



Unveiling the dynamics of buy now, pay later (Bnpl) services: Insights from Bilaspur, Chhattisgarh

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Abstract

The global digital revolution has ushered in a myriad of opportunities for individuals, particularly in the realm of digital payment and settlement systems. A pronounced shift towards a credit-centric economy aligns with the trajectory towards a cashless society. This transition has not only transformed retail customer behavior and financial markets but has also spurred the emergence of FinTech-driven solutions across various sectors, including banking, e-commerce, and online travel aggregation. Among these innovations, Buy Now Pay Later (BNPL) services have garnered increasing popularity, challenging traditional credit card usage. This study aims to comprehensively understand consumers' preference for BNPL services over alternative credit options. While BNPL offerings have gained substantial traction, particularly in Bilaspur, they face regulatory scrutiny due to concerns regarding consumer debt and financial stability. This paper examines the current landscape of the BNPL industry in Bilaspur, highlighting its benefits and drawbacks, alongside regulatory considerations and potential implications for consumers and the financial sector.

Keywords: Digital revolution, fintech, buy now pay later (BNPL), credit economy, cashless society, regulatory scrutiny, consumer debt, financial stability

Introduction

The adoption of Buy Now Pay Later (BNPL) services has surged in recent years, particularly among younger demographics, reshaping consumer credit dynamics in Bilaspur, Chhattisgarh, and beyond. BNPL enables individuals to make purchases and spread payments over time, devoid of interest or fees. This paper seeks to offer an encompassing overview of the burgeoning BNPL trend, delineating its advantages, drawbacks, and ramifications for the local economy. The proliferation of BNPL has left an indelible mark on Bilaspur's economy, fostering heightened consumer spending and furnishing an alternative credit avenue for residents. Moreover, it has catalyzed job creation and bolstered revenues for retailers, injecting vitality into the local business ecosystem. Nevertheless, apprehensions loom over the burgeoning consumer debt and the potential for predatory practices by unscrupulous lenders, underscoring the need for vigilant oversight. BNPL presents a double-edged sword for consumers, furnishing a seamless and adaptable approach to purchasing while harboring the risk of debt accumulation and credit score repercussions. While its ascendancy has undoubtedly buoyed the economy, consumers must exercise prudence and awareness to navigate its pitfalls effectively. Further research is imperative to fathom the enduring effects of BNPL on consumer finances and the economy, alongside fortifying regulatory frameworks to shield consumers from exploitation. The competitive landscape within the BNPL realm is intensifying, with a deluge of new entrants vying for market share. This burgeoning competition exerts

pressure on BNPL providers to proffer enticing terms, often straining profitability and culminating in the demise of inadequately managed entities. Regulatory compliance emerges as a paramount concern, as stringent adherence to consumer protection and data privacy statutes becomes imperative to avert legal entanglements and business failure. Data mismanagement poses an existential threat to BNPL firms, as lapses in safeguarding sensitive customer information can precipitate breaches and identity theft, eroding trust and reputation. Furthermore, opacity regarding fees and interest rates engenders consumer disillusionment, potentially deterring uptake and imperiling company viability. The susceptibility of BNPL providers to economic downturns exacerbates the precariousness of their operations, accentuating the need for robust risk management strategies. In light of these multifaceted challenges, proactive collaboration with stakeholders and innovative solutions are indispensable to surmount obstacles and foster broader adoption of BNPL payment modalities in Bilaspur, Chhattisgarh.

BNPL in Bilaspur Chhattisgarh

In recent years, Bilaspur, Chhattisgarh, has witnessed notable transformations in its online payment landscape, driven by the introduction of innovative payment methods by various FinTech firms. While traditional options such as debit and credit cards, universal payments interfaces (UPI), and mobile wallets remain prevalent, the emergence of Buy Now Pay Later (BNPL) has garnered increasing popularity. BNPL, also known as "Buy Now, Pay Later," offers

