

BNPL Services and Spending Behaviors of Millennial Generation in Lalitpur District

Dr. Tara Prasad Gautam^{1*}, Richa Pokhrel², Chunika Rai³, Smriti Rai⁴, Anish Maharjan⁵, Alish Shakya⁶

- ¹ Asst. Campus Chief, Madam Bhandari Memorial College, Tribhuvan University, Kathmandu, Nepal
- ² Faculty Member, United College, Tribhuvan university, Lalitpur, Nepal
- ³ MBS Student, United College, Tribhuvan university, Lalitpur, Nepal
- ⁴ BBM Student, United College, Tribhuvan university, Lalitpur, Nepal
- ⁵ BBS Student, United College, Tribhuvan university, Lalitpur, Nepal
- ⁶ BCA Student, United College, Tribhuvan university, Lalitpur, Nepal

*Corresponding Author1 Email: gautamtp@mbmc.edu.np

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Abstract

This study examines the impact of Buy Now, Pay Later (BNPL) services on the spending habits of millennials (born between 1981 and 1996) in Lalitpur district, Nepal. It analyzes the effect of four specific BNPL characteristics: ease of use, user awareness, service accessibility, and user attitude. A quantitative, survey-based methodology was employed, collecting data from 385 BNPL users in a cross-sectional study. The data were examined using frequency distribution, percentage, correlation analysis, and regression analysis. The findings indicated that the ease of use, awareness, and accessibility of BNPL services lead to increased spending among users. In contrast, users' attitudes towards BNPL did not show a significant influence on their spending behavior. These findings imply that efforts to mitigate potential debt risks should prioritize regulatory measures. Key recommendations include enforcing greater transparency in BNPL terms and implementing stronger controls on spending limits. The study concludes that these direct interventions may be more effective than financial literacy programs designed to alter user attitudes.

Keywords: BNPL, Spending behavior, Millennials, Perceived ease, Consumer debt, Lalitpur district

Introduction

The rapid evolution of financial technology had profoundly altered how consumers access credit and manage their finance. A particularly significant development is the emergence of Buy Now, Pay Later (BNPL) services. These platforms represent a modern form of short-term financing that permits consumers to defer payments for purchase, often through interest-free installments. This model provides a seamless alternative to traditional credit channels (World Bank, 2020). A key distinction lies in their integration; unlike conventional loans or credit

cards, BNPL services are embedded directly into online and mobile checkout processes, offering instant, minimal-friction credit at the point of sale (Morse, 2021).

This convenience has made BNPL exceptionally attractive to younger, digital-native consumers, specifically millennials. This demographic frequently exhibits caution towards traditional financial products due to concern over debt and complex approval requirements (McKinsey & Company, 2022). The global BNPL market's expansion signifies a major shift in financial behavior towards embedded, efforts credit solutions that prioritize immediacy (Emarketer, 2023).

However, this rapid proliferation raises critical questions about consumer spending behavior and financial health. The design of BNPL services, which minimizes the immediate psychological impact of spending and promoted instant gratification, may inadvertently encourage higher expenditure, impulse buying, and the normalization of debt for routine purchase (Ritzer, 2019; Consumer Financial Protection Bureau, 2021). These potential consequences are especially pertinent for millennials, a generation defined by their digital fluency, distinct economic experiences, and an often-ambivalent relationship with credit (Howe & Strauss, 2009).

While research into BNPL's effects is growing in Western nations, a notable gap exists in studies focused on emerging economies like Nepal. here, cultural perspectives on debt, financial literacy levels, and regulatory environments differ substantially from those in developed nations (Pradhan, 2020). This study void is particularly acute in urban areas such as Lalitpur district, a center of education and commerce with a large millennial population heavily targeted by BNPL providers.

This study seeks to address this gap by specifically investigating how BNPL services influence the spending behaviors of millennials in Lalitpur district, Nepal. The research is guided by the following question: To what extent do perceive ease, awareness, accessibility, and attitude toward BNPL predict increased spending behavior among millennials? The primary objectives are to determine which factors most significantly drive BNPL – induced spending and to assess whether user attitudes play a meaningful role in moderating financial behavior. The rationale for this study lies in its potential to inform consumer protection policy, financial education initiatives, and similar emerging economies. Ultimately, this research contributes a non-Western perspective to the global discourse on fintech and consumer behavior, offering localized insights that balance innovation with financial well-being.

