

An Analysis Of Factors Influencing Customer Preference For Bnpl Fintech Services

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ABSTRACT

In India's digital payment ecosystem, the Buy Now Pay Later (BNPL) category has become one of the fastest-growing financial innovations, particularly among young and tech-savvy customers. With an emphasis on knowledge levels, usage patterns, trust, convenience, risk perception, and financial behavior, this study investigates the key variables impacting consumer choice for BNPL FinTech services in Thoothukudi. Using a standardized questionnaire, 140 respondents provided primary data for the study, which was then analyzed using descriptive statistics and ANOVA tests. The results show that the majority of BNPL users are from lower and middle-class backgrounds and that their primary motivations for using BNPL are convenience, speedy approval, and flexible payment alternatives. The results also demonstrate that, except from views on equitable collection methods, age has little effect on concerns about debt increase and financial stress, while educational attainment has a significant influence. According to the survey, while BNPL services improve short-term affordability and shopping ease, consumers need to be more conscious of hidden fees, payback requirements, credit score consequences, and responsible usage. In order to guarantee the safe adoption of BNPL services in developing digital marketplaces like Thoothukudi, the study emphasizes the necessity of more robust consumer education and open policies

Keywords: *BNPL, FinTech, Digital payment.*

1. INTRODUCTION:

Digital financial services have grown significantly in India in recent years, particularly in the FinTech industry. Among these cutting-edge options, Buy Now Pay Later (BNPL) has become a well-liked short-term credit option that lets customers buy products or services right now and pay for them over a predetermined time period in interest-free instalments. BNPL platforms, such as Paytm Postpaid, LazyPay, ZestMoney, Amazon Pay Later, and Simpl, have become widely used in digital marketplaces, physical retail stores, and e-commerce platforms. Young clients who might not have access to traditional credit facilities like credit cards or official loans find BNPL services especially intriguing. The main factors driving up customer preference are flexible repayment alternatives, quick approval, little paperwork, and alluring cashback benefits. However, the growing usage of BNPL also poses issues with impulsive buying, hidden fees, repayment behavior, and debt buildup, necessitating a more thorough understanding of user views.

The aim of the current study is to analyze the variables that affect Thoothukudi customers' preferences for BNPL FinTech services. The study seeks to comprehend consumer knowledge, use trends, convenience, payback behavior, risk perception, privacy, trust, and financial effect. Financial service providers, legislators, and regulatory bodies like the Reserve Bank of India must analyze customer behavior in light of the growing BNPL penetration in semi-urban areas like Thoothukudi District.

REVIEW OF LITERATURE

Advances in Consumer Research

Deepika, D., & Meena, B. (2025) A recent empirical study conducted among online shoppers in India examined how BNPL services influence purchasing behavior and decision-making. The authors administered structured questionnaires to 350 e-commerce users and analyzed their responses using statistical techniques including t-tests, ANOVA, and regression analysis. The study found that BNPL usage is strongly associated with increased purchase frequency, higher average spending, and a reduction in "pain of payment" meaning consumers feel less financial discomfort when paying via BNPL compared to lump-sum payment. Younger consumers, especially, showed a higher propensity for impulse purchases when using BNPL. This suggests that BNPL lowers immediate payment friction and thereby encourages more consumption, especially among digitally active users.

Zhu, D. (2025) A more recent study explores the psychological motivations behind BNPL adoption and the associated consumer risks. It highlights that BNPL appeals especially to promotion-driven, low-income, or credit-constrained consumers because of its minimal upfront costs, flexible repayment, and ease of access. However, the same study warns of significant downsides: customers often underestimate the financial risks, including accumulating debt, lack of clarity on loan terms, and poor awareness of long-term obligations.

STATEMENT OF THE PROBLEM

One of the fastest-growing FinTech developments in India is the Buy Now Pay Later (BNPL) market, which gives consumers who might not be eligible for traditional

banking credit rapid access to credit and flexible repayment choices. While young, tech-savvy customers are quickly adopting BNPL services, worries about repayment burdens, hidden fees, data security, and the potential for excessive debt buildup have also surfaced. There is no empirical study outlining the factors impacting consumer desire for BNPL services and the degree to which users comprehend terms, charges, risks, and payback obligations in areas like Thoothukudi, where the use of digital financial services is growing. Furthermore, it is unclear if consumers select BNPL for behavioral reasons such impulsive purchases, convenience, a lack of disposable income, promotional perks, or a lack of credit card availability. Furthermore, even while BNPL platforms advertise simple credit, it's unclear how much consumer knowledge there is regarding the consequences for credit scores, penalties, data privacy, and financial strain. Therefore, customer views, satisfaction, risk concerns, and financial habits related to BNPL usage must be assessed. In order to determine how these services affect consumer financial behavior and responsible digital borrowing practices, this study looks at the many aspects that influence customer choice for BNPL FinTech services in Thoothukudi.

