

A PROPOSED FRAMEWORK FOR PSYCHOLOGICAL DRIVERS OF BNPL USER'S SPENDING BEHAVIOUR

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Abstract: *Buy Now, Pay Later (BNPL) services have transformed consumer purchasing behaviour, especially among younger demographics. However, concerns over overspending and financial mishandling have driven the need to examine the psychological and financial drivers behind BNPL usage. Led by the Theory of Planned Behaviour (TPB), this study examines how factors such as materialism, instant gratification, perceived affordability, self-control, and financial literacy influence consumers' attitudes, subjective norms, and perceived behavioural control, which collectively shape their intention to use Buy Now, Pay Later (BNPL) and actual BNPL spending behaviour. An extended TPB model is proposed and will be tested using quantitative data collected from the young adult generation. A structural equation model (SEM) will be employed to evaluate the hypothesized relationships. Findings are expected to provide insights into the cognitive and affective processes that lead to BNPL adoption and inform strategies for promoting responsible usage. This study contributes to the increasing body of literature on the consumption of fintech and suggests practical implications for financial educators, BNPL providers, and policymakers.*

Keywords: *Buy Now Pay Later, instant gratification, self-control, perceived affordability, financial literacy, materialism, spending behaviour*

Introduction

The rapid advancement in financial technology has shifted the pattern of how consumer spends their money. Nowadays, we witness the Buy Now Pay Later (BNPL) services emerging as a noticeable drive in the digital payment model. Customers use the BNPL services to buy a good, receive upon purchase, and pay it in installments over time without worry of insufficient balance (Cook et al., 2023). Consumers may choose to make a full settlement, or they can pay in small instalments which if they pay early there is no interest will be charged on them. But if they make a late payment they will be charged based on the terms and conditions of BNPL provider (Kumar & Nayak, 2024). Unlike other short-term financing, BNPL is not regulated. There is also no credit review done by a provider towards their consumer creditworthiness (Schomburgk & Hoffmann, 2023). This is supported by Johnson et al., (2021) BNPL is an unsecured and unregulated kind of credit, which means that it is not subject to stringent credit examination in most nations. Therefore, BNPL is more accessible than traditional financing (Schomburgk and Hoffmann, 2023). This accessibility and convenience increase alarms about possible financial hazards, such as overspending and accumulation of debt. Furthermore, users may be trapped in debt consequently they will be difficult to make a prompt repayment (Schomburgk and Hoffmann, 2023). Bian et al., (2023) suggest that because the convenience of BNPL allows customers previously unable to access traditional credit options can now make a purchase. So, this has led to an expansion of credit on an extensive margin. BNPL can harm consumers' credit scores if users are unable to pay the installment in a timely manner (Powell et al., 2023)

There is a high possibility that the BNPL service led the consumer to overspending and fall into serious debt, particularly among vulnerable consumers especially young demographic due to limited financial knowledge and experience (Schomburgk & Hoffmann, 2023; Aisjah, S. 2024). This finding aligned with Gerrans et al. (2021) that the main users of BNPL are younger individuals, a vulnerable demographic relatively lack of financial literacy. (Chen et al., 2024) also found that youngers especially those with lower incomes, and unmarried status individuals tend to favour the BNPL service. Likewise, (Powell et al., 2023) think about how BNPL will harm the financial health of young Australian customers and affects their spending behaviour (Guttman-Kenney et al., 2023) elevated the concerns about the ability of BNPL customers to repay, as many young people charged their bills on credit cards. This alarms the regulatory body about repaying unsecured debt with additional commitment. According to (Lia and Natswa, 2021), when it comes to acquiring wants rather than needs, the BNPL services promote compulsive buying and overspending.

The purpose of this study is to advance the understanding of BNPL usage by examining how psychological factors particularly the interplay between materialism and instant gratification shape spending behaviour among BNPL users. While previous research has explored consumer and financial behaviour in general, it has largely overlooked how these two traits interact to influence BNPL adoption and usage. Addressing this critical gap, the study seeks to develop a conceptual framework that captures the combined psychological drivers behind BNPL spending. By doing so, it aims to generate insights that can inform strategies for encouraging responsible BNPL usage and mitigating the risk of consumer over-indebtedness.

Literature Review and Hypothesis Development

As a foundation of our theoretical framework to explore spending behaviour among BNPL users, the Theory of Planned Behaviour (TPB) founded by Ajzen is employed. TPB recommends that behavioural intention is the immediate precursor of behaviour. It is

determined by three main factors such as attitude toward the behaviour, subjective norms, and perceived behavioural control (PBC). These constructs jointly direct an individual's intention to perform a behaviour, which sequentially forecasts actual behaviour. Therefore, we suggest the hypotheses as follows:

H1: Attitude toward BNPL positively influences intention to use BNPL.

