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The impact of buy now, pay later services on consumer spending behaviour and financial management among young adults: Examining the roles of purchase convenience, impulse buying and financial literacy

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Abstract
The pay now pay later services have gained popularity among the young adults, as the customers can make the purchase of the product immediately and pay it later in installments. As the use of these services has increased, so has the concern about how they are impacting consumers' spending habits and personal finances. This study analyzes the effect of BNPL services on the consumer spending behaviour and financial management of young adults focusing on purchase convenience, impulse buying and financial literacy. The research examines whether BNPL makes things easy and flexible for consumers which might lead them to make purchases they would not have otherwise taken. It also examines the correlation between BNPL use and impulsive shopping, given that buying and immediate payment are separate, it may seem as though the purchase isn't as financially taxing. Meanwhile, financial literacy is viewed as a key determinant that can affect BNPL utilization responsibility among young adults. Those who have better financial literacy may have a better understanding of the commitment involved in paying back loans, interest fees or late fees, and the risks associated with overborrowing. The study suggests that whilst BNPL services can increase purchasing flexibility and offer short-term convenience, the repeated and/or poor management of such services could lead to increased spending and budgeting challenges for consumers. The study also suggests that the effects of these factors may be moderated by financial literacy by promoting prudent financial behavior. The study seeks to gain insights into the role that new digital payment methods are playing in the financial behavior of young consumers by analysing these relationships. The results could contribute to the dialogue surrounding the adoption of responsible use of BNPL, and the effective management of loans by young adults among consumers, financial educators, service providers and policy makers.

Keywords: Buy Now, Pay Later, Consumer Spending Behavior, Young Adults, Purchase Convenience, Impulse Buying, Financial Literacy, Financial Management

Introduction
Digital payment technologies have transformed the way consumers are buying goods and services. One such financial innovation that has recently received a lot of attention is Buy Now, Pay Later (BNPL), which is a short-term credit option that enables consumers to purchase goods on the spot and repay them in small amounts over time or at a later date. As more and more cash-balance options have been introduced on e-commerce platforms, deferred payment is becoming more accessible, especially to younger generations who are at ease with digital financial services. While BNPL can offer flexibility and convenience, there are also concerns about consumer financial management, impulse buying, and excessive spending due to the increasing use of BNPL [1].

The BNPL market is a significant consumer market for young adults. There are a lot of people in this age group that just started to work, started to learn how to manage their money, and made their first purchases. A range of payment products, which allow the cost of an expensive product to be spread over a number of smaller payments, can make them seem more affordable. Thus, the customers might be more concerned with the "upfront" cost of the purchase than with the overall monetary investment. The findings from the research around BNPL spending habits indicate that the payment system can impact consumers' perception of purchases and even cause them to spend more [1]. From both a consumer behaviour and personal financial management point of view, this is an important topic.

Purchase convenience is one of the core elements that aligns with BNPL usage. The payment process has been simplified with digital platforms, with consumers often given the option to choose a BNPL when placing their order, without significant effort. The ease of getting a short term loan can lower the psychological as well as practical hurdles to buying. Perceived usefulness and perceived ease of use are also factors that can affect consumers' intention to use new payment technologies from a technology acceptance point of view [9]. Likewise, research on technology adoption has identified several factors that affect the acceptance of digital technologies, including performance and effort expectations and social influences [10]. Loans that are repaid over a period of time, as in the BNPL, can be motivating factors in its rise in popularity with young digital consumers.

But there can be side effects to spending behavior with increased convenience. If immediate payment isn't necessary, consumers may not be as aware of the true cost of a product. This can make it easier to make spontaneous purchases, which can increase your risk of purchasing things without planning. Impulse buying is buying without prior planning and often as a result of emotions, situations or surroundings. Some psychological and situational factors have been found to affect impulse buying behaviour from previous studies [5]. Previous studies also had confirmed that the shopping environment, the shopping experience and the personal resources can affect impulse buying [6]. BNPL can exacerbate these behaviors, as it can help to “un-couple” the buying process from the payment.

