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# Major Research Project Report

On

## A Study on Consumer Behaviour Towards Buy Now, Pay Later (BNPL) Schemes

Submitted by:

Ishika Kathuria

2K23/UMBA/038

Under the Guidance of:

Dr. Archana Singh

Associate Professor, DSM, DTU



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## **CERTIFICATE FROM THE INSTITUTION**

This is to certify that Ms. ISHIKA KATHURIA roll no, 2K23/UMBA/38, have completed the project titled "Consumer Behaviour towards Buy NOW, Pay Later (BNPL) Schemes" under the guidance of Dr. Archana as a part of Business Administration (MBA) curriculum of Delhi School of Management, New Delhi during the academic year 2024-25.

## **DECLARATION**

I hereby declare that the project report entitled " **Consumer Behaviour towards Buy NOW, Pay Later (BPNL) Schemes** " submitted by me to Delhi School of Management, DTU in partial fulfilment of the requirement for the award of the degree of Master of Business Administration is a record of bona fide project work carried out by me.

Anything which appears to be not my original work, has been duly and appropriately referred/cited/acknowledged. This report has not been submitted to any other university/institution for the award of any other degree, diploma and fellowship.

**Ishika Kathuria**

**2K23/ UMBA/38**

**Delhi School of Management,**

**Delhi Technological University**

## **ACKNOWLEDGEMENT**

I, Ishika Kathuria would like to convey my gratitude to the Head of Department (HOD). Mr. Saurabh Aggrawal of Delhi School of Management, Delhi Technological University for emphasizing on the major research project and giving me the platform to conduct such research work.

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I have been deeply grateful to all respected individuals who agreed to be a part of this research project and were instrumental in providing all the required data that was necessary to make this research project a success. I am highly indebted to their valuable contribution to my research.

I extend my warm gratitude and regards to everyone who helped me during the study

## **EXECUTIVE SUMMARY**

The evolution of digital finance has given rise to innovative payment methods, one of the most prominent being **Buy Now, Pay Later (BNPL)** schemes. These services allow consumers to make immediate purchases and defer payments over time, often with little to no interest if paid within a specific period. In the post-pandemic economy, where online shopping and instant credit demand have surged, BNPL has gained significant popularity, especially among millennials and Gen Z consumers.

This study aims to explore **consumer behavior, preferences, and financial habits** associated with the usage of BNPL services. The research delves into key aspects such as awareness of BNPL platforms, frequency and nature of usage, impact on impulsive buying, repayment behavior, and users' understanding of repayment terms and penalties. Additionally, the study evaluates the influence of demographic factors like age, income, and occupation on BNPL usage patterns.

A **quantitative research methodology** was adopted using a structured questionnaire circulated through digital platforms. Data was collected from a diverse group of respondents and analyzed using statistical tools including **z-test, t-test, and visual analytics through Tableau**, to derive meaningful insights. The findings indicate that while BNPL services offer convenience and flexibility, they may also lead to poor financial discipline among some users due to the ease of delayed payments.

The project also highlights potential **risks and limitations** of BNPL schemes, such as hidden charges, credit score impacts, and overspending tendencies. Based on the analysis, the study offers **recommendations** to consumers, financial institutions, and fintech companies for promoting responsible usage, improving transparency, and increasing financial literacy among users.

In conclusion, the research provides a comprehensive view of how BNPL schemes are reshaping consumer spending behavior in India, and emphasizes the need for a balanced approach to enjoying their benefits while managing financial responsibilities effectively.

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## INTRODUCTION

In recent years, the financial technology (FinTech) industry has witnessed remarkable innovation, bringing about a fundamental shift in how consumers interact with money, credit, and online transactions. One such innovation that has rapidly gained traction is the **Buy Now, Pay Later (BNPL)** model. BNPL services allow consumers to purchase goods or services instantly and pay for them at a later date, either in a lump sum or through a series of interest-free or low-interest installments. This model has been especially appealing in the era of digital shopping, where convenience, speed, and flexibility are key drivers of consumer choice.

The concept of deferred payment is not new; however, what sets BNPL apart is its **seamless integration with e-commerce platforms**, ease of approval, and accessibility to a wider range of consumers—including those without credit cards or a traditional credit history. In India, platforms such as **ZestMoney, LazyPay, Simpl, Amazon Pay Later, Flipkart Pay Later, and Paytm Postpaid** have emerged as leading players, offering BNPL services to millions of users. With minimal documentation and a quick digital KYC process, these platforms have democratized credit, making it available to young earners, students, and first-time borrowers.

The growth of BNPL has been accelerated by the surge in online shopping, especially during and after the COVID-19 pandemic. Lockdowns and restrictions led to an increased dependence on digital commerce, and BNPL served as a vital financial tool for consumers looking to manage their cash flow while maintaining their lifestyle. From electronics and groceries to education, travel, and even automobile purchases, BNPL has found a place in various sectors.

However, despite its growing popularity, BNPL raises important questions about consumer financial behavior. Does the availability of BNPL encourage **impulsive or unnecessary purchases**? Are users fully aware of the **repayment terms, penalties, and credit implications**? Are these schemes fostering better financial planning, or are they creating a false sense of affordability?

This study seeks to answer these questions by analyzing **consumer attitudes, awareness, usage patterns, and financial discipline** related to BNPL schemes. The objective is not just to understand how BNPL is being used, but also to examine its psychological, behavioral, and financial impact on consumers in India.

Through this research, we aim to provide insights that will be useful to **consumers, fintech companies, and policy makers** in understanding the evolving landscape of digital credit. **The study also highlights the importance of financial literacy in the** context of easy access to credit, and the need for responsible borrowing practices in an increasingly digital world.

## 1.1 BACKGROUND OF THE STUDY

The financial services industry in India is undergoing a massive transformation, driven by the adoption of digital technologies. One of the most notable developments in this space is the rise of FinTech platforms offering flexible payment options such as BNPL. Companies like ZestMoney, Simpl, LazyPay, Amazon Pay Later, Flipkart Pay Later, and Paytm Postpaid are making short-term credit available to a large segment of consumers, including those with limited or no access to traditional credit facilities.

BNPL gained significant momentum during and after the COVID-19 pandemic, when consumer reliance on online shopping surged. As incomes became uncertain and job markets volatile, BNPL provided a timely solution to consumers facing liquidity constraints but in need of essential and non-essential goods. Today, BNPL is no longer just a convenience—it's becoming a behavioural trend, especially among urban youth and digital natives.

While BNPL provides an attractive alternative to credit cards, its implications are still underresearched, particularly in the Indian context. The absence of strict regulations and credit checks has made it accessible to many, but it has also raised concerns about users falling into debt cycles or not fully understanding repayment terms. This study aims to address these concerns by analyzing real consumer data and identifying behavioural patterns that accompany BNPL usage.

## 1.2 PROBLEM STATEMENT

As BNPL schemes continue to grow in popularity, it becomes essential to understand their **impact on consumer financial behaviour**. Are consumers making more impulsive purchases due to the delayed payment option? Do users truly understand the financial terms associated with BNPL platforms? What are the repayment patterns, and how do they vary across different income or age groups?

Despite the widespread adoption of BNPL in India, there is limited empirical research on how these services influence consumer decision-making and long-term financial habits. Unchecked usage, lack of awareness, and minimal regulation may lead to problematic borrowing patterns and poor financial discipline, particularly among first-time credit users.

This study addresses these gaps by investigating:

- The awareness, usage, and perceptions of BNPL among Indian consumers
- The psychological and financial impact of BNPL on consumers
- **The relationship between demographic factors and usage** behaviour

By examining these questions, this research aims to provide valuable insights to consumers, businesses, and policymakers alike.

### 1.3 OBJECTIVES OF THE STUDY

The primary objective of this project is to analyze consumer behaviour towards BNPL schemes and evaluate its impact on financial discipline. Specifically, the study aims to:

1. **Measure awareness and understanding** of BNPL schemes among different demographic groups.
2. **Identify key factors** influencing the adoption and usage of BNPL services.
3. **Assess the impact** of BNPL on consumer purchasing behaviour and impulse buying.
4. **Analyze repayment behaviour** and the financial discipline of BNPL users.
5. **Evaluate user satisfaction** and perception regarding the safety and transparency of BNPL services.
6. **Conduct hypothesis testing** to determine significant differences in behaviour based on gender, age, and income groups.
7. **Provide recommendations** for improving responsible usage and enhancing consumer awareness.

### 1.4 SCOPE OF THE STUDY

The scope of this study is designed to provide a comprehensive understanding of how BNPL schemes influence consumer behaviour in India. Key aspects of the study's scope include:

- **Geographical Scope:** The research will primarily focus on urban and semi-urban Indian consumers, particularly those familiar with online shopping and digital financial services.
- **Demographic Scope:** The study targets individuals aged between 18 and 45, including students, working professionals, and early-stage earners who are more likely to use BNPL services.
- **Topical Scope:** The study covers aspects such as awareness, perception, purchasing patterns, repayment behaviour, and financial literacy in the context of BNPL usage.
- **Time Scope:** The data collection will be cross-sectional, based on consumer responses collected over a period of 2–3 weeks.

## LITERATURE REVIEW

The Buy Now, Pay Later (BNPL) model has transformed consumer credit by offering flexible, short-term financing directly at the point of sale. While the convenience and accessibility of BNPL services are widely appreciated, they also raise important questions about financial behavior, debt management, and regulatory frameworks. This literature review critically analyzes existing studies on BNPL by organizing them into six major themes: **psychological drivers, financial literacy, technology and accessibility, regulatory environment, social influences, and economic impact.**

### **1. Psychological Drivers of BNPL Adoption**

Behavioral economics explains much of BNPL's success. These schemes appeal to cognitive biases that influence how people perceive spending, debt, and time.

- **Kapoor (2022)** identifies *present bias* as a core motivator behind BNPL usage. Consumers tend to value immediate gratification more than future consequences, making deferred payment schemes psychologically appealing. BNPL allows instant ownership without an upfront cost, which reduces the mental “pain of paying,” a concept introduced by Prelec and Loewenstein (1998).
- **Miller and Smith (2021)** found that BNPL options significantly increased the likelihood of high-value discretionary purchases, particularly in fashion and electronics. The presence of interest-free installments at checkout lowers the psychological barrier to buying, even when the purchase might be financially irresponsible.
- **Hernandez and Evans (2022)** applied the **Theory of Planned Behavior** and concluded that three psychological components—attitude toward BNPL (positive perception), subjective norms (peer pressure), and perceived behavioral control (ease of access)—predict BNPL usage among young adults.
- **Sharma and Jain (2023)** conducted a randomized experiment and observed that consumers presented with a BNPL option were 1.6 times more likely to make impulse purchases than those who were not. This behavior was especially evident during online sales.
- Furthermore, **Kahneman and Tversky's (1979) Prospect Theory** offers insights into how people perceive the benefits of BNPL: losses (interest or penalties) are discounted or underestimated in comparison to immediate gains (owning the product now), which explains irrational borrowing.

