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Buy now and pay later: Is this a new propaganda marketing trap?

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Abstract:

The "buy now, pay later" (BNPL) boom has transformed how consumers pay, but what are the hidden costs? This study explores the potential for BNPL marketing to act as a "propaganda trap," driving unsustainable spending and financial vulnerability.

Purpose: We critically examine BNPL's mechanisms, and their impact on consumer behavior, financial well-being, and market dynamics. By uncovering persuasive techniques used by BNPL providers, we aim to inform consumers, policymakers, and industry stakeholders about potential risks.

Methodology: We analyze consumer spending data and marketing strategies by combining quantitative and qualitative methods. A survey assesses consumer attitudes, usage patterns, and experiences with BNPL. Interviews with experts and regulators provide context and validate findings.

Expected Findings: We aim to reveal the extent to which BNPL marketing influences consumer decisions, financial habits, and debt levels. We will identify factors driving BNPL's popularity, potential drawbacks, and unintended consequences of its widespread adoption. Examining consumer feedback and market trends, we will highlight ethical and regulatory considerations surrounding BNPL, offering recommendations to mitigate risks.

Limitations: Potential sample bias and the rapidly evolving nature of BNPL are acknowledged. The qualitative nature of some data sources might limit generalizability. We will address these limitations through robust sampling, triangulation, and critical reflection on biases.

Originality: This research contributes to the existing literature by offering a comprehensive analysis of BNPL as a form of propaganda marketing, drawing attention to its implications for consumer welfare and financial stability. By integrating insights from consumer behavior, marketing ethics, and financial regulation, this study offers a novel perspective on the societal impact of BNPL and underscores the need for greater transparency, accountability, and consumer protection in the fintech industry.

1. INTRODUCTION

The retail industry has been shaken up completely by the advent of Buy Now Pay Later schemes which have caught on with speed among customers in their purchasing choices for instant and flexible payment. Under BNPL, consumers can purchase goods and services straight away and then delay payment for them-usually through interest-free installments over a specified period. This new development in finance is made possible-in part-through digital platforms and e-commerce for the most part, on which younger consumers, especially those in the Millennial and Gen Z cohorts, relying on convenience, may not have access to traditional credit.

The BNPL market worldwide has experienced a boom, from $89 billion in transactions in 2020 to over $400 billion in projections for the year 2025.

Convenience and Instant Gratification the Primary Motivators Behind BNPL Adoption

At the heart of the phenomenon is what instant gratification can achieve by keeping any psychological debt incurred by the use of immediate access to a good without paying upfront. Along with abstract terms like frictionless digital experience and payment architecture, BNPL becomes even more accessible, prompting purchases that never got off the ground.

Democratising Accessibility and Inclusion

Most of the borrowers tend to know BNPL as a mode of democratizing access to credit, especially for targets who are likely not reached by traditional institutions, such as young adults, students, migrants, or those without sufficient credit history, income, or older adults. BNPL is a model low barrier to entry into credit markets which facilitates a much larger participation rate in consumer markets and encourages financial inclusion.

Perceived Cost Management

Many consumers view BNPL as a budgeting tool that lets them spread the cost of large purchases pro-rata over time and so, avoid interest. If payments are made on schedule, Rethinking the retailer-Bnpl Integration scenario could push conversion rates, ave order values and customer loyalty rates for both parties.

Consequences and Risks

Over-expenditure and Debt

However, BNPL presents enormous risks. It facilitates one-time purchases that result in increased spending, as consumers are likely to underweigh the cumulative effect of applying several installment plans. Studies point toward a very high correlation between BNPL usage and impulsive spending among young and less financially literate consumers. Impounding financial strain and implications on credit

Upon missing or late payments, they are hit with hefty fees and sometimes even damage to credit scores. For consumers who are juggling several BNPL agreements, the chance of financial overstretch and debt accumulation is even graver, potentially leading to long-term financial instability.

Transparency and Marketing Practice

BNPL critics argue that the marketing practices lull the consumer by not emphasizing actual costs and risks and rather depend on persuasive language and user interface designs that downplay a perception of repayment. Some promotional strategies may deliberately hide significant terms and conditions, making matters worse regarding consumer confusion and ultimately leading to poor and costly financial decisions**.**

Ethical Considerations and the Need for Regulation

With BNPL services mushrooming, an ethical debate continues to rage over the providers and retailers' responsibilities in this regard. These concerns include:

- Transparency: Full disclosure of costs, fees, and terms to consumers.
- Consumer Protection: Ensuring vulnerable users do not become entrapped in a debt cycle.
- Financial Education: Awareness of basic financial terms, helping consumers discern the nature of the purchase and responsibly manage the attendant liabilities.

Policymakers and regulators are said to be factoring in these matters increasingly into their consideration of the introduction of guidelines that will create equilibrium between innovation and consumer protection.

Theoretical and Practical Implications

From a behavioral finance viewpoint, BNPL stands as a fine example of how cognitive biases, present bias, and hyperbolic discounting influence financial decision-making. This relationship between psychology and convenience in a digital setting has transformed consumer behavior, often yielding adverse results for their individual financial well-being.

Empirical studies using mixed-methods designs have shown that while BNPL improves purchasing power and satisfaction, it increases the chances of getting financial distress, particularly among youth and low-income groups. Financial literacy is singled out as a key moderating factor, thus necessitating the availability of education and assistance in a targeted manner.

2. LITERATURE REVIEW

A thorough analysis of the literature review helped us to understand various factors that influence the buy now and pay later as the marketing propaganda or not. According to (Vijay Amrit Raj, August 2023)

Materialism drives BNPL use, and impulsive buying, leading to compulsive buying. In addition, according to (Nanduri, 2023) Education, luxury desire, and financial system affect BNPL adoption preferences.

Another UK study (Relja, 2023)was conducted to highlight the positive effects of the diverse psychological factors challenging the payment format perceptions in buy now and pay later.