customers across all financial spectrums the ability to make purchases with greater flexibility. Despite the concept of BNPL existing for some time, it has only recently gained significant traction as a trendy and convenient payment option. Serving as an alternative to credit cards, BNPL simplifies the payment process for consumers. Statistics indicate that BNPL accounted for approximately 2% of global e-commerce sales in 2021 alone, signifying its growing importance in the digital payments landscape. Presently, over 50 businesses worldwide provide BNPL services, operating within conventional fiat systems. Regulatory initiatives by the Reserve Bank of India exert a considerable influence on the operations of BNPL companies in Bilaspur, Chhattisgarh, shaping the evolving regulatory framework surrounding this payment method. Despite regulatory challenges, the BNPL sector in Bilaspur, Chhattisgarh, is witnessing robust growth, with numerous businesses and FinTech platforms exploring various approaches within the BNPL space. E-commerce giants like Flipkart and Amazon India have introduced their BNPL offerings, complemented by dedicated BNPL startups such as Simpl, Lazypay, Zestmoney, and ePayLater. Additionally, established FinTech and payment companies like PhonePe (via Flipkart) and Paytm have ventured into this burgeoning industry, further enriching the BNPL landscape in Bilaspur, Chhattisgarh.

Statement of Problem

With the burgeoning credit industry in Bilaspur, Chhattisgarh, an increasing number of consumers and retailers are opting for Buy Now Pay Later (BNPL) services for their sales and purchases. This surge in BNPL services is not only impacting customers' financial well-being but also influencing their usage patterns of traditional credit services. Understanding the transition of consumers from conventional credit to BNPL and their preferences among BNPL service providers is crucial for discerning the factors that drive consumer choices in selecting these services. Additionally, equipping clients with insights into the implications of BNPL services on their financial health will empower them to make informed decisions regarding their financial well-being.

Objective of the Study

- Explore the dynamics of Buy Now Pay Later (BNPL) services in Bilaspur, Chhattisgarh, with a focus on consumer behavior, adoption rates, and market penetration.
- Assess the impact of BNPL services on the financial well-being of consumers in Bilaspur, Chhattisgarh, by analyzing their spending habits, debt management, and overall financial security.
- Examine the regulatory landscape governing BNPL services in Bilaspur, Chhattisgarh, and propose recommendations for enhancing consumer protection and ensuring responsible lending practices.

- Investigate the challenges and opportunities faced by BNPL service providers in Bilaspur, Chhattisgarh, and devise strategies to optimize service delivery, mitigate risks, and foster sustainable growth in the market.

Business Model of Buy Now Pay Later (BNPL)

The Buy Now Pay Later (BNPL) sector in Bilaspur, Chhattisgarh, has experienced rapid growth in recent years, mirroring the trend seen nationwide in India. The BNPL market witnessed an astonishing 569% growth rate in 2024 and a further 637% growth rate in 2025. However, this growth trajectory faced a significant setback on June 20, 2026, when the Reserve Bank of India (RBI) issued a directive prohibiting non-bank prepaid wallets and prepaid cards from offering credit lines. This regulatory action by the RBI raised questions about the shortcomings of the BNPL industry despite its rapid expansion. In examining the dynamics of income and purchasing power in the Indian market, it becomes evident that traditional credit products such as auto loans and credit cards have limited accessibility, with only a small percentage of the population having access to credit cards. BNPL companies identified this gap in the market and entered to address the needs of the majority of the population without access to traditional credit products. The BNPL model operates by allowing individuals to make purchases even without sufficient funds or a credit card. For example, if a person wishes to purchase a mobile phone priced at Rs. 10,000 but lacks the funds or a credit card, BNPL companies enable them to split the bill into four installments of Rs. 2,500 each over four months, without charging any interest. Despite offering 0% interest, BNPL companies generate revenue through commissions earned from merchants and penalties imposed on late payments. This innovative business model not only makes products more accessible to consumers with limited purchasing power but also boosts sales potential for merchants and profitability for fin-tech firms. However, the RBI's intervention highlights the regulatory concerns surrounding the BNPL industry, particularly regarding the payment ecosystem and the involvement of non-bank stakeholders in issuing prepaid instruments. This regulatory scrutiny sheds light on the potential risks and challenges associated with BNPL services in Bilaspur, Chhattisgarh, and the need for comprehensive regulation to ensure consumer protection and financial stability. The BNPL sector in the region is expected to face continued regulatory scrutiny and may need to adapt to evolving s regarding the payment ecosystem and the involvement of non-bank stakeholders in issuing prepaid instruments. This regulatory scrutiny sheds light on the potential risks and challenges associated with BNPL services in Bilaspur, Chhattisgarh, and the need for comprehensive regulation to ensure consumer protection and financial stability. The BNPL sector in the region is expected to face continued regulatory scrutiny and may need to adapt to evolving.

