

Buy Now, Pay Later: Consumer Spending Behavior Among Young Indian Consumers

Deepika Raja Shetty*, Prof. Ujwala Narkhede**

*Department of MBA, Wainganga College of Engineering and Management, Nagpur, India

Email: deepikashetty839@gmail.com

Abstract

The rapid growth of digital payment systems and financial technology has significantly transformed consumer purchasing behaviour in India. One of the most prominent developments is the emergence of Buy Now, Pay Later (BNPL) services, which allow consumers to purchase products or services immediately while postponing payment or dividing the cost into instalments. This development has become particularly relevant among young consumers who are highly familiar with digital platforms, online shopping and app-based financial services.

This research paper examines the relationship between BNPL usage and consumer spending behaviour among young Indian consumers. The study focuses on how deferred payment options influence purchase frequency, impulse buying, spending levels, budgeting behaviour and financial awareness. The research is based primarily on secondary data obtained from academic research papers, journals and published studies on BNPL and consumer behaviour. Existing research indicates that BNPL can reduce the psychological perception of the immediate cost of a purchase and may encourage consumers to spend more. A 2024 study found that customers adopting BNPL spent 6.42% more online than non-adopters, with the effect being particularly noticeable among younger and lower-income consumers.

The study concludes that BNPL provides convenience and purchasing flexibility, but its easy accessibility may also encourage impulsive consumption and weaken short-term budgeting discipline. Financial literacy, responsible credit use and transparent information about repayment obligations are therefore important for ensuring sustainable consumer spending among young Indians.

Keywords: Buy Now, Pay Later, BNPL, Young Consumers, Consumer Spending Behaviour, Impulse Buying, Digital Payments, Financial Literacy, FinTech, India.

1. INTRODUCTION

The rapid development of financial technology has changed the way consumers make payments and manage their purchases. Traditional payment methods such as cash and debit cards are increasingly being supplemented by digital wallets, UPI, credit cards, EMIs and Buy Now, Pay Later (BNPL) facilities. Among these innovations, BNPL has attracted considerable attention because it allows consumers to obtain a product immediately while postponing or dividing the payment into future instalments.

The concept of "Buy Now, Pay Later" represents a form of short-term consumer credit that is often integrated directly into online shopping platforms. Instead of paying the complete purchase price immediately, consumers may pay later or divide the amount into several instalments. The apparent simplicity of this arrangement can make products appear more affordable at the point of purchase.

Young consumers represent an important segment for studying this phenomenon. They are generally highly exposed to smartphones, e-commerce platforms, social media and digital payment technologies. The combination of online shopping and easily accessible payment options can influence how young consumers evaluate prices and make purchasing decisions.

Recent research provides evidence that BNPL can influence spending. A study published in the *Journal of Retailing* found that BNPL increases consumer spending compared with other payment methods and that displaying smaller instalment amounts can reduce consumers' perception of how expensive a purchase is.

Similarly, research published in the *Journal of Retailing* in 2024 found that BNPL adopters spent 6.42% more online than non-adopters. The increase was particularly associated with younger and lower-income customers.

The Indian context is particularly significant because of the country's rapid digital

transformation and expanding fintech ecosystem. However, BNPL adoption also raises questions concerning impulse purchases, financial literacy, repayment discipline and responsible borrowing. A 2025 Indian study identified digital illiteracy, impulse buying, privacy concerns and penalty fees among important factors affecting BNPL adoption and its risks.

Therefore, this research paper attempts to understand how BNPL and similar deferred-payment mechanisms may influence the spending behaviour of young Indian consumers.

2. OBJECTIVES OF THE STUDY

The main objectives of this study are:

1. To understand the concept and development of Buy Now, Pay Later services in the digital consumer market.
2. To examine the relationship between BNPL usage and consumer spending behaviour among young Indian consumers.
3. To study whether BNPL encourages impulse purchasing among young consumers.
4. To examine the influence of deferred payment facilities on purchase frequency and spending levels.
5. To understand the role of financial literacy in responsible BNPL usage.
6. To examine the advantages and potential risks associated with BNPL among young consumers.
7. To suggest measures for promoting responsible spending and financial decision-making among young consumers.

3. REVIEW OF LITERATURE

3.1 BNPL and Consumer Spending

Recent research has increasingly examined whether BNPL changes consumers' spending decisions. Ashby et al. (2025) found that BNPL increases consumer spending compared with other payment methods. Their research suggests that presenting a purchase as a series of smaller instalments can reduce the perceived expensiveness of the purchase and encourage greater spending.