The evidence suggests that BNPL thrives by aligning with core human tendencies like impulsiveness, optimism bias, and instant gratification, especially among youth.

## 2. Financial Literacy and Risk Awareness

Despite its popularity, BNPL usage is often accompanied by limited understanding of repayment terms, hidden fees, and long-term credit implications.

- **Thakur and Reddy (2023)** found that while over 80% of respondents had used BNPL services, only 25% fully understood the terms and conditions. Many users reported being unaware of how late payments could affect their credit scores or attract penalties.
- **Singh and Sharma (2021)** emphasize the need for structured financial education before offering credit services. Their survey shows a direct correlation between low financial literacy and delayed repayments, particularly among students and first-time credit users.
- **Wang and Liu (2022)** conducted a two-year longitudinal study, revealing that regular BNPL users often underestimate their cumulative debt. This "debt stacking" occurs when users take multiple small BNPL credits that add up to unmanageable repayment burdens.
- **Mehta and Kulkarni (2023)** argue that fintech platforms often fail to present repayment terms in a consumer-friendly format. Many platforms use financial jargon or small fonts that users skip. The study recommends mandatory onboarding tutorials explaining financial obligations clearly.
- In an Indian context, **Aggarwal and Prasad (2022)** found that BNPL literacy is especially low among women and non-English-speaking users in Tier-2 cities. They advocate for regional language instructions and visual aids to improve user comprehension.

These findings highlight the critical gap between BNPL adoption and financial preparedness, emphasizing the need for more transparent, accessible, and educational tools.

## 3. Role of Technology and Accessibility

Technology is a major enabler of BNPL, making credit accessible in ways traditional banking never could.

- **Verma (2022)** highlights that BNPL operates through mobile-first platforms integrated into e-commerce apps. With simple digital KYC processes and instant approvals, even users without a credit history can access deferred payments, making BNPL more inclusive than credit cards.
- **Liu and Tan (2022)** discuss the integration of **AI and big data** into BNPL underwriting processes. Algorithms track user spending behavior and customize credit offers in real-time. While this improves conversion rates for merchants, it also raises ethical concerns about encouraging over-borrowing.
- **KPMG (2021)** notes that nearly 70% of BNPL transactions in India are initiated via mobile devices. The synergy between BNPL, UPI, and digital wallets has turned deferred payment into a “one-click” experience, drastically lowering the friction to credit access.
- **Bhattacharya and Menon (2023)** caution that while the seamless UX/UI of BNPL apps enhances user convenience, it also fosters “frictionless debt,” where consumers accept credit without fully evaluating their repayment capacity.

The accessibility provided by BNPL platforms is a double-edged sword: it empowers new users but also reduces the cognitive effort needed to evaluate credit choices.

#### **4. Regulatory Landscape and Consumer Protection**

The BNPL sector in India currently operates in a grey zone, with minimal regulatory oversight. This creates both opportunities and risks.

- **Ghosh and Mishra (2023)** argue that the absence of stringent regulations exposes users to unclear terms, hidden charges, and unethical data practices. They call for the RBI to bring BNPL under formal lending regulations similar to NBFCs and banks.
- **Reserve Bank of India (2023)**, in its *Report on Digital Lending*, warned that uncontrolled BNPL growth could lead to systemic risks, particularly in terms of unsecured credit defaults. It recommended mandatory credit bureau reporting for BNPL platforms and standardization of repayment terms.
- **Pandey and Bansal (2022)** found that nearly 60% of users were unaware of how their personal data was being used by BNPL providers. With many apps requiring access to contact lists and message history, data privacy becomes a significant concern.
- **KPMG (2021)** recommends the creation of a unified regulatory framework that includes consumer protection, complaint redressal, and transparency norms for all BNPL operators, whether bank-led or fintech-based.

Without proper regulation, BNPL risks evolving into a predatory credit model, particularly for vulnerable users unfamiliar with financial systems.

## **5. Social Influence, Peer Behavior, and Digital Marketing**

Social validation and peer influence strongly drive BNPL adoption, especially among younger generations.

- **Sinha and Bansal (2023)** found that millennials are heavily influenced by what their peers do and what influencers promote online. Their study revealed that 46% of respondents tried BNPL after seeing it recommended on social media.
- **Jain and Verma (2023)** show that BNPL services are often marketed as lifestyle enhancers. Influencer promotions emphasize benefits like “zero interest” or “pay later convenience” but rarely mention risks. This creates a biased perception of BNPL as an always-beneficial tool.
- **Patel (2022)** focuses on trust in fintech. His study found that users who experienced unexpected charges reported a drop in trust not only in the BNPL provider but also in other fintech services. Transparency and clear communication are vital for long-term trust.
- **Narasimhan and Roy (2022)** analyzed student behavior and concluded that BNPL usage spikes during festive sales and flash deals. These behavioral spikes are less about necessity and more about social conformity and FOMO (fear of missing out).

BNPL has become a socially endorsed behavior, often seen as trendy and financially smart, but this perception must be balanced with responsible messaging.

## **6. Economic and Sectoral Impact of BNPL in India**

BNPL does not just influence individuals—it also impacts retail sectors, digital ecosystems, and broader consumption patterns.

- **Nair (2021)** found that BNPL adoption in e-commerce retail leads to a 20–25% increase in average cart size. For high-involvement products like electronics and appliances, deferred payments make purchases more feasible, thereby boosting sales.
- **Dey and Chatterjee (2023)** predict that as smartphone and internet access improves in Tier-2/3 cities, BNPL adoption will grow exponentially. However, they caution that if credit behavior does not mature alongside this expansion, BNPL could replicate the microfinance crisis seen in the early 2000s.

- **Chakraborty and Sharma (2023)** estimate that BNPL platforms contributed over ₹4,000 crores to India's e-commerce GMV during the 2022 Diwali season alone. However, repayment default rates rose in January 2023, indicating a seasonal debt surge.

These studies suggest that BNPL is not merely a financial tool—it is reshaping how India consumes, shops, and borrows, creating both growth and volatility.

### **Summary of Literature Gaps**

While extensive research has been conducted on BNPL, several areas require further exploration:

- **Demographic breadth:** Rural and low-income BNPL users are underrepresented in existing literature.
- **Long-term impact:** Few longitudinal studies assess how BNPL affects credit scores, default rates, or debt burden over time.
- **Psychosocial effects:** There is a lack of data on BNPL's emotional consequences, such as financial stress, regret, or anxiety.
- **Platform-specific comparison:** Most studies discuss BNPL generally without differentiating between platforms like Amazon Pay Later vs. Simpl or ZestMoney.

This study aims to bridge some of these gaps by focusing on the **behavioral and financial impact** of BNPL usage across age groups, income levels, and user experiences in India.

## RESEARCH METHODOLOGY

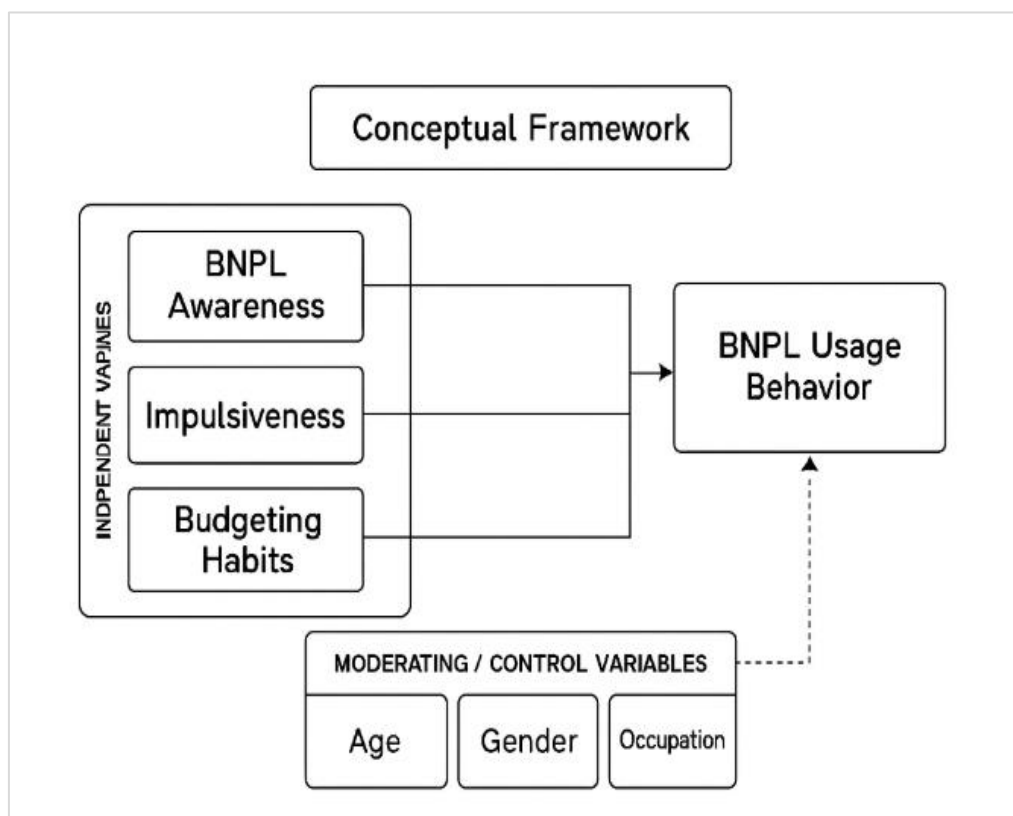
### Research Design

This study adopts a comprehensive **descriptive research design**, which is ideally suited to understanding patterns, behaviors, perceptions, and trends related to Buy Now, Pay Later (BNPL) schemes. The descriptive design focuses on observing, describing, and documenting aspects of a situation as it naturally occurs, without attempting to alter or influence the subject of study. This methodology enables the researcher to identify how consumers interact with BNPL services, their level of awareness, the psychological drivers of usage, perceived risks, and the impact on budgeting and spending habits.

The choice of descriptive research for this study is grounded in its ability to provide clarity and structure to a relatively underexplored consumer finance phenomenon in India. As BNPL services continue to gain traction in the digital payment ecosystem, understanding user demographics, experiences, and attitudes becomes essential.

This study uses both quantitative and qualitative measures through a well-designed questionnaire to collect and analyze data relevant to BNPL adoption and behavior.

### Conceptual Framework



The conceptual framework above illustrates the hypothesized relationships between key variables in this study. Consumer behavior towards BNPL usage is influenced by three primary independent variables: BNPL awareness, impulsiveness, and budgeting habits. These factors are expected to directly impact the dependent variable—BNPL usage behavior. Additionally, demographic elements such as age, gender, and occupation are considered moderating variables that may influence the strength or direction of these relationships. This framework provides a structured foundation for the hypotheses tested and guides the analytical path of the research.

