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# The top 5 shifts redefining credit

How embedded and contextual credit  
are reshaping fintech strategy

# Credit is entering a personalized era

Credit is no longer defined by a single product.

For decades, financial institutions offered clearly structured instruments such as credit cards, personal loans and overdrafts, each with fixed terms and positioning.

That model no longer reflects how consumers and businesses use credit today.

## What's changing

- Users move between credit types depending on the transaction
- Installments, revolving credit and BNPL now coexist
- Digital platforms embed credit directly into user journeys
- Expectations for flexibility and personalization continue to rise

Credit is becoming a configurable feature embedded within broader digital experiences.

## The shift toward context

### Modern credit appears:

- At checkout
- After purchase
- Within apps and platforms
- In response to real-time behavior

It is increasingly contextual, modular and data-driven.

Credit is evolving from a static product into a programmable capability that adapts to user needs.

## What this eBook explores

This eBook outlines the top five structural shifts reshaping credit and what they mean for fintechs operating in a personalized, digital-first economy.



# 01

## Traditional credit products are breaking down

### The shift

Credit is no longer offered separately from the experience. That structure no longer reflects how people actually use credit.

Today, consumers assemble their own credit toolkit and choose the option that fits each moment.

### What's changing

- Consumers switch between installments, revolving credit and BNPL depending on context
- Younger generations increasingly use short-term installment products
- Credit cards remain active but no longer dominate the journey.

### The evidence



**44% of Gen Z and 47% of Millennials reported using BNPL in the past year**

(PYMNTS, 2025)

At the same time, general-purpose credit card ownership among young adults has increased over the past decade.



Consumers are not replacing one product with another. They are layering them.

### What this means for fintechs

- Rigid, one-size-fits-all credit products can create friction within digital journeys
- Static structures limit personalization
- Fintechs that design for flexibility rather than fixed formats will be better positioned to compete

## Key takeaway

Credit is becoming situational, not product-led.



# 02

## The best credit is invisible + embedded



Credit is no longer offered separately from the experience.

It is integrated directly into the platforms people already use, appearing when it becomes relevant.

### What's changing

- Credit is embedded directly into apps, marketplaces and digital ecosystems
- Offers are triggered by transaction data and behavior
- Financing appears within checkout flows and platform workflows
- Access is faster and more seamless

Credit is moving from a marketed product to an integrated feature.

### The evidence

Platforms are already demonstrating this model.



Cash App enables borrowing within its app interface, informed by user activity.



Shopify Capital funds merchants using their own sales data, with repayments taken as a percentage of daily revenue.

Credit is driven by real-time platform activity, not traditional product distribution.

Credit is becoming part of the experience, not separate from it.

### What this means for fintechs

- Embedding credit within existing user flows can reduce friction
- Contextual delivery increases relevance and engagement
- Credit should feel like a feature of the platform, not a separate promotion

## Key takeaway

The most effective credit feels seamless, not sold.



# 03

## Credit-as-a-Service is the enabler

### The shift

Embedded credit depends on modern infrastructure.

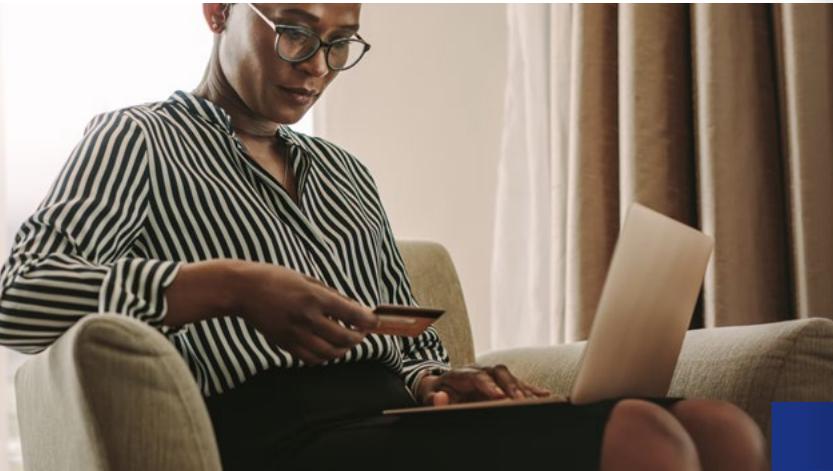
Traditional lending systems were built for fixed products and slow decision cycles, not real-time, configurable experiences.