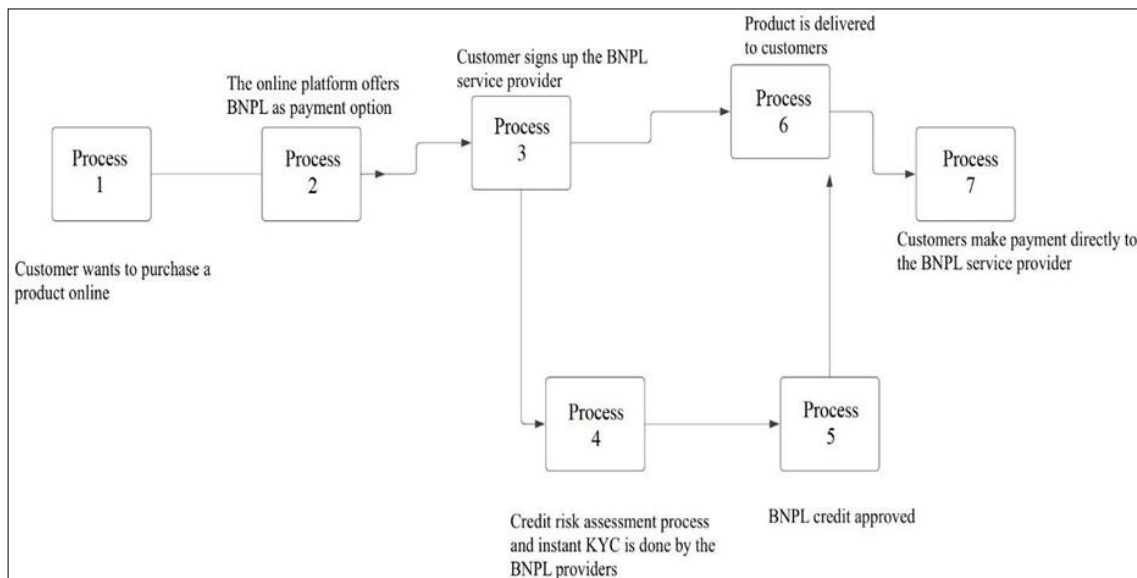


Fig 1: Business model of BNPL model

The majority of individuals eligible for Buy Now Pay Later features are likely younger than 25 years old and earn less than Rs. 25000 per month, suggesting they may not have credit cards. This raises concerns about extending credit to potentially financially irresponsible or underfunded individuals. The reckless usage of Buy Now Pay Later services can lead people into debt, as seen in overseas markets. In the US, one in three users reportedly miss payments; with 70% experiencing a drop in credit scores. These services significantly increase customers' order values. Affirm Holdings claims an 85% increase, while Klarna claims a 40% increase, indicating that users often exceed their budgets due to the convenience of Buy Now Pay Later. These trends suggest that India may face similar issues. This is why the RBI has prohibited these businesses from offering credit on their prepaid instruments.

Literature Review

Paramasivan (2019) discusses digital financial inclusion as the deployment of cost-saving digital means to reach financially excluded and underserved populations. This literature emphasizes the importance of providing formal financial services that are affordable and sustainable to various stakeholders, including banks, NGOs, and the public. Papich (2022) provides causal evidence of the effects of access to BNPL loans on the use and repayment of other forms of credit. Through empirical analysis, the study finds that BNPL access increases borrowing but also improves consumers' abilities to repay debts, suggesting responsible usage patterns among consumers. Pani (2022) presents a microeconomic model of BNPL consumers and firms, highlighting the strengths, opportunities, and challenges associated with BNPL products and services. The model underscores the attractiveness of BNPL, particularly in its simplest form of deferred payment; to all stakeholders. Gilbert & Scott (2022) analyze the impact of BNPL on financial well-being by investigating its relationship with over-indebtedness among young adults. Their findings suggest that over-indebtedness is more prevalent among BNPL users; especially those who use it poorly, indicating a need for enhanced consumer finance regulations. Hjorthol & Grøtan (2021) explore how BNPL credit payment options influence consumers' willingness to

incur debt, particularly among vulnerable consumer groups such as young individuals with lower levels of self-control and financial literacy. The study aims to contribute to societal understanding of consumer debt behavior in the context of BNPL usage. Ashby (2019) investigates the underlying psychological mechanisms influencing consumer spending behavior when using BNPL services. The study reveals that BNPL influences consumer perceptions of purchase affordability, leading to increased spending behavior such as higher purchase intent and the acquisition of more expensive items.

