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A Study on the Popularity of Buy now Pay Later (Bnpl) Among Youths

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ABSTRACT

The paper looks at the increasing use of Buy Now Pay Later (BNPL) as a short-term digital financing option for lifestyle-driven consumption among young adults in Tier-2 and Tier-3 urban areas in India. Descriptive research design was used in the study, which included a structured online questionnaire that was sent to youth aged 18-25 in the cities of Dehradun, Roorkee, and Saharanpur. Due to time and resource limitations, convenience sampling was employed and 104 responses were completely filled out and used in the analysis. There was a significant gap between awareness and actual use, with 76% of respondents stating they were aware of at least one BNPL platform, but only 33.7% had used one themselves. This marked a considerable gap attributed to financial concerns and incomplete knowledge. PhonePe Pay Later had the highest market share of 65.7% among active users. For the fashion and clothing category, 85.7% of spending was done with BNPL, which is a discretionary category and not one that is mandatory. Most importantly, 40% of the active users said they missed at least one expected payment and around 42.9% had little or no knowledge about late-fee structures. The results have clear implications for banking regulation and fintech governance, as financial literacy protection should be a feature of the checkout process, not just a place in the terms of service to which few users attend.

Keywords: Buy Now Pay Later (BNPL), Consumer Behaviour, Financial Literacy, Fintech Lending, Lifestyle Spending, Youth Demographics

INTRODUCTION

In the past ten years, the methods used to access short-term credit have quickened more than in the previous half-century in India. Relying on a bank visit together with a guarantor and a credit history is now replaced with a digital checkout page and it can be done in under 30 seconds. It isn't a sudden change: it reflects a mix of economic, technological and behavioural factors that set the stage for BNPL platforms to flourish in a generation that has come to see its smartphone as a financial terminal.

The credit culture in India has been unorganized till now. In the pre-digital era, prior to the advent of digital wallets and UPI, small-scale credit was facilitated by the trust-based neighbourhood "Khata" system, which involved shop owners keeping a record of who owed them money and when, and then receiving the repayment after a period of time. This was not an unusual practice: Khata was the initial and sometimes sole source of credit for millions of urban households in smaller cities and towns. The various BNPL services like PhonePe Pay Later, Amazon Pay Later and Flipkart Pay Later have essentially been able to convert this centuries-old buying- and-paying-later mindset, wrapped up in the same app interfaces that young consumers are already accustomed to for food delivery and online shopping. This familiarity reduces the psychological barrier to entry to a great extent (Arun et al., 2024).

It is important to note that there is a macroeconomic context to this change. In 2020, the value of the fintech sector in

India was estimated to be around USD 3.5 billion and is expected to reach USD 50 billion by 2026, which would have been unthinkable without the structural push from COVID-19 (Dwivedi et al., 2024). As physical retail was closed and cash transactions were made difficult and socially frowned upon, digital payment rails were adopted from years to months. It was a game-changer in urban India as UPI, which had been on the rise since its launch in 2016, was adopted by almost everyone in the country overnight. This infrastructure benefited BNPL platforms too: They would need to have UPI linked bank accounts to function, and a people who are now comfortable with digital transactions are suddenly in their reach (Goel, 2025).

But the popularity of BNPL among Indian youth is not just about convenience or the pandemic-fuelled shift to the digital age. There's also a behavioural economics angle that needs to be given the same consideration. In the past, credit cards were available to consumers who preferred to pay later, but they held less than 3% of India's adult population, highlighting institutional barriers and cultural hesitation to formal revolving credit (Kumar et al., 2024). BNPL works differently. The transaction is treated not as a debt, but as an instalment, and the split-payment structure lessens what behavioural economists refer to as the "pain of paying," or psychological discomfort associated with a large, single payment of money. If a person purchases a ₹2,500 dress for ₹833 three times, it is not a debt. It is similar to scheduling (Singh & Sahni, 2024a). It's not a coincidence; it's part of the product experience.

In this study, "youth" will mean those ages 18-25. This bracket is especially important because they include both college undergraduates and graduate students as well as early career workers who are the most likely to establish their financial norms, and at the same time, most vulnerable to peer influences on spending. The two categories that are leading the usage of BNPL in this group are not consumer durables or medical expenses; they are fashion, food delivery and leisure, where aspiration meets immediate gratification (Singh & Sahni, 2024b). The focus of the paper is on understanding how and why the smaller cities in India are using the short-term fintech credit.

LITERATURE REVIEW

Over the past few years, the academic literature around BNPL has increased significantly, although there is a significant amount of literature with a focus on the context of developed markets, such as Australia, the United Kingdom, and the United States, which is different from that of India. In India, the focus of the existing research has been on adoption of digital credit in major cities or for acquiring high- dollar consumer durables, with the youth population in smaller cities largely under- researched.

The value propositions for BNPL adoption on the enabling side have been consistently found to be flexibility and perceived affordability. According to Aggarwal et al. (2023), consumers with BNPL are more likely to use the service due to the affordability of the installment structure, as they might not have the funds to make the purchase in one payment. It's different from the standard credit card value proposition that resonates with credit history-holding wealthier consumers. BNPL, on the other hand, doesn't need any existing credit score and doesn't charge an annual fee, thus it is more easily accessible for younger and lower-income users. There is part of this story that is explained by the Technology Acceptance Model (TAM), which has been used widely in the context of fintech adoption: When perceived ease of use and perceived usefulness are good, then adoption follows — and BNPL platforms are doing really well on both metrics for customers who are already comfortable using apps to pay for goods and services (Raj et al., 2023).

The social influences add to the individual- level behavioural drivers. Gopinath & Jayaprakasam (2026) highlight the importance of peer adoption and visibility in social networks as key factors driving BNPL adoption among younger consumers. The product becomes a norm when the student at the college sees others using it to buy clothes or event tickets without any visible financial burden. Materialism, or the extent to which an individual values material possessions as a sign of social status and personal success, has also been found to be a predictor of BNPL use, especially for items such as fashion and electronics. Students who live in hostel and paying-guest houses are particularly vulnerable to such peer pressure mechanisms (Raj, Zakaria & Rahim, 2024).

Research also reveals financial stress, fee structure transparency, and lack of financial literacy as challenges to responsible BNPL use. According to Goel (2025), a significant number of BNPL users in India are not aware of how much they will pay in late fees, how their credit scores will be affected by newer versions of bureau-reporting

integrations, or how the defaulting on various products on different platforms will affect them. Mukherjee (2025) goes further, saying that by removing the friction from these BNPL interfaces, they actually make customers more at risk financially because they are not taught about financial literacy and modelling their total short-term liability across multiple billing cycles.

Singh & Sahni (2024a, 2024b) specifically target the Indian youth context, pointing out that although the awareness of BNPL among 18–25-year-olds is high, conversion to active usage is limited by parents, distrust and in smaller cities, a preference for cash on-hand over using BNPL even among digitally savvy consumers. Their work is one of the very few that addresses Tier-2 and Tier-3 urban dynamics but even in their samples they are weighted toward large metros.

The gap the study fills is specific – there is hardly any empirical evidence on the behavioural patterns, spending categories, and default risk of BNPL users reporting on an important group of the population using fintech in the non-essential lifestyle consumption, the 18-25 age group, which reside in smaller cities where the fintech ecosystem is expanding but financial literacy infrastructure is not. This gap is required not only for an academic fulfilment but also for the practical design of consumer protection policy in the next generation urban growth corridors of India.

RESEARCH METHODOLOGY

Research Design

The research design adopted for this study is a Descriptive Research Design. This design was selected because the aim is to observe and document BNPL usage patterns as they naturally exist among the target population, without manipulating any variables. As Kothari (2019) classifies, descriptive research is most suitable when the researcher wants to describe the "what" and "how much" of a situation rather than establish cause-and-effect relationships. This study does not test a causal hypothesis
— it documents the prevalence, frequency, and nature of BNPL use for lifestyle spending among youth, which is precisely what the descriptive framework is built for.

Nature of the Study

This study follows a Mixed Methods approach, combining quantitative and qualitative elements within a single design. The quantitative component captures measurable data — usage frequency, platform preferences, spending categories, and repayment behaviour — presented through frequency tables and cross- tabulations. The qualitative component, drawn from open-ended questionnaire items, captures the motivations, attitudes, and personal reasoning behind respondents' BNPL decisions. Together, the two elements produce a fuller account of the phenomenon than either could deliver alone.

Data Types

Two types of data were used. Primary data form the empirical core of the study, collected directly from youth respondents via a structured online questionnaire and representing a real-time record of their BNPL awareness, usage habits, and repayment behaviour. Secondary data provided the regulatory and theoretical context for interpreting the findings, drawn from Reserve Bank of India digital lending circulars, Payments Council of India white papers, and the peer-reviewed academic literature referenced throughout this paper.

Data Collection Method

A structured online questionnaire built on Google Forms served as the primary data collection instrument. It covered BNPL platform awareness, frequency of use, platform preferences, lifestyle spending categories, motivations for choosing BNPL over direct payment, and self-assessed financial impact. Google Forms was selected for its accessibility and ability to reach geographically distributed respondents efficiently. The form link was distributed through WhatsApp groups, college peer networks, and academic notice boards — the same digital channels the target demographic uses daily.

Target Respondents

Respondents were youth aged 18–25 across three cities: Dehradun, a Tier-3 emerging urban centre with a large student population; Roorkee, a Tier-2 educational hub anchored by IIT Roorkee and several engineering colleges; and Saharanpur, a Tier-2 commercial city in western Uttar Pradesh with close economic ties to the Uttarakhand corridor. These cities were selected because they represent semi-urban, education-dense environments where fintech adoption is growing faster than financial literacy infrastructure — making them particularly relevant for studying BNPL risk among young consumers.

Sampling Design

- **Sample Technique:** Convenience Sampling was used, a non- probability method appropriate for descriptive studies operating under practical time and budget constraints (Sekaran & Bougie, 2016). **Sample Size:** The Google Form link was distributed to approximately 200–250 eligible respondents across the three cities. Of the total responses received, 104 fully completed, valid responses were retained for analysis. Responses from outside the 18–25 age bracket or with incomplete entries were excluded.

