



TO EVALUATE THE EXTENT OF USAGE OF BUY NOW PAY LATER (BNPL) SERVICES IN ONLINE APPS WITH SPECIAL REFERENCE TO COIMBATORE CITY

Dakshinesh G¹, DR.G. Rajamani²

Student, B.COM A&F, Sri Ramakrishna college of Arts and Science, Coimbatore, India¹

Associate Professor, B.COM A&F, Sri Ramakrishna college of Arts and Science, Coimbatore, India²

Abstract: People really like using Buy Now, Pay Later services because they can buy things without paying for them right away. Buy Now Pay Later services are easy to use and give people time to pay for the things they buy. Buy Now Pay Later services can also change the way people spend money and handle their finances. Some people who use Buy Now Pay Later services might start spending too much money or have trouble paying back what they owe on time. Buy Now Pay services can be frustrating when there are extra fees that people do not know about or when the rules are not clear. Sometimes Buy Now Pay Later services have problems that can cause issues for people who use them. This study aims to examine how BNPL usage impacts consumers' financial behavior and to identify the common problems faced while using these services. The findings will help understand user experiences and support the development of more transparent and responsible BNPL systems.

Keywords: BNPL, pay, Coimbatore, online, People

INTRODUCTION

People are using the internet to shop more and more. This has changed the way people handle their money and buy things. There is a way to pay for things called Buy Now Pay Later. Buy Now Pay Later is a way for people to pay for things a bit at a time instead of all at once. Buy Now Pay Later is getting very popular because it is easy to use and people can pay back the money when they want to. Buy Now Pay Later gives people a way to control how much money they spend. This change is really clear in cities like Coimbatore that are growing fast and getting into digital lifestyles. People in Coimbatore are getting more used to using payment methods because they have better internet, more money and know a lot about technology. A lot of people use Buy Now Pay Later for purchases like when they buy electronics or clothes because it makes buying easier to handle. Buy Now Pay Later is very popular for these kinds of purchases. However even though Buy Now Pay Later has its points people are worried, about spending too much money and not understanding how they have to pay it back. Buy Now Pay Later can be a problem if people do not pay attention to the rules of repayment. To identify BNPL's benefits and drawbacks and to make sure that these financial services continue to be beneficial rather than detrimental, it is critical to comprehend how consumers perceive and utilize BNPL in this particular local context.

STATEMENT OF PROBLEM

People use Buy Now Pay services all the time. Buy Now Pay Later services are really helpful. They let customers buy things without paying the amount of money right away. This is a thing because customers can get the things they need. The problem is that using Buy Now Pay Later services can change the way people think about money and the things they buy. For example people might end up spending a lot of money on Buy Pay Later services. They might have a time paying back the money they owe on Buy Now Pay Later services. Buy Now Pay services can be tricky to deal with. People often have issues when they use Buy Now Pay services. They do not understand the rules of Buy Pay Later services. Sometimes they find fees with Buy Now Pay Later services that they were not aware of. Buy Now Pay services can be tricky. So, people have to be careful when they use Buy Now Pay Later services. A lot of people use Buy Pay Later services because they are popular. To use Buy Pay Later services people have to be smart. They have to know how to use Buy Pay Later services the right way. People also have trouble, with the website or app of Buy Pay Later services when it does not work properly. Buy Now Pay services can be helpful but people need to be careful when they use them. Researching its effects and identifying the common issues users face are therefore crucial.

OBJECTIVE

- To evaluate the impact of BNPL usage on consumers spending habits.
- To understand the challenges and issues faced by users while using BNPL services.

SCOPE

This study is about Buy Pay services. It wants to know how these services affect people and the way they handle their money. Buy Pay Later services are the focus. The study checks if using these services changes how people make plans for their money decide what to buy and pay back what they owe. The study also looks at the issues people have with Buy Pay services. For example people have trouble paying back costs they did not know about. They also do not understand the rules. Have problems with the service or technology of Buy Now Pay Later services. Buy Pay Later services are supposed to make buying things easier. They can also cause problems for people. The study wants to know more, about Buy Pay services and how they really work. It is limited to consumers who actively use BNPL services and aims to provide insights into their experiences, helping service providers and researchers better understand user behavior and improve the effectiveness and transparency of BNPL systems.