OBJECTIVES OF THE STUDY

1. To identify the key factors influencing customer preference towards BNPL services.
2. To study the level of trust and security concerns of customers using BNPL FinTech services.
3. To assess the perceived risks such as debt burden and financial stress associated with BNPL usage

NULL HYPOTHESIS

1. There is no significant relationship between educational and perception of the respondents
2. There is no significant relationship between age and Trust, Security & Risk Perception of the respondents

METHODOLOGY

The study uses a descriptive research approach to examine the variables affecting Thoothukudi District customers' preferences for BNPL FinTech services. A systematic questionnaire encompassing demographics, awareness, usage habits, perception, trust, risk, and payback behavior will be used to gather primary data from 140 respondents. Purposive sampling will be used to choose respondents in order to guarantee representation across age groups, economic brackets, professions, and urban, semi-urban, and rural areas. To determine the critical elements influencing consumer preference, trust, and perceived risk, the gathered data will be examined using descriptive statistics, Likert-scale assessment, ANOVA. Throughout the study, ethical principles such as informed consent, voluntary involvement, and respondent anonymity will be rigorously upheld.

FRAMEWORK AND ANALYSIS

Table - 1

Factors		Frequency	Percent
Gender	Male	79	56.4
	Female	61	43.6
	Total	140	100

Source: Primary data

Interpretation - The demographic distribution shows that among the 140 respondents, 56.4% are male and 43.6

Table - II

Factors		Frequency	Percent
BNPL	Less than 1-year	12	8.6
	1-3 years	39	27.9
	3-5 years	40	28.6
	5-7 years	17	12.1
	More than 7 years	32	22.9
	Total	140	100

Source: Primary data

Interpretation - The table shows that most respondents have been using Buy Now Pay Later (BNPL) services for 1-5 years (56.5%), indicating that the concept is relatively recent yet rapidly adopted among users. A notable 22.9% have been using BNPL for more than 7 years, reflecting long-term adoption among a considerable share of users. Only 8.6% reported using BNPL for less than one year, suggesting that BNPL is no longer a completely new concept for most respondents. Overall, the findings show a steady increase in BNPL usage experience, demonstrating growing familiarity and acceptance of these fintech services.

Table - III

Factors		Frequency	Percent
Monthly Income	Up to Rs. 20000	9	6.4
	Rs. 20000 - Rs. 30000	71	50.7
	Rs. 30000 - Rs. 40000	29	20.7
	Rs. 40000 - Rs. 50000	20	14.3
	Above Rs. 50000	11	7.9
	Total	140	100

Source: Primary data

Interpretation - The table indicates that a majority of respondents (50.7%) fall in the monthly income group of Rs. 20,000-30,000, suggesting that most BNPL users belong to a lower- to middle-income category. Around 20.7% earn between Rs. 30,000-40,000, while only a small proportion (7.9%) have an income above Rs. 50,000. The results show that BNPL services are more commonly used by individuals with moderate income

levels, possibly due to the financial flexibility and convenience offered by these payment solutions. Overall, the data highlights that BNPL adoption is relatively higher among users with limited monthly income rather than significantly high-income groups.

H0: There is no significant relationship between educational and perception of the respondents

ANOVA						
Factors		Sum of Squares	df	Mean Square	F	Sig.
BNPL services make it easier for me to buy products I need.	Between Groups	3.666	4	.916	1.230	.301
	Within Groups	100.584	135	.745		
	Total	104.250	139			
I prefer BNPL over credit cards for small/medium purchases.	Between Groups	14.048	4	3.512	4.329	.003
	Within Groups	109.523	135	.811		
	Total	123.571	139			
BNPL offers attractive interest-free/low-cost repayment options.	Between Groups	5.016	4	1.254	1.315	.268
	Within Groups	128.727	135	.954		
	Total	133.743	139			
BNPL providers clearly explain fees, interest and penalties.	Between Groups	3.434	4	.859	1.254	.291
	Within Groups	92.416	135	.685		
	Total	95.850	139			
I trust BNPL providers with my personal and financial information.	Between Groups	2.371	4	.593	1.077	.370
	Within Groups	74.279	135	.550		
	Total	76.650	139			
I worry about accumulating debt due to BNPL usage.	Between Groups	8.825	4	2.206	2.642	.036
	Within Groups	112.718	135	.835		
	Total	121.543	139			

