



Can't pay your American Express **AXP, +0.09%** bill in full? No problem.

The credit-card company unveiled a new feature called "Pay It Plan It" this week, which it says it designed with millennials in mind. It will become available for existing cardmembers on Aug. 30.

"Pay It Plan It" will allow consumers to pay for certain purchases of \$100 or more in installments.

The plan isn't necessarily designed to be a better deal for consumers, but it is a way for them to feel more comfortable, knowing in advance how much interest they will pay total, said Kartik Mani, the global head of consumer lending at American Express.

Traditionally, credit cards have not offered this option, which is similar to financing plans retailers use so shoppers can split up payments on big purchases such as furniture. Before "Pay It Plan It," Amex members accrued interest on their entire bill and did not have the option to create an installment plan for any purchases.

But under the new program, users can separate selected purchases from the remainder of their credit card bills and, instead of paying the card's interest rate on those purchases, they'll pay a flat fee every month.

American Express offers two types of cards: "charge cards," which consumers are required to pay in full every month, and "credit cards," which allow users to maintain balances. The "Pay It Plan It" option will only be available on "credit cards."

"Pay It Plan It" marks a significant departure for American Express, which has typically been viewed as a company that focuses on offering elite cards to wealthy customers. In recent months, the company has adapted its strategy as its competitors' cards have gained ground in that luxury demographic.

In April, for example, the company boosted the sign-up bonus for its Platinum credit card, after young affluent customers flocked to Chase's **JPM, +0.59%** Sapphire Reserve Visa card. American Express also added credits that cardmembers could [redeem for Uber rides](#), which industry experts said was a play for millennials in urban areas.

Consumers made some \$695.4 billion in purchases on American Express cards in 2016, a decline of \$21.85 billion from a year before, according to The Nilson Report, a firm that tracks the credit-card industry. American Express is the second-largest credit-card brand, behind Visa (V), in terms of purchase volume.

"As we've listened to our customers, this is what they want," said Mani. "They want to stay in control and pay off the smaller purchases and plan the slightly larger ones."

The installment plans range from three months to 24 months.

The flat fees customers must pay on top of their installment will vary and will be roughly equivalent to the amount of interest consumers would pay on those purchases if they did not pay them through the installment plan. In some cases the rates will be better, or the same, but none will leave consumers "worse off" than paying traditional interest, Mani said.

Consumers will be able to maintain up to 10 "Pay It Plan It" purchases at once.

The new system will likely appeal to millennials, who are maturing and increasingly making larger purchases such as furniture, Mani said.

AmEx is one of several companies offering installment plans marketed to millennials.

PayPal **PYPL, +0.30%**, for example, has partnered with vendors including blender-maker Vitamix to sell millennials luxury items they can pay off over time. <http://www.marketwatch.com/story/millennials-are-financing-everything-from-bed-sheets-to-concert-tickets-2017-08-14>

Part of the reason: Millennials are less likely than previous generations to have credit cards.

Millennials had about two credit cards each on average last year, according to the credit reporting company Experian. That's compared with about three for boomers and an average of 2.5 for members of Generation X.

In response, credit-card companies including American Express and Mastercard **MA, -0.09%** have tried to entice millennials by offering perks including [travel rewards and easier ways to redeem points](#).

Of course, financing pricey items comes with its own problems. Many consumers already struggle with credit-card debt and can't afford to take on more.

The U.S. hit a scary debt milestone in June 2017. Americans collectively now have the [most credit-card debt in the country's history](#), at more than \$1 trillion.

"This record should serve as a wake-up call to Americans to focus on their credit card debt," Matt Schulz, a senior industry analyst at CreditCards.com, a credit card website, previously told MarketWatch. "Even if you feel your debt is manageable right now, know that you could be one unexpected emergency away from real trouble."

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