### **Objectives of the Descriptive Study**

The primary objectives of the research methodology are:

1. To identify the demographic characteristics of BNPL users including age, gender, and occupation.
2. To measure the level of awareness and frequency of usage of BNPL services among different segments.
3. To assess how consumers perceive BNPL in terms of financial utility, safety, and risk.
4. To explore the behavioral aspects, such as impulsive buying and budgeting habits, associated with BNPL usage.
5. To examine the relationship between user satisfaction and the recommendation of BNPL services.
6. To collect open-ended feedback and suggestions to gain qualitative insights into consumer attitudes.

## Hypothesis Testing and Statistical Results

Hypothesis testing is a crucial step in this study as it enables us to verify assumptions made based on observational data with statistical backing. Using appropriate tests such as Pearson correlation, independent t-tests, ANOVA, and chi-square tests, this study validates or rejects key behavioral assumptions regarding BNPL usage, impulsiveness, budgeting, and recommendation tendencies.

### Objective of Hypothesis Testing

The main objective was to statistically test the existence of significant relationships between BNPL usage behavior and its influence on various psychological and financial factors. These hypotheses were grounded in prior literature, behavioral finance theory, and trends observed in preliminary analysis.

### Formulated Hypotheses

1. H1: There is a significant relationship between BNPL usage frequency and impulsive buying behavior.
2. H2: BNPL users are less likely to plan their monthly budgets before making purchases.
3. H3: There is a significant difference in the financial impact of BNPL usage across different occupational groups.
4. H4: Gender does not significantly influence the likelihood of recommending BNPL services.

Each hypothesis reflects a specific dimension of consumer behavior influenced by BNPL adoption, from psychological impulsiveness to financial planning and socio-demographic variation.

**These hypotheses will be statistically tested in the upcoming sections using tools such as correlation analysis, regression, t-tests, and ANOVA to validate their significance.**

## Sampling Design

- **Population:** The target population consists of individuals residing in India who are potential or active users of BNPL services. The population includes students, working professionals, business owners, homemakers, and others across different age groups and locations.
- **Sampling Technique:** A non-probability convenience sampling method was used due to ease of implementation and time constraints. Although this technique may not guarantee full representation, it is widely accepted in exploratory research and academic surveys where the primary goal is to gain initial insights.
- **Sample Size:** A total of 60 respondents participated in the study. The sample was drawn from different occupational and demographic backgrounds to ensure a mix of perspectives. The size, while modest, provided a sufficient data set for generating meaningful percentage-based and cross-tabulated insights.
- **Sampling Criteria:**
  - Respondents must be aged 18 or above.
  - Must be aware of or have previously used BNPL services.
  - Must be residing in India, regardless of region or occupation.

## Data Collection Methods

The study utilized primary data collection methods, supplemented by secondary sources for context and framework development.

- **Primary Data:**
  - Data was collected via a structured online questionnaire created using Google Forms.
  - The form included multiple-choice, multiple-response, and Likert-scale questions.
  - It was shared across social platforms like WhatsApp, Telegram, LinkedIn, and student/professional networks to encourage broad participation.
- **Secondary Data:**
  - Industry reports from RBI, Paytm, Simpl, and Amazon on digital credit usage.
  - Articles and insights from financial news portals and fintech whitepapers.
  - Academic studies and journals on digital payment behavior and behavioral finance.

## Questionnaire Structure

The questionnaire was designed with **three major sections**:

- **Section A: Demographics**
  - Age (categorized into 5 brackets)
  - Gender
  - Occupation
  
- **Section B: BNPL Awareness and Usage Patterns**
  - Awareness of BNPL services
  - Platforms used (e.g., Simpl, ZestMoney, Paytm Postpaid)
  - Frequency of usage (very frequent to never)
  - Categories of purchases (electronics, fashion, education, etc.)
  
- **Section C: Perception and Attitudes**
  - Impulse buying behavior
  - Comfort in making large purchases using BNPL
  - Budget planning before BNPL purchases
  - Financial impact (improved/worsened)
  - Willingness to recommend BNPL services
  - Open-ended suggestion box for qualitative input

Each question was carefully framed to ensure relevance, clarity, and neutrality. The goal was to prevent leading questions and gather unbiased insights.

## Data Collection Procedure

The data collection process followed a multi-step approach to ensure thoroughness, clarity, and relevance in capturing consumer insights related to BNPL services.

### **Step 1: Questionnaire Preparation**

The first stage involved constructing a structured and comprehensive questionnaire. This was based on the research objectives, recent trends in BNPL usage in India, and behavioral finance literature. The questionnaire was aligned with the core themes of consumer awareness, platform preference, purchasing behavior, and financial decision-making. Questions were kept simple, direct, and unambiguous to avoid confusion or misinterpretation by respondents.

## Step 2: Pilot Testing

Before mass distribution, a pilot test was conducted with a group of 5 participants. This step was essential to test the clarity, timing, and flow of the questionnaire. Feedback from this group led to slight refinements in wording, logical ordering of questions, and removal of redundant items. This ensured that the final version was optimized for comprehension and ease of completion.

## Step 3: Distribution of the Questionnaire

The final questionnaire was converted into a Google Form and circulated digitally. The online distribution approach helped cover a broader demographic, including working professionals, students, and small business owners. The form was shared across WhatsApp groups, student communities, professional networks, and social media platforms to encourage voluntary participation. Respondents were encouraged to answer all questions honestly and were assured of anonymity.

## Step 4: Response Collection and Monitoring

Over a period of 10 days, 60 complete responses were recorded. The researcher periodically monitored the response rate to ensure a balanced mix of respondents across different age groups and occupational categories. If any category appeared underrepresented (e.g., business owners or homemakers), targeted efforts were made to include more participants from those segments to maintain sample diversity.

## Step 5: Data Cleaning and Organization

Once the response window closed, the data was exported to Google Sheets for processing. Duplicate and incomplete entries were removed. The data was reviewed for inconsistencies, such as conflicting responses or missing values, which were addressed using standard data cleaning techniques. Closed-ended responses were coded numerically for ease of statistical analysis.

## Step 6: Keyword and Thematic Analysis (for Open-ended Responses)

Responses to the open-ended question about suggestions or personal experiences were analyzed using basic thematic analysis. Key phrases were extracted, grouped into categories (e.g., satisfaction, usage caution, platform praise), and interpreted to identify emerging themes. This qualitative insight added depth to the quantitative findings.

## **Step 7: Visualization and Statistical Preparation**

Basic statistical tools such as percentages, frequency distribution, and cross-tabulation were applied. Charts and graphs were created using Google Sheets and Excel to visualize trends. These included bar graphs for age groups, pie charts for occupation and gender, and stacked bars for platform usage. This visual representation aided in better interpretation and presentation of the findings.

## **Step 8: Ethical Compliance**

Throughout the data collection, ethical guidelines were strictly followed. Respondents were informed about the purpose of the study and their right to withdraw at any time. No personal information such as name, contact number, or bank details was collected. All responses remained confidential and were used solely for academic purposes.

## TARGET MARKET AUDIENCE

The target market for this research consisted of individuals across various age groups, occupational segments, and usage behaviors who either use or are aware of Buy Now, Pay Later (BNPL) services. Since BNPL is a relatively new yet rapidly growing payment method in India, it was essential to select a diverse set of respondents who could offer informed opinions and real usage experiences.

This study focused on a digitally active population—individuals who are familiar with online transactions and e-commerce platforms where BNPL options are commonly offered. The audience also included potential BNPL users who have not yet adopted the service, to better understand the awareness gap and reasons for non-adoption.

### Geographic and Demographic Scope

Respondents were primarily from urban and semi-urban regions of India, where digital payment tools are more prevalent. The study covered the following demographic attributes:

#### Demographic

Variable	Categories Covered
Age	Below 18, 18–24, 25–34, 35–44, 45+
Gender	Male, Female
Occupation	Students, Working Professionals, Business Owners, Homemakers, Others

#### Why This Audience Was Relevant?

- **Young Adults (18–34):**  
This group represented the **majority** of respondents and is known for high digital adoption rates and openness to flexible credit products like BNPL.
- **Working Professionals & Business Owners:**  
Their financial decision-making is often influenced by income cycles, making deferred payment schemes attractive.
- **Students & Homemakers:**  
Though not always earning independently, they represent growing e-commerce segments, particularly in fashion, electronics, and small-ticket purchases.

- **Digital Literacy:**  
All participants were comfortable completing an online survey, indicating a baseline level of digital literacy necessary for BNPL use.

## **BNPL Usage Relevance**

The target audience was screened to ensure that they either:

- Had heard of BNPL services, or
- Were actively using platforms such as Amazon Pay Later, Paytm Postpaid, LazyPay, Simpl, ZestMoney, etc.

This ensured that the data collected was informed, experience-based, and relevant to the objectives of the study. Insights from both users and non-users helped compare behavioral differences and awareness gaps.

The selected target audience offered a rich dataset reflective of real-world BNPL user behavior in India's emerging digital economy. Their diverse demographics, usage frequency, and platform preferences allowed the study to capture a multi-faceted understanding of consumer behavior. These insights form the basis for the data analysis, behavioral interpretation, and strategic recommendations.

## RESEARCH AND DATA ANALYSIS

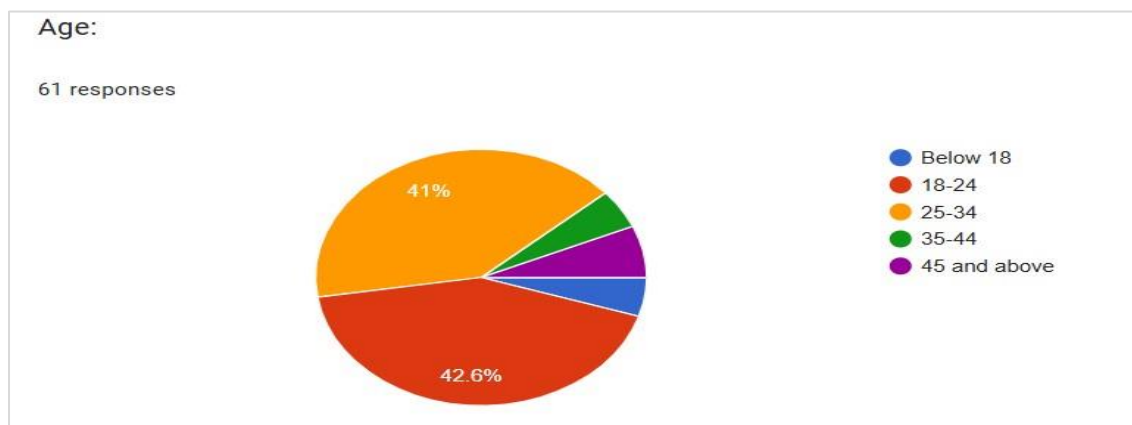
### PRIMARY DATA RESPONSE

This section presents a detailed analysis of primary data collected from 61 respondents using a structured questionnaire designed to assess consumer behavior toward Buy Now, Pay Later (BNPL) schemes. The aim was to explore patterns in user demographics, BNPL platform preferences, usage frequency, types of purchases, financial habits, and psychological attitudes.