Research Methodology

For this analysis, we conducted a survey involving 100 individuals from Bilaspur, Chhattisgarh, both users and non-users of Buy Now, Pay Later (BNPL) services offered by various companies. We utilized online tools such as Survey Swap and Survey Monkey Anywhere to collect survey responses. Additionally, some responses were gathered offline through face-to-face interactions. In conjunction with the survey, we reviewed academic journals, research papers, and official government reports to gain insights into the operations of BNPL services in India. Both descriptive and analytical methodologies were employed in this investigation. To gather primary data, we distributed questionnaires to consumers in Bilaspur through social media platforms. Secondary data was obtained from newspapers, internet marketing publications, and contemporary literature. A total of 115 respondents provided relevant data, selected through practical sampling methods. The collected data were analyzed using statistical techniques such as one-way ANOVA and simple percentage analysis to draw insights and conclusions regarding the usage and impact of BNPL services among consumers in Bilaspur, Chhattisgarh.

Data Analysis & Interpretation

The survey has a total of 100 responses. The survey was taken randomly and the number of males and females are equal in number.

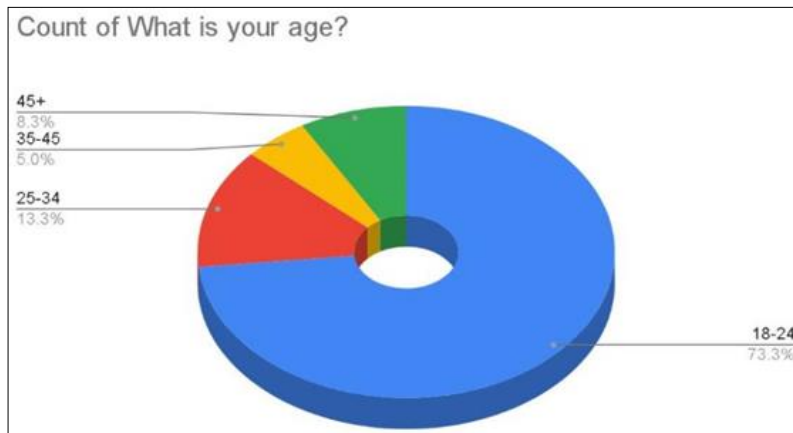


Fig 1.1: Age survey

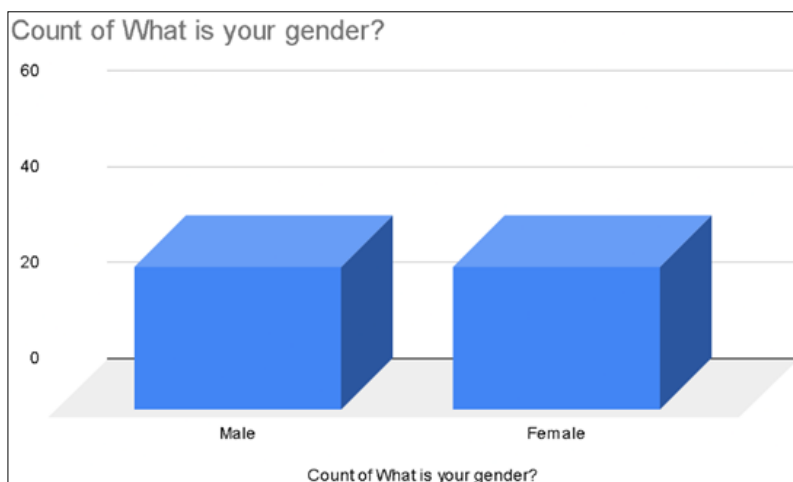


Fig 1.2: Gender survey

- Most of the people surveyed belonged to the younger generation.
- There are equal number of males and females in the survey.