Another study in Australia shows that buy now and pay later growth in industry raises regulatory worries, a study by (Robert J. Powell, april 2023) shows the financial well-being.

According to the study of (Allison Thorson, january 2014)Guided by Family Communication Patterns theory, the study delved into how family interactions shape emerging adults' willingness to discuss credit card behaviors. Findings showed significant impacts on openness.

A study conducted by (Alshahri, november 2022)put forth several factors regarding, B2C's BNPL boom inspiring MENA research: Proposes B2B BNPL model for Saudi SMEs, tackling liquidity, automation & digital payments via Business Model Canvas, ensuring operational & financial feasibility.

Another study conducted by (Di Johnson, February 2021)states that Australia's buy now and pay later fees flourish due to lax oversight, exposing consumers. Regulations should prioritize social awareness over capture-prone ones for fair finance.

Furthermore, (Tan, Buy what you want, today! Platform ecologies of "buy now, pay later" services in, April 2022)implies that Fintech innovations are driving the BNPL boom and BNPL is shaping how people think and experience money.

Convenience, affordability, registration simplicity, and promotional offers are identified as the main drivers of Egypt's Buy now and pay later was showed by study of (Abdelbary, october 2023)

Another study by (Dana Lupsa, August 2023) concludes that Millennials and Gen Z drive global BNPL growth, prompting an AI study advocating responsible expansion, emphasizing education and industry awareness.

According to study of (Dyah Alvira Anggun Permata, november 2023) Analyzing Sharia ethics in Indonesia's $9.2 billion BNPL market for millennials: assessing alignment with Islamic principles amid rapid growth.

A furthmore study by (Asle Fagerstrøm, april 2013) implies that Research on college students' credit card debt, using a hyperbolic discounted utility model, reveals 21 participants unaffected by high interest rates. Previous usage influences buy decisions now and pay later.

According to study of (Vijay Amrit Raj S. S., 2023) Privacy concerns and trust significantly impact consumers' attitudes towards Buy Now, Pay Later (BNPL) services, with privacy concerns decreasing trust and attitude. Trust partially mediates the relationship between privacy concerns and attitude, suggesting that enhancing trust can alleviate users' privacy concerns in BNPL usage.

Indonesia's digital payment scene thrives as "pay later" options captivate consumers. Qualitative research using NVivo Plus 12 reveals ties to credit, sparking impulsive buying worries was stated b (Yeyen Pratika, march 2021).

Another study by (J. Cook, Buy now pay later services as a way to pay: credit consumption and the depoliticization of debt, 2023)tells us that Research reveals BNPL services mimic online spaces, fostering enjoyment. They present as a payment method, depoliticizing debt and offering digital intimacy.

The integrated model optimizes shipment count, volume, safety, investments, selling price, and likelihood of transitioning between "in-control" and "out-of-control" states. This insights was given By (Bikash Koli Dey, 2019)

Consumer credit is essential to establishing a sustainable fair banker-customer relation given (Bhattacharya, 1974).

(Zevin) says that how buy now and pay later is Advertised as a homogenous American culture which impacts BNPL marketing propaganda.

The study by (Hoofnagle, 2016)says the language used by retailers like Apple and Amazon creates an illusion of ownership for digital media, but the associated license agreements reveal that consumers are only licensing the content. This lack of true ownership limits consumers' rights to resell, lend, transfer, or retain possession of digital media, which is subject to changing business models and DRM authentication systems.

another study by (Dolvin)showed that Negative interest rates are an invention of monetary authorities to show that monetary activism does not have boundaries regarding financial status.

The study by (Aalders, 2022)says that companies claim they are more responsible than credit cards because they are more inclusive and have fairer loan terms in boy now and pay later segments.

(Benedict Guttman-Kenney, 2022)gave insights into Consumers taking out buy now, pay later are commonly charged instalments to their credit card.

(Rizk, 2021)showed that the actions of the Reserve Bank of Australia and the Australian Securities and Investments Commission inadequately protect consumers.

The (K, 2022)showed that buy now and pay later towards online buying decisions in Indonesia were based on Perceived usefulness and perceived ease of use have a positive influence on the intention to use Buy Now Pay Later.

Furthermore, a study by (Jikyung Kim, 2020)showed that Online offers' in BNPL similarity dampens sales, boosts social referrals; more local retailers increase sales and social interaction.

a study by (Sumit Saha, 2024)The 22 Immutable Laws of Marketing," authored by Al Ries and Jack Trout, provides invaluable insights into the realm of marketing. It elucidates fundamental principles essential for thriving in the fiercely competitive business landscape. The book delves into pivotal notions like the significance of securing the primary position in consumers' perceptions, the notion that perception frequently outweighs reality, and the imperative of targeting distinct market segments to attain dominance.

a study by (Saha, AIR INDIA ACQUISITION Case Analysis, 2024)The case presents a nuanced context suitable for MBA/PGDM students. It can be used for marketing, strategy and Entrepreneurship students to understand more about the merger and acquisition concept and the reason behind that.

a study by (Joshi, VENDOR'S CAPABILITY: A WAY FOR WINNING THE CONTRACT IN A B2B RELATIONSHIP, 2024) The review sets the stage for a study comparing the influence of salespersons' relationships versus vendors' capabilities on contract awards from clients, ultimately suggesting that evaluating vendors based on their capabilities is a more practical approach to supplier selection.

a study by (Kar S. S., Salespersons performance predictor model: An exploratory factor analysis, 2023) One key aspect highlighted in the literature review is the challenge of quantifying sales performance and identifying cross-functional factors impacting it, particularly in the context of B2B sales, underscoring the importance of business ethics and customer satisfaction as integral components for strategic decision-making in IT/ITes companies.

a study by (Joshi, Large vendor's capability and relationship management: An idea of winning contract mechanism in B2B, 2023)In the literature review, a focus is placed on understanding the dynamics between salesperson relationships and vendor capability in influencing the awarding of contracts, shedding light on consumer buying behavior within the realm of B2B transactions, particularly emphasizing the importance of long-term business relationships and vendor selection criteria.