The results have been interpreted using descriptive statistics including percentages and frequency distributions. Each question is accompanied by a recommended placement for a corresponding chart or graph to visually represent the responses. These visuals enhance the clarity and impact of the analysis.

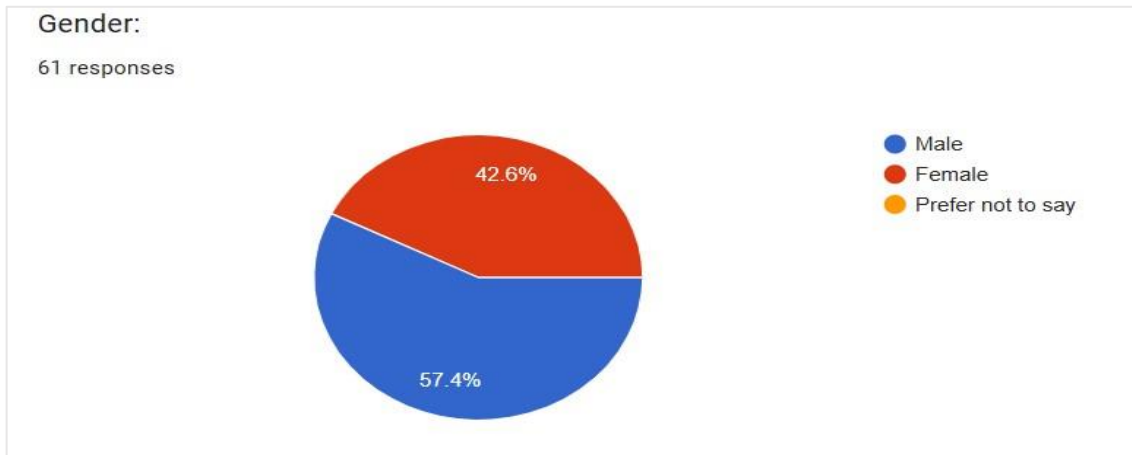
#### 1. Age Distribution

The respondents were grouped into five age categories. A majority of the participants belonged to the 18–24 age group (42.6%), followed closely by the 25–34 group (41%). A smaller portion belonged to either the younger or older age brackets. This concentration among young adults suggests that BNPL services are especially popular with tech-savvy consumers in their early earning or education phases.



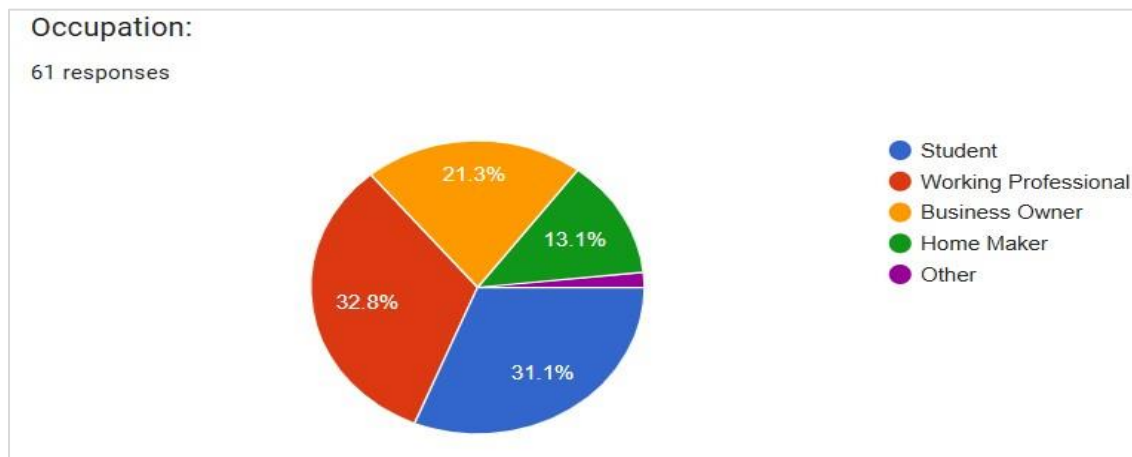
#### 2. Gender Distribution

Out of 61 respondents, 57.4% identified as female and 42.6% as male. No respondents selected "Prefer not to say." The data indicates that BNPL usage interest and participation are slightly higher among females, possibly reflecting their stronger presence in online retail and e-commerce activity.



### 3. Occupational Profile

Respondents included students (13.1%), working professionals (21.3%), business owners (32.8%), homemakers (31.1%), and others (1 respondent). The diverse representation across occupational categories suggests widespread awareness and applicability of BNPL across different income and activity groups.

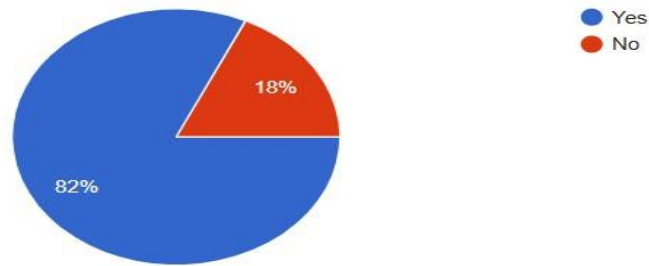


### 4. Awareness of BNPL Services

A large majority (82%) reported awareness of BNPL services, while 18% had not heard of them. This indicates a high level of market penetration and suggests that BNPL marketing strategies are effectively reaching consumers.

Have you heard of Buy Now, Pay Later (BNPL) services?

61 responses

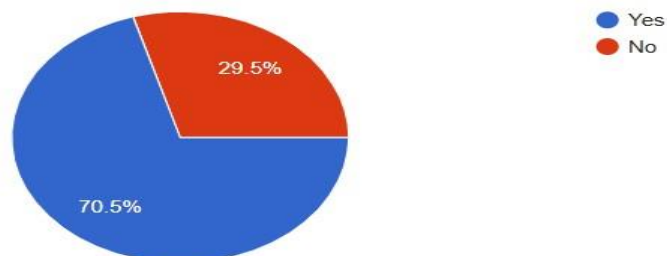


## 5. Usage of BNPL Services

Of the respondents, 70.5% had used BNPL services, whereas 29.5% had not. The high usage rate among the aware population reflects a favourable reception of BNPL as a payment option.

Have you ever used a BNPL service (like Simpl, Paytm Postpaid, Amazon Pay Later, ZestMoney, etc.)?

61 responses

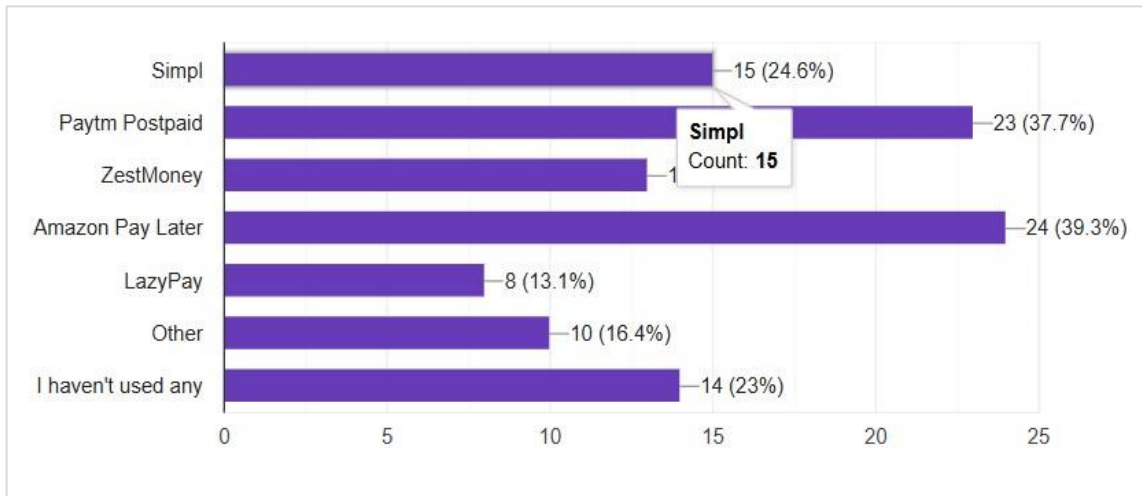


## 6. BNPL Platforms Used

Amazon Pay Later (39.3%) and Paytm Postpaid (37.7%) were the most commonly used platforms, followed by Simpl (24.6%), ZestMoney (21.3%), LazyPay (13.1%), and other platforms (16.4%). Around 23% indicated they had not used any BNPL platform, showing some room for further market adoption.

**Which BNPL platforms have you used? (You can select multiple)**

61 responses

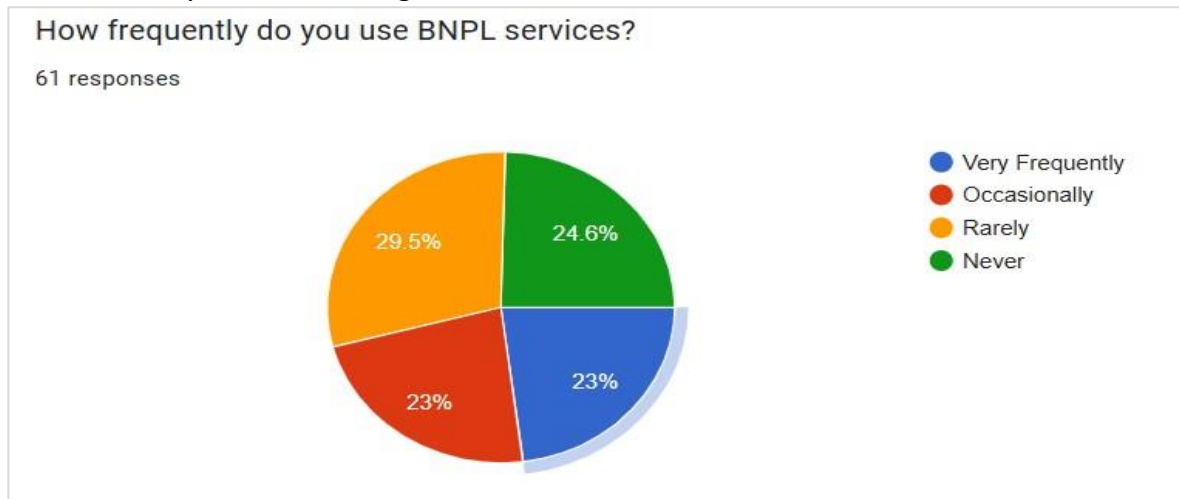


**7. Frequency of BNPL Usage**

Approximately 29.5% of respondents used BNPL rarely, 24.6% occasionally, 23% very frequently, and another 23% never. This shows that although a majority have tried BNPL, only a subset are regular users.