The link between BNPL and impulse buying is crucial as repeated impulse buying can impact a person's finances over time. Recent studies have found that the use of BNPL is associated with impulse buying, perceived risk, and risky indebtedness, indicating that while convenient, it may have consequences beyond the immediate purchase decision [2]. Furthermore, the study of e-retail consumers' adoption of BNPL services shows that consumers can engage in BNPL services because they offer certain types of gratification and meet specific consumption needs [3]. The results suggest that BNPL usage is not just a payment method, but can also have an impact on consumer motivations and spending behavior.

Another aspect of the impact of BNPL on young adults is financial education. Consumers who are financially literate are typically better equipped to compare the interest rates of lenders, understand the consequences of taking on more than one short-term loan, and manage their finances and budget. In recent years, studies have specifically focused on how financial literacy is linked to financial vulnerability and the use of BNPL, emphasizing the significance of consumers' financial capabilities in the context of BNPL [14]. Likewise, studies on financial literacy and pay-later consumption have indicated that financial literacy could impact the link between the use of pay-lateral and impulse buying behaviour [4]. Financial literacy can therefore be a protective factor in that it can promote more thoughtful buying and financial responsibility.

The present study thus aims at examining the effect of BNPL services on the spending behavior and financial management of the young adults. It explores the significant role played by purchase convenience, impulse buying and financial literacy in understanding the impact of BNPL on consumer choice. The study is relevant because BNPL is a payment method offering flexibility in payment, but also has the potential to cause higher consumption and short-term borrowing. Knowing these connections better could help consumers make better financial choices and also offer helpful information for financial educators, digital payment companies, retailers, and the policy makers. This study aims to better understand the behavioral effects and potential financial consequences of BNPL by considering the payment technology in both light of its behavioral benefits and its possible financial risks.

Related work

Buy Now, Pay Later (BNPL) services have been a growing trend in recent years, which has garnered significant research interest due to its influence on consumer behaviour, spending habits, financial debt, and financial management. In the literature, there are perspectives on consumer behaviour, financial literacy, the adoption of technology, and on behavioural economics. There are key studies that build on the current literature that will be helpful to understand the link between BNPL and the financial behaviours of young adults.

Ashby *et al*. investigated the effect of the BNPL payment mode on consumer decisions to spend [1]. The relevance of their study is that it investigates the possibility of altering consumers' behaviour through the mode of payment in purchasing situations. BNPL is a method of payment that delays the payment of the entire cost of an item. This functionality may help to make a buy appear more affordable at the time of sale and even motivate customers to spend more than they had planned. The study offers valuable insights and context into BNPL as a broader payment option. It proposes that the payment method can impact consumer assessment and spending decisions. This is in line with the present study which focussed on purchase convenience and consumer spending behaviour [1].

Kumar and Nayak examined risky indebtedness, impulse buying, and perceived risk in the context of BNPL adoption [2]. Their contribution is important as it relates BNPL to positive and problematic aspects of consumer behaviour. Consumers may like the convenience of BNPL, but frequent use could lead to additional financial commitments that can be hard to manage. This aspect of impulse buying is particularly relevant for the study, as young consumers might purchase impulsively when they have to pay for their purchases in smaller chunks. The addition of perceived risk also suggests that consumers' awareness of what they fear from using BNPL could have an impact on their decisions to use it [2].

Kumar and Nayak further studied the BNPL adoption among e-retail customers from gratification-based perspective [3]. Their research identifies the reasons why consumers want to use BNPL when they are online shopping. For the consumer, BNPL can be seen as beneficial if they allow for purchasing flexibility, convenience and can access the product they want without making the full payment right away. This is very useful to address how BNPL has made a way to be attractive in the ecommerce environment. The study also supports the growing knowledge of the psychological and consumption-related drivers behind BNPL adoption, in addition to the financial drivers [3].