- **Sample Unit:** The individual young consumer residing in one of the three selected cities. Findings reflect the semi-urban North Indian youth context and are not intended to represent Indian youth nationally.

Analytical Tools

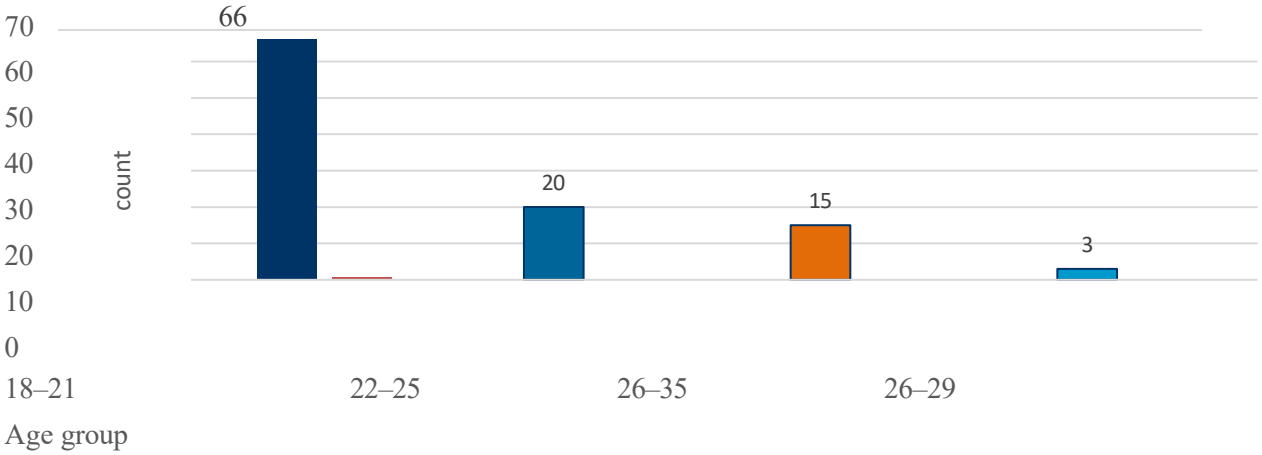
Raw data from the 104 responses were downloaded from Google Forms and processed in Microsoft Excel. All entries were checked for completeness before analysis. Frequency counts were converted to percentage values for easier interpretation, and cross-tabulations were used to compare adoption patterns across demographic sub-groups such as income bracket, educational level, and gender.

DATA ANALYSIS AND INTERPRETATION

The data for this study was collected through a structured Google Form questionnaire distributed among a diverse group of respondents, including students, working professionals, and adults. Below is Section A: demographic profile the Analysis and interpretation based on the questionnaire:

Age Group	Count	Percentage
18–21	66	63.50%
22–25	20	19.20%
26–35	15	14.40%
26–29	3	2.90%

Q1. Age Distribution of Respondents



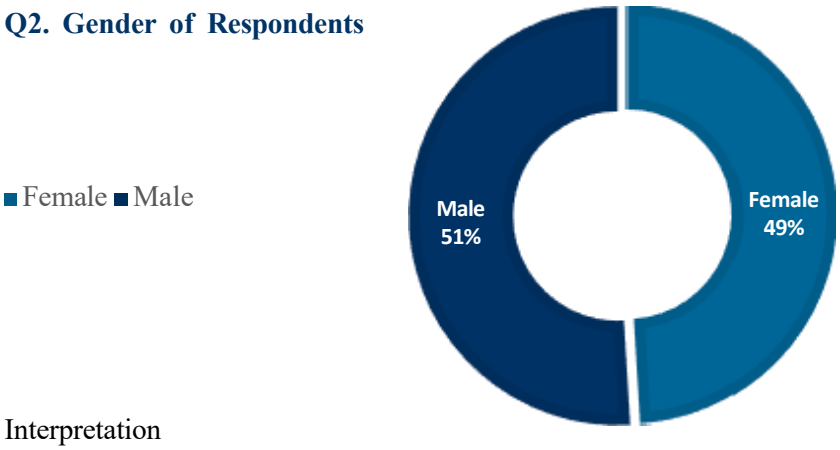
Interpretation

Nearly two-thirds of the sample (63.5%) fall in the 18–21 bracket — predominantly college students at the earliest stage of financial independence, with no prior exposure to formal credit products. This demographic concentration is not a sampling flaw; it reflects the precise population that BNPL platforms most aggressively target through embedded checkout offers.

Gender of Respondents:

Gender	Count	Percentage
Male	53	51.00%
Female	51	49.00%

Q2. Gender of Respondents



Interpretation

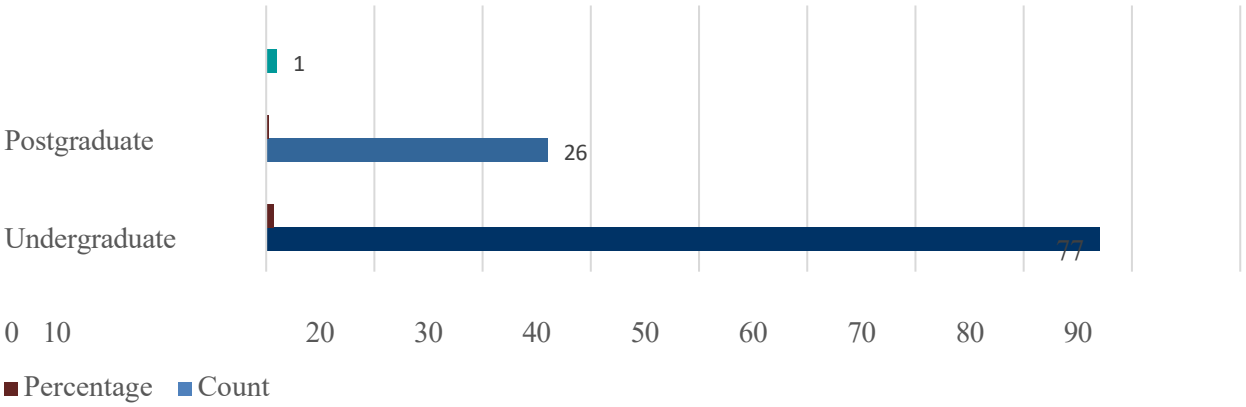
The sample is near-equally split — 51% male and 49% female — allowing for meaningful gender-based comparisons without compositional distortion.

Education Level:

Level	Count	Percentage
Undergraduate	77	74.0%
Postgraduate	26	25.0%
Intermediate	1	1.0%

Intermediate

Q3. Educational Level



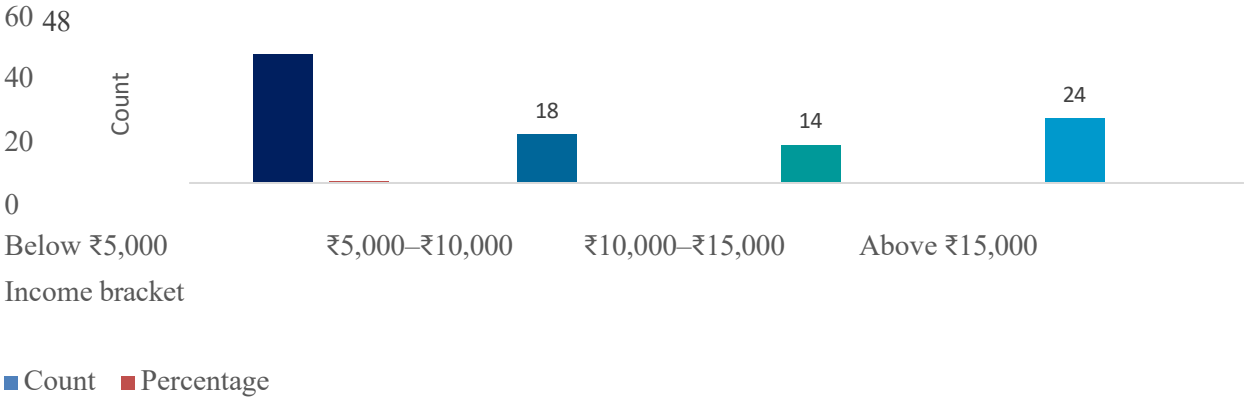
Interpretation

74% of respondents are undergraduates, typically with lower incomes and no credit history — the exact profile that no-credit-check BNPL products are designed to onboard. The 25% postgraduate share provides a higher-income, more financially experienced comparison group that proves significant in cross-tabulations.

Monthly Income / Pocket Money:

Income Bracket	Count	Percentage
Below ₹5,000	48	46.2%
₹5,000–₹10,000	18	17.3%
₹10,000–₹15,000	14	13.5%
Above ₹15,000	24	23.1%

Q4. Monthly Pocket Money/ Income



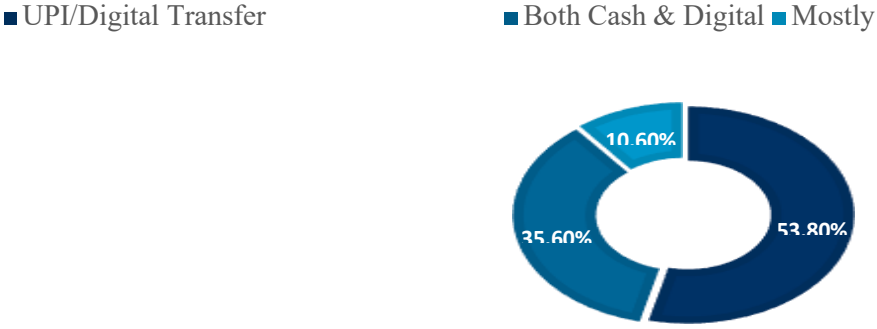
Interpretation

Nearly half the sample lives on under ₹5,000 monthly — meaning a single ₹1,500 BNPL transaction can account for over 30% of their total budget. This income profile, read against the spending volume data that follows, is the source of the study's most critical risk finding.

