

The Impact of Aggressive BNPL and Discount Marketing on Young Consumers' Spending Behavior and Financial Wellbeing: A Systematic Literature Review

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Abstract:

The growing influence of “cashless-revolution” has evolved the overall financial landscape, transitioning from traditional credit taboos to the widespread normalization of deferred payments. The current study investigates the role of Buy Now Pay Later (BNPL) schemes and aggressive discount marketing in shaping the spending behavior and financial well-being of young consumers, specifically Millennials and Gen Z. Unlike other traditional credit system, BNPL acts as a contemporary fintech mechanism that allows for immediate ownership of goods while deferring repayments through structured, often interest-free installments. However, these kinds of services operate with almost nil regulatory oversight, heightening the exposure of younger cohorts to financial vulnerability. Using a systematic literature review (PRISMA) and Bibliometric Analysis this current study aims to examine the impact of aggressive BNPL and discount marketing on young consumers' spending behavior and financial well-being. The papers were extracted using Scopus and Web of Science databases. Systematic screening was conducted on extracted 177 research papers from both the databases using PRISMA Framework which gave core 38 papers for analysis.

Hence the current paper makes use of concept mapping to interpret the relation between BNPL services, spending behavior and financial well-being of young consumers.

Keywords — Buy Now Pay Later, BNPL, Gen Z, Deferred payment, Fintech

I. INTRODUCTION

Once there was a time when human race considered debt as a taboo. There existed a belief that individuals managed their finances meticulously, surviving within their means and resorting to borrowing only in conundrum grounds. The use of credit was confined exclusively to finance “productive” assets, such as residential properties or heavy agricultural equipment. This belief was discarded with upsurge of credit cards in 1960s and the house mortgage peaks and valleys of 2005-2008 (Lendol Calder, Financing the American Dream, 2008). The company that played the key role in introducing the installment plan to the world was

Singer Sewing Machines. The company used the pioneering strategy of “dollar down, dollar a week” which helped it in making its sales go three times as compared to earlier sales (Lendol Calder, Financing the American Dream, 2008). Buy Now Pay Later is a short-term installment debt option that allows customers to push payments on later dates, often without any interest. It is considered to be more acceptable and convenient way to divide the debt obligations over a period of time, particularly attracting those consumers who opt to make buying decision through 0% interest plan. BNPL's working is somewhat similar to credit cards however the interest rate is slightly lower and is easy to use, hence making it favourable to use especially among youth

(Huo & Cheng, 2025). BNPL is deferring payment method which makes it even more popular among the youth. Buy Now Pay Later (BNPL) adds up to a contemporary financial technology mechanism that permits customers to own goods and services immediately while deferring repayment through structured, interest-free installments typically spanning 6 to 12 months. Diverging from the traditional forms of consumer credit, BNPL systems function with minimal regulatory oversight and frequently circumvent conventional credit-assessment procedures, thereby enhancing accessibility yet simultaneously heightening exposure to financial vulnerability (Fitriawati, elizabeth, yoewono, hendryadi, & Mappadang, 2025). With BNPL enabling individuals to obtain products immediately while distributing repayment without installment this system has gained particular traction among younger cohorts such as Millennials and Gen Z (Nichifor & Lupşa-Tătaru, 2023).

The attraction of BNPL for the younger generation is rooted in its easy accessibility, simplified digital onboarding, and reduced dependency on traditional credit mechanisms, all of which significantly minimizes the psychological and procedural barriers typically attached to credit borrowing (Nichifor & Lupşa-Tătaru, 2023). Even though these facilities offer significant transactional ease, they can unwittingly prompt impulsive utilization of goods and services, aggravate challenges of repayment and trigger problematic debt- especially within economically fragile consumers viz., students with not so very regular sources of income (Fitriawati, elizabeth, yoewono, hendryadi, & Mappadang, 2025).