BNPL encourages impulse buying for me.	Between Groups	8.877	4	2.219	1.909	.113
	Within Groups	156.973	135	1.163		
	Total	165.850	139			
I would recommend BNPL services to friends/family.	Between Groups	2.366	4	.592	.967	.428
	Within Groups	82.569	135	.612		
	Total	84.936	139			
Rewards/cashback offered by BNPL providers influence my choice.	Between Groups	5.559	4	1.390	2.362	.056
	Within Groups	79.434	135	.588		
	Total	84.993	139			
BNPL is more convenient than traditional instalment loans.	Between Groups	3.623	4	.906	1.147	.337
	Within Groups	106.549	135	.789		
	Total	110.171	139			
I am satisfied with the customer support provided by BNPL platforms.	Between Groups	3.666	4	.916	1.230	.301
	Within Groups	100.584	135	.745		
	Total	104.250	139			
BNPL increases my overall monthly financial stress.	Between Groups	8.825	4	2.206	2.642	.036
	Within Groups	112.718	135	.835		
	Total	121.543	139			
I find the BNPL checkout experience simple and quick.	Between Groups	8.877	4	2.219	1.909	.113
	Within Groups	156.973	135	1.163		
	Total	165.850	139			
I am aware of the credit score implications of BNPL usage.	Between Groups	2.366	4	.592	.967	.428
	Within Groups	82.569	135	.612		
	Total	84.936	139			

Transparent billing and reminders reduce my chance of missing BNPL payments.	Between Groups	5.559	4	1.390	2.362	.056
	Within Groups	79.434	135	.588		
	Total	84.993	139			

Source: Primary data

Inference - From the ANOVA results, most of the variables show significance values greater than 0.05, indicating that educational qualification does not have a statistically significant influence on respondents' perceptions toward BNPL services. However, the statements "I prefer BNPL over credit cards for small/medium purchases" (.003), "I worry about accumulating debt due to BNPL usage" (.036) and "BNPL increases my overall monthly financial stress" (.036) have significance values less than 0.05, which indicates that educational level differs in influencing user preference for BNPL over credit cards and their level of financial concern or debt stress related to BNPL use. Therefore, while overall perception of BNPL is similar across educational groups, specific attitudes related to credit comparison and financial risk vary depending on education level.

H0: There is no significant relationship between age and Trust, Security & Risk Perception of the respondents

ANOVA						
Factors		Sum of Squares	df	Mean Square	F	Sig.
I am concerned about data/privacy risks with BNPL apps.	Between Groups	3.204	4	.801	.906	.462
	Within Groups	119.332	135	.884		
	Total	122.536	139			
I feel BNPL providers follow fair collection practices.	Between Groups	10.260	4	2.565	2.997	.021
	Within Groups	115.533	135	.856		
	Total	125.793	139			
I believe regulators should strictly regulate BNPL providers.	Between Groups	7.755	4	1.939	1.936	.108
	Within Groups	135.217	135	1.002		
	Total	142.971	139			

Late fees and penalties for BNPL are reasonable.	Between Groups	3.071	4	.768	.892	.471
	Within Groups	116.215	135	.861		
	Total	119.286	139			
I check terms and conditions before using a BNPL service.	Between Groups	2.657	4	.664	1.160	.332
	Within Groups	77.343	135	.573		
	Total	80.000	139			

Source: Primary data

Inference - From the above ANOVA results, the significance values show that most of the statements such as concerns about privacy risks, the reasonableness of penalties, and checking terms and conditions have p-values greater than 0.05, which indicates that educational qualification does not significantly influence respondents' opinions regarding these aspects. However, the variable "I feel BNPL providers follow fair collection practices" (.021) has a significance level lower than 0.05, suggesting that perceptions about fairness in collection practices vary across educational groups. Hence, education does not largely affect regulatory and risk-related perceptions, but respondents with different educational backgrounds differ in their views about how fair BNPL collection practices are.

2. CONCLUSION

The research clearly shows that buy now pay later (BNPL) FinTech services have grown in popularity among Thoothukudi consumers because of their simplicity of use, flexible repayment alternatives, and convenience. The results show that the majority of BNPL users have been using these platforms for a number of years and are from lower- and middle-class backgrounds, indicating a significant adoption trend. According to the ANOVA results, educational background has a discernible effect on debt-related worries, financial stress, and the preference for BNPL versus conventional credit cards, but it does not substantially affect most judgments. Furthermore, views of risk factors and trust were not significantly impacted by age, with the exception of collecting procedures' fairness. Overall, the findings show that while BNPL increases shopping convenience and offers financial flexibility, consumers still need to be more conscious of possible debt buildup, payback obligations, credit score consequences, and hidden fees. In order to reduce financial vulnerability, especially among younger digital customers, the report emphasizes the need for responsible usage, full disclosure by BNPL providers, and tighter regulatory monitoring.

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