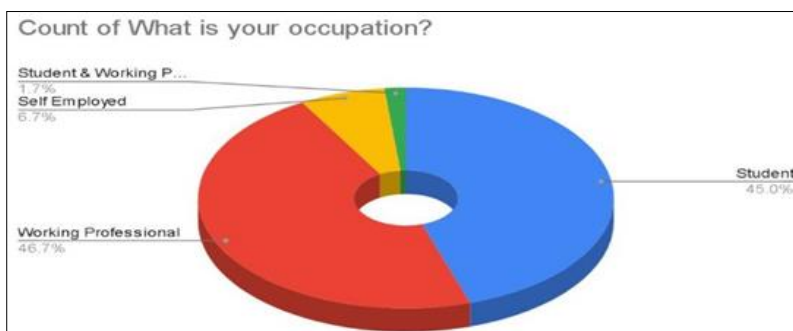


Fig 1.3: Occupation survey



Fig 1.4: Usage of BNPL survey

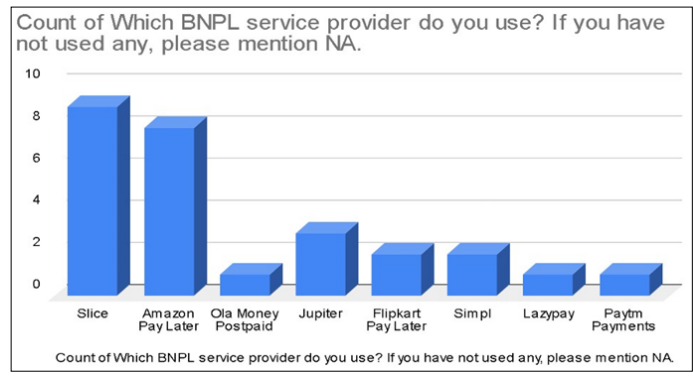


Fig 1.5: BNPL service provider survey

- Since the majority of the BNPL users belong to the working class, there is good financial knowledge among people and as a result the problem of debt is less.
- BNPL's business in India has also grown rapidly in recent years, with several companies offering similar services, including Slice and Amazon Pay Later.

According to a report by RedSeer Consulting, the value of the BNPL business in India is expected to reach \$7.3 billion in 2020 and \$30 billion by 2025. Slice has raised substantial capital and has over 5 million users on its platform. It offers a variety of payment options and features, including grace-free EMI options, virtual and physical cards, and cashback rewards, among others

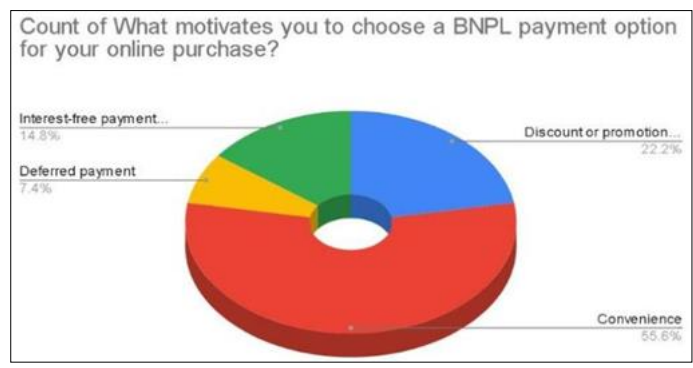


Fig 1.6: Motivation of using BNPL survey

Motivation for Using BNPL

- **Flexibility:** BNPL services offer the flexibility to make purchases without having to pay the full amount upfront, which can be motivating to those people who want to spread out their payments.
- **Convenience:** BNPL services offer a seamless

checkout process that eliminates the need to enter credit card information for every purchase.

- **Budgeting:** BNPL services can help people budget for large purchases by splitting them down into more simple and smaller instalments.
- **Rewards:** Some BNPL services offer cashback rewards or other incentives for using their service.

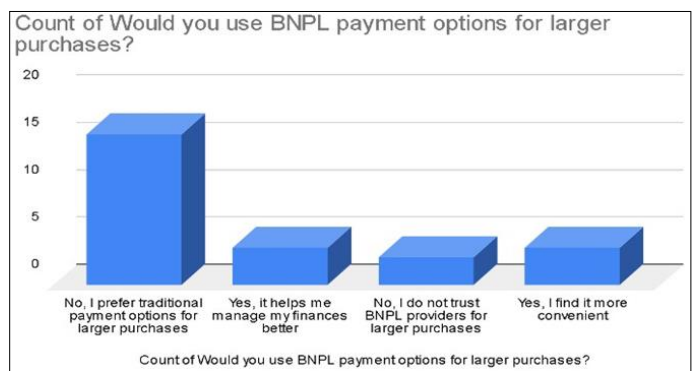


Fig 1.7: Using BNPL for larger purchase

BNPL for Large Purchases

- **Easier budgeting:** By breaking down a large purchase into smaller, more manageable payments, BNPL can help consumers budget more effectively.

- **Lower upfront costs:** BNPL allows consumers to make large purchases without having to pay the full amount upfront, which can be beneficial for those who don't have the cash on hand.