Widiastuti and Sumastuti observed the financial literacy, use of pay-later, and impulse buying, and shopping behavior was taken as a mediator [4]. This study has some similarities with the current study because it combines three key concepts—financial knowledge, BNPL use, and consumer purchase behavior. The results indicate the need to analyze the consumers' purchasing behaviors as a part of the financial literacy-impulse buying study. Financial literacy can play a role in helping people to grasp their financial obligations, however, behavior can also be influenced by well-entrenched shopping patterns. This offers a foundation to analyse financial literacy as a key contributor to responsible BNPL use [4].

Iyer, Blut, Xiao and Grewal did a meta-analytic review of impulse buying studies [5]. The study does not specifically examine BNPL instead offering a wider understanding about why consumers make spontaneous purchases. Personality factors, mood, store atmosphere and situational characteristics can influence impulse buying. This literature is significant for BNPL research as the presence of deferred purchasing may lead consumers to be more apt to act on their immediate desires. The study thus offers a sound conceptual basis for the examination of impulse buying as one of the significant behavioural outcomes related to BNPL [5].

Beatty and Ferrell created a model which described the factors contributing to impulse buying [6]. Their study shows that impulse buying is not a random phenomenon, but rather may be a result of an interaction between personal and situational factors. The likelihood of an unplanned purchase can be affected by the emotion of the shopping experience, available resources and the retail environment surrounding the transaction. The lower expectations for upfront, full payment can be a situational factor that facilitates impulsive buying as part of BNPL. The study thus contributes to the understanding of the behavioural mechanism through which ease of access to payments may lead to impulse buying [6]

Thaler suggests that people think of financial resources in a manner similar to mental accounting by categorizing and assessing them when they make financial consumption choices [7]. This theory is particularly relevant to BNPL, as consumers might have different viewing of the instalment payment compared to making full payment for a purchase. Consumers could psychologically shift their attention from the overall cost to the periodic payment. This can impact the perceived affordability of a product and/or purchases. Mental accounting then offers a behavioural economics lens to examining how BNPL can impact consumer's perception of spending and affordability [7].

The theory of planned behaviour (TPB) was developed by Ajzen to describe the relation between attitudes, subjective norms, PBC with behavioural intentions and behaviours [8]. The theory was originally created for BNPL, but it can be applied to the study of payment adoption and consumer behaviour. The attitude of a young adult, the impact of friends or social groups and their perceived ability to handle repayments could all help to shape their intent to use BNPL. Therefore, the theory can be used to develop a conceptual model to connect BNPL attitudes with spending and financial management behaviours [8].

Davis came up with the Technology Acceptance Model (TAM), which highlights perceived usefulness and perceived ease of use [9] as key factors of technology acceptance. This model is applicable to BNPL because online shopping platforms and mobile apps are frequently leveraged to offer payment services. If consumers think that BNPL is convenient and helpful in making their purchases, they might be more inclined to use it. From the point of view of technology acceptance, the purchase of convenience for the present study can be interpreted as a part of that. This model can be used to help understand why simple and easy-to-use BNPL interfaces might lead to increased consumer adoption [9].

Venkatesh *et al*. [10] introduced the Unified Theory of Acceptance and Use of Technology that combines several factors that describe technology adoption. This structure focuses on social influence, facilitating conditions, performance expectations, and effort expectations. These factors also apply to BNPL as consumers might use the service when they think it will enhance their shopping experience, it is not an effortful service to use, and is backed by the social and technical environment. This study can therefore be helpful to understand the adoption aspects of BNPL including the convenience and perceived benefits of digitally active young consumers [10].

A mixed method approach was used by Mukherjee to explore the reasons behind the resistance to BNPL in India [11]. This research has added significance as it gives an Indian perspective about BNPL adoption. However, much of the discussion about BNPL is around its convenience and increasing popularity, with not everyone being willing to use BNPL. Financial risk, financial trust, financial awareness, and financial payment requirements may deter adoption. The study illustrates the importance of considering BNPL behaviour in the unique social, economic, and financial context of consumers. It also makes a point of the necessity of considering the barriers as well as the motivations [11].