Money Source:

Source	Count	Percentage
UPI/Digital Transfer	56	53.8%
Both Cash & Digital	37	35.6%
Mostly Cash	11	10.6%

Q5. How Respondent Receive Money



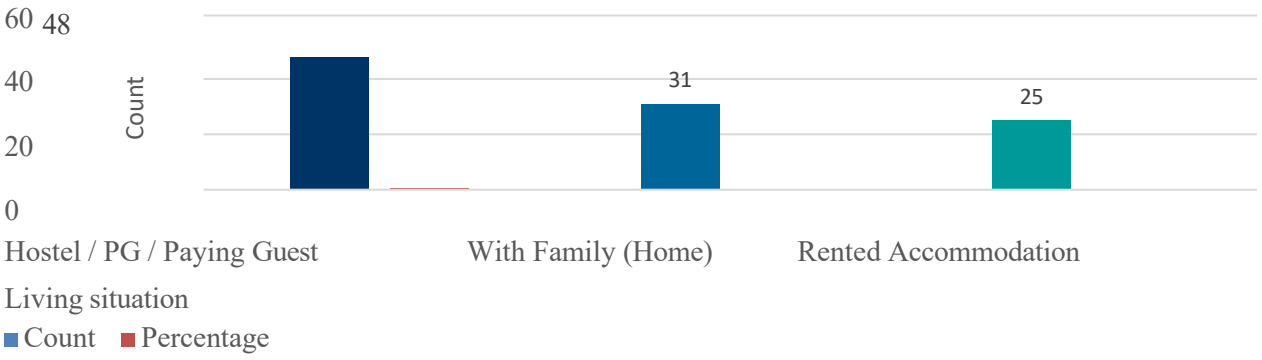
Interpretation

89.4% of respondents receive funds through digital channels, either fully or partially. Since BNPL platforms operate within the same UPI and app infrastructure these users already navigate daily, the transition to Pay Later at checkout is behaviourally seamless. Respondents who rely primarily on cash show virtually no BNPL engagement.

Living Situation:

Living Situation	Count	Percentage
Hostel / PG / Paying Guest	48	46.2%
With Family (Home)	31	29.8%
Rented Accommodation	25	24.0%

Q6. Living Situation of Respondent

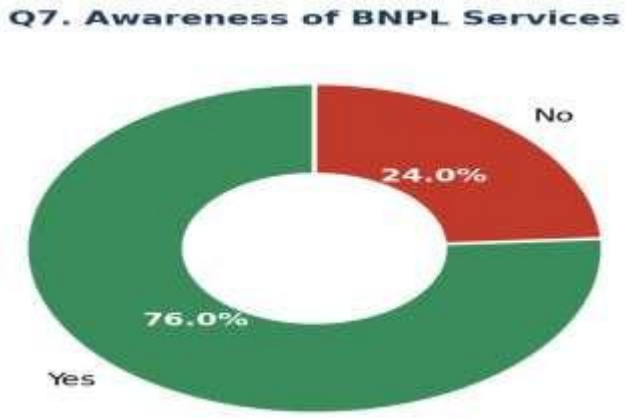


Interpretation

70.2% of respondents are financially self-managing, living either in hostels or rented accommodation. This group manages fixed monthly allowances without parental oversight on daily spending, creating both a practical need for short-term credit and a structural vulnerability to repayment defaults.

SECTION B: BNPL Awareness BNPL Awareness:

Awareness	Count	Percentage
Have heard of BNPL	79	76.0%
Have not heard	25	24.0%

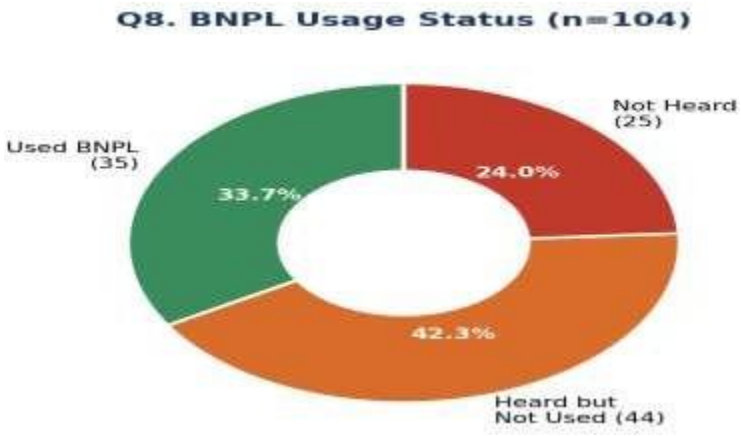


Interpretation

76% of respondents are aware of BNPL — a penetration rate that reflects how effectively PhonePe, Amazon, and Flipkart have placed these options within apps the target demographic already uses daily. The 24% unaware group skews toward cash-dominant, lower-income respondents, highlighting a fintech access divide within an already digitally active cohort.

BNPL Usage Status Breakdown:

Status	**Count**	**Percentage**
Used BNPL	35	33.7%
Heard but Not Used	44	42.3%
Not Even Heard of BNPL	25	24.0%

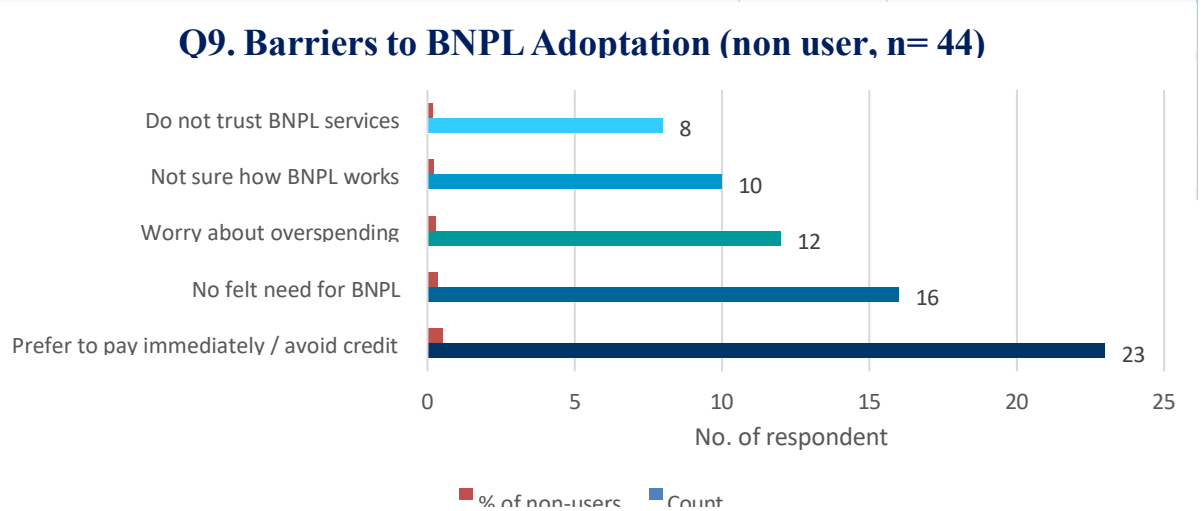


Interpretation

Only 33.7% of the full sample are active BNPL users — a 42-percentage-point gap from the 76% awareness figure. The 44 respondents who are aware but have not adopted represent a group held back by financial caution, distrust, or incomplete understanding rather than a lack of exposure. Awareness alone is not converting to adoption.

Barriers to BNPL Adoption:

Barrier	Count	% of non-users
Prefer to pay immediately / avoid credit	23	52.3%
No felt need for BNPL	16	36.4%



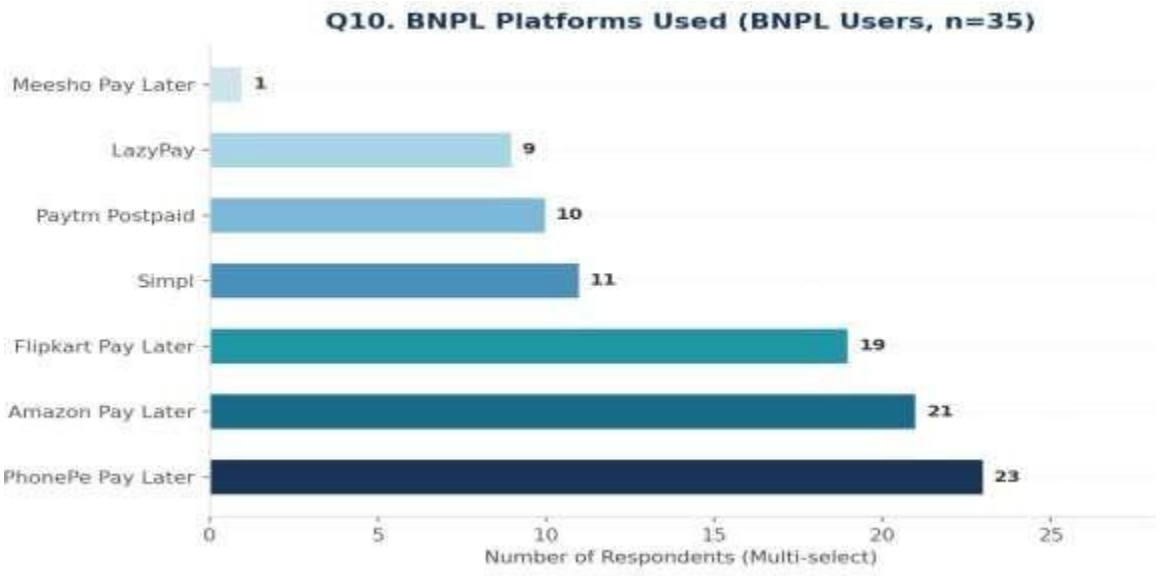
Do not trust BNPL services	8	18.2%

Interpretation

52.3% of non-users simply prefer outright payment and consciously avoid any form of credit. This is a culturally embedded financial caution that marketing reach alone cannot overcome. The 22.7% who do not fully understand how BNPL works represent an educable segment — their non-adoption is a knowledge gap, not a principled objection.

