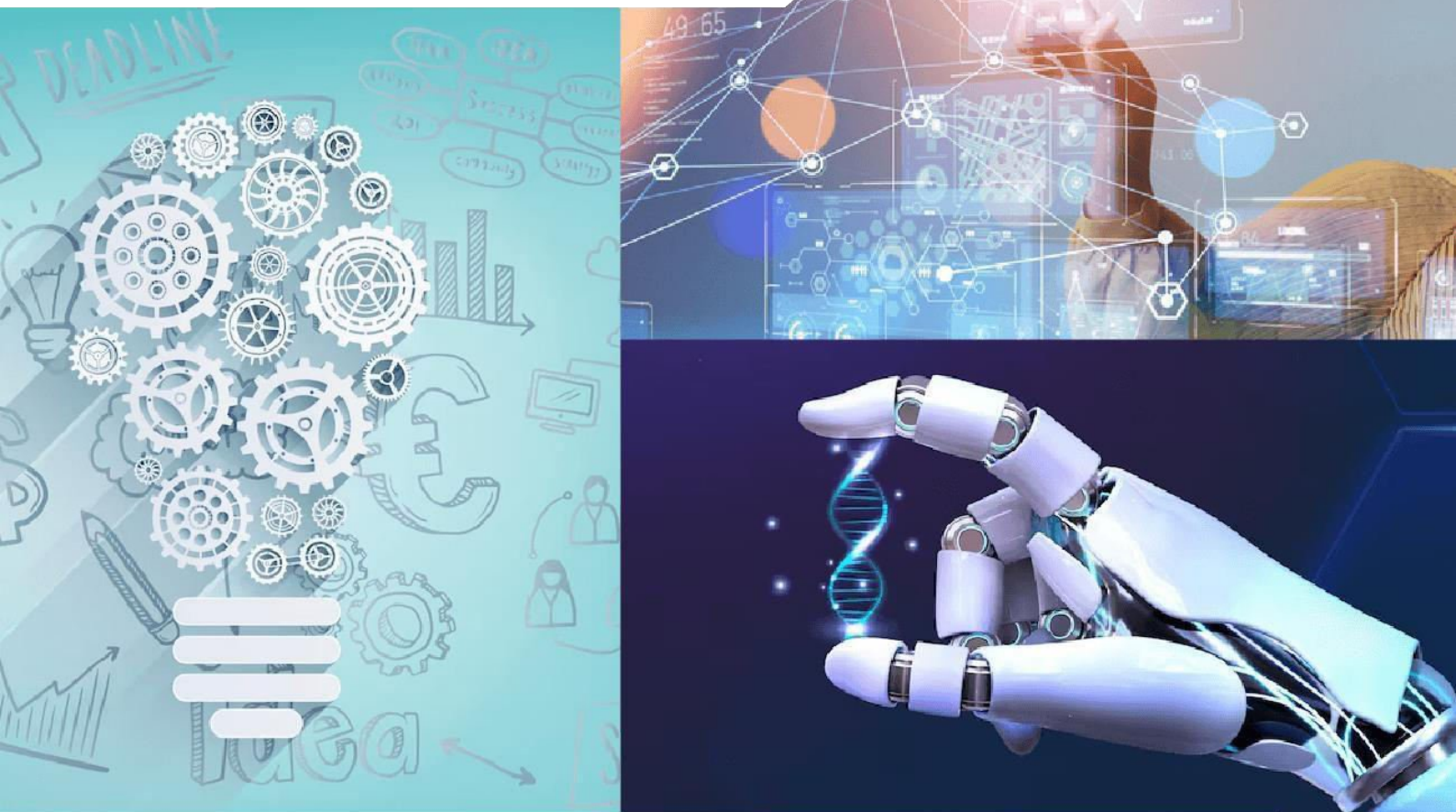




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Impact of Buy Now Pay Later (BNPL) Services on Consumer Spending Behaviour

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ABSTRACT: The rapid expansion of financial technology has fundamentally restructured how consumers approach payments. This study examines the impact of Buy Now Pay Later (BNPL) services on consumer spending behaviour, focusing on three dimensions: consumer awareness and usage, attitudes and perceptions, and the effect of BNPL availability on purchasing decisions. A quantitative approach was adopted, with primary data collected via structured questionnaire (N = 135). Analytical procedures included frequency analysis, mean score computations, Pearson correlation, multiple regression modelling, and scatter plot visualisation. Results indicate that the majority of respondents were aware of BNPL services and viewed them favourably. A significant positive correlation ($r = 0.674$, $p < 0.001$) was found between BNPL usage frequency and spending behaviour. Regression analysis revealed that BNPL awareness ($\beta = 0.463$, $p = 0.028$), usage frequency ($\beta = 0.522$, $p < 0.001$), and perceived convenience ($\beta = 0.353$, $p < 0.001$) collectively explain 52.5% of the variance in consumer spending behaviour ($R^2 = 0.525$). The findings confirm that BNPL services are reshaping consumer purchasing patterns by reducing immediate financial barriers, with important implications for retailers, financial institutions, and policymakers.