II. OBJECTIVE OF THE STUDY

The extensive use of Buy Now Pay Later (BNPL) services and rapid utilization of discount-based advertising has conventionally modified the expenditure pattern of young customers, viz., millennials and Gen Zs. The main objective of this study is to study the impact of BNPL on young consumers' financial well-being. Additionally, to explore the working of other researchers' works in this particular domain across the globe.

1. To conduct a Systematic Literature Review (SLR) on the topic of Buy Now Pay Later.
2. To evaluate the key findings of the existing papers related to this topic.
3. To highlight major contributors viz., according to countries and publishers in the BNPL Literature.

II. METHODOLOGY

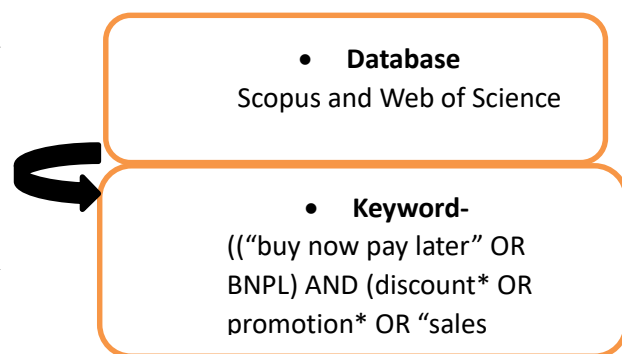
A. PRISMA FRAMEWORK

Preferred reporting items for Systematic reviews and Meta-Analyses popularly abbreviated as PRISMA is a model that assists in reporting SLRs (moher, Liberati, Tetzlaff, & Altman, 2009). Initially this model made its global appearance in 2009 when a team of research methodology experts developed it through their study. Moher et al., (2009) gave the methods of conducting literature reviews with a chart flow like diagram that represents the “identification, screening, eligibility and inclusion criteria” which all falls under the umbrella of review.

This current study followed a systematic literature search across Web of Science and Scopus using key words like “Buy Now Pay Later” and “Sales Promotions”. Initially 177 records were identified out of which 48 duplicates were removed, 129 articles underwent a critical screening process based on document type and language. After following eligibility assessments for thematic and quality relevance, 52 articles were narrowed down to a final selection of 35 studies, which provided the core insights for further evaluation.

The query finalised for this paper is:

Title= (“buy now pay later” OR BNPL) AND (discount* OR promotion* OR “sales promotion”).



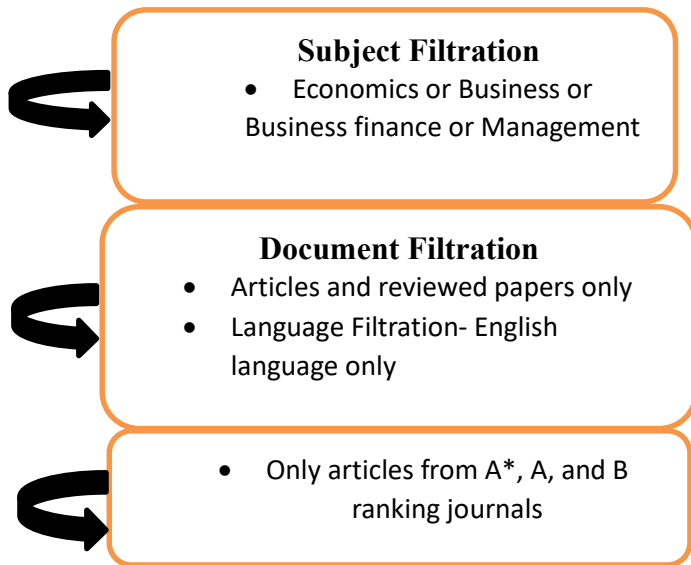


Fig. 1: Document search and filtration procedure

III. RESULTS AND DISCUSSION

A. Systematic Literature Review and Bibliometric Analysis

This section of the study reflects the mixed-methods review approach to gain the insights of the intellectual structure of this field. Bibliometric Systematic Literature Review Analysis will help in understanding the impact of BNPL and discount marketing on young consumers. It helps in providing an objective assessment of certain particular field as it helps in pointing out particular authors, publications, trends with large similarity or interconnections of different countries within a selected research topic (Marzi et al., 2024).