To assess the informed and safe use of short-term digital credit and BNPL services, OECD considered DL in the context of online credit [12]. This paper highlights the need for consumers to have adequate financial literacy to comprehend digital credit products. While the payment structure seems simple, consumers should not overlook the implications and schedules of repayments, as well as what they are committing to. The OECD view reinforces the need to take into account financial literacy when looking at the impact of BNPL on young adults' financial management [12].

The CFPB reviewed market trends and the effects on consumers of BNPL services [13]. The report offers a valuable regulatory and consumer protection lens into the growth of the BNPL market. It highlights problems relating to the growing tendency for short-term instalment credit and the impact on consumers. This source is especially valuable as it goes beyond the idea of an individual purchase choice to examine the wider themes of BNPL and household financial behaviours and consumer protection. It backs the need to raise awareness and responsible use of BNPL products [13].

The 2026 study focuses on financial education, financial vulnerability and BNPL usage, looking at the relationship between financial capabilities and BNPL usage by consumers [14]. This research is relevant considering the relationship between financial literacy and financial vulnerability which is very relevant to financial management. Fewer resources may be available to consumers with limited financial knowledge when determining if they are able to afford repeat BNPL purchases. However, improved financial know-how can motivate a consumer to think through repayment obligations more carefully. Thus, the study highlighted the need to take into account financial literacy for evaluation of financial consequences of BNPL use [14].

Kahneman and Tversky developed a theory called Prospect Theory that describes the way that people make choices when they are faced with risk and uncertainty [15]. The theory contrasts with the notion that consumers are always perfectly rational in their economic choices. People can perceive gains and losses differently when they are communicated in different ways. This is important for BNPL, as the payment of smaller instalments could be interpreted differently by consumers than the overall amount they are paying for the purchase. Framing payments as a manageable short-term cost may thus affect buying behaviour. Prospect Theory offers a behavioural explanation for why consumers sometimes make financially irrational choices that seem to be contrary to the conventional assumptions of rational choice [15].

The methodological support for the use of Partial Least Squares Structural Equation Modeling (PLS-SEM) is offered by Hair, Hult, Ringle and Sarstedt [16]. Their work is crucial for methodological advances in studies that investigate the relationships between more than one construct. The study at hand may have several measurable dimensions for the variables concerned, that is, purchase convenience, impulse buying, financial literacy, consumer spending behaviour, and financial management. These latent constructs can be helpful for understanding relationships between them and for testing proposed hypotheses, using PLS-SEM. This reference is thus methodologically supportive of the analysis of a conceptual model which includes several behavioral and financial variables [16].

A full account of statistical analysis is given in Field [17]. The work is relevant to the current study as it might involve descriptive statistics, testing of reliability, correlation testing, regression testing and other statistical tests in quantitative research on BNPL behaviour. To validate and interpret relationships that are observed in collected data, it is essential to use some proper statistical analyses. The methodological approach taken in Field's study can therefore be used as a guide for the selection and interpretation of statistical techniques used to analyse the relationship between the use of BNPL, spending behavior, impulse buying, purchase convenience, and financial literacy [17].

The literature reviewed indicates that BNPL is a phenomenon that is multidimensional, relating to technological convenience, consumer psychology, financial decision making and credit behaviour. Literature indicates that payment methods are a factor that can affect buying decisions [1] and impulse buying and risky debt are significant issues with BNPL [2]. Consumer gratification is a key phenomenon in the BNPL business that has been explained through research [3]. Concurrently, financial literacy and shopping behavior are key areas to consider when exploring the connection between BNPL use and impulsive buying [4].