Literature review

Spending behavior

Spending behavior refers to the patterns and decision-making process that guide how individuals indicate their financial resources. These patterns are not formed in isolation; they are shaped by a complex interplay of economic conditions, social pressures, and psychological factors (Kotler & Keller, 2016). Understanding this behavior is therefore critical for analyzing broader economic trends.

The millennial generation, generally defined as individuals born between 1981 and 1996, exhibits distinct spending habits. As the first cohort to grow up with the internet, they are the

primary driver behinds the expansion of e-commerce (Smith & Anderson, 2016). Their financial outlook was significantly influenced by experiencing the great recession during their formative years, an event that instilled a sense of fiscal caution and a heightened desire for value (Howe & Strauss, 2009).

Research indicates that millennials often prioritize expenditure on experiences – such as travel, dining, and wellness – over the accumulation of material possessions, a notable contrast to the priorities of previous generations (Barton et al., 2014; Twenge, 2014). This generation also demonstrate an aversion to debt, particularly from student loans, which has led many to postpone major life decision like buying a home (Brown et al., 2017; Goodman, 2018). However, this general caution does not equate to frugality in all aspects. They show a willingness to spend on premium, branded products align with their personal values, such as sustainability and ethical product (Nielsen, 2015).

Their consumption patterns are defined by a deep reliance on technology. Millennials are prolific users of financial technology (FinTech) and are quick to adopt alternative payment methods (Arnold & Baker, 2019), seamlessly integrating tools like mobile payments and BNPL services into their shopping routines (Klarna, 2021). Furthermore, social media yields considerable influence over their spending, with peer recommendations and influencer marketing carrying substantial weight (Diafarova & Rushworth, 2017). They typically conduct extensive online research before purchasing, seeking authenticity and social proof (Forrester, 2019). In summary, millennial spending a complex amalgamation of value-seeking and experience-driven consumption, all profoundly shaped by digital platforms and a unique set of socio-economic circumstances.

BNPL

A significant factor influencing modern spending is the rise of Buy Now, Pay Later (BNPL) services, BNPL is a form of short-term financing that allows consumers to defer payments for purchases, usually by breaking the cost into interest-free installments (Work Bank, 2021). This payment model has profoundly reshaped purchasing habits.

The core mechanism of BNPL works by separating the act of buying from the act of paying (Prelec & Loewenstein, 1998). This decoupling can reduce the perceived cost of items (Keller, 2020), which lowers psychological barriers to purchase and can increase impulse buying (Ritzer, 2019). Evidence shows that consumers often spend more when using BNPL than they would with cash or a debit card (Consumer Financial Protection Bureau, 2022).

These services are particularly influential among younger consumers. Millennials are the primary adopters of this technology (McKinsey & Company, 2022), attracted by its seamless digital integration and the fact it often bypasses traditional credit checks (Barrett, 2021). However, this very accessibility raises concerns. Studies have linked BNPL usage to higher levels of personal debt and increased financial stress (Reserve Bank of Australia, 2021).

Ultimately, BNPL acts as a powerful behavioral nudge. It reshapes spending patterns by making large purchases feel immediately affordable, thereby redefining budgeting and consumption norms in the digital economy (Berg et al., 2020).

BNPL and spending behavior

Research has established a clear connection between BNPL services and significant shifts in consumer spending. By decoupling the purchase from the payment, these services reduce the immediate financial pain associated with spending (Prelec & Loewenstein, 1998). This separation encourages consumers to spend more and add more items to their carts (Consumer Financial Protection Bureau, 2022).

BNPL facilitates impulse purchases by making expensive items appear more affordable through small, staggered payments (Ritzer, 2019). Users frequently report that they spend more with BNPL than they would with other payment methods (MnKinsey & Company, 2022)., a trend especially evident among their primary user base of younger consumers (Barrett, 2021).

A significant number of new researches suggest that BNPL services can lead to unhealthy spending habits. A key problem is that users often build up debts with several different BNPL providers at once (Reserved Bank of Australia, 2021). This can easily push people into financial overextension, making them economically vulnerable (World Bank, 2021). The service is so convenient that it makes it easy for individuals to ignore their usual budget limits. Because of this, understanding how BNPL affects spending is now critical for developing effective consumer protection policies. Regulators, like the UK's Financial Conduct Authority, are increasingly focused on the impact of these services on people's financial health.