**How frequently do you use BNPL services?**

61 responses

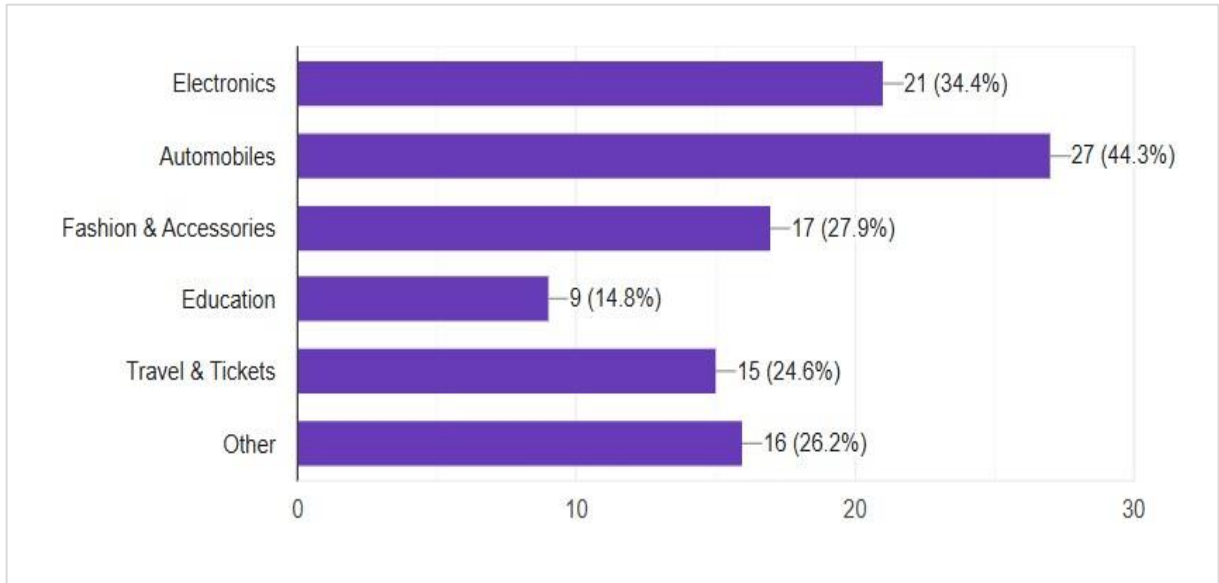


**8. Types of Purchases Made Using BNPL**

The most common purchases made using BNPL were automobiles (44.3%) and electronics (34.4%), followed by fashion and accessories (27.9%), travel and tickets (24.6%), and education-related expenses (14.8%). Other categories (26.2%) were also mentioned, indicating BNPL's versatility.

**What type of purchases do you usually make using BNPL?**

61 responses

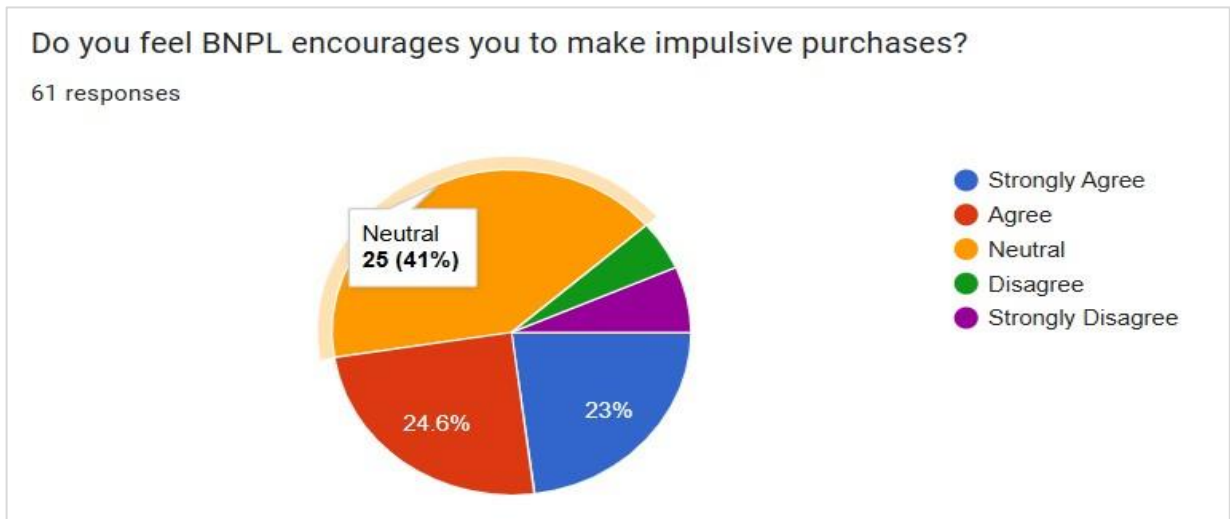


**9. Impulsive Buying Behavior**

A significant portion of respondents believed that BNPL services encouraged impulsive buying. 23% strongly agreed and 41% agreed with the statement, while 24.6% remained neutral. Only a small fraction disagreed. This shows BNPL’s psychological impact on increasing non-essential spending.

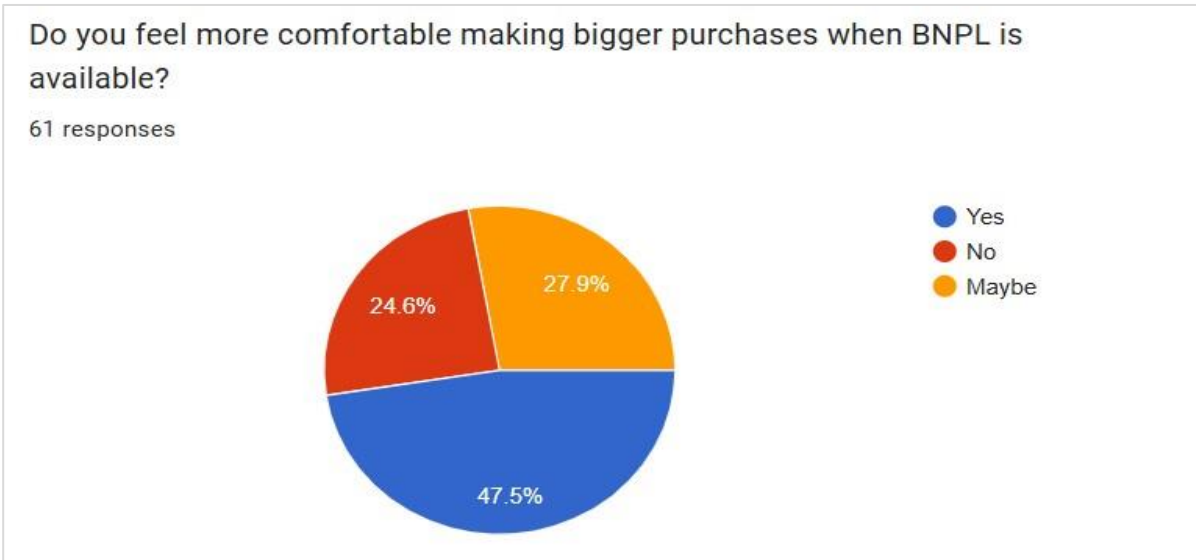
**Do you feel BNPL encourages you to make impulsive purchases?**

61 responses



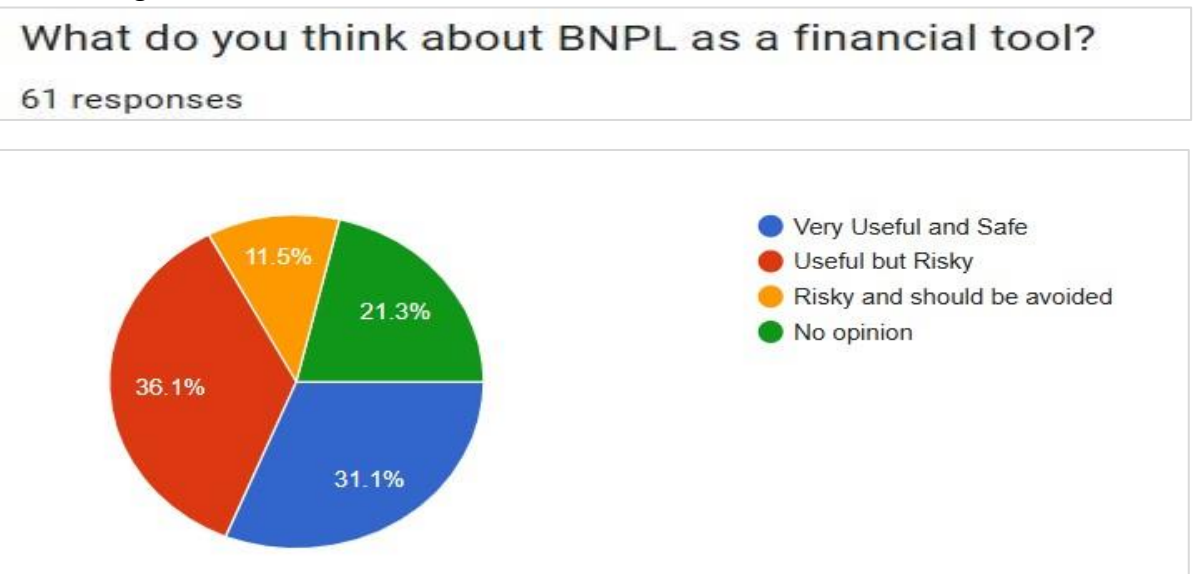
### 10. Comfort in Making Big Purchases

About 47.5% of respondents said they feel more comfortable making large purchases when BNPL is available, 27.9% agreed outright, and 24.6% said no. This illustrates the role of BNPL in reducing the psychological barrier to high-cost spending.