KEYWORDS: Buy Now Pay Later (BNPL); Consumer Spending Behaviour; Digital Payment Systems; FinTech; Consumer Perception; Online Shopping

I. INTRODUCTION

The financial technology (FinTech) industry has experienced significant growth driven by rapid technological advancements and increasing internet penetration. Among the various innovations in digital finance, Buy Now Pay Later (BNPL) services have emerged as a popular alternative payment method, particularly within the e-commerce sector. BNPL allows consumers to purchase products or services immediately and pay for them later in instalments or within a specified period, often without interest if payments are made on time. This model has gained considerable traction among young consumers due to its convenience, flexibility, and accessibility.

The rise of BNPL is closely linked to the expansion of digital commerce and mobile payment systems. In India, companies such as Amazon Pay Later, Flipkart Pay Later, Simpl, and LazyPay have introduced BNPL options that enable consumers to complete purchases instantly while deferring payments. This model has transformed consumer purchasing behaviour by reducing the immediate financial burden associated with large or frequent purchases.

Despite its benefits, BNPL has also raised concerns regarding its impact on consumer financial discipline. The ease of deferred payments may encourage impulsive buying and increased spending, potentially leading to financial strain if repayments are not managed carefully. Understanding how BNPL services influence consumer spending behaviour has therefore become an important area of research at the intersection of finance, consumer behaviour, and digital commerce, particularly in emerging markets where digital financial services are expanding rapidly.

II. LITERATURE REVIEW

The existing body of literature establishes that BNPL services meaningfully alter consumer spending patterns. Jose et al. (2025) demonstrated through a nationally representative experiment in Ireland that participants spent an average of 4.39% more when using BNPL compared to debit cards, attributing this to mental accounting effects where perceived available funds inflate by 22.2%. Kumar (2024) similarly found, via a synthetic difference-in-differences design, that BNPL adopters spend 6.42% more than non-adopters, with stronger effects for low-ticket items and younger, lower-income consumers.

Maesen and Angs (2023) leveraged customer-level transaction data from a large U.S. retailer to show that BNPL adoption is associated with both increased purchase incidence and larger basket sizes, particularly among small-basket shoppers and credit-reliant consumers. Di Maggio et al. (2024) confirmed these patterns, finding that BNPL availability drives higher purchase frequency and willingness to buy higher-priced products. Halim and Salleh (2024) further identified significant correlations between BNPL usage and impulsive spending, with qualitative data revealing that younger consumers are especially susceptible to long-term financial instability.

From a theoretical standpoint, the availability of BNPL reduces what behavioural economists term the 'pain of paying', decoupling the act of purchase from immediate financial outflow. This aligns with Behavioural Finance Theory, the Theory of Planned Behaviour (TPB), and the Consumer Decision-Making Model, all of which suggest that perceived financial flexibility and reduced immediate cost can lower decision-making thresholds and encourage higher spending. Wang (2026) and Cheng (2025) raised regulatory concerns, noting that rising BNPL adoption is accompanied by increasing late-payment behaviour and consumer debt accumulation.

While most prior studies originate from developed economies such as Ireland, the United States, and Australia, there remains limited empirical evidence from emerging markets such as India, where BNPL is growing rapidly across diverse consumer demographics. This study addresses that gap by empirically examining BNPL awareness, usage frequency, perceptions, and their combined effect on consumer spending behaviour in the Indian context.

III. RESEARCH OBJECTIVES AND HYPOTHESES

This study pursues three core objectives: (1) to analyse the level of awareness and adoption of BNPL services among consumers; (2) to evaluate the influence of BNPL services on consumer purchasing and spending behaviour; and (3) to examine consumers' perceptions and attitudes toward BNPL services, particularly regarding convenience, affordability, and financial responsibility.

Based on the review of literature, the following hypotheses were formulated:

H₀: BNPL services do not have a significant impact on consumer spending behaviour.

H₁: BNPL services have a significant impact on consumer spending behaviour.