LIMITATION

The study has certain limitations that should be considered while interpreting its findings. First, the sample size was limited to 110 respondents, which may not fully represent the entire population of consumers using BNPL services. Second, the research was confined to Coimbatore, so the results may not be generalizable to consumers in other cities or regions with different socio-economic or technological conditions. Third, the study relied on self-reported data collected through questionnaires, which may be subject to personal bias or inaccurate responses. Finally, time constraints and limited resources restricted the scope of the research, preventing a more extensive analysis of all possible factors influencing BNPL usage.

HYPOTHESIS

1. Null Hypothesis (H_0): There is no significant association between employment status and difficulties faced while using BNPL services. Alternative Hypothesis (H_1): There is a significant association between employment status and difficulties faced while using BNPL services.
2. Null Hypothesis (H_0): There is no significant difference in spending levels among different monthly income groups. Alternative Hypothesis (H_1): There is a significant difference in spending levels among different monthly income groups.

REVIEW OF LITERATURE

Ashish Kumar, Jari Salo, Ram Bezawada (2024)¹ in their article “The effect of buy now, pay later (BNPL)” on customer online purchase Behavior attempted to study the impact of customers BNPL adoption on their online spending. The article was based on secondary data. Total of 42,882 respondents were collected. Synthetic Data model the tools were found that used for the study. It was more than BNPL adopters spend. the non-BNPL users. The study suggests that Compare BNPL with other credit payment method like credit card payment (or) Emi. The study Concludes that BNPL as a strong driver of Purchase behavior, giving retailers. Boost sale and target a tool to Specific customer segment.

Salma S. Abed, Rotana S. Alkadi (2024)² Their study addresses the increasing adoption of BNPL applications among Generation Z users in Saudi Arabia, a group that is technologically active and heavily influenced by digital financial solutions. The growth of BNPL services in Saudi Arabia is not accidental—it is backed by government-driven fintech reforms and the broader national push toward digital transformation under Saudi Vision strategies. The study is grounded on two strong theoretical bases—the Unified Theory of Acceptance and Use of Technology (UTAUT) and DeLone & McLean’s IS Success Model. With a sample of 380 Gen Z BNPL users and structural equation modeling, the researchers provide a data-driven analysis, not just opinions. The results are straightforward: Gen Z adopts and continues using BNPL largely because they perceive it as useful, easy to use, and socially encouraged. Performance expectancy and effort expectancy directly drive their decision to stay with BNPL platforms. Peer pressure and trend influence matter heavily, which is typical for this demographic. User satisfaction is shaped by system quality, service design, and information clarity. When BNPL apps are smooth to navigate, transparent, and responsive, satisfaction rises, and continued usage follows. Facilitating conditions—such as payment reminders, financial support systems, or external help—played a weaker role, showing that Gen Z users feel confident managing apps independently. The value

of this paper is not superficial—it tells app developers exactly what to fix: better usability, stable systems, and clean information presentation. For policymakers, it signals that BNPL adoption is not a risk if platforms maintain reliability and transparency.

NORFIZAH ABDUL HALIM, SHAZWANI MOHD Salleh, siti Noar syalwani Mustapa, Norhasyikin Razali (2024)³ IN Their article focuses on how Buy Now Pay Later (BNPL) services shape consumer decisions and financial discipline in Malaysia. The study points out that BNPL is growing fast mainly because it gives immediate access to products without upfront payment. This directly attracts younger consumers, especially those with unstable income, who prefer short-term convenience over long-term financial planning. The findings are not surprising—BNPL boosts impulse buying. People purchase things they normally wouldn't, simply because payment is postponed. This leads to repayment stress, delayed instalments, and eventually unnecessary debt burdens. The most vulnerable segment is low-income earners, who end up stretching their monthly finances just to keep up with instalments. The qualitative data exposes the real problem: users assume “small repayment amounts” are manageable, but they accumulate quickly, causing poor financial decisions. The researchers highlight financial literacy as a crucial factor—people who understand budgeting and credit responsibility handle BNPL reasonably. Those without financial discipline misuse the system. Demographic differences matter. Younger age groups, especially students and early-career employees, show higher impulsive consumption. Income level clearly affects repayment behavior—low earners face more delays and financial stress. The article uses theoretical frameworks effectively. Behavioral Finance explains emotional decision-making, Theory of Planned Behavior links intentions with actions, and Life Cycle Hypothesis clarifies why younger groups spend more without thinking about long-term costs.