Recent studies point to specific features of BNPL that explain this behavior such as:

Shrestha (2022) found that because BNPL requires so little effort to use, it directly leads to more impulse buys. The study concluded that when there is less friction in a transaction, people's natural restraint on spending weakens. Similarly, Thompson and Lee (2021) showed that BNPL's simple application process meant people made purchasing decisions 35% faster than they would with traditional credit. This speed resulted in shoppers comparing prices less and ultimately spending more. Furthermore, Davis and Chen (2020) argued that the sheer ease of using the service was a bigger factor in its popularity and in driving higher spending than even the practical usefulness of spreading out payments.

O'Connell (2021) conducted an experiment that revealed mere exposure to a BNPL option at checkout increased overall basket size by 22%. This suggests that awareness alone can trigger a mental permission to spend more. Patel et al. (2023) surveyed young adults and discovered that high brand recognition of specific BNPL providers was strongly associated with a greater willingness to finance non-essential goods. Their research indicated that marketing saturation normalizes deferred payment as a standard spending method. Fitzpatrick and Singh (2022) analyzed social media data, finding that targeted BNPL advertisements significantly increased product-specific spending intent among the users they reached.

Kim (2020) found that consumers with limited access to traditional credit utilized BNPL at a higher rate. Their spending via these services often represented a larger portion of their monthly income compared to prime borrowers. A report by the Consumer Financial Protection Bureau (2022) provided empirical data showing that consumers frequently held multiple BNPL loans simultaneously. This easy access often led to loan stacking and elevated debt burdens that were

difficult to track. The Reserve Bank of Australia (2021) corroborated this, finding a negative correlation between the number of active BNPL accounts a user held and their personal savings rate.

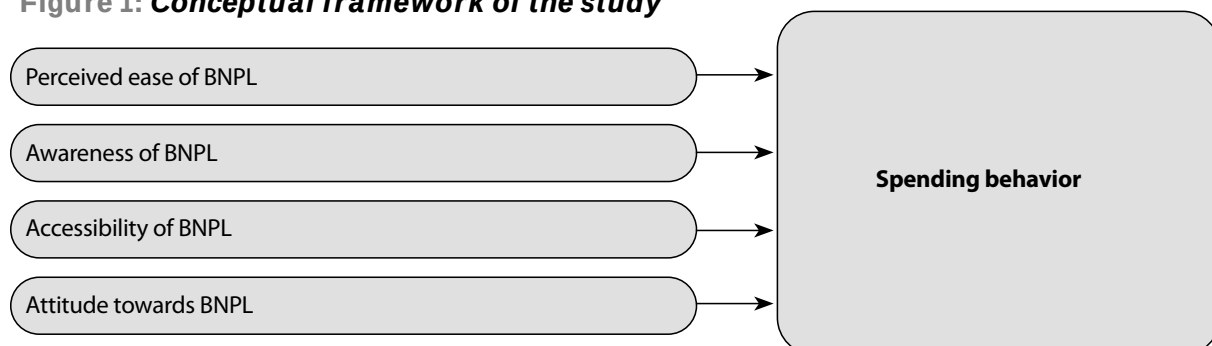
Bialowolski et al. (2021) demonstrated that a positive attitude towards BNPL was a significant predictor of financial distress. Their longitudinal study linked optimistic views on BNPL to a higher likelihood of missing subsequent payments. Gupta and Benson (2023) explored the role of financial literacy. They found that even consumers with negative attitudes towards debt were willing to use BNPL. This was due to a cognitive disconnect where BNPL was not categorized as traditional debt. This attitude permits spending that would otherwise be avoided. Alrawi et al. (2022) found that users who viewed BNPL as a modern budgeting tool felt more in control of their finances. This perception, however, was associated with just as much increased spending as those who used it for luxuries.

In summary, the empirical evidence consistently shows that the ease, awareness, accessibility, and positive perceptions of BNPL services lower psychological barriers to spending. This leads to larger, more frequent, and often more impulsive purchases, with significant implications for consumer debt and financial well-being.