H₂: Consumer awareness of BNPL services positively influences their adoption.

H₃: The availability of BNPL payment options increases consumers' likelihood of making purchases.

H₄: BNPL services encourage impulsive buying behaviour among consumers.

H₅: Consumer perception of convenience positively influences BNPL usage.

IV. RESEARCH METHODOLOGY

Research Design: A descriptive, quantitative research design was adopted. Primary data were collected through a structured questionnaire distributed via Google Forms to individuals familiar with digital payment systems and online shopping platforms. The questionnaire comprised multiple-choice and Likert-scale (0–5) items capturing demographic characteristics, BNPL awareness, usage frequency, platform preferences, purchase categories, and perceptions of convenience and affordability.

Sample: A total of 135 valid responses were obtained. Respondents included students, working professionals, and other online shoppers, representing a demographically diverse but digitally active consumer segment.

Variables: Independent variables comprised BNPL awareness, BNPL usage frequency, perceived convenience, and perceived affordability. The dependent variable was consumer spending behaviour, operationalised as the tendency to spend more when BNPL options are available.

Analytical Techniques: Data were analysed using Jamovi statistical software. Techniques employed included frequency and percentage analysis, mean score analysis with standard deviation, Pearson correlation analysis, multiple regression modelling, and scatter plot visualisation.

V. DATA ANALYSIS AND INTERPRETATION

5.1 Demographic Profile of Respondents

The sample of 135 respondents skewed towards younger consumers (mean age category = 1.86; median = 2,

approximately 18–22 years) and students (mean occupation = 1.65; median = 1). The majority reported low-to-moderate monthly income (mean = 2.11; SD = 1.00), consistent with a student and early-career professional sample heavily engaged with digital commerce.

5.2 BNPL Awareness and Usage

An overwhelming 76.3% of respondents indicated awareness of BNPL services, with an additional 17.8% indicating partial familiarity, leaving only 5.9% unaware. Flipkart Pay Later was the most recognised platform (50.4%), followed by LazyPay/Simpl (31.1%) and Amazon Pay Later (11.1%). Despite high awareness, actual usage was more restrained: 52.6% reported the lowest usage frequency, with a mean usage score of 1.13 (SD = 1.47) on a 0–5 scale, suggesting that awareness has not uniformly translated into habitual use.

Table 1: BNPL Awareness and Platform Familiarity (N = 135)

Category	Frequency	Percentage (%)
Aware of BNPL	103	76.3
Partially aware	24	17.8
Not aware	8	5.9
Most used platform: Flipkart Pay Later	68	50.4
Most used platform: LazyPay / Simpl	42	31.1
Most used platform: Amazon Pay Later	15	11.1

5.3 Influence on Purchasing and Spending Behaviour

Mean score analysis of BNPL influence statements reveals moderate but meaningful agreement. The statement 'BNPL services make online shopping more convenient' scored a mean of 0.985 (SD = 1.35), while 'BNPL services influence my decision when shopping online' scored 1.22 (SD = 1.48). The statement 'I tend to spend more when BNPL payment options are available' yielded a mean of 1.33 (SD = 1.63). While the central tendency reflects moderate agreement, the non-trivial standard deviations indicate a subgroup of respondents for whom BNPL meaningfully shapes spending decisions.

5.4 Correlation Analysis

A Pearson correlation analysis was conducted to examine the relationship between BNPL usage frequency and spending behaviour. The results reveal a strong positive correlation ($r = 0.674$, $df = 133$, $p < 0.001$), indicating that respondents who use BNPL services more frequently report significantly higher levels of spending when BNPL options are available. This finding supports H_1 and H_3 , and is consistent with prior experimental evidence (Jose et al., 2025; Di Maggio et al., 2024).

Table 2: Pearson Correlation — BNPL Usage Frequency and Spending Behaviour

Variable 1	Variable 2	Pearson r	df	p-value
BNPL Usage Frequency	Consumer Spending Behaviour	0.674	133	< 0.001

5.5 Multiple Regression Analysis

Multiple regression analysis was performed with consumer spending behaviour as the dependent variable and BNPL awareness, usage frequency, and perceived convenience as independent variables. The model yielded $R = 0.725$ and $R^2 = 0.525$, indicating that approximately 52.5% of the variance in consumer spending behaviour is collectively explained by the three predictors. All three predictors were statistically significant.