SECTION C: BNPL Usage Patterns (n=35 Active Users)
Platforms Used:

Platform	Mentions	% of Users
PhonePe Pay Later	23	65.7%
Amazon Pay Later	21	60.0%
Flipkart Pay Later	19	54.3%
Simpl	11	31.4%
Paytm Postpaid	10	28.6%
LazyPay	9	25.7%
Meesho Pay Later	1	2.9%



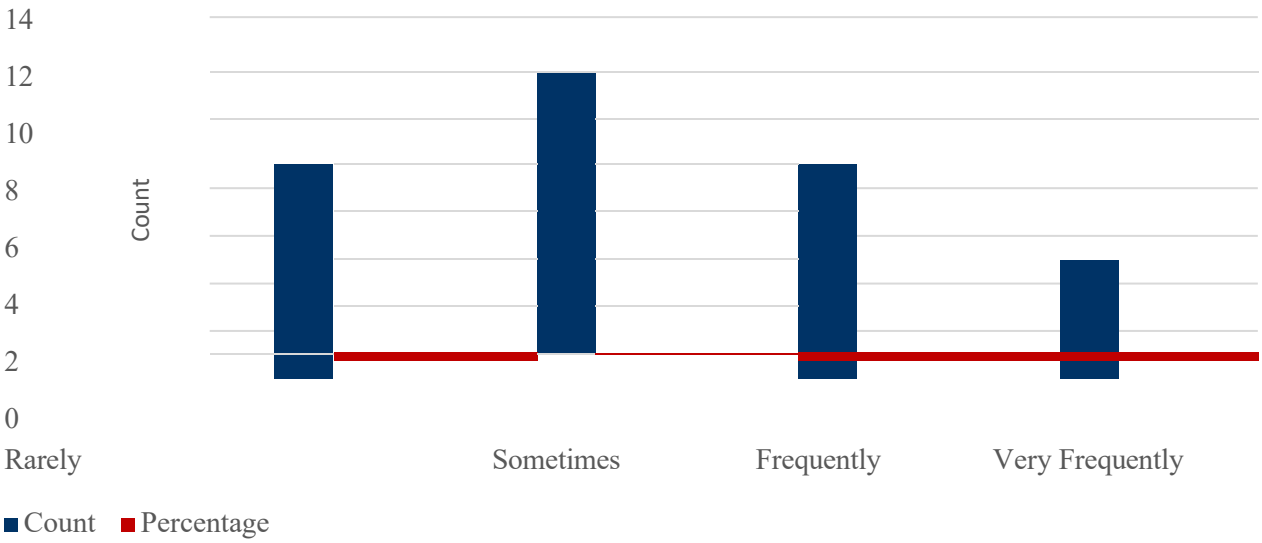
Interpretation

PhonePe Pay Later leads at 65.7%, followed by Amazon Pay Later at 60% and Flipkart Pay Later at 54.3%. The dominance of these three reflects their integration into applications users are already navigating for purchases and payments. 21 of 35 users report using more than one platform simultaneously — a multi-platform exposure pattern that is directly connected to the missed-payment and repayment-tracking difficulties documented in Section E.

Frequency of BNPL Usage:

Frequency	Count	Percentage
Rarely	9	25.7%
Sometimes	12	34.3%
Frequently	9	25.7%
Very Frequently	5	14.3%

Q11. Frequency of BNPL usage



Interpretation

40% of active users fall in the frequent or very frequent category — these are the users running the highest repayment overlap risk, managing multiple billing cycles across different app ecosystems with no unified tracking interface.

Monthly BNPL Spend:

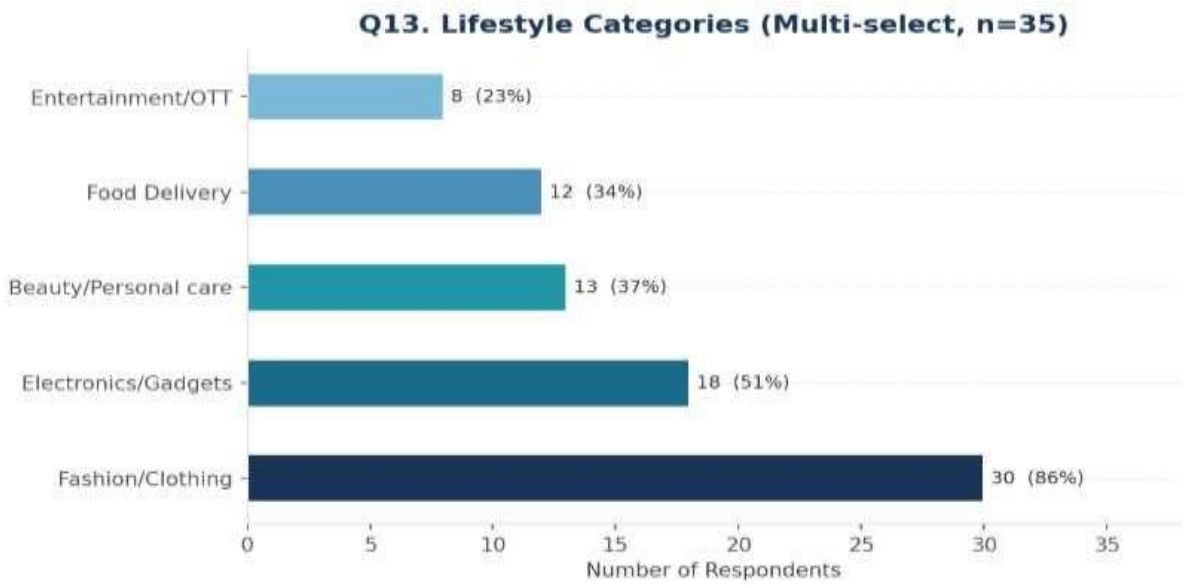
Spend Range	Count	Percentage
Less than ₹500	4	11.4%
₹500–₹2,000	10	28.6%
₹2,000–₹5,000	8	22.9%
Above ₹5,000	13	37.1%

Interpretation

7.1% of active users spend above ₹5,000 monthly through BNPL channels. Placed against the demographic finding that 46.2% of the full 104-respondent sample survives on a monthly allowance below ₹5,000, this figure identifies a material financial mismatch: a subset of active users is running BNPL obligations that equal or exceed their total monthly income.

Lifestyle Categories:

Category	Mentions	% of Users
Fashion / Clothing	30	85.7%
Electronics / Gadgets	18	51.4%
Beauty / Personal Care	13	37.1%
Food Delivery	12	34.3%
Entertainment / OTT	8	22.9%



Interpretation

Fashion and clothing dominates at 85.7%. These are not large, infrequent purchases — they are moderate-value, high-frequency transactions (a ₹700 top, a ₹500 accessory) that accumulate quickly across a monthly cycle. The presence of food delivery at 34.3% is particularly notable: deferring payment on a consumable that delivers no lasting asset value represents the riskiest application of short-term credit in terms of cost-to-value ratio.

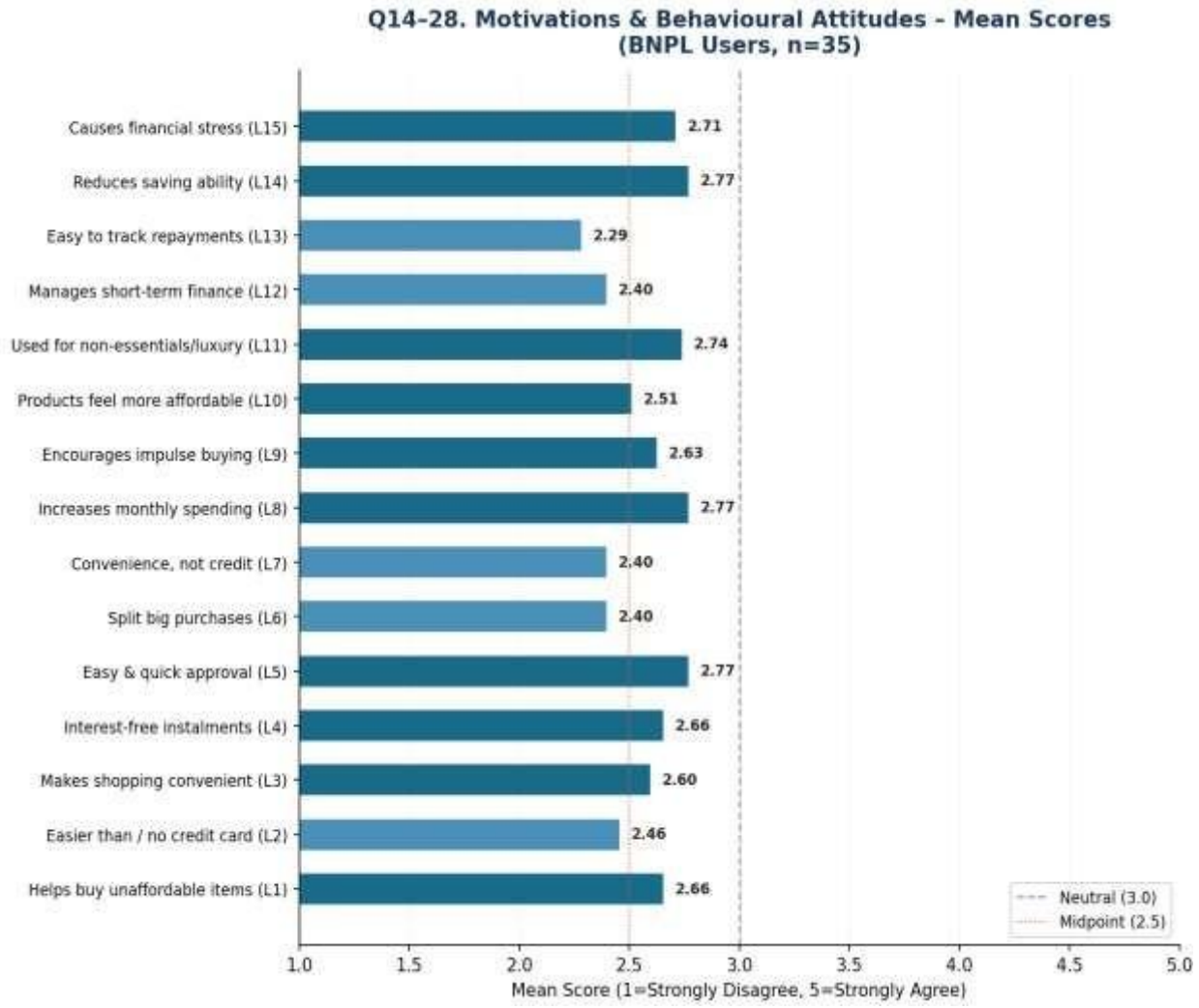
SECTION D: Motivations and Behavioural Attitudes (Q14–28)

Questions 14 to 28 used a 5-point Likert scale, where 1 = Strongly Disagree and 5 = Strongly Agree. These 15 items were answered only by the 35 respondents who have used BNPL. The mean scores are analysed below, grouped into three thematic sub-sections: Motivations for Use, Spending Behaviour, and Financial Management.

