

Digital Purchasing Patterns and the Adoption of Buy Now Pay Later Platforms

Mrs. M. Banurekha, M.Com., M.Phil., Assistant Professor, Department of Commerce,

Dr. N.G.P. Arts and Science College Coimbatore.

Poovitha S S, Student, Dr. N. G.P. Arts and Science College Coimbatore.

Abstract

Buy Now, Pay Later (BNPL) has become an important payment option in online shopping. Unlike credit and debit cards, BNPL allows customers to divide their purchase cost into fixed instalments, usually without interest during the repayment period. This study examines how BNPL adoption affects customers' online purchase behaviour. The findings show that customers using BNPL spend 6.42% more online than customers who do not use BNPL. The increase in spending is mainly related to low-priced products. The study also finds that age and income influence the relationship between BNPL adoption and online spending. Younger customers and those with lower incomes show a greater increase in spending after adopting BNPL. Customer loyalty has the least influence on this relationship. These findings are useful for online retailers, payment providers, financial institutions, and regulators in understanding how BNPL affects customer spending behaviour.

Keywords: Buy Now, Pay Later (BNPL); E-commerce, Online Shopping, Consumer Purchase Behaviour, Online Spending, Digital Payments, FinTech, Customer Spending, Installment Payments, Customer Loyalty.

1. INTRODUCTION

Buy Now, Pay Later (BNPL) has become a popular payment method in online shopping. It allows customers to purchase products and pay for them in fixed instalments over a certain period. The growing use of BNPL has encouraged many online retailers to provide it as a payment option. Unlike traditional credit cards, BNPL offers a simple and convenient way to manage payments without interest during the instalment period. This payment method may also influence customer's spending decisions and purchase patterns. Therefore, this study examines how BNPL adoption affects customers' online purchase behaviour and identifies the factors that influence their spending through BNPL.

1.2 STATEMENT OF PROBLEM

The rapid growth of digital payments has changed the way consumers make financial transactions. However, consumers' attitudes, satisfaction, and spending behaviour towards digital payment methods are not fully understood. Existing studies mainly focus on technology, security, and infrastructure. Therefore, this study aims to examine consumer perceptions, usage patterns, and factors influencing digital payment adoption.

1.3 OBJECTIVES

- To measure the level of awareness about the buy now pay later (BNPL) schemes
- To examine customers perception and attitude towards BNPL
- To identify factors influencing the adoption of BNPL during purchase
- To evaluate customer satisfaction with digital platforms and BNPL services
- To identify challenges faced by customers while using BNPL during purchase.

1.4 SCOPE OF STUDY

The study focuses on the use of digital payment methods among consumers. It examines their perceptions, satisfaction, usage patterns, benefits, and challenges. Demographic factors such as age, income, and education are also considered. Statistical tools are used to analyse the collected data and understand the factors influencing digital payment adoption and consumer behaviour.

RESEARCH METHODOLOGY

Research on Buy Now, Pay Later (BNPL) adoption generally follows a quantitative approach using structured questionnaires. It mainly examines factors such as financial flexibility, impulsive buying, and perceived risk that may influence consumers' digital spending. Methods such as Structural Equation Modelling (SEM-PLS) are used to analyse these relationships, while purposive or convenience sampling is commonly used to study younger consumers.

SOURCE OF DATA COLLECTION

Primary sources: Structured Surveys & Questionnaires: Used to capture awareness, frequency of use, motivations, and purchasing behaviour among consumers.

Secondary sources: Secondary data were collected from published sources such as research journals, government reports, books, and reputable financial websites. Additional information was gathered from industry reports, company publications, and online databases related to BNPL services.

TOOLS USED

- Simple percentage analysis
- Chi-square analysis
- Anova analysis

1.6 LIMITATION OF THE STUDY

- The study may be limited by a small sample size and a specific geographical area, so the findings may not represent all BNPL users.
- The study is conducted for a limited period and may not fully reflect long-term changes in BNPL usage and purchasing behaviour.
- The study mainly relies on survey responses, and factors such as age, income, and education may influence the results.

2. REVIEW OF LITREATURE

Singh and Sahni (2024) explain that Buy Now, Pay Later (BNPL) services allow consumers to purchase products immediately and pay through flexible instalments. This makes products more affordable and encourages participation in online shopping. The study highlights that easy access, limited credit checks, and flexible payment options attract young and digitally active consumers. BNPL usage may increase the frequency of online purchases and the amount spent per order. However, the convenience of BNPL can also encourage impulsive buying, especially among younger consumers. Overall, the study shows that BNPL supports financial access while also influencing consumer spending and purchasing decisions in e-commerce.

Cheng and Huo (2025) studied BNPL adoption from a behavioural economics perspective. The study found that consumers who prefer immediate satisfaction are more likely to use BNPL because delayed payments reduce the feeling of spending money. This can increase short-term consumption and encourage the use of digital credit for online purchases. The study also found that retailers offering BNPL may achieve higher sales because customers consider products more affordable when payments are divided into instalments. The research suggests that BNPL adoption is influenced not only by financial needs but also by consumer behaviour and psychological factors. This helps explain changing online purchasing patterns.