3.2 BNPL and Online Purchase Behaviour

A 2024 study published in the *Journal of Retailing* examined the impact of BNPL adoption on online

purchasing behaviour. The research found that BNPL adopters spent approximately 6.42% more online than non-adopters. The effect was stronger among younger and lower-income consumers. The study also found that low-ticket purchases were particularly affected by BNPL adoption.

3.3 BNPL and Young Indian Consumers

Research specifically examining young shoppers in India has identified a connection between BNPL adoption, impulse buying and risky indebtedness. A study involving 339 young Indian shoppers found that impulse buying played an important mediating role between risky indebtedness behaviour and BNPL adoption intentions. The study also highlighted the importance of perceived risk in BNPL decisions.

3.4 BNPL and Financial Literacy

Financial literacy is important because consumers need to understand repayment obligations, fees, penalties and the consequences of delayed payments. Recent Indian research has identified digital illiteracy and financial awareness as important factors influencing responsible BNPL usage.

3.5 BNPL and Generation Z

A 2026 study focusing on Generation Z consumers in Chennai examined BNPL's influence on impulsive purchases, purchase frequency and financial knowledge. The study reflects the increasing academic interest in understanding how digital credit facilities affect young Indian consumers.

3.6 Research Gap

Although several studies have examined BNPL adoption and consumer behaviour, there is still scope for examining the issue specifically from the perspective of young Indian consumers. Existing research often focuses either on BNPL adoption or on general spending behaviour. More attention is required to understand the combined relationship between BNPL, impulse buying, purchase frequency, budgeting and financial awareness. Therefore, this study attempts to provide an integrated understanding of how "Buy Now, Pay Later" facilities may influence the spending behaviour of young Indian consumers.

- Digital awareness
- Perceived convenience
- Perceived risk

4. RESEARCH METHODOLOGY

4.1 Research Design

The study follows a descriptive and analytical research design. The purpose is to describe the relationship between BNPL facilities and consumer spending behaviour and to analyse findings reported in existing research.

4.2 Nature of the Study

The study is primarily based on secondary data. Published research papers, academic journals and credible research sources relating to BNPL, digital payments, consumer behaviour and young consumers were reviewed.

4.3 Sources of Data

The secondary data for the study were collected from:

- Academic research journals
- Research papers
- Published studies on BNPL
- Financial technology literature
- Consumer behaviour literature
- Published industry and regulatory information

4.4 Population of the Study

The conceptual population consists of young Indian consumers who participate in digital shopping and use or are exposed to digital payment and deferred-payment facilities.

4.5 Variables Considered

The major variables considered in the study include:

Independent Variable:

- BNPL usage

Dependent Variables:

- Consumer spending
- Purchase frequency
- Impulse buying
- Budgeting behaviour
- Saving behaviour

Other influencing factors:

- Financial literacy
- Income

4.6 Data Analysis

The findings of previous studies were compared and interpreted to identify common patterns concerning BNPL and young consumers' spending behaviour.

4.7 Scope of the Study

The study focuses on the behavioural aspects of BNPL usage among young Indian consumers. It primarily examines how deferred payment facilities can affect purchasing decisions rather than evaluating the financial performance of individual BNPL companies.

5. FINDINGS AND DISCUSSION

The review of existing research provides several important findings regarding the relationship between BNPL and consumer spending behaviour.

5.1 BNPL Can Increase Consumer Spending

One of the most important findings is that BNPL can increase the amount consumers spend. Research published in the *Journal of Retailing* found that BNPL users spent more than consumers using other payment methods. The researchers also found that instalment-based price presentation can make purchases appear less expensive.

This suggests that consumers may focus more on the immediate instalment amount than on the total amount they are committing to pay.

5.2 Increase in Online Spending

Research on online purchasing found that BNPL adopters spent 6.42% more than non-adopters. The effect was especially significant among younger and lower-income consumers.

This finding is particularly relevant to India because young consumers are active participants in the digital economy.

5.3 Influence on Impulse Buying

BNPL can reduce the immediate financial barrier to purchasing. When consumers do not have to pay the entire amount immediately, they may be more

willing to purchase products that they had not originally planned to buy.

Research involving young Indian shoppers found that impulse buying plays an important role in BNPL adoption intentions.

5.4 Increased Purchase Frequency

The convenience of deferred payment can encourage consumers to make purchases more frequently. Instead of waiting until they have sufficient funds to make a purchase, consumers may use instalment-based payment facilities.

This can be beneficial when BNPL is used for planned purchases but may become problematic when repeated purchases create multiple repayment obligations.

5.5 Convenience and Financial Flexibility

BNPL offers consumers greater payment flexibility. It can help consumers divide a large immediate payment into smaller scheduled payments.