Likert Scale Mean Scores: All 15 Items (n=35):

Item	Statement (Short)	Mean
L1	Helps buy items I can't afford immediately	2.66
L2	Easier than / no credit card	2.46
L3	Makes shopping convenient	2.60
L4	Interest-free instalments	2.66

L5	Easy and quick approval	2.77
L6	Splits big purchases into smaller ones	2.40
L7	More convenience tool than credit product	2.40
L8	Increases overall monthly spending	2.77
L9	Encourages impulse purchases	2.63
L10	Makes products feel more affordable	2.51
L11	Used for non-essentials / luxury	2.74
L12	Helps manage short-term finances	2.40
L13	Easy to track repayments	2.29
L14	Reduces ability to save	2.77
L15	Causes financial stress	2.71



Motivations for Use (L1–L7): L5 — easy and quick approval — scores the highest in the motivation cluster at 2.77, confirming that frictionless access rather than genuine financial need is the primary adoption driver. L1 and L4 score equally at 2.66, suggesting that both immediate affordability relief and the zero-interest promise contribute to the adoption rationale, though neither reaches strong agreement. The lower scores for L6 and L7 (both 2.40) indicate that users hold a more realistic view of BNPL than its marketing implies — a meaningful proportion does not strongly identify it as a mere shopping convenience.

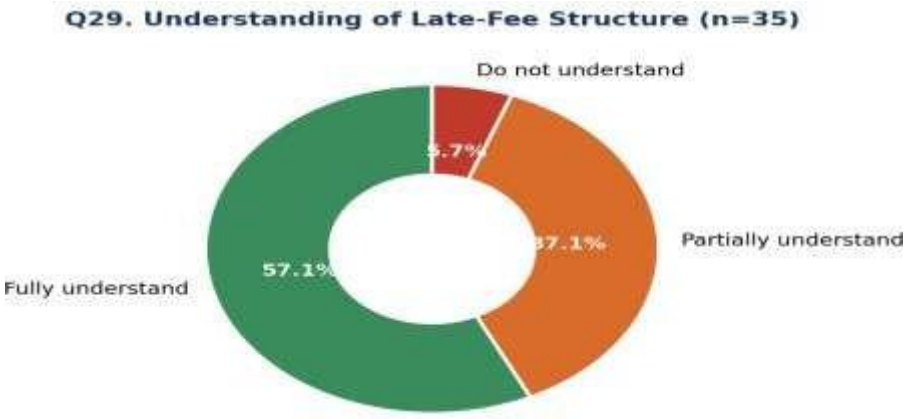
Spending Behaviour (L8–L11): L8 — increases overall monthly spending — ties with L5 as the joint-highest scoring item across all 15 at 2.77. Those users self-report higher spending as a consequence of BNPL use, even accounting for social desirability bias that would push this score downward, is a significant finding. L11 — used for non-essentials and luxury items — scores 2.74, the second-highest in this cluster and consistent with the category dominance of fashion and food delivery in the usage data.

Financial Management (L12–L15): L14 — reduces ability to save — also scores 2.77, jointly the highest across all 15 items. For a demographic where building a savings buffer is already structurally difficult given low allowances, this admission carries real financial consequences. L15 — causes financial stress — scores 2.71, indicating approximately a third of users experience repayment-related anxiety. L13 — easy to track repayments — is the lowest-scoring item in the entire set at 2.29, meaning users find it the hardest to agree with. This difficulty in tracking obligations across multiple platforms is structurally connected to the 42.9% who cite forgetting the due date as their primary reason for missing a payment.

SECTION E: Repayment Behaviour and Financial Awareness

Understanding of Late-Fee Structure:

Level of Understanding	Count	Percentage
Fully Understand	20	57.1%
Partially Understand	13	37.1%
Do Not Understand	2	5.7%

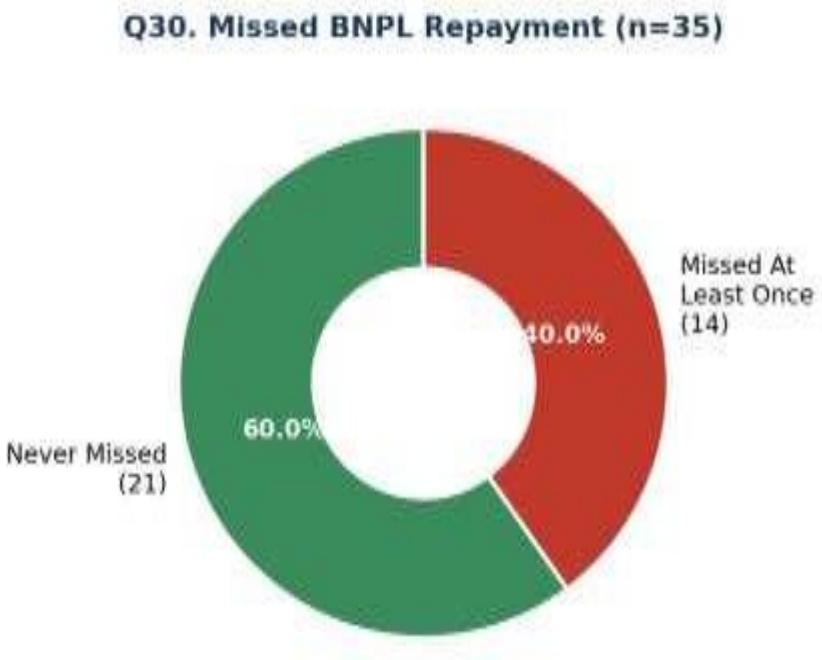


Interpretation

42.9% of active users — 37.1% partially and 5.7% not at all — cannot accurately describe the fee structure of the BNPL product they are actively using. Late fees represent a substantial share of BNPL platform revenue; a user who cannot describe the penalty structure has limited capacity to make an informed borrowing decision.

Missed Payment Incidence:

Missed Payment?	Count	Percentage
No	21	60.0%
Yes	14	40.0%

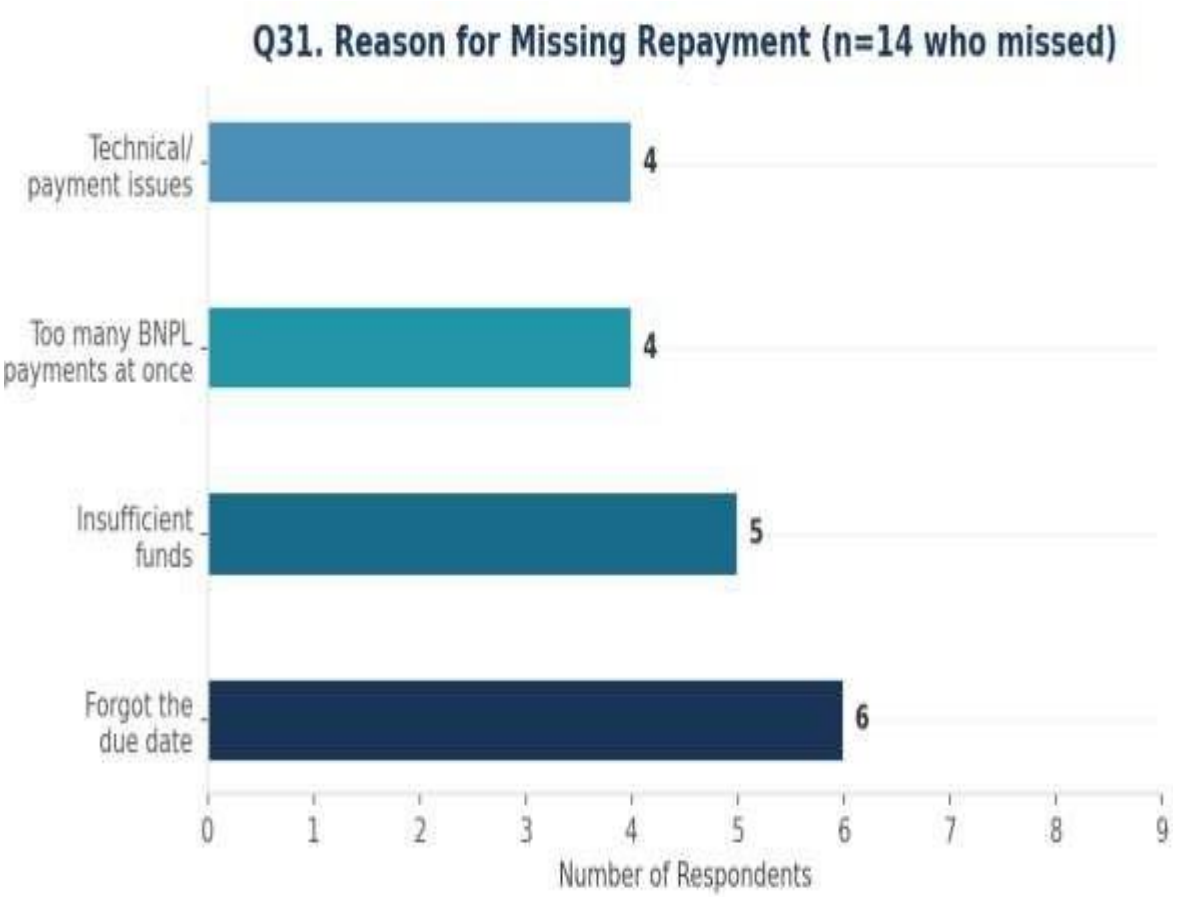


Interpretation

40% of active users have missed at least one repayment. Given the RBI's 2022 guidelines requiring BNPL transactions to be reported to credit bureaus, a missed payment at age 19 or 20 carries credit-score implications that most of these respondents are unlikely to be aware of.