H2: Subjective norms positively influence intention to use BNPL.

H3: Perceived behavioural control positively influences intention to use BNPL.

H4: Perceived behavioural control positively influences BNPL spending behaviour.

This research extends the Theory of Planned Behaviour (TPB) by integrating psychological and financial qualifications relevant to Buy Now, Pay Later (BNPL) use, knowing the growing landscape of consumer credit and digital finance. Attitudes towards BNPL are believed to be shaped by materialism, perceived affordability, and the need for instant gratification. The need for instant gratification is one of the main reasons why people buy things impulsively. It is particularly aligned with the context of BNPL. Bian et al. (2023) state that BNPL can significantly increase consumer spending on goods, suggesting that the financial hesitations may be concealed by the instant joy derived from receiving things. Instant gratification is the tendency to receive immediate rewards over long-term costs is quite similar to how BNPL works. This trend might have a major effect on attitude towards BNPL since it gives them a way to own and enjoy things right away. So, it may be claimed that:

H5: Instant gratification has a positive effect on attitude toward BNPL.

Customers will think that BNPL makes the good more affordable (for example, by breaking expenses down into smaller payments), and they grow a more favourable attitude toward using BNPL (Abdelbary, 2023). Perceived affordability can enhance positive attitudes as it reflects an individual's belief that BNPL is a manageable and cost-effective payment method (Cheng et al., 2022). This positive attitude then increases their intention to use BNPL services. Thus, the following hypotheses is proposed.

H6: Perceived affordability has a positive effect on attitude toward BNPL.

Previous research shows that materialistic individuals have more favourable opinions toward credit-based expenditures (Podoshen & Andrzejewski, 2012). Materialism is the belief that getting material things would make you happy (Cheng & Huo, 2025), it plays an important role in determining attitudes toward BNPL. Additionally, materialism is also expected to influence subjective norms, as the person is more materialistic, they will be more sensitive to peer consent and social trends (Dittmar, 2005). This can be considered that:

H7: Materialism has a positive effect on attitude toward BNPL.

H8: Materialism has a positive effect on subjective norms regarding BNPL.

Previous research on BNPL usage presents mixed findings: several studies report that BNPL encourages higher spending by reducing the psychological “pain” of payment and fostering impulsive purchases, whereas others highlight that traits such as self-control and financial literacy can reduce BNPL adoption and mitigate overspending. These inconsistencies may be due to variations in study samples, cultural contexts, and the behavioural outcomes measured (e.g., purchase frequency versus spending amount). This study addresses these contradictions

by examining both risk-enhancing factors (materialism, instant gratification) and protective factors (self-control, financial literacy) within a single framework. In particular, self-control and financial literacy are hypothesised to influence perceived behavioural control (PBC) in which higher self-control increases perceived ability to manage spending and adhere to payment schedules (Tangney et al., 2004), while financial literacy enhances confidence in making informed financial decisions (Lusardi & Mitchell, 2014). By exploring the interaction between these factors, the study clarifies the conditions under which BNPL leads to overspending and when psychological traits may buffer against such risks. Consequently, it is suggested that:

H9: Self-control has a positive effect on perceived behavioural control.

H10: Financial literacy has a positive effect on perceived behavioural control.

Behavioural intention in the Theory of Planned Behaviour (TPB) is the most instantaneous and sturdiest interpreter of actual behaviour (Ajzen, 1991). It serves as a depiction for future action as the person's intention reflects a person's drive to execute a behaviour. Several studies have consistently supported this relationship in financial decision-making contexts such as online shopping and credit use, (Ajzen, 2020; Yadav & Pathak, 2017). In the context of Buy Now, Pay Later (BNPL) services, behavioural intention denotes the consumer's possibility of using BNPL soon. A strong intention to use BNPL is frequently based on positive attitudes, social influences, or perceived ease of use. Study in the fintech area confirms that individuals who show high intention toward BNPL usage eventually will be directed to actual BNPL spending behaviour (Zhang & Kim, 2013; Osman et al., 2024). Thus, the hypotheses are as follows:

H11: Intention to use BNPL positively influences BNPL spending behaviour.

By integrating these qualifications, the study recommends an extended TPB model that offers a deeper understanding of the cognitive, affective, and control-related factors underlying BNPL spending behaviour. The framework addresses gaps in previous literature and aligns with demands to contextualize TPB in emerging financial technologies and consumer credit platforms.

Conceptual Framework

This study proposed a conceptual framework based on the Theory of Planned Behaviour, to examine the factors of BNPL spending behaviour. We suggest that perceived affordability, self-control, materialism, instant gratification, and financial literacy influence BNPL spending behaviour through their effects on the core TPB constructs: attitudes, subjective norms, and perceived behavioural control. To achieve this objective, we formulated below conceptual framework as shown in Figure 1.