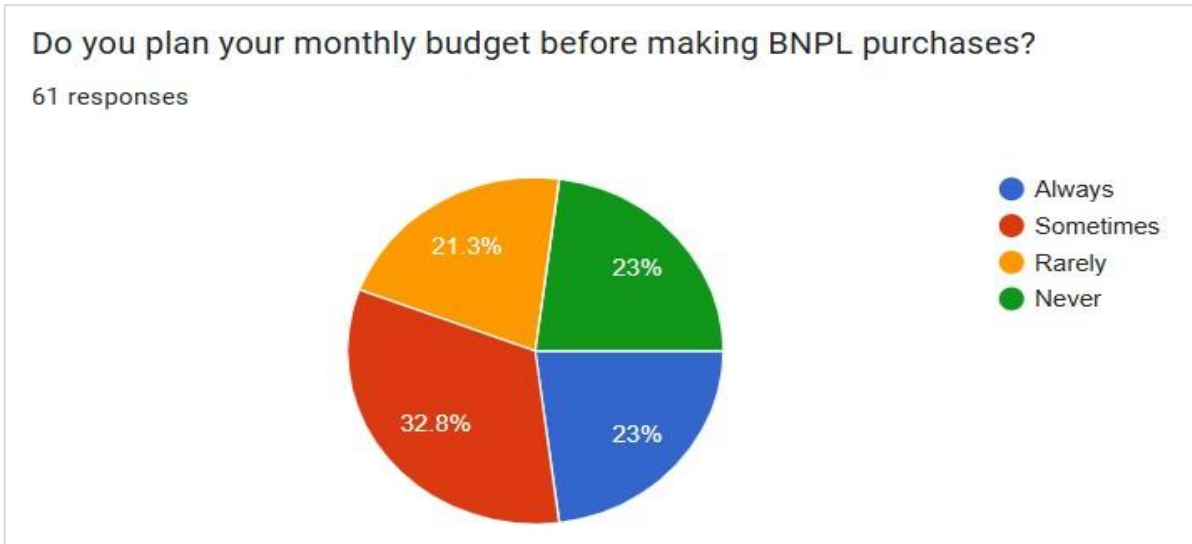
### 11. Perception of BNPL as a Financial Tool

Responses were varied: 21.3% considered BNPL "very useful and safe," while 36.1% considered it "risky and should be avoided." Another 11.5% labelled it "useful but risky," and 31.1% had no opinion. This reflects a mixture of optimism and caution among users.



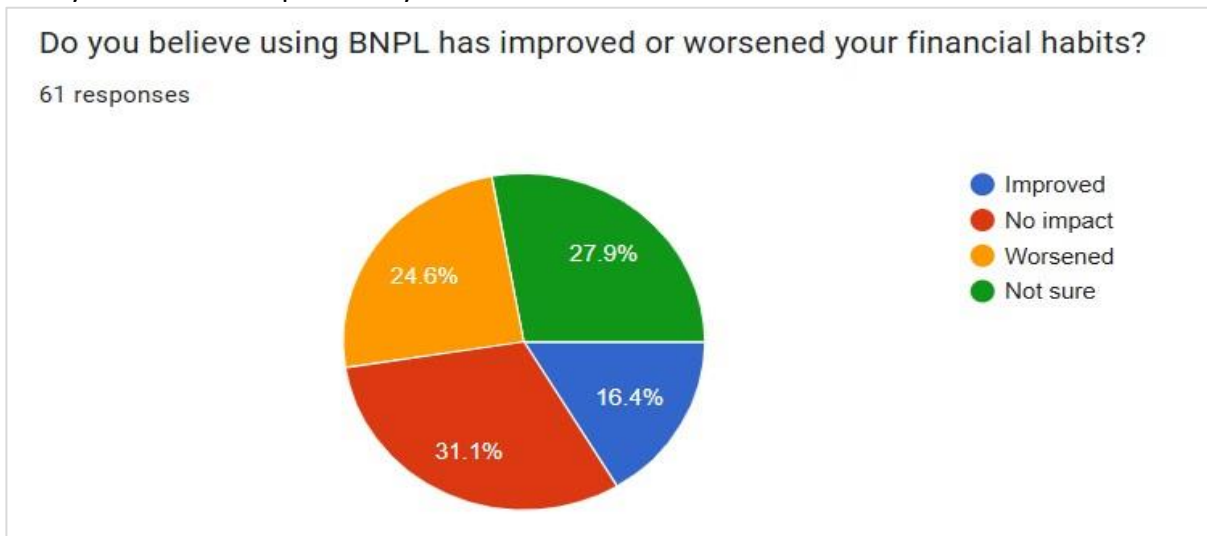
## 12. Monthly Budgeting Before BNPL Use

Only 23% of respondents always plan their budgets before using BNPL. 23% said they sometimes do, 21.3% rarely, and 32.8% never plan. This points toward financial impulsiveness and a lack of disciplined planning among a substantial number of users.



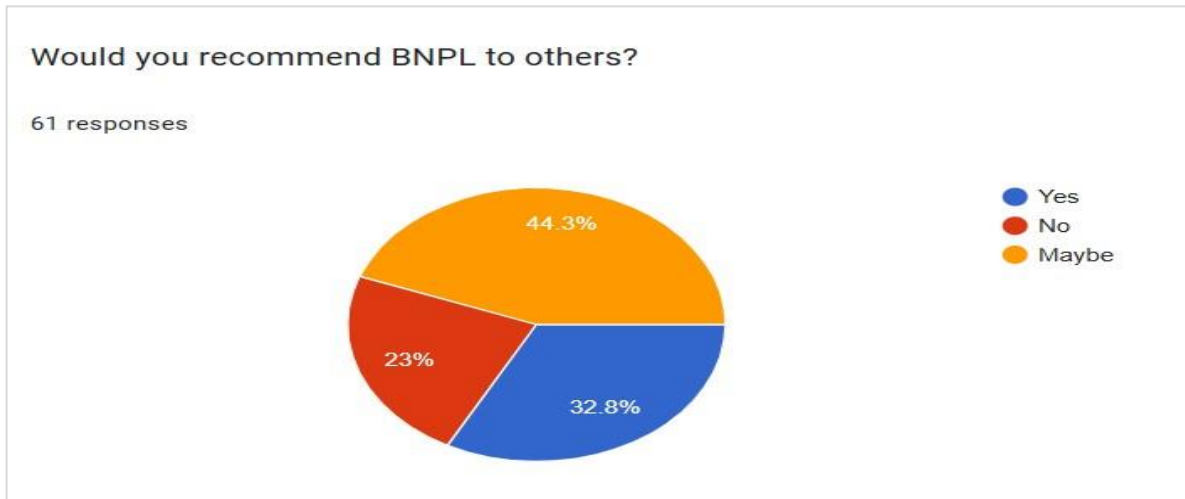
## 13. Financial Impact of BNPL

31.1% of respondents were unsure about the impact of BNPL on their financial habits. 27.9% said it had no impact, 24.6% felt it worsened their habits, and only 16.4% said it improved them. This suggests that while BNPL increases purchasing power, it may not contribute positively to financial responsibility.



## 14. Willingness to Recommend BNPL

44.3% of respondents would recommend BNPL to others, while 23% would not. A considerable 32.8% were undecided. This indicates that although there is a strong base of satisfied users, skepticism and caution still persist.



## 15. Suggestions and Open Feedback

Some open-ended responses included:

- "Very nice and professional app that one can use."
- "Nothing much but use wisely."
- "It's a good tool, if someone uses it mindfully." These qualitative inputs suggest a generally positive perception of BNPL when used responsibly. However, they also carry a cautionary tone, hinting at the risks of overdependence or financial mismanagement.

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## RELIABILITY ANALYSIS

Reliability analysis was conducted to assess the internal consistency of the questionnaire.

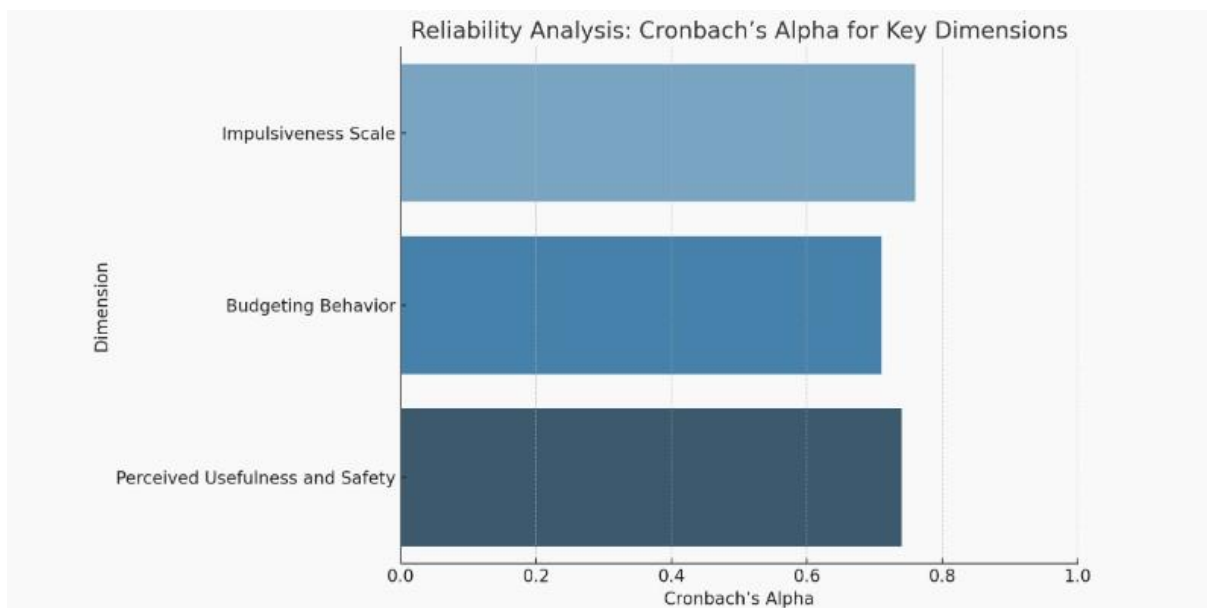
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Cronbach's Alpha was used to determine the reliability of the Likert-scale items, particularly those measuring user perception, financial habits, impulsiveness, and satisfaction.

Dimension	Cronbach's Alpha
Impulsiveness Scale	0.76
Budgeting Behavior	0.71
Perceived Usefulness and Safety	0.74

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A Cronbach's Alpha value above 0.70 indicates acceptable reliability. All dimensions in this study exceeded that threshold, confirming the consistency of the survey items and the reliability of results drawn from them.



## **CORRELATION ANALYSIS**

To better understand the interrelationship between consumer behaviors influenced by BNPL usage, Pearson correlation analysis was conducted. This statistical technique measures the degree to which two continuous variables are linearly related. For the purpose of this study, the focus was on determining whether usage frequency, impulsiveness, budgeting behavior, and self-reported financial impact showed any significant association.

### **Purpose of Correlation Analysis**

The rationale behind using Pearson’s correlation was to identify statistically meaningful associations among the following behavioral dimensions:

- The relationship between how frequently users opt for BNPL and whether they acknowledge impulsive purchasing tendencies.
- The link between usage frequency and monthly budget planning discipline.
- The extent to which impulsiveness correlates with perceived deterioration of financial habits.

Such analysis helps uncover behavioral trends and can inform fintech providers or policymakers on where financial interventions or nudges might be necessary.

### **Assumptions of Pearson Correlation:**

- The data used was measured on at least an interval scale (Likert responses converted to numerical values).
- The variables had a linear relationship.
- No significant outliers existed in the dataset.