a study by (Saha, Measurement of the threshold values of sales performance factors: A formative scale construction in onyx, 2023)The research paper underscores the need to equip industry decision-makers, particularly CEOs of IT companies, with a comprehensive understanding of their company's sales performance compared to similar industries, thus emphasizing the importance of targeted consumer insights derived from a newly constructed and validated sales performance index.

a study by (Kar S. S., Computation of sales performance score and key cross-functional factors: a performance dynamics in IT/ITES, 2021) In the literature review, attention is drawn to the importance of indirect advertisements in influencing cross-functional sales factors within the B2B context of IT/ITES companies, highlighting the need to understand their impact on sales performance scores and strategic decision-making processes.

a study by (Kumari, 2019)Within the literature review, a critical examination is made regarding the impact of brand awareness on overall sales performance within IT/ITES companies, emphasizing its significance as a key determinant in driving revenue growth and organizational success

Variables and definition

Sl.no	Variables	Definition	Citation	Questions
1.	BNPL Use	BNPL (Buy Now, Pay Later) use refers to the practice of consumers buying goods or services and deferring payment to a later date, usually in installments, without incurring interest fees if paid within a specified period.	(Vijay Amrit Raj, August 2023)	The psychological aspects, such as convenience and instant gratification, significantly influence my choice to use BNPL services.
2.	Psychological Determinants	Psychological determinants are factors that affect an individual's thoughts, feelings, and behaviors regarding financial decisions, including attitudes, beliefs, emotions, and cognitive biases.	(Ruffin Relja)	overall experience with Buy Now, Pay Later services has positively influenced my perception of online shopping.
3.	Indebtedness	Indebtedness refers to the state of owing money or being in debt, typically as a result of borrowing funds through loans, credit cards, or other financial instruments.	(Tan, Buy what you want, today! Platform ecologies of "buy now, pay later" services in, April 2022)	mindful of the potential long-term financial commitments associated with using BNPL services.
4.	Consumer Behaviour	Consumer behavior encompasses the actions, attitudes, and decision-making processes of individuals or households when purchasing and consuming goods or services, including factors such as preferences, perceptions, motivations, and socio-economic influences.	(Di Johnson, February 2021)	purchasing decisions are influenced by the availability of Buy Now, Pay Later options during online transactions.
5.	Spending Habits	Spending habits are the patterns and tendencies exhibited by individuals or households in their allocation of financial resources towards consumption, including the	(Abdelbary, october 2023)	The availability of BNPL services tends to encourage me to spend more than originally planned.

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		frequency, amount, and distribution of expenditures across different categories.		
6.	Saving Habits	Saving habits refer to the behaviors and practices adopted by individuals or households to set aside a portion of their income or resources for future use or investment, including strategies such as budgeting, goal-setting, and automatic savings mechanisms.	(Abdelbary, october 2023)	Consideration of saving habits is taken into account when opting for Buy Now, Pay Later services for online purchases.
7.	Borrowing Habits	Borrowing habits denote the behaviors and practices of individuals or households in acquiring and managing debt, including decisions regarding loan types, amounts, terms, and repayment strategies.	(Abdelbary, october 2023)	Comfort with borrowing money through BNPL services for immediate purchases is prioritized over saving up.
8.	Financial Technology	Financial technology, or FinTech, encompasses innovative technological solutions and platforms that aim to improve and streamline various aspects of financial services, including payments, lending, investing, and personal finance management.	(Abdelbary, october 2023)	The integration of financial technology, such as BNPL services, is perceived as convenient for managing online transactions.
9.	Payment Methods	Payment methods refer to the various mechanisms and channels through which individuals or businesses transfer money or make financial transactions, including cash, checks, credit cards, debit cards, mobile wallets, and digital payment platforms.	(Dyah Alvira Anggun Permata, november 2023)	The flexibility in payment methods, including BNPL options, enhances my overall shopping experience.
10	Product Impulsive Buying	Product impulsive buying describes the tendency of consumers to make unplanned or spontaneous purchases of goods or services, often influenced by immediate desires, emotions, or situational factors,	(Yeyen Pratika, march 2021)	The availability of BNPL options for a specific product increases the likelihood of impulsive purchases.

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		without extensive deliberation or consideration of alternatives.		
11	BNPL Adoption	BNPL adoption refers to the process by which consumers or merchants integrate and utilize Buy Now, Pay Later services as a payment option or financial tool within their purchasing or selling activities.	(J. Cook, Buy now pay later services as a way to pay: credit consumption and the depoliticization of debt, 2023)	The increasing prevalence of Buy Now, Pay Later options has influenced my preference for online retailers.
12	E-commerce	E-commerce, short for electronic commerce, refers to the buying and selling of goods or services conducted over the Internet or through digital channels, including online retail platforms, marketplaces, and digital storefronts.	(Dana Lupsa, August 2023)	Preference for using BNPL services is observed when making purchases on e-commerce platforms rather than traditional retail stores.
13	Instalment Models	Installment models are payment frameworks that allow consumers to split the cost of purchase into multiple smaller payments over time, often with fixed intervals and interest rates, facilitating affordability and budgeting.	(Bikash Koli Dey, 2019)	The availability of varied instalment models for BNPL services influences my decision to choose a specific plan.
14	Consumer Credit	Consumer credit refers to the provision of funds by lenders or financial institutions to individuals for the purpose of making purchases or covering expenses, usually in the form of loans, lines of credit, or credit cards, subject to repayment terms and conditions.	(Bhattacharya, 1974)	Consideration of the overall consumer credit situation is taken into account when opting for Buy Now, Pay Later services.
15	Consumer Debt Levels	The total amount of debt held by consumers, including any outstanding balances from "buy now, pay later" transactions.	(J. Cook, Buy now pay later services as a way to pay: credit consumption and the depoliticization of debt, 2023)	Consciousness of current debt levels is maintained when utilizing BNPL services for online transactions.
16	Demographic Analysis	The study of various demographic factors (such as age, income, and education)	(Zevin)	Certain demographic factors, such as age and income, may influence the

