CNPL, the user has the freedom to pay for their and their family members healthcare need as and when they require it. Most Indians defer healthcare treatment due to a lack of financial means.
- The BNPL schemes are typical across retail transactions and have led to a massive increase in consumption. This consumer behaviour around BNPL transactions, when applied to healthcare retail transactions, cannot only remove healthcare payment burdens but also make it easier for hospitals or clinics.
- Progressive medical service providers looking to increase their business and reach will probably sign up for such BNPL programs. Making the paying experience friction-free is suitable for everyone, including large hospitals and the industry.
- [Upasana Taku, the co-founder of Mobikwik](#), mentioned only 60-70 million Indians have access to credit today, meaning 93% of India has no access to credit. Thus, there are several opportunities to be explored by BNPL and CNPL companies in the market, probably where millions of people have little to no access to formal credit.
- Even in a developed market like the US, Out-of-Pocket-Expenditure (OoPE) accounts for a staggering \$450 billion per year. However, only about 10% of the large healthcare services market. So, there's a high chance of an increase in OoPE with the CNPL schemes driving more profitability and a better experience.
- In India, BNPL users could rise to 80-100 million customers by 2026, which is currently 10-15 million only.

## The Key Takeaway

Many people are transitioning from the [lower income to middle class](#), appealing to Gen-Z and the country's millennials. The demand for better healthcare services is on the rise; thus, the need for financial credit for healthcare must also equate to the demand. If more people have access to credit, the more they spend on healthcare and medical services, which leads to the profitability and growth of CNPL in the healthcare sector.