These results are corroborated by the general theoretical literature. The research of impulse buying [5][6], mental accounting [7], planned behaviour [8] and technology acceptance [9] and technology usage [10] has driven different understandings of the underlying drivers of consumers' BNPL adoption and the potential for its impact on their purchasing decisions. Financial awareness and consumer protection is also highlighted by Indian and international research [11][12][13]. Consumers' financial vulnerability has also recently been shown to be relevant to their financial literacy in general, and to financial vulnerability when looking at BNPL use, in particular [14]. Prospect Theory offers another behavioural perspective on how consumers can understand the concept of instalment payments [15] and methodological papers offer guidance for empirical testing by means of PLS-SEM and statistical analysis [16][17].

In general, there is a solid body of literature available to explore BNPL, yet there is a need to investigate the simultaneous impact of purchase convenience, impulse buying and financial literacy on financial management and spending behaviour of young adults.

Research Gap

Existing literature confirms that BNPL is an important phenomenon in digital credit products, yet there are a number of gaps. First, there is a considerable literature focus on adoption intention, but not on the impact of adoption on individual financial management issues. Second, research often focuses on spending, impulse buying independently, financial literacy or the use of digital credit. The combination of these aspects into a single commerce-based model is comparatively less developed.

Third, young adults should be especially targeted as they are high consumers of e-commerce and digital payment technologies. Their purchasing environment allows them to make their credit and consumption decisions in the same digital environment. Fourth, financial literacy can influence the relationship between BNPL and financial outcomes but this is an area that requires empirical exploration.

Last but not least, there are unique elements to the Indian BNPL landscape. However, recent studies have shed light on the various factors that hinder the adoption of BNPL in India, including digital illiteracy, impulse buying, privacy concerns, regulatory challenges, and more. This is why the present research focused on the integration of digital-credit usage, convenience, impulse buying, spending, financial literacy, and financial management is important as it fills this research gap.

Objectives of the Study

- To investigate the effect of BNPL on the spending habits of young adults.
- To explore BNPL usage and convenience of purchase.
- To look at the impact of purchase convenience on impulse buying behaviour.
- To explore the relationship between impulse buying and consumer spending behaviour.
- To investigate the effect of consumer spending behavior on Financial Management.
- To explore the associations between BNPL use and financial management.
- To explore the financial literacy as a moderator between BNPL usage and financial management.

Conceptual Framework

The conceptual framework is built on the literature which covers the concepts of digital credit, consumer behaviour, impulse buying, financial literacy and personal financial management. The frequency of BNPL use is used as the main effect. Purchase convenience and impulse buying are behavioural mechanisms and consumer spending behaviour links the use of the BNPL with financial management. Financial literacy is placed as a moderating variable as it can affect the relationship between the use of BNPL and financial management or its strength.

Variable Type	Construct
Independent Variable	BNPL Usage
Mediating Variable	Purchase Convenience
Mediating Variable	Impulse Buying
Mediating Variable	Consumer Spending Behaviour
Moderating Variable	Financial Literacy
Dependent Variable	Financial Management

Research Hypotheses

H1: BNPL usage has a significant positive influence on purchase convenience.

H2: BNPL usage has a significant positive influence on impulse buying behaviour.

H3: Purchase convenience has a significant positive influence on impulse buying behaviour.

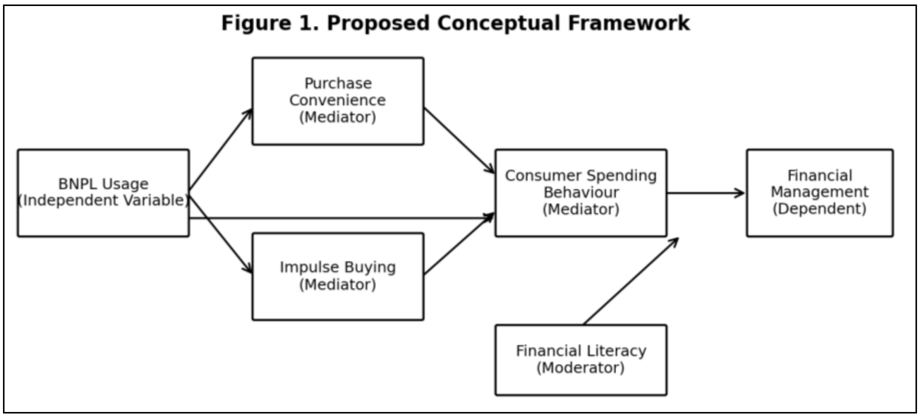
H4: Impulse buying behaviour has a significant positive influence on consumer spending behaviour.