Table 3: Multiple Regression Results — Predictors of Consumer Spending Behaviour

Predictor	β Estimate	SE	t	p-value
Intercept	-0.127	0.260	-0.489	0.626
BNPL Awareness	0.463	0.209	2.215	0.028*
BNPL Usage Frequency	0.522	0.090	5.806	< 0.001***
Perceived Convenience	0.353	0.098	3.589	< 0.001***

Note. $R = 0.725$, $R^2 = 0.525$, $N = 135$. * $p < 0.05$; *** $p < 0.001$.

BNPL usage frequency emerged as the strongest predictor ($\beta = 0.522$), followed by BNPL awareness ($\beta = 0.463$) and perceived convenience ($\beta = 0.353$). These results support H_1 , H_2 , and H_5 , confirming that BNPL-related factors jointly and independently influence consumer spending behaviour.

VI. DISCUSSION

The findings of this study align with and extend prior research on BNPL services. The high awareness rate (76.3%) underscores the rapid penetration of BNPL into the Indian digital commerce ecosystem, largely driven by integration with dominant e-commerce platforms. The dominance of Flipkart Pay Later and LazyPay/Simpl reflects the role of established retail partnerships in building consumer familiarity.

The strong positive correlation ($r = 0.674$) and robust regression model ($R^2 = 0.525$) collectively affirm that BNPL is not a passive payment option but an active driver of spending behaviour. This is consistent with behavioural economic explanations: by decoupling purchase from immediate payment, BNPL reduces the 'pain of paying', lowering psychological barriers to spending. The finding that usage frequency is the strongest predictor of spending behaviour suggests a potential feedback loop: consumers who begin using BNPL tend to integrate it more deeply into their shopping habits, progressively increasing their spending.

Interestingly, while awareness alone is significant ($\beta = 0.463$, $p = 0.028$), its effect is weaker than usage frequency or convenience perception, suggesting that awareness is a necessary but insufficient condition. It is the experiential dimension of regular use and perceived ease that most powerfully shapes behaviour. This has direct implications for both consumer protection and marketing strategy.

The demographic profile of the sample predominantly young students with moderate income echoes findings by Alessa (2025) and Biradar and Reddy (2025), who identified university students as particularly susceptible to BNPL-induced spending escalation due to limited financial experience. The moderate mean usage score, however, suggests that many respondents are currently cautious adopters, indicating that BNPL's behavioural impact may intensify as usage normalises.

VII. IMPLICATIONS

Theoretical Implications: The study reinforces Behavioural Finance Theory and the Technology Acceptance Model (TAM) by demonstrating that perceived usefulness (convenience) and frequency of use jointly shape BNPL-driven spending. It also contributes empirical evidence from an emerging market context to a literature dominated by developed-country studies.

Managerial Implications: E-commerce platforms can leverage BNPL as a tool to increase average order values and encourage purchases of higher-priced goods. Retailers should consider strategic placement of BNPL options at checkout, particularly for premium or high-consideration product categories. Financial institutions offering BNPL products should balance growth objectives with responsible lending practices, including clear communication of repayment terms and proactive tools for budget management.

Policy Implications: Regulators should monitor BNPL adoption patterns, particularly among lower- income and younger consumer segments, to pre-empt debt accumulation. Mandatory disclosure of total repayment obligations and late-payment penalties at the point of purchase would help consumers make more informed decisions.

VIII. LIMITATIONS AND FUTURE RESEARCH

This study has several limitations. First, the sample (N = 135) was drawn from digitally active consumers and may not fully represent India's broader consumer population. Second, reliance on self- reported data introduces potential recall and social desirability biases. Third, the cross-sectional design precludes causal inference or the observation of behavioural change over time. Fourth, unmeasured variables such as financial literacy, risk tolerance, and peer influence may confound observed relationships.

Future research should employ larger, more geographically diverse samples and longitudinal designs to track how BNPL behaviour evolves. Experimental or quasi-experimental designs (e.g., difference- in-differences using transaction data) would strengthen causal claims. Comparative studies across income groups, age cohorts, and urban-rural segments would enrich understanding of differential susceptibility to BNPL-induced spending.

IX. CONCLUSION

This study provides empirical evidence that Buy Now Pay Later services are reshaping consumer spending behaviour in the Indian digital commerce context. BNPL awareness is widespread, but it is the frequency of use and the perception of convenience that most powerfully predict higher spending.

With 52.5% of variance in spending behaviour explained by just three BNPL-related factors, the study affirms that BNPL is a genuine behavioural force rather than a passive payment alternative. As digital payment technologies continue to evolve, all stakeholders retailers, financial institutions, policymakers, and consumers themselves must engage critically with BNPL's dual capacity to empower purchasing and escalate financial risk.

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