Reason for Missing Repayment:

Reason	Count	% of Those Who Missed
Forgot the due date	6	42.9%
Insufficient funds	5	35.7%
Too many BNPL accounts at once	4	28.6%
Technical / payment issues	4	28.6%



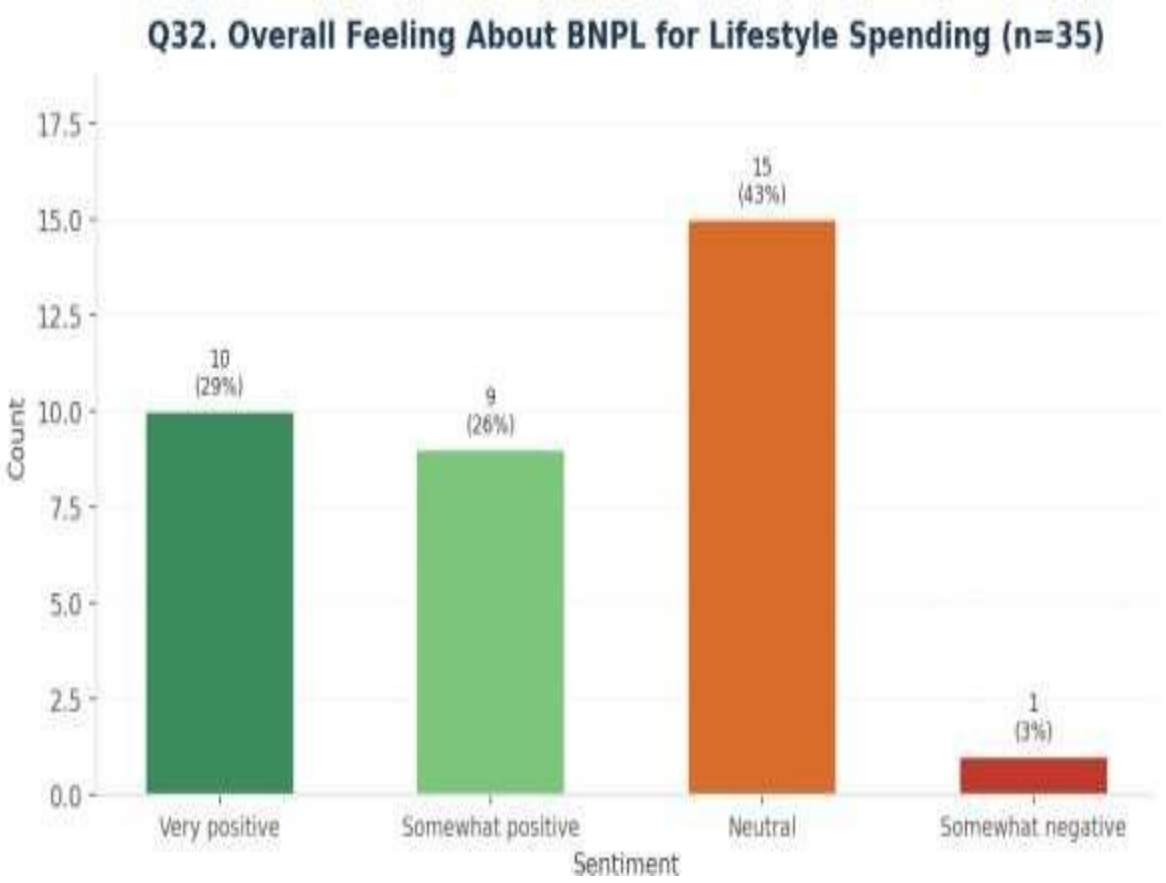
Interpretation

Forgetting the due date at 42.9% is a platform design and habit issue, not purely a financial distress signal. Insufficient funds at 35.7% does indicate real income pressure — a student on
₹4,000 monthly who has committed ₹2,000 to BNPL installments will predictably run short before the month ends. Four respondents explicitly cite managing too many simultaneous BNPL payments, the multi-platform risk made concrete.

SECTION F: Overall Perception and Future Intent

Overall Sentiment:

Sentiment	Count	Percentage
Very Positive	10	28.6%
Somewhat Positive	9	25.7%
Neutral	15	42.9%
Somewhat Negative	1	2.9%

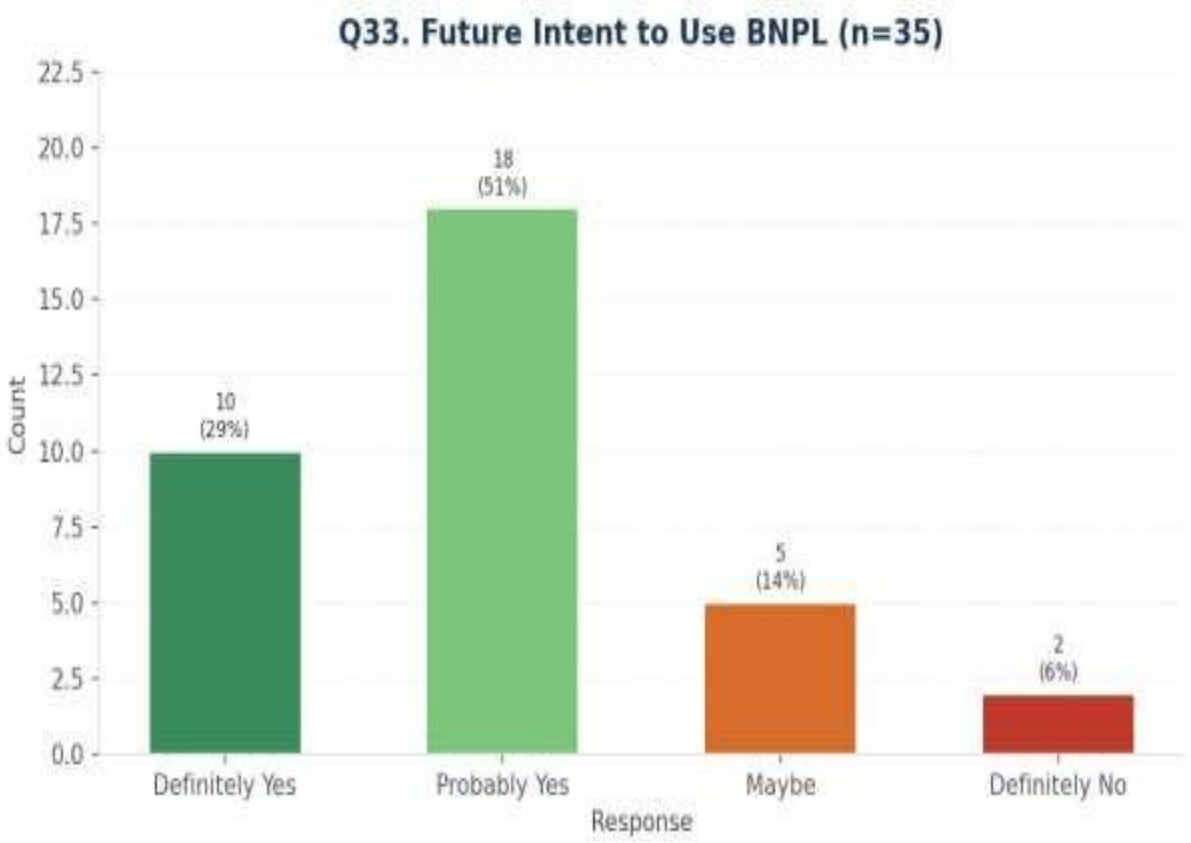


Interpretation

The largest single group — 42.9% — is neutral. 54.3% lean positive in aggregate, and only one respondent is negative. Users appear to have normalized BNPL as part of their financial toolkit despite acknowledged spending increases, savings reduction, and missed payments. This normalization itself represents a consumer protection concern.

Future Intent:

Response	Count	Percentage
Definitely Yes	10	28.6%
Probably Yes	18	51.4%
Maybe	5	14.3%
Definitely No	2	5.7%



Interpretation

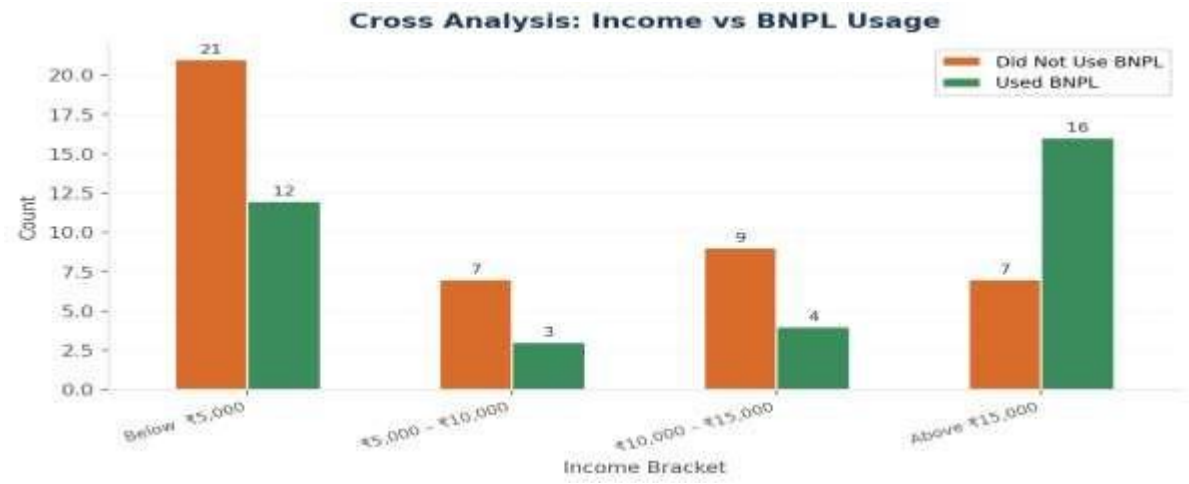
80% of active users intend to continue — 28.6% definitively and 51.4% probably. Only 5.7% plan to stop. This continuation intent holds even within the group that has missed payments and acknowledged reduced savings, establishing BNPL as a behaviourally sticky product whose perceived utility outlasts its demonstrated financial risks.