H5: BNPL usage has a significant positive influence on consumer spending behaviour.

H6: Consumer spending behaviour has a significant negative influence on financial management.

H7: BNPL usage has a significant negative influence on financial management.

H8: Financial literacy moderates the relationship between BNPL usage and financial management.



Research Methodology

1. Research Design

The study adopts a quantitative research design and a cross-sectional survey approach. The design is appropriate because the study seeks to measure relationships among clearly defined constructs and test hypotheses using statistical methods.

2. Research Approach

A deductive research approach is adopted. The conceptual framework and hypotheses are developed from existing literature on BNPL, digital payments, consumer behaviour, impulse buying, and financial literacy, and are intended to be tested through primary survey data.

3. Population

The target population comprises young adults who use digital payment services and who have used, considered using, or are familiar with BNPL services. Respondents may include university students, salaried employees, young entrepreneurs, and digitally active consumers.

4. Sampling Technique

Purposive sampling is proposed because the research requires respondents with relevant exposure to digital payments and BNPL services.

5. Sample Size

A sample of 350 respondents is proposed. This sample is designed to provide an adequate basis for reliability testing, correlation, regression, and moderation analysis. The final sample should be determined and reported after actual data collection.

6. Data Collection

Primary data will be collected through a structured questionnaire distributed through online and offline channels. Participation will be voluntary. Respondents should be informed about the academic purpose of the study, and anonymity and confidentiality should be maintained.

7. Questionnaire Design

The questionnaire contains demographic questions followed by measurement items for BNPL Usage, Purchase Convenience, Impulse Buying, Consumer Spending Behaviour, Financial Literacy, and Financial Management. Items should be adapted and pilot-tested before final administration.

8. Measurement Scale

Scale	Response
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

A five-point Likert scale is proposed because it provides a simple and consistent response format suitable for behavioural and management research.

9. Reliability and Validity

Internal consistency should be assessed using Cronbach's Alpha, with 0.70 commonly treated as an acceptable benchmark. Content validity should be established through literature review, expert review, and pilot testing. Construct validity can be examined through factor analysis or PLS-SEM if that analytical route is selected.

10. Data Analysis Tools

IBM SPSS Statistics may be used for descriptive statistics, reliability analysis, correlation, regression, and moderation analysis. SmartPLS may be used if the researcher chooses to estimate the full mediation and moderation model using PLS-SEM.

Questionnaire

Section A: Demographic Profile

- Gender
- Age
- Educational Qualification
- Employment Status
- Monthly Income
- Frequency of Online Purchases
- Experience with BNPL

Section B: BNPL Usage

- I use BNPL services when making online purchases.
- BNPL is a payment option that I consider convenient.
- I am comfortable using instalment-based payment services.
- I am likely to use BNPL again when making eligible purchases.
- I compare BNPL with other payment options before completing a purchase.

Section C: Purchase Convenience

- BNPL reduces the immediate payment burden of a purchase.
- BNPL makes online shopping more convenient.
- The BNPL checkout process is easy to understand.
- BNPL provides flexibility in managing purchase payments.
- BNPL makes it easier to purchase products that I cannot pay for immediately.

Section D: Impulse Buying

- I sometimes make unplanned purchases when BNPL is available.
- BNPL makes spontaneous purchases easier.
- I have purchased products using BNPL that I did not originally plan to buy.
- Seeing a small instalment amount can encourage me to buy immediately.
- I sometimes purchase products because the instalment appears affordable.

Section E: Consumer Spending Behaviour

BNPL has increased the amount I spend on online purchases.