Based on a review of existing literature, a clear and significant research gap has been identified. There is a lack of understanding concerning how BNPL services affect the spending habits of millennial in non-Western counties, specifically Nepal. Current research has primary been conducted in Western markets, leaving the unique socio-economic environment of Nepal unexamined. This environment includes distinct levels of financial literacy, cultural perspectives on debt, and a different regulatory structure, no empirical study has yet explored how factors such as the perceived ease of use, general awareness, accessibility, and consumer attitudes towards BNPL shape the financial conduct of Nepal millennial. This study intends to fill this void by delivering insights specific to the local context, which are crucial for developing effective consumer protection measures and informed policy in emerging economies.

This research is grounded in the Theory of Planned Behavior (TPB), developed by Ajzen in 1991. This theory states that a person's actions are driven by their intention to perform them. This intention, in turn, is shaped by three key elements: their personal attitude, the social pressures they feel, and their sense of control over the behavior. This framework aligns directly with the factors examined in this study. A user's attitude reflects their personal feelings about BNPL services (Bialowolski et al., 2021). Awareness is largely influenced by so-

Figure 1: Conceptual framework of the study



cial norms and external information, such as marketing (Patel et al., 2023). Meanwhile, the ease of use and accessibility of BNPL platforms increase a user's perceived control over their transactions (Shrestha, 2022; Kim, 2020). When combined, these factors – attitude, awareness, and control – strengthen a person's intention to use BNPL. This heightened intention frequently leads to increased and often more impulsive spending, as noted in recent reports (O'Connell, 2021; CFPB, 2022).

Operational definitions

To ensure clarity and precision in this research, the key variables are defined as follows:

- ***Perceived ease of BNPL*** describes how much effort a person thinks is involved in using a BNPL service. This can be measured by asking users about their experience with the sign-up and payment process, focusing on whether they found it simple, quick, and straightforward.
- ***Awareness of BNPL*** refers to how familiar a user is with BNPL as a way to pay. This can be measured by seeing if they could name any BNPL companies and if they remembered seeing advertisements for these services online or at digital checkouts.
- ***Accessibility of BNPL*** refers to the user's perception of how easily they can obtain BNPL credit. This is characterized by factors such as the simplicity of eligibility requirements, the speed of credit approval, and the absence of barriers that would prevent a user from having multiple BNPL loans at one time.
- ***Attitude towards BNPL*** describes the user's overall positive or negative feeling about using BNPL services. This is measured by understanding their personal assessment of BNPL; specifically, whether they view it as a helpful, modern tool for managing cash flow and budgets or if they perceive it similar to conventional forms of debt.
- ***Spending behavior*** of millennial refers to how people's buying habits change when they use BNPL. It means spending more money overall, buying more items on impulse, and normalizing the use of credit for everyday purchases, compared to using cash or a debit card.

Hypotheses based on empirical review:

H1: A higher perceived ease of using BNPL services is positively associated with increased spending behavior.

H2: Greater awareness of BNPL options is positively associated with increased spending behavior.

H3: Increased accessibility to BNPL services is positively associated with increased spending behavior.

H4: A more positive attitude toward BNPL is positively associated with increased spending behavior.

Methods and Materials

This study employed a quantitative research approach to empirically investigate the relationship between Buy Now, Pay Later services and spending behaviors of millennials. It was used to make objective measurement of variables and the statistical testing of hypothesized relationship between them (Creswell & Creswell, 2018). To facilitate this, a cross-sectional survey design was implemented. This design is effective for collecting data from a sample of a population at a single point in time, and is widely used in behavioral and consumer finance

research (Barrett, 2021; Shrestha, 2022).

The target population for this study consisted of members of the millennial generation (born between 1981 and 1996) who reside in the Lalitpur district of Nepal and were either current or previous users of BNPL services. Lalitpur was selected as the study site because it is a major urban and educational hub in Nepal with a high concentration of young, digitally-active adults (NRB, 2022; Pradhan, 2020).

As the exact size of this specific user population was unknown, it was treated as statistically infinite for sample size calculation process. The minimum required sample size was determined using the standard formula for estimating a proportion in a large population: $n = Z^2 * p * (1 - p) / e^2$ (Daniel, 1999; Singh & Masuku, 2014).

Where:

Z: the Z-score corresponding to the chosen confidence level. For a 95% confidence level, $Z = 1.96$.

p: the estimated population proportion. A conservative value of 0.5 was used.

e: the desired margin of error, which was set $\pm 5\%$ (0.05).