For financially disciplined consumers, this flexibility can support planned purchasing. However, convenience can also encourage consumers to purchase products without adequately considering their ability to repay.

5.6 Financial Literacy Is Important

The findings indicate that financial literacy plays an important role in responsible BNPL usage. Consumers who understand repayment schedules, fees, penalties and credit obligations are better positioned to make informed decisions.

Recent Indian research identifies digital illiteracy as one of the influential barriers in the BNPL environment.

5.7 Risk of Over-Spending

Easy access to deferred payments may create a gap between the psychological experience of purchasing and the actual financial obligation. Consumers may consider an item affordable because the instalment is small even though several other instalment commitments already exist.

Thus, BNPL can create a risk of over-spending when consumers do not maintain an overall budget.

5.8 Discussion

Overall, the literature suggests that BNPL has both positive and negative effects. On the positive side, it provides convenience, payment flexibility and access to products without requiring full immediate payment. On the negative side, it can encourage impulsive buying, increase spending and create future repayment obligations.

The impact therefore depends not only on the availability of BNPL but also on the consumer's financial awareness, spending discipline, income and perception of risk.

For young Indian consumers, responsible use is particularly important because many young people are still developing their financial management skills. Therefore, financial education and transparent communication about repayment obligations should accompany the growth of digital credit facilities.

6. CONCLUSION

Buy Now, Pay Later has emerged as an important development in the digital consumer economy. Its convenience, accessibility and instalment-based payment structure have made deferred payment attractive to digitally active consumers.

The present study indicates that BNPL can influence consumer spending behaviour by reducing the psychological impact of the immediate purchase price. Existing research suggests that BNPL adoption can increase online spending and may encourage impulse purchases, particularly among younger consumers.

At the same time, BNPL is not inherently harmful. When used responsibly, it can provide payment flexibility and help consumers manage planned purchases. The major concern arises when consumers use multiple deferred-payment facilities without considering their overall repayment capacity.

The study therefore concludes that financial literacy, budgeting discipline and awareness of repayment obligations are essential for responsible BNPL usage among young Indian consumers.

BNPL providers, e-commerce companies and policymakers should encourage transparent communication of total costs, repayment schedules and potential penalties. Young consumers should also develop the habit of evaluating the total financial commitment rather than focusing only on the small instalment amount.

Ultimately, the future impact of BNPL on young Indian consumers will depend on whether it is used

as a responsible financial tool or as a mechanism for encouraging unnecessary consumption.

7. ACKNOWLEDGEMENT

I would like to express my sincere gratitude to all those who supported and guided me in completing this research paper titled "Buy Now, Play Later: Consumer Spending Behaviour Among Young Indian Consumers."

I am thankful to my faculty members and academic guides for their valuable guidance, encouragement and suggestions throughout the preparation of this research paper.

I also acknowledge the contribution of researchers, authors and academic institutions whose published research provided valuable information and insights for this study.

Finally, I would like to thank my family, friends and everyone who supported me directly or indirectly in completing this research work.

8. REFERENCES

1. Ashby, R., et al. (2025). *The influence of the buy-now-pay-later payment mode on consumer spending decisions*. Journal of Retailing, 101(1), 103–119.
2. *The effects of buy now, pay later (BNPL) on customers' online purchase behaviour*. (2024). Journal of Retailing, 100(4), 602–617.
3. *Understanding the intricacies of risky indebtedness, impulse buying and perceived risk in buy-now-pay-later adoption*. Asia Pacific Journal of Marketing and Logistics.
4. *Factors impeding buy now, pay later (BNPL) adoption in India: A mixed-method approach*. (2025). Journal of Retailing and Consumer Services, 87, 104402.
5. Karthikeyan, S., & Julie, R. L. (2026). *Impact of Buy Now Pay Later Services on the Spending Behavior of Generation Z Consumers in Chennai*. International Journal of Advanced Research in Computer and Communication Engineering.
6. Biradar, A. M., & Reddy, N. N. (2025). *Study on Impact of Buy Now Pay Later (BNPL) Services on Young Generation's Spending Habits*. EPRA International Journal of Multidisciplinary Research, 11(6).
7. Pareek, M., Soni, R., Sharma, S., Gupta, V., & Bhadauria, S. (2025). *Designing Responsible Credit: Insights from Buy Now Pay Later Usage in India*.
8. Thavi, D. B. (2026). *Analyzing the Perception of College-Going Youth Towards EMI and BNPL Services in Mumbai Metropolitan Region*. International Journal of Science, Management and Technology.