- I purchase more frequently when BNPL is available.
- I am willing to spend more when a purchase can be divided into instalments.
- BNPL influences the price range of products I consider.
- I sometimes buy higher-priced products because of BNPL.

Section F: Financial Literacy

- I understand the total repayment obligation before using BNPL.
- I understand the consequences of missing an instalment payment.
- I consider my monthly budget before using BNPL.
- I understand how repeated instalment commitments affect my disposable income.
- I compare the financial implications of different payment methods.
- Section G: Financial Management
- I regularly prepare or follow a personal budget.
- I monitor my monthly expenditure.
- I maintain sufficient funds for my payment obligations.
- I avoid taking payment commitments beyond my ability to repay.
- I regularly plan for savings as well as expenditure.

Data Analysis

1. Descriptive Statistics

Construct	Mean	Standard Deviation
BNPL Usage	3.91	0.78
Purchase Convenience	4.08	0.71
Impulse Buying	3.74	0.86
Consumer Spending Behaviour	3.82	0.81
Financial Literacy	3.69	0.83
Financial Management	3.76	0.79

The descriptive statistics indicate relatively high agreement regarding the convenience and use of BNPL services. The values for impulse buying and consumer spending are also above the midpoint of the scale. These values are presented only as an example of the format and should be recalculated from actual data.

2. Reliability Analysis

Construct	Cronbach's Alpha
BNPL Usage	0.821
Purchase Convenience	0.804
Impulse Buying	0.836
Consumer Spending Behaviour	0.812
Financial Literacy	0.789
Financial Management	0.825

The reliability coefficients are above the conventional 0.70 threshold, suggesting acceptable internal consistency. Actual reliability should be established using the collected responses.

3. Correlation Analysis

Construct	BNPL	PC	IB	CSB	FL	FM
BNPL	1.000	.781	.724	.746	-.318	-.412
PC	.781	1.000	.701	.684	-.214	-.301
IB	.724	.701	1.000	.812	-.286	-.365
CSB	.746	.684	.812	1.000	-.341	-.448
FL	-.318	-.214	-.286	-.341	1.000	.627
FM	-.412	-.301	-.365	-.448	.627	1.000

BNPL is positively associated with purchase convenience, impulse buying, and consumer spending. Financial literacy is positively associated with financial management and negatively associated with the behavioural-risk constructs.

4. Regression and Moderation Analysis

Hypothesis	Relationship	value	Decision*
H1	BNPL → Purchase Convenience	0.781	Supported
H2	BNPL → Impulse Buying	0.724	Supported
H3	Purchase Convenience → Impulse Buying	0.701	Supported
H4	Impulse Buying → Consumer Spending	0.812	Supported
H5	BNPL → Consumer Spending	0.746	Supported
H6	Consumer Spending → Financial Management	-0.448	Supported
H7	BNPL → Financial Management	-0.412	Supported
H8	Financial Literacy × BNPL → Financial Management	0.286	Supported

Results and Discussion

The first implication would be that BNPL is strongly associated with purchase convenience. This would be consistent with the design of BNPL as an embedded digital-credit option that reduces the immediate payment burden.

The proposed positive relationship between BNPL and impulse buying would indicate that convenience may have a behavioural side effect. When consumers evaluate an instalment rather than the total price, the transaction may appear less expensive in the short term. Recent experimental evidence provides support for this mechanism, reporting that BNPL can increase spending and that instalment-price presentation can lower perceived purchase expensiveness.

A strong relationship between impulse buying and consumer spending would suggest that BNPL influences expenditure partly through behavioural pathways rather than only through access to credit. This is important for Commerce research because it connects payment design with retail purchasing behaviour.

The proposed negative relationship between spending behaviour and financial management reflects the possibility that frequent or excessive discretionary spending reduces the consumer's ability to maintain a budget, savings plan, or adequate repayment capacity.