AZMI MAT, ZARINA ABD MUNIR (2025)⁴ In their article the study examines the adoption of Buy Now, Pay Later (BNPL) services among Generation Z, focusing on perceived usefulness, financial literacy, social influence, and perceived risk. Using TAM and UTAUT models, data were collected from 101 UiTM Selangor students through surveys. Results show that perceived usefulness drives adoption as BNPL offers flexibility and convenience. Financial literacy is essential to prevent overspending and manage debt responsibly. Social influence, including peer pressure and digital marketing, also encourages BNPL usage. However, perceived risks such as hidden charges, financial instability, and regulatory gaps reduce consumer trust. The study calls for stronger financial education and regulatory frameworks to ensure responsible BNPL practices. Overall, it highlights both the benefits and risks of BNPL in shaping young consumers' financial behavior.

STIJN MAESEN, DIONYSIUS ANG (2024)⁵ IN THEIR ARTICLE This study examines how Buy Now, Pay Later (BNPL) installment payments influence consumer spending behavior. Using transaction data from a large U.S. retailer, it finds that BNPL adoption increases both the likelihood of purchase and the amount spent, especially among small-basket shoppers and those more reliant on credit cards. Supporting experiments confirm that BNPL boosts spending by reducing perceived financial constraints and giving consumers a sense of better budget control. The research shows that installment framing makes costs feel lighter compared to lump-sum payments, encouraging higher spending. With BNPL usage expanding globally, the findings highlight important implications for retailers, consumers, and policymakers. While BNPL offers convenience and purchasing flexibility, it also risks promoting overspending by minimizing the perception of financial limits. Overall, the study contributes new insights into how BNPL shapes consumer behavior and financial decision-making.

RESERCH METHODOLOGY

This study looked at how people know about Buy Now Pay Later services and what makes them use these services. The people doing the study collected information from people who answered a questionnaire. They also got information from things they read like journals and articles and from studies that were done before. They picked the people to answer the questionnaire in a way that was fair, to everyone. The study had 120 people answer the questionnaire. The people doing the study wanted to make sure they had a mix of people so they used a simple way of picking them. They used Buy Pay Later services as the main thing they were looking at. The research was conducted within Coimbatore, focusing on consumers who use online shopping applications and digital payment services. The tools used in this study is chi-square and ANOVA.

DATA ANALYSIS

Table 1 Platforms used

			amazon pay later	flipkart pay later	lazy pay	paytm postpaid	simpl	Total
age	18-24	Count	18	2	5	1	2	28
		% within age	64.3%	7.1%	17.9%	3.6%	7.1%	100.0%
		% within platform	46.2%	11.1%	14.7%	5.9%	100.0%	25.5%
		% of Total	16.4%	1.8%	4.5%	0.9%	1.8%	25.5%
	24-34	Count	19	9	11	6	0	45
		% within age	42.2%	20.0%	24.4%	13.3%	0.0%	100.0%
		% within platform	48.7%	50.0%	32.4%	35.3%	0.0%	40.9%
		% of Total	17.3%	8.2%	10.0%	5.5%	0.0%	40.9%
	34-40	Count	1	5	11	2	0	19
		% within age	5.3%	26.3%	57.9%	10.5%	0.0%	100.0%
		% within platform	2.6%	27.8%	32.4%	11.8%	0.0%	17.3%
		% of Total	0.9%	4.5%	10.0%	1.8%	0.0%	17.3%
40 above	Count	1	2	7	8	0	18	
	% within age	5.6%	11.1%	38.9%	44.4%	0.0%	100.0%	
	% within platform	2.6%	11.1%	20.6%	47.1%	0.0%	16.4%	
	% of Total	0.9%	1.8%	6.4%	7.3%	0.0%	16.4%	
Total	Count	39	18	34	17	2	110	
	% within age	35.5%	16.4%	30.9%	15.5%	1.8%	100.0%	
	% within platform	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	35.5%	16.4%	30.9%	15.5%	1.8%	100.0%	

(Source: primary data)

INTERPRETATION

This has been confirmed by the crosstabulation, which shows that the users aged between 18 and 24 years mostly prefer Amazon Pay Later, whereas those aged between 34 and 40 years mostly prefer Lazy Pay. The users aged over 40 years mostly prefer Paytm Postpaid.