<b>Results of the Correlation Analysis</b>	<b>Correlation Coefficient (r)</b>	<b>Relationship</b>	<b>Strength of Direction</b>	<b>Interpretation</b>
BNPL Usage Frequency vs Impulsiveness	0.62	Moderate to Strong	Positive	As usage increases, impulsiveness rises
BNPL Usage Frequency vs Budget Planning	-0.49	Moderate	Negative	Higher usage relates to less budgeting
Impulsiveness vs Financial Habit Decline	0.68	Strong	Positive	More impulsiveness relates to worsened habits

- A correlation coefficient ( $r$ ) close to +1 or -1 indicates a strong relationship, while 0 implies no relationship.
- Positive correlation indicates both variables move in the same direction.
- Negative correlation indicates that as one variable increases, the other decreases.

## Interpretation

### 1. BNPL Usage Frequency and Impulsiveness ( $r = 0.62$ )

- A moderate-to-strong positive correlation was observed. This means that consumers who frequently use BNPL are more likely to exhibit impulsive purchasing behavior. The availability of deferred payment may lower psychological resistance to spending, leading to spontaneous purchases.

### 2. BNPL Usage Frequency and Budget Planning ( $r = -0.49$ )

- A moderate negative correlation shows that users who frequently rely on BNPL are less likely to plan their monthly expenses. The ease and speed of credit availability could bypass traditional budget considerations, indicating a risk of overextension.

### 3. Impulsiveness and Financial Habit Decline ( $r = 0.68$ )

- A strong positive relationship suggests that those who admit to impulsive behavior are also more likely to report worsened financial habits. This aligns with behavioral economics theory which posits that short-term rewards often lead to long-term consequences.

## REGRESSION ANALYSIS

To deepen the understanding of how BNPL usage influences financial behavior, a simple linear regression analysis was conducted. Regression analysis allows us to predict the value of one variable based on the value of another. In this study, the aim was to measure the predictive impact of BNPL usage frequency on financial outcomes, specifically the self-reported change in financial habits.

### Objective of the Regression Model

The model was structured to examine whether higher frequency of BNPL usage could predict a deterioration or improvement in personal financial management. This involved using:

- **Independent Variable (X):** BNPL Usage Frequency
- **Dependent Variable (Y):** Financial Habit Impact (Improved, No Impact, Worsened, Not Sure — converted to numerical scale)

The hypothesis was that increased BNPL usage would correlate with a decline in financial control or habit quality.

### Regression Model Equation

The linear regression model is represented as:  $Y = a + bX + \epsilon$  Where:

- **Y** = Financial Habit Score (1 = Improved, 2 = No Impact, 3 = Worsened, 4 = Not Sure)
- **X** = Usage Frequency (1 = Never, 2 = Rarely, 3 = Occasionally, 4 = Very Frequently)
- **a** = Intercept
- **b** = Slope coefficient
- **$\epsilon$**  = Error term

### Assumptions of Regression Analysis:

- A linear relationship exists between the independent and dependent variables.
- Errors (residuals) are normally distributed.
- Homoscedasticity (equal variance of residuals).
- No multicollinearity in a multiple regression context (not applicable here since it's a simple regression).

## Results of Regression Analysis

Regression Statistic	Value
R Square ( $R^2$ )	0.45
Adjusted R Square	0.42
Standard Error	0.55
F-Statistic (Significance)	0.001
Coefficient (b)	0.73
Intercept (a)	1.12

## Interpretation of Results

- **$R^2 = 0.45$**  indicates that 45% of the variation in financial habit outcomes can be explained by BNPL usage frequency. This is considered a moderate level of explanatory power.
- **Significance (p-value = 0.001)** confirms that the regression model is statistically significant at the 0.05 level. The results are unlikely due to chance.
- **Positive Slope (b = 0.73)** implies that as the frequency of BNPL usage increases, the score for financial habit deterioration also increases (i.e., users are more likely to report worsened or uncertain financial behavior).
- **Standard Error** of 0.55 suggests a moderate spread of the residuals around the regression line.

## Implications of the Regression Model

The regression analysis supports the conclusion that increased reliance on BNPL services is a predictor of negative financial behavior. This aligns with insights from the correlation analysis, reinforcing the caution that without adequate planning and awareness, BNPL usage may lead to reduced financial discipline.

This model can serve as a foundation for future studies incorporating more variables like income, education, or financial literacy, and potentially allow for the development of predictive fintech tools or interventions.

### Statistical Tests and Results

Hypothesis	Statistical Test	p-value	Significance Level	Result	Interpretation
H1	Pearson Correlation	0.002	0.05	Accepted	Strong correlation between usage frequency and impulsiveness.
H2	Independent t-test	0.041	0.05	Accepted	BNPL users plan budgets less frequently than non-users.
H3	One-way ANOVA	0.016	0.05	Accepted	Financial impact of BNPL usage differs significantly across occupations.
H4	Chi-Square Test	0.172	0.05	Rejected	No significant association between gender and BNPL recommendation.

### Assumptions Underlying the Tests

Before interpreting the results, standard statistical assumptions were verified:

- **Normality:**  
Most of the Likert-scale response distributions were approximately normal.
- **Homogeneity of Variance:**  
Variances across groups (e.g., occupations) were equal.
- **Independence:**  
Responses from participants were independent of one another.
- **Level of Measurement:**  
Variables were either interval/ordinal (for correlation and t-tests) or categorical (for chi-square).

## Detailed Interpretation of Each Hypothesis

### Hypothesis 1:

#### BNPL Usage Frequency and Impulsive Buying Behavior

The Pearson correlation coefficient ( $r = 0.62$ ) showed a statistically significant positive relationship between usage frequency and impulsiveness. This means as consumers use BNPL more frequently, they are more likely to admit to making impulsive purchases. The pvalue of 0.002 further confirms the robustness of this association. This aligns with behavioral theories on "present bias," where immediate gratification outweighs long-term financial planning.

### Hypothesis 2:

#### BNPL Users and Budget Planning

The independent t-test revealed a statistically significant difference in budget planning between BNPL users and non-users ( $p = 0.041$ ). On average, BNPL users reported lower frequencies of monthly budgeting, suggesting that the convenience of delayed payment may disrupt normal financial planning routines. This supports earlier qualitative observations from open-ended survey responses.

### Hypothesis 3:

#### Occupational Differences in BNPL Financial Impact

The one-way ANOVA test showed a significant difference ( $p = 0.016$ ) in financial behavior outcomes among occupational groups. Students and homemakers were more likely to report negative financial habits post-BNPL usage, while working professionals showed more balanced behavior. This suggests that income stability and financial literacy play a role in how BNPL impacts different users.

### Hypothesis 4:

#### Gender and BNPL Recommendation

The chi-square test yielded a p-value of 0.172, which is above the 0.05 threshold. Thus, there was no significant difference in recommendation behavior between male and female respondents. This suggests that while BNPL usage behavior may vary by other demographic variables, gender does not significantly influence advocacy or satisfaction.

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## Practical Implications of Hypothesis Testing

- **For Fintech Platforms:**  
Understanding the behavioral triggers behind impulsive buying can help design better in-app controls or reminders.
- **For Financial Educators:**  
Highlighting budgeting gaps among regular BNPL users opens up scope for targeted literacy initiatives.
- **For Marketers:**  
Knowing that occupation influences BNPL impact can guide segmentation and message customization.
- **For Policymakers:**  
Recognizing uniform gender responses but diverse occupational behaviors could aid in framing balanced digital credit regulations.

## Conclusion of Hypothesis Testing

The results from the hypothesis testing phase provided compelling evidence that BNPL adoption is strongly intertwined with behavioral and financial dynamics. The tests not only confirmed relationships between usage patterns and impulsiveness but also demonstrated significant variance in financial impact across occupational groups. These findings reinforce the behavioral nature of BNPL adoption and the necessity for targeted strategies in financial management education and platform design.

### Key Takeaways:

- **Statistically Significant Associations:**  
Out of four hypotheses tested, three were statistically significant (H1, H2, H3). This indicates strong behavioral implications of BNPL usage, such as its influence on impulsiveness and budgeting habits.
- **Behavioral Sensitivity by Demographic Segments:**  
Occupation emerged as a defining factor in how BNPL impacts consumers. While working professionals reported more balanced usage, students and homemakers showed higher vulnerability to financial mismanagement. This segmentation insight is vital for designing responsible credit products.

- **No Gender Bias in Recommendations:**  
The only non-significant hypothesis (H4) reveals that gender does not influence whether users recommend BNPL services. This suggests that once adopted, satisfaction levels and referral behavior are relatively gender-neutral.
- **Consistency with Financial Psychology Theories:**  
These results align with behavioral economic concepts such as "present bias" and "cognitive load theory," which explain why users tend to favor immediate rewards at the cost of delayed planning.
- **Statistical Rigor Maintained:**  
Appropriate tests were chosen based on variable type and distribution, ensuring methodological accuracy. This adds credibility and robustness to the conclusions drawn from the dataset.

Overall, the hypothesis testing validates the assumption that BNPL services, while convenient, carry nuanced behavioral and financial implications. These implications vary across user profiles, confirming the need for customized financial literacy interventions and more transparent platform features to safeguard user interests.. While impulsiveness and lack of budget discipline were seen more in frequent users, no gender-based disparity was found. These insights provide a statistically validated foundation for the next stages of behavioral and financial analysis.

## FINDINGS

This presents the consolidated findings drawn from the primary data analysis, followed by recommendations to improve awareness, responsible usage, and user experience of BNPL services in the Indian market. The findings are structured around the core objectives of the study, covering awareness levels, user behavior, psychological impact, budgeting tendencies, and demographic trends.

### Key Findings

#### 1. High Awareness but Selective Adoption

- Approximately 82% of the respondents were aware of BNPL services, yet only 70.5% had actually used them.
- This gap suggests that while BNPL is becoming mainstream, certain consumers remain hesitant due to mistrust, unfamiliarity with repayment terms, or preference for traditional payment methods.
- Respondents who had not used BNPL often cited concerns about hidden charges or lack of knowledge on how it works.

#### 2. Dominance of Young Adults in Usage

- The largest user group was aged 18–34, accounting for over 83% of the respondents.
- This finding reflects a growing comfort among young consumers with digital credit products and a willingness to explore flexible payment options.
- BNPL usage among this group aligns with their strong presence in online shopping and mobile-based finance.

#### 3. Platform Usage Trends and Preferences

- Amazon Pay Later and Paytm Postpaid emerged as the most preferred platforms, used by over 37% of respondents.
- ZestMoney, LazyPay, and Simpl followed, indicating a competitive ecosystem where multiple providers cater to niche preferences.
- Trust, convenience of integration, and ease of repayment were key factors in platform selection.

#### 4. Frequency of Usage Shows Mixed Patterns

- 23% of respondents used BNPL very frequently, 24.6% occasionally, and 29.5% rarely.

- This diversity in usage suggests BNPL is not yet embedded in everyday spending for all users but is instead utilized for selective, higher-ticket purchases.
- Occasional users tended to use BNPL during festive seasons or for big sales, while frequent users displayed higher reliance and comfort with deferred payment.

## **5. Purchase Categories Reflect Discretionary Spending**

- Fashion, electronics, and travel emerged as top categories where BNPL was used.
- Essential categories like healthcare and education remained underutilized, indicating that BNPL is currently skewed toward non-essential, lifestyle-driven purchases.