A new model has emerged: Credit-as-a-Service.

### What's changing

- Credit capabilities are delivered through API-first platforms
- Companies can embed lending without building it internally
- Front-end experiences are separated from underwriting and servicing operations
- Credit offerings can be adjusted without launching new products

Infrastructure is becoming modular rather than fixed.



### The evidence

**Embedded finance is projected to exceed \$7 trillion in U.S. transaction value by 2026.**

(Bain & Company)



CaaS providers take care of underwriting and compliance so platforms can focus on the user experience.

### What this means for fintechs

- Infrastructure must support configurable credit models
- Speed of deployment and iteration becomes a competitive advantage
- Real-time decisioning enables more responsive user experiences

### Key takeaway

Infrastructure now determines speed, flexibility and scale.



# 04

## Winning issuers design credit journeys, not offers



### The shift

Credit is no longer a single decision point.

It is a journey that evolves over time, shaped by behaviour and context.

Modern platforms design progressive access rather than offering a fixed product from day one.

### What's changing

- Users move from debit to secured and then revolving credit
- Transactions can be converted into installments after purchase
- Repayment models align with income cycles or cash flow
- Access expands as users demonstrate responsible behavior

Credit is becoming adaptive rather than static.

### The evidence

Many platforms now follow a graduation model.

A user may begin with debit, progress to secured credit, and later qualify for unsecured revolving credit.

Post-purchase flexibility is also emerging. A transaction can be converted into installments within the same app.

Credit is no longer confined to the moment of approval.

### What this means for fintechs

- Graduated access to credit can help build deeper, longer-term customer relationships
- Adaptive repayment options can more accurately reflect how consumers actually earn and spend
- Credit offerings must continuously adapt in response to changing customer usage patterns

## Key takeaway

Modern credit is a journey, not a product.



# 05

## Infrastructure must support embedded credit at scale

### The shift

Flexible credit journeys require infrastructure that can operate in real time and integrate across systems.

Legacy lending platforms were not built for this level of speed and coordination.

### What's changing

- Underwriting decisions are expected instantly
- Repayment models must align with income or revenue flow
- Compliance requirements are increasing
- Credit must integrate with payments and fraud systems

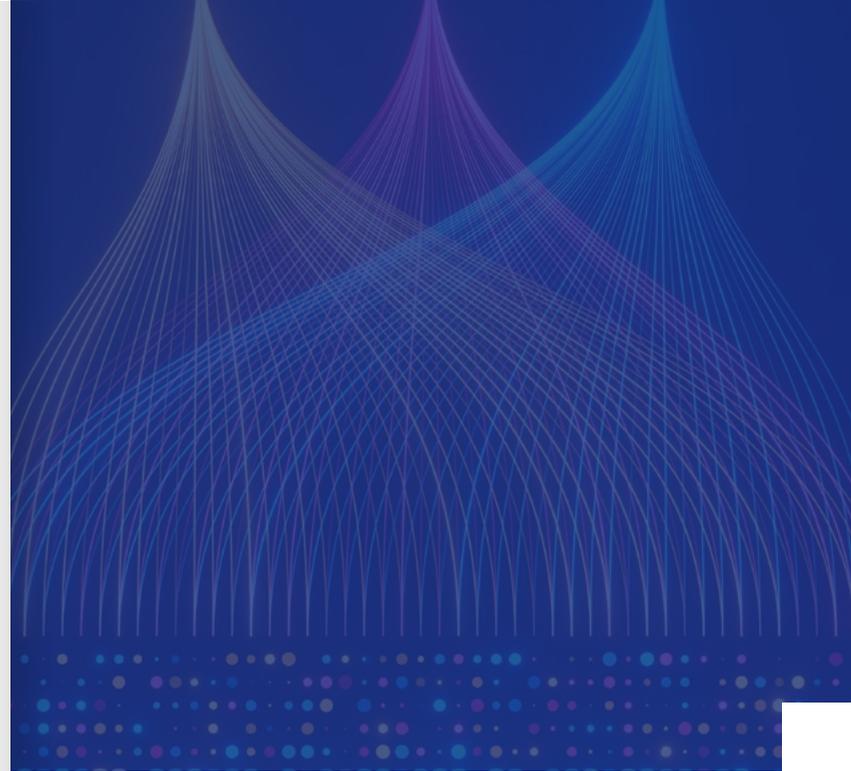
Embedded credit raises operational expectations.