SECTION G: Cross-Tabulation Analysis

This section examines relationships between key variables to identify patterns that would not be visible from individual question results alone.

Cross 1: Income vs BNPL Usage

Income Bracket	Used BNPL	Did Not Use	BNPL Adoption Rate
Below ₹5,000	12	21	36.4%
₹5,000–₹10,000	3	7	30.0%
₹10,000–₹15,000	4	9	30.8%
Above ₹15,000	16	7	69.6%

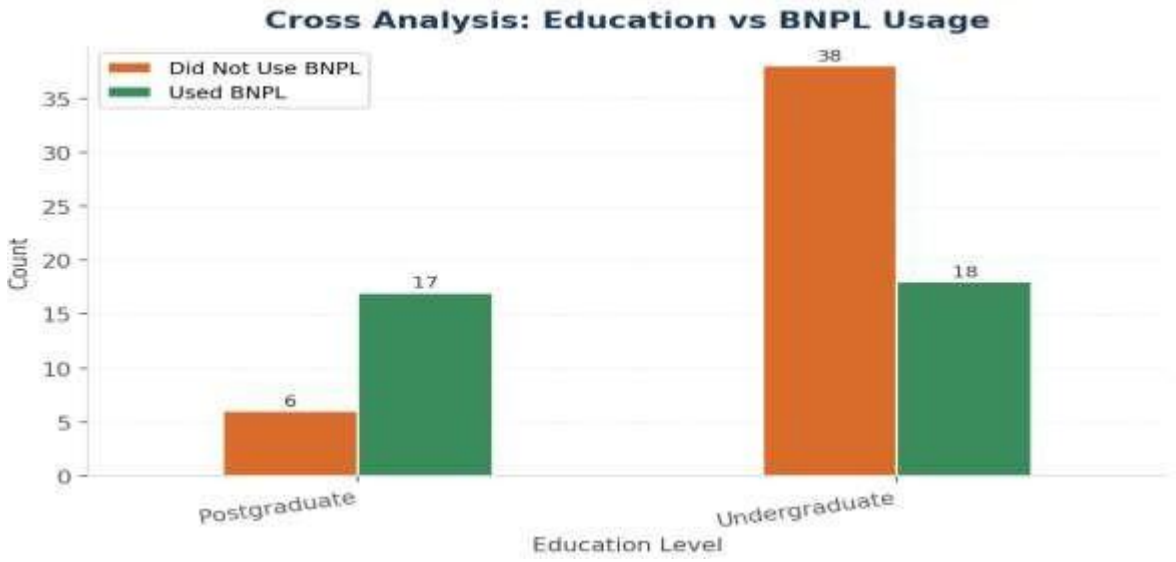


Interpretation

The 69.6% adoption rate among those earning above ₹15,000 is the most striking figure in the cross-analysis. Higher-income respondents are not using BNPL because they need credit — they are using it opportunistically for its interest-free benefit and because their platform familiarity and digital confidence make adoption feel natural. BNPL adoption in this sample is driven by comfort and convenience, not financial vulnerability.by platform familiarity and perceived benefit.

Cross 2: Education vs BNPL Usage

Education	Used BNPL	Did Not Use	BNPL Adoption Rate
Postgraduate	17	6	73.9%
Undergraduate	18	38	32.1%
Intermediate	0	1	0%



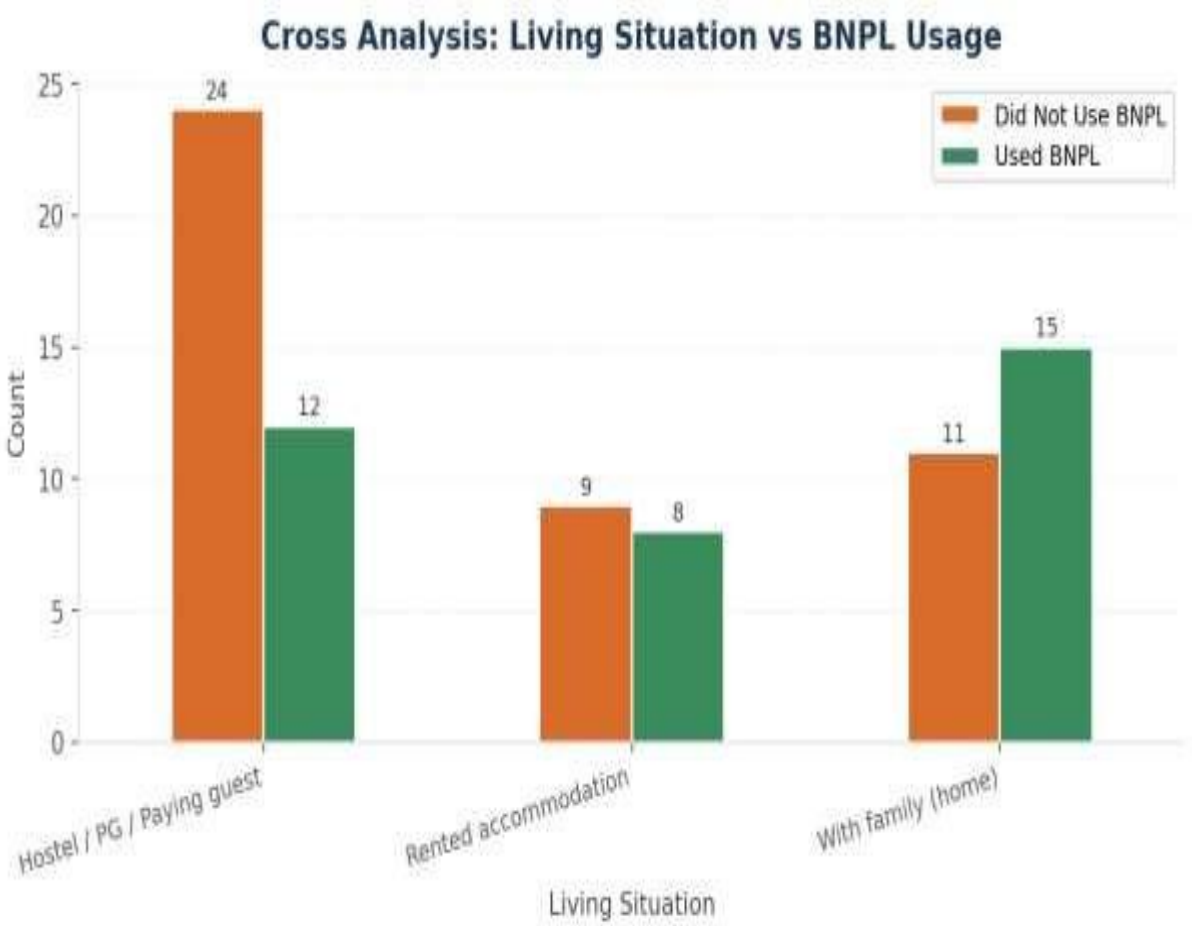
Interpretation

The 73.9% postgraduate vs. 32.1% undergraduate adoption gap is the starkest differential in the study. Postgraduate students tend to be older, more financially independent, and more experienced with digital financial products. The implication is that it is not the most financially vulnerable users who are adopting BNPL most aggressively — it is the

more educated and experienced ones. This finding substantially reframes the BNPL risk narrative.

Cross 3: Living Situation vs BNPL Usage

Living Situation	Used BNPL	Did Not Use	BNPL Adoption Rate
With Family (Home)	15	11	57.7%
Rented Accommodation	8	9	47.1%
Hostel / PG / Paying Guest	12	24	33.3%



Interpretation

Respondents living at home show the highest adoption rate at 57.7%, which appears counterintuitive until the income dimension is considered. Those living at home tend to belong to higher-income brackets since they do not bear rent or hostel costs. Hostel residents, despite greater financial independence, adopt BNPL less frequently because their lower incomes make credit caution the dominant behavioural response.