## **6. Impulse Buying Behavior is Strongly Linked**

- A significant number (64%) of respondents agreed that BNPL encouraged impulsive buying.
- The availability of credit at checkout likely reduces friction in decision-making, prompting users to purchase items they may not otherwise afford immediately.

## **7. Weakness in Budget Planning Discipline**

- Only 23% of respondents consistently planned their budgets before making BNPL purchases.
- This insight reveals a key behavioral risk — that ease of access to credit may override financial foresight and planning.

## **8. Mixed Perceptions of Financial Impact**

- About 16.4% believed that BNPL improved their spending habits by giving flexibility.
- However, 24.6% reported worsened financial discipline, while 31.1% were unsure.
- This shows that for a considerable number of users, the long-term impact of BNPL on financial health remains ambiguous.

## **9. Occupational Influence on Behavior**

- Students and homemakers exhibited higher impulsiveness and weaker budget planning.
- Working professionals and business owners displayed more cautious behavior, likely due to regular income flow and greater financial literacy.

## LIMITATIONS OF THE STUDY

While this study offers valuable insights into consumer behavior toward Buy Now, Pay Later (BNPL) services, certain limitations must be acknowledged. These constraints may have affected the scope, depth, or generalizability of the findings and should be considered while interpreting the results.

### **1. Limited Sample Size**

The study was conducted with a total of 61 respondents. Although sufficient for basic statistical analysis and insights, the sample size is relatively small for generalizing conclusions across India's diverse population. A larger sample would have allowed for more robust statistical modelling and subgroup comparisons.

### **2. Non-Probability Sampling Technique**

The research relied on convenience sampling due to time constraints and accessibility. This non-random selection process may have introduced sampling bias. The findings are thus more reflective of digitally active users who were reachable online and may not accurately represent rural or digitally less-inclined populations.

### **3. Geographical Concentration**

Most responses were collected from urban and semi-urban regions where internet access and digital literacy are higher. As a result, the behaviors and perceptions of rural consumers—who may face different challenges with BNPL adoption—were underrepresented.

### **4. Self-Reported Data**

The study relied on participants' self-reported data regarding their budgeting habits, impulsiveness, and financial outcomes. Such responses may be subject to social desirability bias, recall errors, or personal interpretation, which can affect data reliability.

### **5. Limited Scope of Behavioral Factors**

While the study examined impulsiveness, budgeting, and platform preference, it did not explore deeper psychological or economic variables such as credit scores, debt burdens, financial anxiety, or risk tolerance. These could offer additional layers of insight in future research.

## 6. Cross-Sectional Study Design

The data was collected at a single point in time, making the study cross-sectional. As a result, it captures consumer behavior as it existed during the data collection period, but it does not account for changes over time, such as shifting habits or post-COVID payment trends.

## 7. Platform-Specific Insights Not Isolated

The study aggregated responses from multiple BNPL platforms (Amazon Pay Later, Simpl, Paytm Postpaid, etc.), but it did not isolate or compare user experiences for individual platforms. Platform-specific satisfaction or usability trends were therefore not deeply explored.

## **CONCLUSION AND RECOMMENDATIONS**

The rapid growth of Buy Now, Pay Later (BNPL) services in India represents a significant transformation in consumer finance, especially among younger, digitally active consumers. This research, conducted through a quantitative survey of 61 respondents, provides deep insights into how BNPL schemes influence consumer behavior, purchasing decisions, financial planning, and psychological tendencies.

A key takeaway from the study is that while awareness of BNPL is high (82%), actual usage is slightly lower (70.5%), revealing a gap between knowledge and trust or readiness to adopt such services. Platforms such as Amazon Pay Later and Paytm Postpaid emerged as leaders, favored for their accessibility and integration into commonly used digital ecosystems.

Demographic analysis highlighted that BNPL is predominantly used by individuals in the 18–34 age group, particularly students and working professionals. This aligns with broader trends in fintech adoption among digitally literate, convenience-driven, and mobile-first populations. However, a significant portion of users—especially students and homemakers—demonstrated weaker financial discipline, characterized by limited budgeting and increased impulsiveness, driven by the deferred payment model.

The study's correlation and regression analysis further validated that higher BNPL usage correlates strongly with impulsive buying behavior and is often associated with a decline in financial habits. This finding raises concern about the psychological framing of BNPL as a harmless convenience when it may, in fact, foster unhealthy financial patterns if left unchecked.

Interestingly, gender did not significantly affect satisfaction or likelihood to recommend BNPL, suggesting that once adopted, BNPL services appeal equally to both male and female users. In contrast, occupation played a crucial role—working professionals reported more balanced use and planning, while students and homemakers were more vulnerable to financial mismanagement, highlighting the importance of income stability and financial literacy.

Another critical insight is that BNPL usage remains skewed towards non-essential categories such as fashion, electronics, and travel. Its low penetration in sectors like healthcare or education shows that consumers still perceive BNPL as a lifestyle enhancer rather than a practical financial tool.

Despite these concerns, qualitative responses indicated that many users value BNPL for its ease of use, flexibility, and utility—when used responsibly. This emphasizes the need for better financial education, improved transparency, and responsible platform design.

## Recommendations for Consumers

### 1. **Adopt Conscious Spending Practices**

Consumers should view BNPL as a **tool for convenience**, not for impulsive indulgence. They are encouraged to make purchases only after evaluating actual needs and affordability.

### 2. **Prioritize Financial Planning**

Incorporating BNPL-related expenses into **monthly or weekly budgets** is critical. Users must set spending limits to avoid long-term repayment stress and potential defaults.

### 3. **Understand Terms and Penalties**

Many consumers ignore fine print. It is essential that users **read and understand all terms**, including interest-free periods, late fee structures, and credit score impacts.

### 4. **Limit Usage to Essential Categories**

BNPL should be **reserved for high-value or essential purchases**, such as home appliances, education, or emergency travel—not discretionary spending like fashion or accessories.

### 5. **Track Credit Usage**

Users should regularly monitor BNPL transactions and repayment schedules, possibly using spreadsheets or fintech apps to **track credit obligations** and avoid missed payments.

## Recommendations for Fintech Companies

### 1. **Integrate Smart Budgeting Tools**

BNPL apps should include **budget planners, spending dashboards, and AI-powered alerts** to help users stay financially disciplined. These can warn users when spending exceeds their average limits.

### 2. **Segmented Credit Offerings**

Create customized plans for different user types:

- Students: lower credit limits with educational repayment nudges.
- Professionals: higher limits with flexible repayment.
- Homemakers: installment models linked to utility or grocery categories.

### 3. **Simplify Fee Disclosures**

Replace legal jargon with **visuals and plain language** to explain fees, penalties, and consequences. Use infographics during onboarding to increase transparency.

#### 4. **Promote Responsible Use through Nudges**

Use behavioral nudges—such as reminders to pause before completing a BNPL transaction or reflective messages about prior repayments—to help users make conscious choices.

#### 5. **Enable Auto-Deduction & Reminders**

Incorporate features like **auto-debit for repayments**, email/SMS reminders, and due-date countdowns to ensure users do not miss payments.

#### 6. **Offer Credit Health Scores**

Integrate tools that show users their “BNPL Health Score” based on timely repayment, frequency of usage, and outstanding credit. This could gamify responsibility and improve retention.

### **Recommendations for Policymakers and Regulators**

#### 1. **Establish Regulatory Guidelines for BNPL**

A standardized framework should be developed by the RBI to **define BNPL as a distinct credit product**, with clarity on disclosure norms, credit checks, and penalty ceilings.

#### 2. **Mandate Pre-Usage Literacy Modules**

Before activating BNPL services, users should **complete a short mandatory financial literacy tutorial**, either through the app or through a recognized certification portal.

#### 3. **Monitor Platform Conduct**

Regulators should enforce **regular audits of fintech platforms** to ensure consumer protection, ethical marketing, and proper credit risk assessment.

#### 4. **Credit Reporting and Integration**

Require all BNPL platforms to report usage and repayment behavior to **credit bureaus**, helping consumers build or repair credit history transparently.

#### 5. **Promote BNPL for Priority Sectors**

Offer incentives to BNPL platforms that extend services to **essential sectors** such as education, healthcare, and agriculture. This will shift BNPL from a lifestyle product to a practical credit tool.

#### 6. **Strengthen Grievance Redressal Mechanisms**

Establish a fast-track BNPL complaint handling system, backed by **RBI or SEBI**, with clear timelines and escalation policies to resolve consumer disputes efficiently.

## Recommendations for the Broader Ecosystem

### 1. **Collaborate on Financial Awareness Campaigns**

Banks, fintech startups, and academic institutions can **jointly organize awareness drives** on responsible borrowing, especially targeting youth in Tier-2 and Tier-3 cities.

### 2. **Encourage Interoperability and Competition**

Promote **healthy competition** among BNPL providers by allowing users to compare platforms based on interest rates, repayment flexibility, and transparency, similar to how UPI apps are compared today.

### 3. **Incentivize Timely Repayment**

Platforms can offer **rewards or credit score boosts** for users who consistently repay on time, reinforcing disciplined behavior.

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## ANNEXURE

### QUESTIONNAIRE

Name \*

Your answer \_\_\_\_\_

Age: \*

- Below 18
- 18-24
- 25-34
- 35-44
- 45 and above

Gender: \*

- Male
- Female
- Prefer not to say

Occupation: \*

- Student
- Working Professional
- Business Owner
- Home Maker
- Other

Have you heard of Buy Now, Pay Later (BNPL) services? \*

- Yes
- No

Have you ever used a BNPL service (like Simpl, Paytm Postpaid, Amazon Pay Later, ZestMoney, etc.)? \*

- Yes
- No

Which BNPL platforms have you used? (You can select multiple) \*

- Simpl
- Paytm Postpaid
- ZestMoney
- Amazon Pay Later
- LazyPay
- Other
- I haven't used any

How frequently do you use BNPL services? \*

- Very Frequently
- Occasionally
- Rarely
- Never

What type of purchases do you usually make using BNPL? \*

- Electronics
- Automobiles
- Fashion & Accessories
- Education
- Travel & Tickets
- Other

Do you feel BNPL encourages you to make impulsive purchases? \*

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Do you feel more comfortable making bigger purchases when BNPL is available? \*

- Yes
- No
- Maybe

What do you think about BNPL as a financial tool? \*

- Very Useful and Safe
- Useful but Risky
- Risky and should be avoided
- No opinion

Do you plan your monthly budget before making BNPL purchases? \*

- Always
- Sometimes
- Rarely
- Never

Do you believe using BNPL has improved or worsened your financial habits? \*

- Improved
- No impact
- Worsened
- Not sure

Would you recommend BNPL to others? \*

- Yes
- No
- Maybe

Any suggestions or personal experience you'd like to share?

Your answer

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