		to understand how different groups of people engage with "buy now, pay later" schemes.		likelihood of using BNPL services.
17	Psychological Factors	The psychological elements influence consumer behavior and decision-making when opting for "buy now, pay later" options.	(Hoofnagle, 2016)	Psychological factors, like trust and perceived value, play a significant role in my decision to use BNPL services.
18	Interest Rates	The cost of borrowing is associated with "buy now, pay later" transactions, which may include interest rates and other fees.	(Dolvin)	Consideration is given to the interest rates associated with BNPL services before opting for them during online purchases
19	Financial Literacy	The degree to which individuals understand financial concepts and are knowledgeable about the terms and conditions of "buy now, pay later" agreements.	(Aalders, 2022)	The level of financial literacy influences the understanding of the terms and conditions associated with BNPL services.
20	Default Rates	The percentage of consumers who fail to meet their payment obligations under "buy now, pay later" agreements.	(Benedict Guttman-Kenney, 2022)	Awareness of potential default rates influences my confidence in using BNPL services for online transactions.
21	Regulatory Environment	The set of rules, regulations, and policies governing "buy now, pay later" services, including consumer protection measures.	(Rizk, 2021)	The regulatory environment governing BNPL services affects my trust in using them for financial transactions."
22	Marketing Strategies	The methods and tactics used by companies to promote and advertise "buy now, pay later" services to consumers.	(K, 2022)	Marketing strategies employed by companies offering BNPL services impact my awareness and likelihood of using these services.
23	Impact on Retail Sales	The influence of "buy now, pay later" options on the overall sales and revenue of retail businesses.	(Jikyung Kim, 2020)	The availability of Buy Now, and Pay Later options has a noticeable impact on my decision to make purchases, thereby influencing retail sales.

3. RESEARCH METHODOLOGY

This chapter mainly focuses on the methods and approaches adopted towards problem solving.

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Primary data collection method is through questionnaire method. The researcher approached through social media, and the Google form link to approach with the respondents. Face-to-face approach in the questionnaire method, in a random manner. Multiple follow-ups were required to finally get 241 number of responses. Software for Data Analysis: For initial data formatting, Statistical Data Analysis, and Exploratory factor analysis SPSS is used.

3.1 Statement of Research Problem

For the present research study, the research problems are as follows: -

a. Investigating the psychological and behavioral effects of 'buy now, pay later' marketing on consumer spending, assessing its role in fostering impulsive purchases and long-term financial stress.
b. Exploring the ethical dimensions of 'buy now, pay later' schemes regarding consumer welfare and financial ethics, questioning their impact on vulnerable demographics and the escalation of unsustainable debt.
c. Evaluating the adequacy of current regulatory measures in addressing the risks associated with 'buy now, pay later' promotions, including their potential to deceive consumers regarding purchase costs and the repercussions of payment defaults.

3.2 Research Conceptualization

This research aims to scrutinize the "Buy Now, Pay Later" (BNPL) model, investigating its allure to consumers, the marketing tactics driving its adoption, and the potential risks it poses as a propaganda marketing trap, offering insights crucial for consumer protection and industry regulation.

3.3 Objectives of the study

a. Evaluate consumer behavior.
b. Investigate financial implications.

3.4 Methodology Adopted

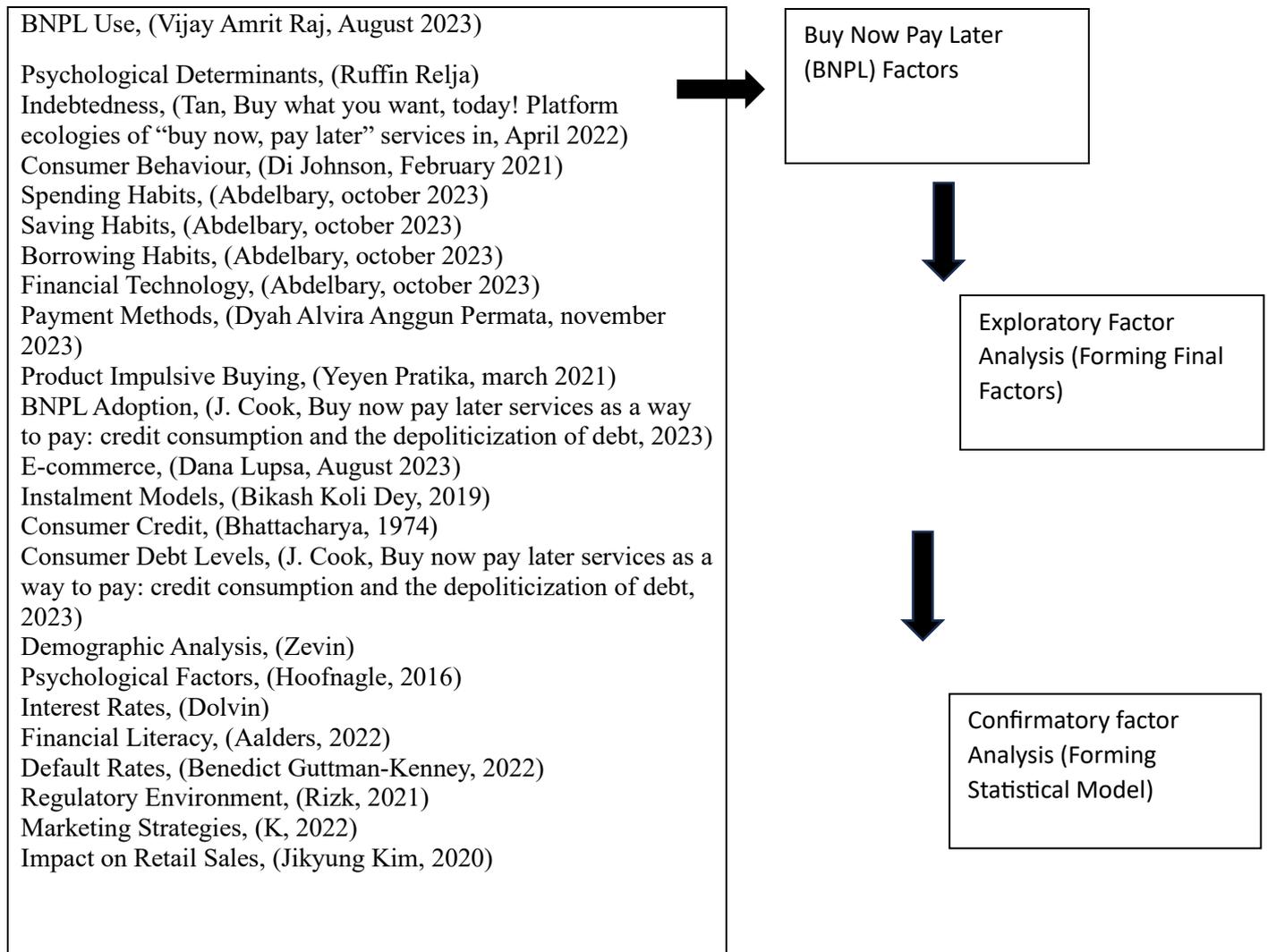Designing a proper research methodology is very important as it sets the direction for the research by providing concrete steps to follow. Also, the researcher can reach to a conclusion based on the outcome of the research methodology adopted.