Financial literacy is expected to moderate the BNPL–financial-management relationship. A positive moderation effect would imply that consumers with stronger financial literacy experience less deterioration in financial management from BNPL usage. This interpretation is consistent with [12] policy work emphasising digital financial literacy for safer use of short-term online credit and with recent empirical research linking higher financial literacy to lower BNPL use under non-vulnerable financial conditions.

Comparison with Previous Studies

The proposed framework is consistent with the 2025 Journal of Retailing study reporting that BNPL can increase consumer spending relative to other payment methods. It extends that finding by incorporating impulse buying and financial management as behavioural and financial consequences.

The framework also aligns with Indian research identifying digital illiteracy and impulse buying as important factors in the BNPL environment. However, the present study differs by focusing on young adults and by bringing financial literacy and financial management into the same conceptual model.

Recent research among e-retail consumers has used PLS-SEM to examine impulsiveness, credit-limit misconception, personal innovativeness, attitude, and BNPL adoption. The present framework similarly recognises behavioural characteristics but shifts the dependent focus from adoption intention toward financial management.

The proposed role of financial literacy is supported by recent evidence that higher financial literacy is associated with lower BNPL use, although this relationship can weaken when consumers face financial vulnerability. This suggests that knowledge alone may not fully protect consumers when liquidity constraints are severe.

Practical Implications

1. Implications for Consumers

Young consumers should treat BNPL as a credit commitment rather than as a simple payment convenience. Before using BNPL, consumers should consider the total obligation, existing instalments, monthly budget, and emergency savings.

2. Implications for BNPL Providers

Providers should display total repayment amounts, instalment schedules, late-payment consequences, and affordability information prominently. Interface design should support informed decisions rather than encouraging unnecessary purchases.

3. Implications for E-Commerce Businesses

Retailers using BNPL at checkout should balance conversion objectives with responsible consumer practices. Promotions should not create the impression that a product is inexpensive merely because the payment is divided into instalments.

4. Implications for Financial Educators

Financial-literacy programmes for young adults should explicitly address BNPL, digital credit, instalment debt, budgeting, credit reporting, and impulse buying.

5. Implications for Policymakers

Regulators should encourage clear disclosure, responsible digital-credit practices, consumer education, and monitoring of repeated borrowing. The policy objective should be to preserve useful payment innovation while reducing avoidable consumer harm.

Limitations of the Study

- The proposed cross-sectional design cannot establish long-term causal effects.
- Purposive sampling may limit generalisability to the broader young-adult population.
- Self-reported responses may be affected by recall bias or social desirability bias.
- BNPL products differ across providers and markets, so findings may not apply equally to every BNPL arrangement.

Scope for Future Research

Future studies may compare BNPL users and non-users, examine differences across income groups, and analyse repeated or multi-provider BNPL use. Longitudinal research could examine whether short-term convenience produces persistent changes in spending and savings behaviour. Experimental research could further test how instalment presentation, default options, reminders, and disclosure affect consumer decisions.

Future research could also examine the Indian regulatory environment, credit reporting, financial vulnerability, and the role of digital financial literacy. Comparative research across countries would help determine whether cultural, regulatory, and financial-system differences change the behavioural effects of BNPL.

Conclusion

Buy Now, Pay Later has become an important component of the evolving digital-commerce and FinTech landscape. Its value to consumers arises from flexibility and convenience, but those same characteristics can influence purchasing decisions and financial behaviour.

The present study proposes an integrated framework in which BNPL usage affects purchase convenience, impulse buying, and consumer spending behaviour, while financial literacy is expected to influence the relationship between BNPL and financial management. The framework provides a Commerce-oriented perspective that connects digital-credit innovation with consumer behaviour and personal finance.

The central implication is that BNPL should not be evaluated solely by adoption rates or transaction convenience. Responsible use requires consumers to understand the total financial commitment associated with instalment purchases. Providers and policymakers should therefore support transparent design and financial education, while researchers should continue to examine the longer-term consequences of digital-credit adoption.

With survey data, the proposed model can provide evidence regarding the relationships among BNPL usage, impulse buying, spending behaviour, financial literacy, and financial management among young adults.

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