The current paper follows a systematic research approach, in which firstly a Bibliometric Mapping of 177 papers, 104 papers from Scopus database and 73 papers from Web of Science database were identified to analyse the global trends, authors and patterns from particular field (using VOSviewer and R). Lastly, to identify most relevant studies for the current paper, the PRISMA Framework is applied to filter the studies from 177 to final 35 papers.

B. GLOBAL TRENDS: A Bibliometric Overview

A macro-level analysis of existing studies has been conducted. The data given in upcoming sections gives the idea of global trends and the expansion of

literature on Bur Now Pay Later (BNPL) practices and discount-driven marketing strategies.

1) Country Collaboration Network

To advance the scientific fields there is essential establishment of cross-country collaborations (Khatib et al., 2021). Hence, investigate the co-authorship network of 25 countries out of which 21 had strong network. Figure 2 represents the collaboration among different countries through bibliometric network. This collaboration represents tie among two closely related countries (Khatib et al., 2021) and hence providing better insights (Donthu et al., 2021). From the following figure 2 and table 1 it is evident that USA tops the list in publishing the greatest number of paper and with total 295 citations followed by India and China.

TABLE I

TOP COUNTRIES CONDUCTING RESEARCH IN THE FIELD OF BNPL

Country	Articles	Citations	Total Link Strength
United States	25	295	13
India	39	255	9
China	17	85	7
Canada	9	45	6
Jordan	4	13	6
Indonesia	25	92	5

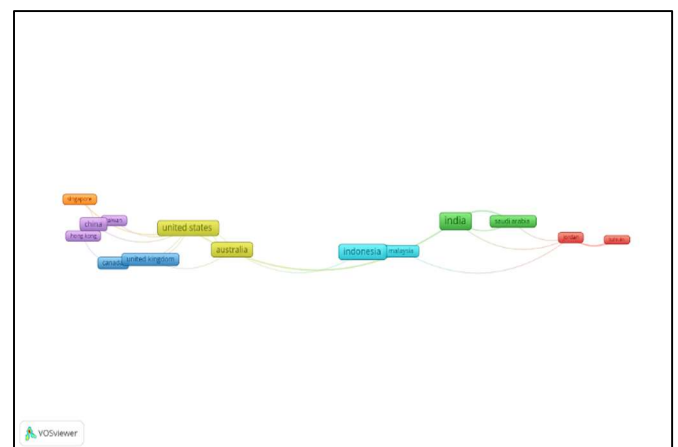


Fig. 2: Country collaboration network (Source: VOSviewer)

2) Keyword Analysis

To elaborate the content of each and every thematic cluster and to provide future directions in particular areas keyword co-occurrence or co-word analysis is used (Donthu et al., 2021). *Figure 3* highlights the most occurred keywords in the literature and their interrelation with one another. In order to determine the number of times a keyword appeared the size of the node is referred. Hence, the larger the node the more the occurrences are otherwise the network would reflect a small node. “Fintech” appears to be the largest node. Apart from ‘fintech’ the other words appear are ‘buy now pay later’, ‘bnpl’, and ‘consumer behaviour’. The proximity of the keywords to the largest node indicates that such nodes are researched enough in the current paper.