3.4.1 Conceptual framework

From the available literature following variables/indicators were identified to start the initial work. These are listed below.

Figure 1: Conceptual Framework

BNPL Use, (Vijay Amrit Raj, August 2023)

Psychological Determinants, (Ruffin Relja)
Indebtedness, (Tan, Buy what you want, today! Platform ecologies of "buy now, pay later" services in, April 2022)
Consumer Behaviour, (Di Johnson, February 2021)
Spending Habits, (Abdelbary, october 2023)
Saving Habits, (Abdelbary, october 2023)
Borrowing Habits, (Abdelbary, october 2023)
Financial Technology, (Abdelbary, october 2023)
Payment Methods, (Dyah Alvira Anggun Permata, november 2023)
Product Impulsive Buying, (Yeyen Pratika, march 2021)
BNPL Adoption, (J. Cook, Buy now pay later services as a way to pay: credit consumption and the depoliticization of debt, 2023)
E-commerce, (Dana Lupsa, August 2023)
Instalment Models, (Bikash Koli Dey, 2019)
Consumer Credit, (Bhattacharya, 1974)
Consumer Debt Levels, (J. Cook, Buy now pay later services as a way to pay: credit consumption and the depoliticization of debt, 2023)
Demographic Analysis, (Zevin)
Psychological Factors, (Hoofnagle, 2016)
Interest Rates, (Dolvin)
Financial Literacy, (Aalders, 2022)
Default Rates, (Benedict Guttman-Kenney, 2022)
Regulatory Environment, (Rizk, 2021)
Marketing Strategies, (K, 2022)
Impact on Retail Sales, (Jikyung Kim, 2020)

→ Buy Now Pay Later (BNPL) Factors

↓ Exploratory Factor Analysis (Forming Final Factors)

↓ Confirmatory factor Analysis (Forming Statistical Model)

3.4.2 Sources of Data

Secondary data was collected from various journals and books using google scholar. Primary data is mainly through surveys from consumers of content using digital media such as social media and advertisements.

3.4.3 Sampling Method

The sampling method utilized in the study "Buy now and pay later: Is this a new propaganda marketing trap?" involved employing random sampling techniques to select participants, ensuring a diverse representation across demographics and consumer behaviors, thereby enhancing the reliability and validity of the research findings.

3.4.4 Sample Size

The final study comprises the factor analysis. As a thumb rule of sample size for factor analysis for 23 variables we need to have 230 sample size. However, the actual sample size validity is checked during the study to conduct the factor analysis, like KMO and anti-image value.

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3.4.5   Sample Size Validity

As the researcher intends to do 'Factor Analysis' and Modelling during data analysis, the KMO value, 'Bartley test of sphericity' value, and 'Anti image' values are cross-validated the sample size.

Table 3.1 KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.955
Bartlett's Test of Sphericity	Approx. Chi-Square	3516.982
	df	253
	Sig.	<.001

*KMO>=7.0 is accepted reference value

All above tests are done through IBM SPSS

All the above KMO value is .955 (>7) Which is sufficient for adequate sample size to perform factor analysis (Kar, March 2023)

a. Measures of Sampling Adequacy(MSA)

Table 3.2 Anti image Covariance and correlation matrix

3.4.6 Tools for Analysis

For data collection Survey Questionnaire Method is used.Utmost care is taken to avoid sampling error (taking maximum number of possible sample size) and doing proper and accurate data entry to avoid the "systematic bias".

For data analysis "Exploratory Factor analysis" is used.

IBM SPSS Statistics is used for statistical and data analysis purpose throughout.

3.5 Limitations

I.   Limited longitudinal data availability hinders understanding long-term impacts of BNPL schemes on financial behavior and debt management.
II.   Establishing causality between BNPL use and consumer behavior is challenging due to confounding variables like financial literacy and marketing influences.
III. Difficulty in representing vulnerable populations in research may limit understanding of their unique experiences and perspectives on BNPL schemes.

4. DATA ANALYSIS

4.1 Collection and analysis of data

Buy now and pay later: Is this a new propaganda marketing trap?" involves gathering data on consumer behavior, financial habits, and the impact of "buy now, pay later" schemes. The analysis will scrutinize the psychological effects, economic consequences, and ethical implications of these marketing tactics, aiming to uncover their potential dangers and benefits. Through empirical research and theoretical frameworks, the paper aims to provide valuable insights into the growing trend of deferred payment schemes in consumer culture.