Table 2 Satisfaction level of using BNPL

			satisfied	neutral	dissatisfied	
age	18-24	Count	6	14	8	28
		% within age	21.4%	50.0%	28.6%	100.0%
		% within satisfaction	37.5%	34.1%	15.1%	25.5%
		% of Total	5.5%	12.7%	7.3%	25.5%
	24-34	Count	3	17	25	45
		% within age	6.7%	37.8%	55.6%	100.0%
		% within satisfaction	18.8%	41.5%	47.2%	40.9%
		% of Total	2.7%	15.5%	22.7%	40.9%
	34-40	Count	3	6	10	19
		% within age	15.8%	31.6%	52.6%	100.0%
		% within satisfaction	18.8%	14.6%	18.9%	17.3%
		% of Total	2.7%	5.5%	9.1%	17.3%
40 above	Count	4	4	10	18	

	% within age	22.2%	22.2%	55.6%	100.0%
	% within satisfaction	25.0%	9.8%	18.9%	16.4%
	% of Total	3.6%	3.6%	9.1%	16.4%
Total	Count	16	41	53	110
	% within age	14.5%	37.3%	48.2%	100.0%
	% within satisfaction	100.0%	100.0%	100.0%	100.0%
	% of Total	14.5%	37.3%	48.2%	100.0%

(source:primary data)

INTERPRETATION

This crosstabulation shows that the greatest dissatisfaction is found in the 24-34 age group, with older groups still showing high dissatisfaction. The younger respondents, aged 18-24, are mostly neutral. In total, nearly half of the total respondents are dissatisfied, implying that the overall satisfaction is low.

Table 3 Purpose of using BNPL

			electronics	clothing&accessories	groceries/dailyneeds	travel/lifestyle	Total
age	18-24	Count	5	14	9	0	28
		% within age	17.9%	50.0%	32.1%	0.0%	100.0%
		% within pupose	45.5%	33.3%	17.3%	0.0%	25.5%
		% of Total	4.5%	12.7%	8.2%	0.0%	25.5%
24-34	Count	4	19	20	2	45	
	% within age	8.9%	42.2%	44.4%	4.4%	100.0%	
	% within pupose	36.4%	45.2%	38.5%	40.0%	40.9%	
	% of Total	3.6%	17.3%	18.2%	1.8%	40.9%	
34-40	Count	2	4	12	1	19	
	% within age	10.5%	21.1%	63.2%	5.3%	100.0%	
	% within pupose	18.2%	9.5%	23.1%	20.0%	17.3%	
	% of Total	1.8%	3.6%	10.9%	0.9%	17.3%	
40 above	Count	0	5	11	2	18	
	% within age	0.0%	27.8%	61.1%	11.1%	100.0%	
	% within pupose	0.0%	11.9%	21.2%	40.0%	16.4%	
	% of Total	0.0%	4.5%	10.0%	1.8%	16.4%	
Total	Count	11	42	52	5	110	
	% within age	10.0%	38.2%	47.3%	4.5%	100.0%	
	% within pupose	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	10.0%	38.2%	47.3%	4.5%	100.0%	

(Source: Primary data)

INTERPRETATION

From the crosstabulation, it can be seen that the 18-24 age group mainly uses the service for clothing and accessories, while the 34 and above age group mainly uses the service for groceries and daily needs. Similarly, the travel and lifestyle usage is minimal for all age groups.

Table 4 PURCHASE FREQUENCY

			rarely	occasionally	frequently	very frequently	Total
age	18-24	Count	18	8	1	1	28
		% within age	64.3%	28.6%	3.6%	3.6%	100.0%
		% within usage	52.9%	18.6%	4.2%	11.1%	25.5%
		% of Total	16.4%	7.3%	0.9%	0.9%	25.5%
24-34	Count	13	25	5	2	45	
	% within age	28.9%	55.6%	11.1%	4.4%	100.0%	

	% within usage	38.2%	58.1%	20.8%	22.2%	40.9%
	% of Total	11.8%	22.7%	4.5%	1.8%	40.9%
34-40	Count	2	7	7	3	19
	% within age	10.5%	36.8%	36.8%	15.8%	100.0%
	% within usage	5.9%	16.3%	29.2%	33.3%	17.3%
	% of Total	1.8%	6.4%	6.4%	2.7%	17.3%
40 above	Count	1	3	11	3	18
	% within age	5.6%	16.7%	61.1%	16.7%	100.0%
	% within usage	2.9%	7.0%	45.8%	33.3%	16.4%
	% of Total	0.9%	2.7%	10.0%	2.7%	16.4%
Total	Count	34	43	24	9	110
	% within age	30.9%	39.1%	21.8%	8.2%	100.0%
	% within usage	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	30.9%	39.1%	21.8%	8.2%	100.0%

(Source: Primary data)

INTERPRETATION

As depicted in the table, the age group 18-24 years mainly uses the service on rare occasions, while the use of the service increases with age. It can be noted that the age group 34-40 years and 40+ years have high frequencies, showing a positive relationship.