- **Potentially lower interest rates:** Some BNPL providers may offer lower interest rates compared to traditional credit cards, making them a more affordable option for financing large purchases.
- **No collateral required:** BNPL generally does not require collateral, such as a house or car, which can make it a more accessible option for those who do not have assets to use as collateral.
- **Longer repayment terms:** Most credit cards offer longer repayment terms than BNPL services, which can make managing overdue payments easier. For example, many credit cards allow you to pay off your balance over months or years.
- **Higher credit limits:** Most credit cards have higher credit limits than BNPL services, which is good for large purchases. With sufficient capacity, you can pay your big purchases with your credit card without using BNPL.
- **Rewards:** Many credit cards offer rewards that allow you to earn cash, points or miles when you shop. Depending on the credit card, these rewards can be substantial and help cover the cost of major purchases.

Findings

- The survey reveals a balanced distribution of males and females in Bilaspur, Chhattisgarh, with a notable representation from the younger demographic, indicating potential tech-savviness and openness to adopting new financial services.
- Although specific occupational data is lacking, it's inferred that a significant portion of respondents belongs to the working class, suggesting a demographic with better financial literacy and a higher likelihood of utilizing Buy Now, Pay Later (BNPL) services.
- BNPL services are gaining popularity among the working class in Bilaspur, possibly due to their perceived benefits such as flexibility, convenience, and assistance in budgeting for significant purchases.
- The BNPL market in India is experiencing rapid growth, with multiple companies offering similar services, presenting a lucrative opportunity for local businesses in Bilaspur to capitalize on this emerging trend

Suggestions

- Local businesses in Bilaspur should consider integrating BNPL options into their payment systems to cater to the preferences of the younger demographic and the working-class population.
- Despite the good financial knowledge among working-class individuals, ongoing financial education is necessary to ensure responsible usage of BNPL services and mitigate potential debt issues.
- Businesses in Bilaspur can explore partnerships with BNPL service providers like Slice or Amazon Pay Later to offer exclusive deals or discounts, thereby attracting more customers and fostering growth.
- Emphasizing the rewards and incentives offered by BNPL services can help attract more users.

- Collaborating with BNPL providers to create customized reward programs tailored to local preferences can further enhance adoption. Additionally, ensuring transparency regarding terms and conditions of BNPL services and providing excellent customer support will build trust among consumers and encourage more usage.

Limitations

- **Limited demographic representation:** Data collected solely from Bilaspur may not accurately represent the diverse population of India, potentially overlooking unique regional characteristics or consumer behaviors.
- **Sampling bias:** Despite efforts to randomize respondents, inherent biases may exist due to survey location, timing, or demographics considered, potentially leading to skewed results
- **Scope of survey questions:** The survey's focus on specific aspects like motivations and demographics may overlook other critical factors such as financial literacy or attitudes towards credit, limiting the depth of understanding.
- **Reliance on self-reported data:** The survey's reliance on self-reported information introduces the possibility of recall or social desirability biases, potentially affecting the accuracy of reported BNPL usage and motivations.

Conclusion

In conclusion, our research conducted in Bilaspur sheds light on the dynamics of BNPL (Buy Now, Pay Later) services within a specific demographic and geographic context. We observed that BNPL is primarily utilized by young working professionals, with a potential interest among students albeit hindered by financial constraints. Notably, BNPL usage for smaller purchases is preferred over larger ones, as it offers convenient deferred payment options without imposing significant debt burdens. The study also reveals a distinct preference for credit cards among older populations, attributed to familiarity and technological aversion to newer payment systems. As BNPL services continue to gain popularity, it is crucial to acknowledge the associated risks, including the potential for debt accumulation and financial instability. However, our analysis suggests that BNPL services have the potential to be a responsible and sustainable payment option if certain measures are implemented. Clear and transparent terms and conditions, rigorous credit checks, flexible repayment alternatives, enhanced financial education, improved customer service, and collaboration with merchants are identified as crucial steps for BNPL providers to prioritize. By adopting these measures, BNPL services can empower consumers to make informed financial decisions, effectively manage their payments, and mitigate unforeseen circumstances. Ultimately, the viability of BNPL services hinges on striking a delicate balance between convenience and responsibility, ensuring they remain a viable long-term option for consumers. As BNPL services continue to evolve and expand; further research is warranted to assess their impact on consumer behavior, financial well-being, and broader economic dynamics. By addressing the challenges

and opportunities highlighted in this study, BNPL providers can contribute to a more inclusive, accessible, and sustainable financial ecosystem for individuals, in Bilaspur and beyond.

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