4.2 Multivariate Outlier analysis

Multivariate analysis is done for the study when 2-3 variables are present and considered in the study. This is important to consider all. As per, Saha, S. and Kar, S. (2021).

As this data has multiple variables, the researcher chose to follow the Mahalanobis Distance Test for multivariate analysis for outlier determination.

Residuals Statistics[a]					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	46.9591	189.4395	121.5000	23.28706	240
Std. Predicted Value	-3.201	2.917	.000	1.000	240
Standard Error of Predicted Value	5.209	46.034	19.976	8.636	240
Adjusted Predicted Value	39.4444	188.4019	121.4879	25.40917	240
Residual	-127.65298	139.96115	.00000	65.40423	240
Std. Residual	-1.855	2.034	.000	.951	240
Stud. Residual	-1.990	2.277	.000	1.006	240
Deleted Residual	-158.33682	175.35699	.01208	73.51970	240
Stud. Deleted Residual	-2.004	2.300	.000	1.009	240
Mahal. Distance	.374	106.006	22.904	18.614	240

Cook's Distance	.000	.069	.005	.009	240
Centered Leverage Value	.002	.444	.096	.078	240
a. Dependent Variable: DV					

Data was assessed using SPSS and no outliers were identified.

4.3 Multicollinearity

Multicollinearity is a phenomenon where any individual variable possesses very strong relationship in between them. This happens if the correlation value is >0.90. This becomes very difficult for data analysis and is reason for bias and thus needs to be eliminated. Researcher didn't find any correlation more than >0.90 among two any two indicators. There does not exist any Multicollinearity in data.

4.4 (Multivariate) Normality analysis

Normality analysis is important to check before the main data analysis part of research. It gives idea about nature of collected data and how research data analysis should be performed. However, researchers' final aim

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
BNPL Use	240	4	1	5	4.32	0.809	0.654	-1.224	0.157	1.685	0.313
Psychological Determinants	240	4	1	5	4.1	0.938	0.88	-1.098	0.157	1.152	0.313
Indebtedness	240	4	1	5	4.09	0.915	0.837	-0.778	0.157	0.22	0.313
Consumer Behaviour	240	4	1	5	4.1	1.007	1.014	-1.053	0.157	0.564	0.313
Spending Habits	240	4	1	5	4.01	1.122	1.259	-1.1	0.157	0.488	0.313
Saving Habits	240	4	1	5	3.91	1.096	1.202	-0.902	0.157	0.128	0.313
Borrowing Habits	240	4	1	5	4.03	1.041	1.083	-1.159	0.157	1.067	0.313
Financial Technology	240	4	1	5	4.07	0.987	0.975	-1.029	0.157	0.767	0.313
Payment Methods	240	4	1	5	4.16	0.919	0.845	-1.004	0.157	0.678	0.313
Product Impulsive Buying	240	4	1	5	4.13	0.941	0.886	-1.15	0.157	1.371	0.313
BNPL Adoption	240	4	1	5	4.1	0.936	0.877	-0.879	0.157	0.464	0.313
E-commerce	240	4	1	5	4.11	0.936	0.875	-0.96	0.157	0.401	0.313
Instalment Models	240	4	1	5	4.1	1.03	1.061	-1.128	0.157	0.794	0.313
Consumer Credit	240	4	1	5	4.06	1.027	1.055	-1.037	0.157	0.533	0.313
Consumer Debt Levels	240	4	1	5	4.05	1.027	1.056	-1.113	0.157	0.976	0.313
Demographic Analysis	240	4	1	5	4.05	1.023	1.047	-1.101	0.157	0.886	0.313
Psychological Factors	240	4	1	5	4.1	0.934	0.872	-0.924	0.157	0.459	0.313
Interest Rates	240	4	1	5	4.17	0.895	0.801	-1.112	0.157	1.165	0.313
Financial Literacy	240	4	1	5	4.13	0.914	0.836	-0.997	0.157	0.887	0.313
Default Rates	240	4	1	5	4.1	0.999	0.997	-0.948	0.157	0.147	0.313
Regulatory Environment	240	4	1	5	4.12	0.929	0.863	-1.073	0.157	0.998	0.313
Marketing Strategies	240	4	1	5	4.09	0.971	0.942	-0.979	0.157	0.515	0.313
Impact on Retail Sales	240	4	1	5	4.18	0.942	0.887	-1.223	0.157	1.515	0.313
Valid N (listwise)	240										

is to do factor analysis and we are good to consider normal data.