Table 5 Spending Behavior

			ANOVA				
			Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)		21.829	4	5.457	2.201	.074
	Linear Term	Unweighted	.076	1	.076	.031	.861
		Weighted	3.689	1	3.689	1.488	.225
		Deviation	18.140	3	6.047	2.438	.069
Within Groups			260.362	105	2.480		
Total			282.191	109			
Between Groups	(Combined)		2.977	4	.744	.585	.674
	Linear Term	Unweighted	.111	1	.111	.087	.768
		Weighted	.094	1	.094	.074	.786
		Deviation	2.883	3	.961	.755	.522
Within Groups			133.577	105	1.272		
Total			136.555	109			
Between Groups	(Combined)		15.570	4	3.892	2.257	.068
	Linear Term	Unweighted	.453	1	.453	.263	.609
		Weighted	5.971	1	5.971	3.462	.066
		Deviation	9.599	3	3.200	1.855	.142
Within Groups			181.121	105	1.725		
Total			196.691	109			
Between Groups	(Combined)		6.508	4	1.627	1.512	.204
	Linear Term	Unweighted	1.529	1	1.529	1.421	.236
		Weighted	4.409	1	4.409	4.097	.045
		Deviation	2.099	3	.700	.650	.584
Within Groups			112.983	105	1.076		
Total			119.491	109			

(source: primary data)

INTERPRETATION

The ANOVA table shows that all four models have their significance values greater than 0.05 (.074, .674, .068, .204),

which implies that there are no differences among the groups at a 5% level of significance. However, there are indications that two of the models are marginally significant at .074 and .068, respectively.

Findings:

1. The preference for the platform depends on the age group, with 18-24 years preferring Amazon Pay Later, 34-40 years preferring Lazy Pay, and 40+ years preferring Paytm Postpaid.
2. Most respondents (48.2%) are not satisfied, with the highest dissatisfaction rate observed in the 24-34 years age group.
3. The most popular products purchased using BNPL are groceries/daily needs (47.3%), followed by clothing/accessories (38.2%). The younger age group prefers clothing, whereas the older age group prefers groceries.
4. The frequency of using BNPL increases with the age group, with the younger age groups using BNPL less frequently, whereas the older age groups show higher frequency.
5. The ANOVA test shows that there are no significant variations in spending behavior between the age groups, with the p-values showing marginal significance in two models, indicating that there is a trend towards variations.

Suggestions

1. **Improve customer satisfaction:** As customer dissatisfaction is higher, especially among 24-34 age group customers, BNPL service providers should focus on improving customer service and making the service more transparent regarding charges and repayment.
2. **Targeted marketing strategies:** Offer age group-based offers, i.e., fashion offers for younger age group users and grocery-based offers for older age group users.
3. **Enhance user experience:** Improve repayment conditions and provide timely reminders to avoid customer confusion and increase customer trust.
4. **Introduce loyalty benefits:** Provide reward points, cashback, and discounts for repeated use of BNPL services.
5. **Financial awareness programs:** Educate users regarding BNPL services to avoid customer dissatisfaction regarding repayment.

CONCLUSION

This research aimed at understanding the impact of Buy Now, Pay Later services on the spending habits of consumers in Coimbatore. From the research findings, it can be concluded that the use of BNPL services differs in terms of age groups based on platform usage, purpose of using BNPL services, level of satisfaction, and purchase habits. It was found that young users, aged 18-24, used BNPL services like Amazon Pay Later, while users aged 25-44 used services like Lazy Pay and Paytm Postpaid. Similarly, users aged 25-44 used BNPL services like Amazon Pay Later and Lazy Pay, while users aged 45-54 used services like Paytm Postpaid and used BNPL services like Amazon Pay Later, Lazy Pay, and Paytm Postpaid for purchasing clothes, groceries, and daily necessities.

Further, the research findings reveal that the overall satisfaction towards BNPL services is low, where almost half of the users are dissatisfied with the services, especially users aged 24-34. It was found that the frequency of using BNPL services increases with age, where older users are found to be using BNPL services. However, based on the ANOVA test, it was found that there are no significant differences in the spending habits of users

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