Cross 4: Fee Understanding vs Missed Payment

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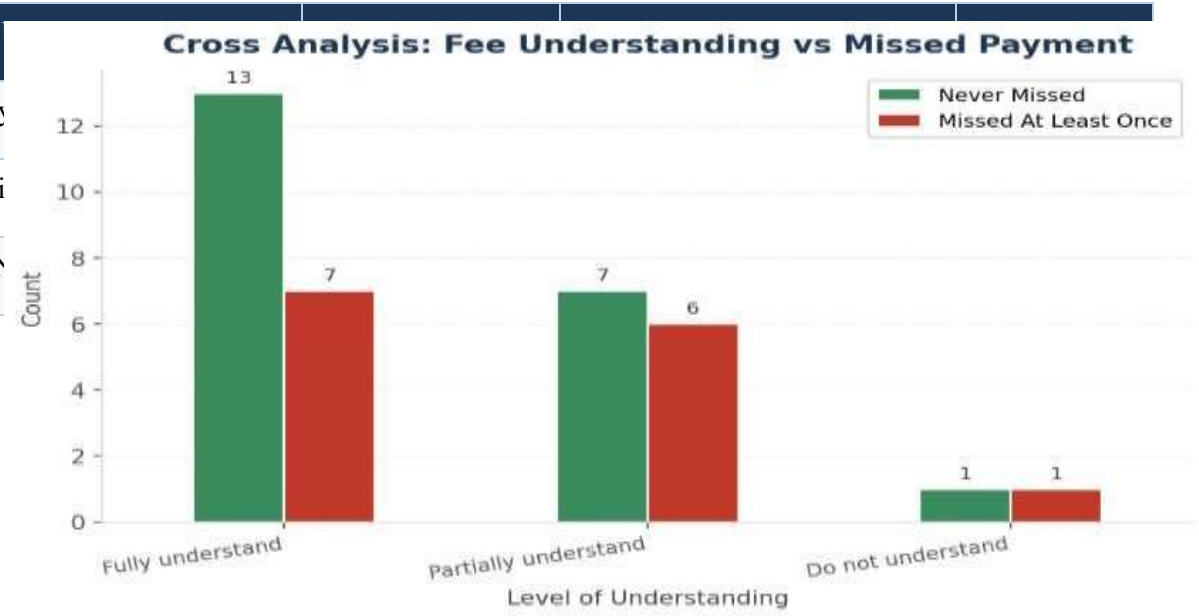
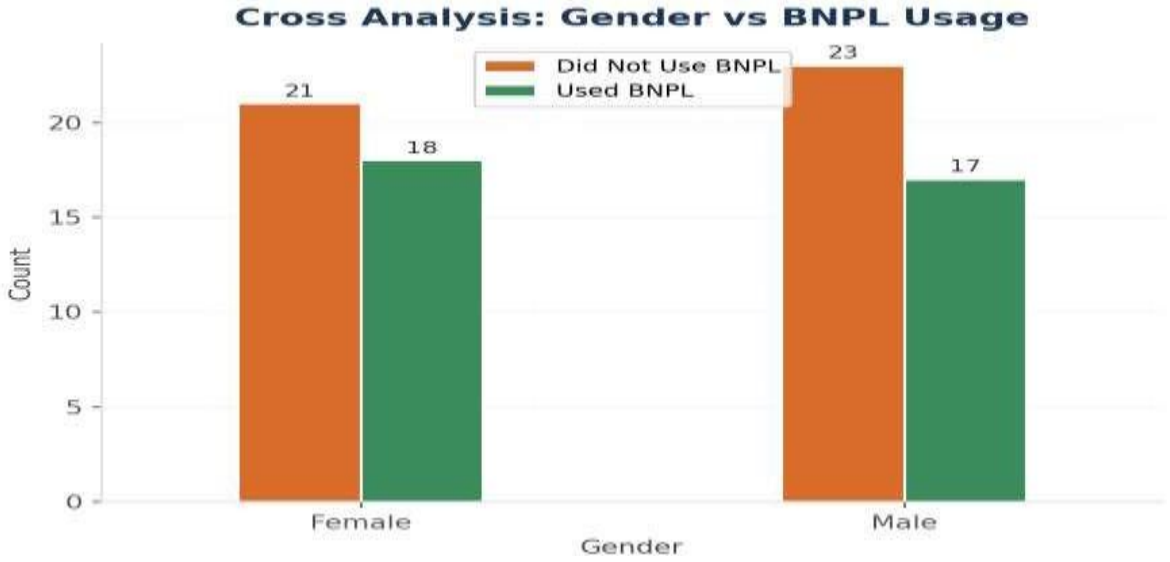


Interpretation

A consistent gradient emerges: as fee understanding decreases, the missed payment rate increases — from 35% among those who fully understand, to 46.2% for partial understanding, to 50% for no understanding. Crucially, even among the fully informed group, 35% have missed a payment. Knowledge alone does not prevent defaults. Platform design — specifically, reminder systems and repayment visibility — matters at least as much as financial literacy.

Cross 5: Gender vs BNPL Usage

Gender	Used BNPL	Did Not Use	Adoption Rate
Female	18	21	46.2%
Male	17	23	42.5%



Interpretation

The gender adoption gap is negligible — 46.2% female vs. 42.5% male. The marginally higher female rate is most plausibly explained by the category composition effect: fashion and beauty, the top BNPL spending categories, are

disproportionately female-led in this sample. This is a category-level finding, not a broad behavioural gender difference.

Summary of Key Findings

Finding	Key Number	Implication
BNPL Awareness	76% (79/104)	High awareness even in semi-urban areas
BNPL Adoption	33.7% (35/104)	Large awareness-to-use gap; caution is a factor
Top Platform	PhonePe Pay Later (65.7% of users)	Embedded payment apps dominate
Top Category	Fashion/Clothing (85.7% of users)	impulse-prone category leads
Usage Frequency	40% use frequently or very frequently	Regular users face highest repayment risk
Monthly Spend	37.1% spend above ₹5,000/month via BNPL	Exceeds some users' total monthly income
Top Motivation	Easy & quick approval (mean 2.77)	Frictionless access is the main draw
Top Financial Risk	Increases spending & reduces saving (mean 2.77)	Users acknowledge self-harm potential
Fee Understanding	42.9% partial or no understanding	Financial literacy gap is real and significant
Missed Payments	40% have missed at least once	High default incidence for a young cohort
Top Miss Reason	Forgot the due date (42.9%)	Design/reminder failure as much as intent
Overall Sentiment	54.3% positive, 42.9% neutral	Mostly positive but cautious relationship

Future Intent	80% will probably or definitely continue	Sticky product despite acknowledged risks
Highest Adoption by Income	Above ₹15,000 (69.6%)	Adoption driven by comfort, not just necessity
Highest Adoption by Education	Postgraduate (73.9%)	Experience and income correlate with BNPL use

RESEARCH FINDINGS

The data from 104 respondents across Dehradun, Roorkee, and Saharanpur establish that BNPL has achieved meaningful visibility in semi-urban North India but that awareness has not translated into proportional adoption. The 76% awareness rate is high for a non-metro youth sample; the 33.7% active usage rate reveals a persistent hesitancy rooted in financial caution, incomplete product knowledge, and residual distrust of digital credit — not in a lack of platform exposure.

Among the 35 active users, the clear preference for ecosystem-embedded platforms over standalone credit applications is the most strategically significant finding. PhonePe Pay Later at 65.7%, Amazon Pay Later at 60%, and Flipkart Pay Later at 54.3% dominate

because they appear at checkout in apps users already navigate habitually. Standalone credit products requiring deliberate application and onboarding face a fundamentally different adoption barrier
— one that the embedded model eliminates entirely by making BNPL the path of least resistance at checkout.

The spending category distribution confirms that BNPL in this cohort is not serving a durable-goods credit function. Fashion and clothing at 85.7% — a category characterized by moderate per- transaction values and high purchase frequency — accounts for the overwhelming majority of BNPL activity. Food delivery at 34.3% extends this pattern into consumable goods that generate no lasting asset value. The use of short-term deferred credit for these categories is structurally different from using it for a
₹25,000 appliance purchase, where the asset retains value through the repayment period.

The financial risk profile of active users is the study's most critical finding. The 40% missed-payment rate in a group where 57.1% self-report full understanding of the late-fee structure confirms that knowledge of the rules does not prevent defaults when platform design and income constraints create structural obstacles. 42.9% of defaults are caused by forgetting the duedate — a reminder and interface design failure that fintech providers have both the technical means and the regulatory obligation to address. The income-spending mismatch — 37.1% of active users running BNPL obligations above ₹5,000 against a sample where 46.2% live on under ₹5,000 monthly — represents a real and underreported debt exposure risk among young Indian consumers.

The cross-tabulation analysis reframes the conventional narrative. BNPL adoption in this sample is not primarily a behaviour of the financially distressed. The 69.6% adoption rate among those earning above
₹15,000 and the 73.9% postgraduate adoption rate establish that it is the more financially experienced and platform-comfortable segment that uses BNPL most. The risks are not confined to them — the 32.1% of undergraduates who do adopt BNPL are doing so with lower incomes and less financial experience — but the product is not functioning predominantly as a poverty credit mechanism.

LIMITATIONS

The sample size of 104 respondents, while appropriate for an undergraduate descriptive study, is insufficient to support generalizations about BNPL behaviour nationally or even across all semi-urban populations. The geographic focus on Dehradun, Roorkee, and Saharanpur limits applicability to Tier-1 cities — Mumbai, Delhi, Bengaluru — where fintech infrastructure, income levels, and digital payment familiarity are materially different. Rural populations are excluded entirely. Convenience sampling from college peer networks has produced a sample dominated by undergraduates at 74% and 18–21-year-olds at 63.5%, reducing the ability to generalize to other youth sub-groups. All behavioural data are self-reported, meaning responses to sensitive items — missed payments, financial anxiety — may be affected by social desirability bias or recall inaccuracy. The cross-sectional design captures attitudes at one point in time and cannot track how credit behaviour evolves as respondents' incomes and financial commitments change.

CONCLUSION

The evidence from this study leads to a clear conclusion: in Dehradun, Roorkee, and Saharanpur, BNPL has moved past novelty to become a habitual spending behaviour for a significant share of young consumers, operating within the normal scale of lifestyle expenditure rather than emergency financial need. Fashion purchases and food delivery — identity and experience spending categories — are its primary domains of use.The product works as designed. Once a payment option is embedded in a familiar app, requires no credit history, and converts a ₹3,000 purchase into three ₹1,000 installments, the psychological barrier to spending is substantially lowered. The cross-tabulation data challenge the assumption that BNPL's risk is concentrated among low-income users — it is the more educated, higher-earning youth who adopt most, using it as a lifestyle convenience rather than a financial lifeline. The postgraduate adoption rate of 73.9% — more than double the undergraduate rate — confirms this plainly.

The risks embedded in this picture are real and growing. The 40% missed-payment rate, the 42.9% financial literacy gap on fee structures, the confirmed reduction in savings capacity, and the income- expenditure mismatch together constitute an early warning profile for a generation building its first credit habits. That 80% of active users intend to continue despite these stress signals demonstrates how effectively the frictionless checkout experience has normalized deferred payment as a default spending behaviour.

The practical implication is direct: fintech providers and banking regulators must embed visible, mandatory financial literacy disclosures within checkout flows — not in terms-of-service documentation that users do not read. Repayment due dates, penalty amounts, and total outstanding obligations across all BNPL platforms need to be visible in the same moment the user makes the purchase decision. Financial literacy campaigns need to reach this demographic not through classroom instruction but through the digital environments where their spending decisions are actually made.

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