Table 4.1 Descriptive statistic

Table 4.2 Correlation Matrix

		VAR00001	VAR00002	VAR00003	VAR00004	VAR00005	VAR00006	VAR00007	VAR00008	VAR00009	VAR00010	VAR00011	VAR00012	VAR00013	VAR00014	VAR00015	VAR00016	VAR00017	VAR00018	VAR00019	VAR00020	VAR00021	VAR00022	VAR00023
Correlation	BNPL Use	1	0.48	0.503	0.452	0.443	0.419	0.561	0.434	0.427	0.455	0.493	0.429	0.459	0.369	0.367	0.439	0.393	0.412	0.395	0.342	0.381	0.369	0.362
	Psychological Determinants	0.48	1	0.423	0.52	0.559	0.526	0.485	0.521	0.403	0.567	0.45	0.526	0.392	0.48	0.45	0.426	0.441	0.428	0.423	0.323	0.35	0.394	0.381
	Indebtedness	0.503	0.423	1	0.462	0.459	0.563	0.599	0.554	0.515	0.501	0.507	0.443	0.51	0.515	0.524	0.571	0.484	0.518	0.441	0.365	0.43	0.439	0.452
	Consumer Behaviour	0.452	0.52	0.462	1	0.528	0.603	0.592	0.494	0.398	0.524	0.45	0.583	0.542	0.507	0.561	0.518	0.549	0.538	0.448	0.401	0.482	0.551	0.465
	Spending Habits	0.443	0.559	0.459	0.528	1	0.552	0.559	0.464	0.387	0.379	0.437	0.469	0.43	0.497	0.399	0.411	0.402	0.335	0.516	0.417	0.476	0.452	0.429
	Saving Habits	0.419	0.526	0.563	0.603	0.552	1	0.549	0.496	0.446	0.51	0.432	0.503	0.541	0.518	0.569	0.47	0.479	0.484	0.429	0.352	0.496	0.487	0.457
	Borrowing Habits	0.561	0.485	0.599	0.592	0.559	0.549	1	0.621	0.599	0.573	0.529	0.547	0.676	0.554	0.519	0.572	0.436	0.503	0.484	0.347	0.42	0.42	0.507
	Financial Technology	0.434	0.521	0.554	0.494	0.464	0.496	0.621	1	0.509	0.58	0.509	0.558	0.541	0.598	0.491	0.514	0.555	0.494	0.528	0.443	0.365	0.444	0.5
	Payment Methods	0.427	0.403	0.515	0.398	0.387	0.446	0.599	0.509	1	0.459	0.545	0.379	0.505	0.53	0.416	0.489	0.512	0.497	0.433	0.383	0.374	0.383	0.421
	Product Impulsive Buying	0.455	0.567	0.501	0.524	0.379	0.51	0.573	0.58	0.459	1	0.417	0.568	0.539	0.541	0.486	0.505	0.555	0.505	0.504	0.346	0.397	0.482	0.435
	BNPL Adoption	0.493	0.45	0.507	0.45	0.437	0.432	0.529	0.509	0.545	0.417	1	0.494	0.579	0.546	0.486	0.444	0.495	0.569	0.532	0.459	0.457	0.534	0.487
	E-commerce	0.429	0.526	0.443	0.583	0.469	0.503	0.547	0.558	0.379	0.568	0.494	1	0.523	0.611	0.516	0.558	0.533	0.543	0.516	0.543	0.509	0.57	0.519
	Instalment Models	0.459	0.392	0.51	0.542	0.43	0.541	0.676	0.541	0.505	0.539	0.579	0.523	1	0.607	0.58	0.594	0.502	0.54	0.572	0.441	0.538	0.548	0.594
	Consumer Credit	0.369	0.48	0.515	0.507	0.497	0.518	0.554	0.598	0.53	0.541	0.546	0.611	0.607	1	0.532	0.622	0.547	0.517	0.539	0.528	0.501	0.515	0.555
	Consumer Debt Levels	0.367	0.45	0.524	0.561	0.399	0.569	0.519	0.491	0.416	0.486	0.486	0.516	0.58	0.532	1	0.574	0.609	0.541	0.509	0.451	0.58	0.495	0.517
	Demographic Analysis	0.439	0.426	0.571	0.518	0.411	0.47	0.572	0.514	0.489	0.505	0.444	0.558	0.594	0.622	0.574	1	0.541	0.566	0.56	0.478	0.53	0.471	0.459
	Psychological Factors	0.393	0.441	0.484	0.549	0.402	0.479	0.436	0.555	0.512	0.555	0.495	0.533	0.502	0.547	0.609	0.541	1	0.555	0.552	0.513	0.467	0.558	0.492
	Interest Rates	0.412	0.428	0.518	0.538	0.335	0.484	0.503	0.494	0.497	0.505	0.569	0.543	0.54	0.517	0.541	0.566	0.555	1	0.592	0.467	0.544	0.6	0.425
	Financial Literacy	0.395	0.423	0.441	0.448	0.516	0.429	0.484	0.528	0.433	0.504	0.532	0.516	0.572	0.539	0.509	0.56	0.552	0.592	1	0.567	0.641	0.553	0.53
	Default Rates	0.342	0.323	0.365	0.401	0.417	0.352	0.347	0.443	0.383	0.346	0.459	0.543	0.441	0.528	0.451	0.478	0.513	0.467	0.567	1	0.595	0.595	0.482
	Regulatory Environment	0.381	0.35	0.43	0.482	0.476	0.496	0.42	0.365	0.374	0.397	0.457	0.509	0.538	0.501	0.58	0.53	0.467	0.544	0.641	0.595	1	0.549	0.514
	Marketing Strategies	0.369	0.394	0.439	0.551	0.452	0.487	0.42	0.444	0.383	0.482	0.534	0.57	0.548	0.515	0.495	0.471	0.558	0.6	0.553	0.595	0.549	1	0.491
	Impact on Retail Sales	0.362	0.381	0.452	0.465	0.429	0.457	0.507	0.5	0.421	0.435	0.487	0.519	0.594	0.555	0.517	0.459	0.492	0.425	0.53	0.482	0.514	0.491	1

Table 4.3 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	129606.619	23	5635.070	1.191	.256[b]
	Residual	1022373.381	216	4733.210		
	Total	1151980.000	239			
a. Dependent Variable: DV						
b. Predictors: (Constant), VAR00023, VAR00001, VAR00018, VAR00005, VAR00020, VAR00009, VAR00010, VAR00015, VAR00003, VAR00002, VAR00011, VAR00004, VAR00008, VAR00016, VAR00006, VAR00017, VAR00021, VAR00022, VAR00012, VAR00013, VAR00014, VAR00019, VAR00007						

4.5 Reliability Test

For factor analysis we need to do reliability test so we can consider reliable items for factor analysis.