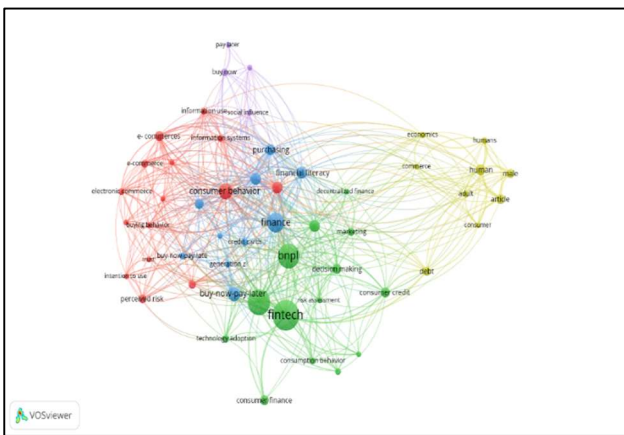


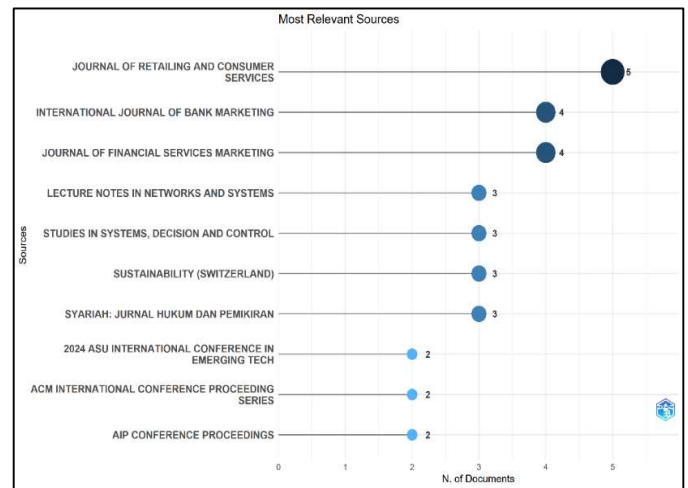
Fig. 3: Keyword co-occurrence (Source: VOSviewer)

3) Author collaboration network

Figure 4 illustrates a dense co-authorship cluster comprising 13 highly interconnected authors from a total of 213. The prominent

nodes, representing individual researchers like Wang, Xiao-qi and Yin, Yu-jie, are linked by a complex web of lines indicating collaborative publications. This structure suggests a tightly-knit core research group where every member frequently collaborates with others, which indicates a robust and unified scientific community within the specific field of study.

Fig. 4: Author collaboration network



(Source: VOSviewer)

4) Key Sources for publication

The dot plot in the *Figure 5* represents the most pertinent references for research dissemination, ranked according to the total number of documents published. Leading the distribution is the Journal of Retailing and Consumer Services with 5 publications, followed by the International Journal of Bank Marketing and the Journal of Financial Services Marketing, each contributing 4 papers. The data reveals a clear hierarchy of scholarly impact, where a few high-output journals serve as the primary conduits for the study’s core findings.

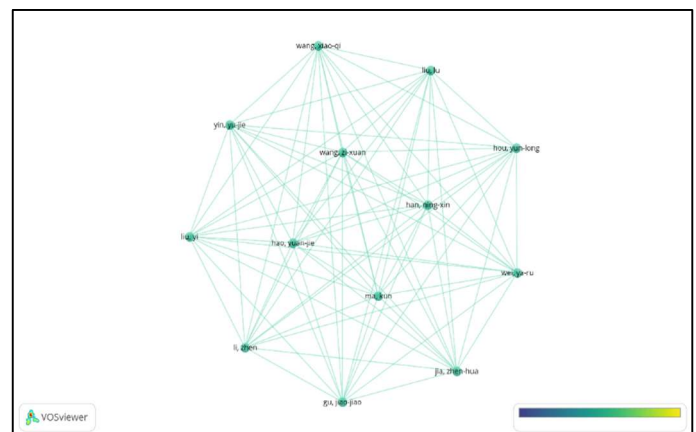


Fig. 5: Key sources for publication (Source: R Studio)