### The evidence

As BNPL scales, oversight is catching up.

Affordability checks and data reporting rules are tightening under regulators such as the FCA and CFPB.

Meanwhile, many organizations still operate across disconnected systems for credit, payments and compliance.



### What this means for fintechs

- Real-time user experiences require real-time systems
- Compliance must be embedded into program design
- Disconnected systems can limit scale and innovation

Infrastructure now determines whether embedded credit can function effectively.

### Key takeaway

Legacy systems limit personalization and scale.



# Conclusion

The future of credit is modular, embedded and experience-led.

## Designing credit for a personalized world

Credit is undergoing a structural shift.

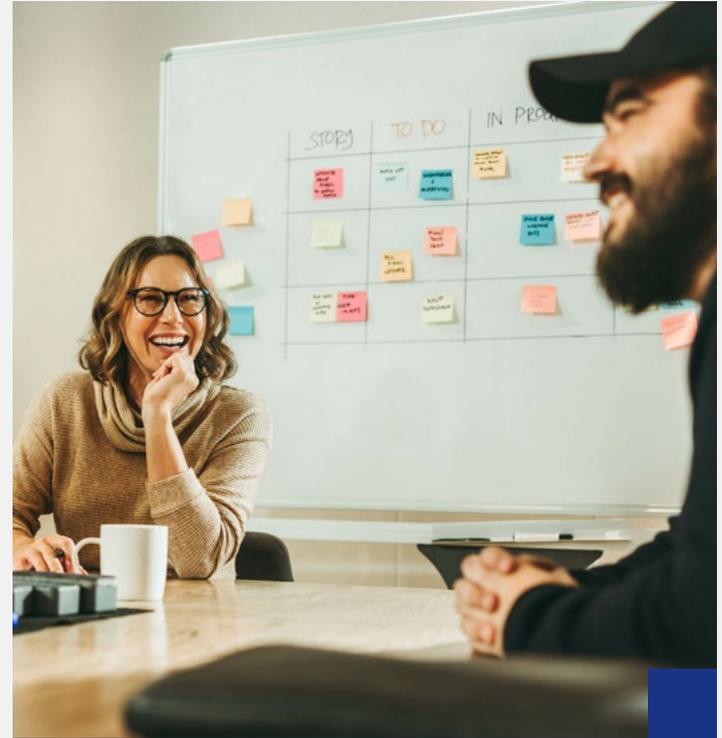
It is no longer confined to fixed products or isolated decisions. It is becoming embedded, contextual and configurable.

Consumers expect flexibility. Platforms expect integration. Regulatory expectations are increasing.

The fintechs that succeed will not simply launch new credit products.

They will design adaptable credit experiences, supported by infrastructure that enables real-time decision-making, flexible repayment and built-in compliance.

Credit is moving from a standalone product to a programmable feature.



## Continue the conversation

To explore these themes further, watch our recent webinar with LoanPro on embedded and personalized credit.

[Watch the webinar](#)

If you would like to discuss how Thredd can support your credit program, get in touch with our team.

[Contact Us](#)