Table 4.4 Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.957	.957	23

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
BNPL Use	90.00	242.255	.590	.449	.956
Psychological Determinants	90.21	238.679	.628	.540	.956
Indebtedness	90.23	237.690	.682	.554	.955
Consumer Behaviour	90.21	234.854	.709	.588	.955
Spending Habits	90.30	234.798	.631	.578	.956
Saving Habits	90.40	233.447	.690	.569	.955
Borrowing Habits	90.29	233.168	.740	.709	.955
Financial Technology	90.25	235.276	.710	.584	.955
Payment Methods	90.16	238.996	.631	.521	.956
Product Impulsive Buying	90.18	237.054	.684	.577	.955
BNPL Adoption	90.22	237.150	.684	.558	.955
E-commerce	90.21	236.015	.726	.598	.955
Instalment Models	90.22	233.216	.747	.654	.954
Consumer Credit	90.25	233.312	.746	.617	.954
Consumer Debt Levels	90.26	234.429	.708	.588	.955
Demographic Analysis	90.26	234.278	.716	.592	.955
Psychological Factors	90.21	236.586	.707	.595	.955
Interest Rates	90.15	237.500	.706	.598	.955
Financial Literacy	90.18	236.853	.713	.623	.955
Default Rates	90.21	237.725	.618	.552	.956
Regulatory Environment	90.19	237.695	.671	.606	.955
Marketing Strategies	90.23	236.261	.689	.587	.955
Impact on Retail Sales	90.13	237.639	.663	.494	.955

4.6 Factor Analysis

Factor analysis is a data reduction technique where large number of variables is reduced to small number of factors.

Exploratory factor analysis is a process in which the large number of variables can be reduced to smaller number of sets of identified variables to find out underlying theoretical phenomenon.

Correlation matrix determinant is +ve (0.001) reliable; KMO value (.950) is > 0.70 therefore sample is adequate. All anti image value is >0.5 and hence sample size is adequate for each variable for factor analysis. Also, Bartlett's test of Sphericity shows it is significant (0.001). Therefore, data is suitable for analysis and formation of factors is possible.

All the communalities value is > 0.5 which is good for factor analysis.

Table 4.6 KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.955
Bartlett's Test of Sphericity	Approx. Chi-Square	3516.982
	df	253
	Sig.	<.001

*KMO>=0.7 is accepted reference value.

Interpretation of Total Variance explained

- It shows total 03 factors have emerged (whose eigen value is >1.0)
- Now, from 'cumulative %' column it shows 03 factors contributes variance of 59.085%, this is massive. Any value > 50% is good and if it goes to 70% and more that is excellent.
- From 'Scree plot" (Fig) you can see from 4th. Factor the graph is flattened. Hence, we can derive 4-1=3 are the meaningful factors.
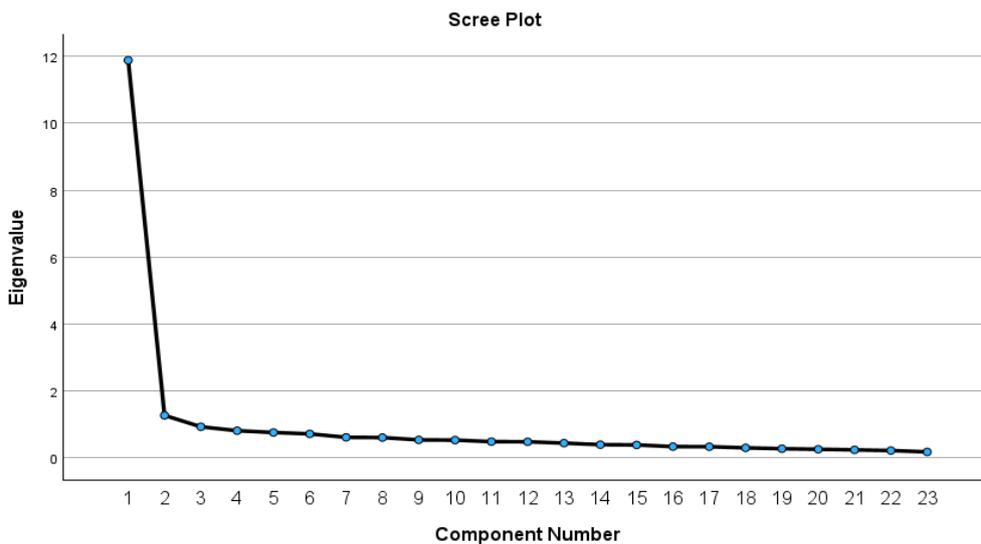
Table 4.7 Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total
1	11.885	51.673	51.673	10.583
2	1.270	5.522	57.196	9.761
3	.930	4.045	61.241	
4	.813	3.533	64.775	
5	.759	3.300	68.075	
6	.718	3.120	71.195	
7	.615	2.672	73.867	
8	.608	2.642	76.509	
9	.538	2.341	78.850	
10	.531	2.311	81.161	
11	.486	2.112	83.273	
12	.481	2.093	85.366	
13	.441	1.919	87.285	
14	.396	1.720	89.005	
15	.388	1.685	90.690	
16	.337	1.465	92.155	
17	.334	1.453	93.609	
18	.300	1.304	94.913	
19	.275	1.194	96.107	
20	.258	1.121	97.227	
21	.240	1.042	98.269	
22	.219	.953	99.222	
23	.179	.778	100.000	

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

5. FINDINGS, SUGGESTIONS, CONCLUSION, LIMITATIONS, FUTURE SCOPE OF RESEARCH.

Findings

I.   There is a notable trend towards "buy now, pay later" (BNPL) schemes, indicating consumer willingness to defer payments.

II. Consumers may underestimate their future financial obligations, leading to potential debt accumulation

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Suggestions

The suggestions are made after extensive research.

Provide transparent information about the long-term implications of BNPL schemes to empower consumers to make informed decisions.

Conclusion

While "buy now, pay later" schemes offer convenience and flexibility to consumers, they also pose significant risks, including overspending and financial strain. Consumer awareness, regulatory oversight, and responsible business practices are crucial in mitigating these risks and ensuring a balanced approach to consumer finance.

limitations

This study may not encompass all aspects of BNPL schemes, such as regional variations or specific consumer demographics.

future scope of research

I. Investigate the long-term financial implications of BNPL schemes on consumer debt levels and financial well-being.
II. Examine the role of emerging technologies, such as blockchain and digital currencies, in shaping the future of consumer finance.

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