C. Most relevant Papers from Literature

TABLE II
MOST RELEVANT PAPERS

Title	Authors	Year	Key Objective	Result
The effects of buy now, pay later (BNPL) on customers' online purchase behavior	Ashish Kumar, Jari Salo, Ram Bezawada	2024	To examine how the availability of BNPL options influences consumer spending patterns, specifically looking at transaction frequency and basket size in online retail.	BNPL significantly increases both the frequency of purchases and the total amount spent per transaction, particularly among consumers who were previously credit-constrained.
Factors Influencing the Use of Buy Now Pay Later (BNPL) Payments	Monika Solarz, Jacek Adamek	2024	To identify the socio-demographic, psychological, and technological determinants that drive consumers to adopt BNPL services over traditional credit.	The primary drivers are personal innovativeness and perceived convenience. Younger, tech-savvy users view BNPL as a financial management tool rather than just debt, though it leads to higher impulsivity.
What influences demand for Buy Now, Pay Later credit?	Tao Chen, Ben R. Marshall, Nhut H. Nguyen, Nuttawat Visaltanachoti	2024	To investigate the macroeconomic and individual-level factors (such as interest rates and financial literacy) that trigger the demand for BNPL credit.	Demand is counter-cyclical; it spikes when traditional credit is tightened. Users with lower financial literacy are more likely to use BNPL, often underestimate the costs of late fees, and exhibit higher default risks.

D. Research Gap

The main idea behind this study is to examine that how rapid adoption of BNPL services through aggressive marketing is affecting the financial wellbeing of younger generation. After analysing previous studies, it is realised that they were mainly focused on consumers as whole and less in the perspective of youth. It further lacks in highlighting, how the course of life changes for the young consumers who are burdened with heavy debt repayment leading to stress. The papers do not take into consideration the impact of these heavy BNPL advertising in Indian perspective. They also fall short in considering the hazardous impact of aggressive BNPL usage on the overall financial wellbeing of young generation who does not have any source of income of their own.

IV. CONCLUSION AND SUGGESTIONS

This study reveals that BNPL services significantly add up to the purchase frequency and basket sizes for the consumers, particularly among credit-constrained youth. On one hand fintech tools offer transactional ease, they often bypass traditional credit assessments, which leads to impulsive spending and ultimately heightening the financial vulnerability for young consumers.

Consequently, it is suggested that regulators should implement stricter oversight and that financial literacy programs be prioritized to prevent any long-term cycles and psychological stress among younger, income-unstable consumers.

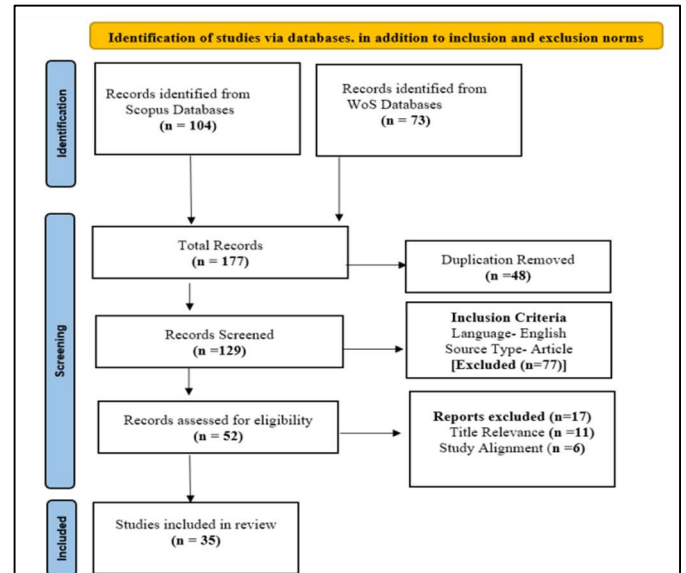


Fig. 6: PRISMA flow diagram (Moher et al., 2009)

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