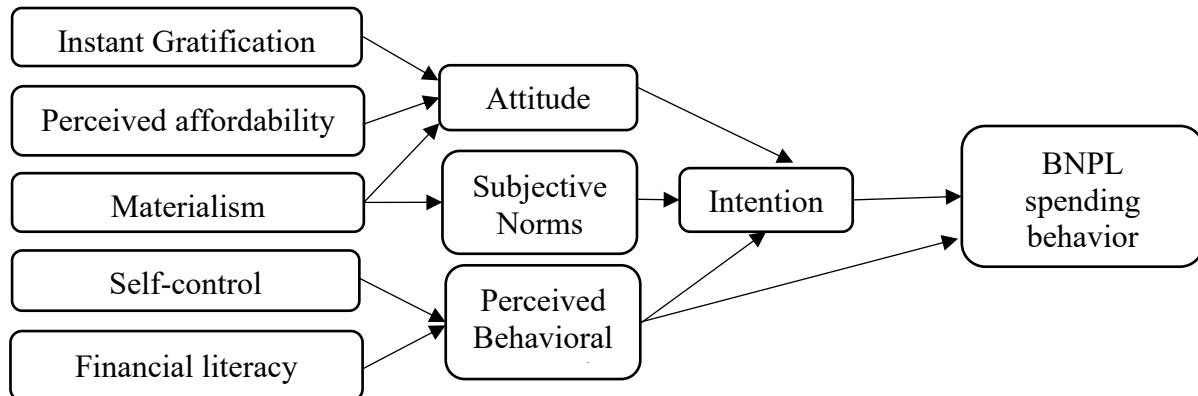


Figure 1: Proposed Research Framework Based on the TBP.

Source: Ajzen (1991) and Ajzen et al. (2011)

Research Methodology

To empirically examine the proposed relationships, a systematic methodological approach will be employed. A structured survey instrument will be developed to measure nine key constructs: materialism, self-control, instant gratification, financial literacy, perceived affordability, attitudes towards BNPL, subjective norms regarding BNPL use, perceived behavioural control over BNPL intentions, and actual BNPL spending behaviour. Each construct will be assessed using established, validated scales to ensure reliability and validity. Financial literacy items will be adapted from Klapper et al. (2015), instant gratification items from Reyna and Wilhelms (2016), materialism items from Pradhan et al. (2018), perceived affordability items from Notani, A. S. (1997) and Abdelbary, I. (2023), and self-control items from Haws et al. (2016). The constructs of the Theory of Planned Behavior (TPB) such as attitude, subjective norms, perceived behavioral control, intention to use BNPL and BNPL spending behavior will be measured using items adapted from She et al. (2024), Jain, S. et al. (2017) and Shah, M. U. D. et al. (2024). All items will be measured using a five-point Likert scale ranging from “strongly disagree” to “strongly agree”. Data will be collected from various sample of customers includes various ages from 18 to 45 years, different level of incomes, and level of education. We target adults aged 18 to 45 to capture the primary BNPL user base during life stages with high fintech adoption and discretionary spending, while excluding older cohorts with lower uptake. Because younger adults (18-25) frequently dominate BNPL use, sampling will be stratified by age (18-25, 26-35, 36-45) with minimum quotas to ensure adequate representation. Age will be included as a covariate and stratified robustness checks to assess heterogeneity. We will run a pilot test to ensure reliability and refine the instrument. To test the hypotheses and look at how the predictor factors affect BNPL spending behaviour directly and indirectly the researcher will use regression analysis and a structural equation model. To analyze the data and hypotheses SmartPLS4.0 will be used in this study.

Conclusion and Future Recommendations

The relationships between materialism, self-control, instant gratification, financial literacy, perceived affordability, and BNPL spending behaviour are projected to convey significant consequences for consumers, financial institutions, and regulatory bodies. Understanding the psychological foundations of BNPL usage allows the growth of targeted interferences intended to promote responsible spending behaviour and alarming potential financial risks. For example, educational initiatives designed to enhance financial literacy and cultivate self-control could empower consumers to make more informed decisions regarding BNPL usage (Pokharel et al, 2025). Furthermore, it also suggests the importance of integrating psychological factors into the design and marketing of financial products, ensuring that consumers are not manipulated due to their vulnerabilities. Future research could explore the moderating role of demographic variables such as age, income, and education on the relationships examined in this study. Moreover, future research should focus on refining the measurement of key constructs and exploring the potential mediating effects of psychological variables. Ultimately, this research serves as a call for greater awareness and proactive measures to ensure that consumers are empowered to make responsible financial decisions in an increasingly complex and rapidly evolving marketplace.

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