3. DATA ANALYSIS AND INTERPRETATION

3.1 SIMPLE PERCENTAGE ANALYSIS

AGE OF THE RESPONDENT

AGE	NO RESPONDENT	OF Percent
Below 20	31	20.5
21-30	38	25.2
31-40	37	24.5
41-50	25	16.6
Above 50 Years	20	13.2
Total	151	100.0

INTERPRETATION:

Most respondents fall within the 21–30 years category (25.2%), closely followed by 31–40 years (24.5%). Participants below 20 years account for 20.5%, while fewer respondents are aged 41–50 (16.6%) and above 50 (13.2%). This indicates that the sample is relatively young, with a strong concentration in the working-age population. The findings therefore largely reflect the views and preferences of younger and middle-aged individuals.

3.2 CHI-SQUARE ANALYSIS

GENERAL ATTITUDE TOWARDS USING BNPL FOR PURCHASE VS PRODUCT CATEGORY DO YOU MOST ASSOCIATE WITH BNPL USAGE

HYPOTHESIS: There is a significant difference between general attitude toward using BNPL and the product category most associated with its usage

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	22.659 ^a	12	.031
Likelihood Ratio	19.421	12	.079
Linear-by-Linear Association	2.886	1	.089
N of Valid Cases	151		

INTERPRETATION:

The Chi-Square test was performed to examine the relationship between general attitude toward using BNPL and the product category most associated with its usage. The Pearson Chi-Square value of 22.659 with a significance level of 0.031 indicates a statistically significant association at the 5% level. However, the Likelihood Ratio ($p = 0.079$) and Linear-by-Linear Association ($p = 0.089$) are not statistically significant. Additionally, 40% of cells have expected counts below 5, with a minimum of 2.12. Therefore, while a significant relationship exists, the results should be interpreted with some caution due to low expected frequencies.

3.3 ANOVA ANALYSIS

OVERALL OPINION ABOUT BNPL SERVICES

HYPOTHESIS: There is a significant difference between opinion among customers in BNPL service.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.000	1	8.000	5.732	.018
Within Groups	207.934	149	1.396		
Total	215.934	150			

INTERPRETATION:

The Anova test was conducted to examine differences in overall opinion about BNPL services between groups. The F value of 5.732 with a significance level of 0.018 is less than 0.05, indicating a statistically significant difference between the groups. This suggests that overall opinion about BNPL services varies meaningfully across the compared categories. The between-group variance (8.000) is notable relative to the within-group variance (1.396). Therefore, group differences significantly influence respondents' opinions toward BNPL services. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted.

FINDINGS:

- The study reveals that the most respondents are female, aged between 31-40 years, with undergraduate education and monthly income below 10,000
- Social media is the main source of BNPL awareness, with LazyPay being the most preferred service. Cashback, convenience, and flexible payments are the major reasons for choosing BNPL.
- Most respondents use BNPL occasionally, mainly for fashion and apparel purchases, and are generally satisfied with its services and convenience compared to credit cards.
- Chi-square results show significant relationships between gender, convenience, motivation, attitude, and product category, while ANOVA shows a significant difference only in the overall opinion of BNPL services.
- Overall, BNPL is gaining acceptance among consumers due to its convenience and flexible payment options, but awareness of associated risks remains important.

SUGGESTION:

The study suggests that BNPL providers should provide clear information about repayment terms, risks, and charges to help consumers make informed decisions. Financial awareness programs can improve consumers' understanding of responsible BNPL usage. Providers should also strengthen security, payment reminders, and customer support to build trust. Retailers can offer BNPL responsibly without encouraging unnecessary spending. Future studies should examine BNPL usage across different age, income, and education groups and analyse its long-term impact on consumer spending and financial behaviour.

CONCLUSION:

The growth of digital payments has changed how people conduct financial transactions by providing greater convenience, accessibility, and speed. Advances in technology, fintech services, government support, and changing consumer needs have increased digital payment usage. However, these systems also influence consumer behaviour, including spending patterns, saving habits, and financial decisions. Factors such as trust, security, digital literacy, and financial awareness affect how consumers use digital payments. Therefore, it is important to understand both the benefits and risks of digital transactions. Consumer education, proper regulation, and greater awareness can help reduce overspending, fraud, and misuse while supporting safe and sustainable digital payment growth.

REFERENCE:

1. Harris, D., & Mitchell, S. (2018). Retail financing innovations and installments payment adoption in e-commerce.
2. Smith, A., & Anderson, L. (2019). Installments based digital payments and online consumer spending behaviour
3. Johnson, M., Nguyen, T., & Lee, K. (2020). Alternative digital credit adoption and online purchasing behaviour. *Journal of Financial Services Marketing*.
4. Oliveira, T., & Dias, J. (2021). Trust and perceived risk in fintech payment adoption: Evidence from installments based payment systems.
5. Hernandez, P., & Scott, R. (2022). Deferred payment services and online retail spending behaviour.