Applying this formula: $n = (1.96)^2 * 0.5 * (1 - 0.5) / (0.05)^2 = 384.16$. Therefore, a minimum sample size of 385 respondents was required. A non-probability judgmental sampling technique was employed to deliberately select participants who met the study's critical criteria: being a millennial and a prior BNPL users. This ensured the collected data was relevant and provided meaningful insights from the target population (Etikan et al., 2016).

For this study, primary data was collected using a structured, self-administered questionnaire composed of closed-ended questions. The instrument utilized five-point Likert scales (from 1 = Strongly disagree to 5 – Strongly agree) to measure the key construct: perceived ease, awareness, accessibility, attitude towards BNPL, and spending behavior (Joshi et al., 2015).

Table 1: Variables and indicators used in constructing questionnaire

Variable	Author, (year)	Indicators
Perceived ease of BNPL	Shrestha (2022)	Minimal effort required to obtain credit; reduces transactional friction.
	Thompson & Lee (2021)	Streamlined application process; faster decision-making compared to traditional credit.
	Davis & Chen (2020)	Perceived ease of use as a primary driver for adoption.
	Keller (2020)	Simplifies the checkout process; reduces perceived complexity of payment.
Awareness of BNPL	O'Connell (2021)	Mere exposure to BNPL option at checkout increases basket size.
	Patel et al. (2023)	High brand recognition of BNPL providers; marketing saturation.
	Fitzpatrick & Singh (2022)	Targeted social media advertisements increase product-specific spending intent.
	Statista (2022)	Millennial exposure to digital and social media marketing of financial products.
Accessibility of BNPL	Kim (2020)	Higher usage among consumers with limited access to traditional credit.
	Consumer Financial Protection Bureau (2022)	Ability to hold multiple BNPL loans simultaneously (loan stacking).
	Reserve Bank of Australia (2021)	Easy sign-up process; minimal eligibility checks.
	Barrett (2021)	Avoidance of traditional credit checks; seamless digital integration.

Variable	Author, (year)	Indicators
Attitude towards BNPL	Bialowolski et al. (2021)	Positive attitude as a predictor of financial distress; optimism leading to missed payments.
	Gupta & Benson (2023)	Cognitive disconnect (not categorizing BNPL as debt); willingness to use despite debt aversion.
	Alrawi et al. (2022)	Viewing BNPL as a modern budgeting tool; feeling of financial control.
	Ritzer (2019)	Perception of BNPL as a smart financial tool rather than debt; justification for increased spending.
Spending behavior	Consumer Financial Protection Bureau (2022)	Increased overall spending and larger basket sizes when using BNPL compared to other payment methods.
	Ritzer (2019)	Increase in impulse purchase and normalization of credit utilization for daily expenses.
	McKinsey & Company (2022)	Users report spending more than they would with other payment methods.
	Reserve Bank of Australia (2021)	Correlation between number of active BNPL accounts and a decrease in personal saving rate.

The internal consistent of the study scales was confirmed through Cronbach's Alpha, with all values exceeding the reliability threshold of 0.7 (Nunnally & Bernstein, 1994). Content validity was established during the instrument design phase. Convergent validity was measured through Composite Reliability (CR) with the value of 0.7 and Average Variance Extracted (AVE) with the value of 0.5 (Hair et al., 2019). Discriminant validity was also confirmed using established criteria (Fornell & Larcker, 1981). Informed consent was obtained from all participants prior to survey administration to ensure ethical compliance.

Data was analyzed using two phases. The first phase involved using frequencies and percentages to summarize to describe the demographic profile of respondents. The second phase employed inferential techniques to test the study's hypotheses. Pearson correlation was used to examine the relationships between the independent variables (perceived ease, awareness, accessibility, attitude) and the dependent variable (spending behavior). Subsequently, multiple regression analysis was applied to determine the extent to which each independent variable predicted changes in spending behavior, thereby testing the hypothesized relationships (H1 – H4) as outlined in the study.

Results

Demographic profile of respondents

The study collected data from 385 respondents in early 2025. The sample showed a balanced gender composition. Males accounted for 53.8% of participants. Females represented 46.2%. Regarding the age distribution of millennial generation, the largest group was aged 28-31 years. This represented 27.8% of respondents. Those aged 36-39 constituted 26.8% of the sample. Participants aged 32-35 made up 24.4%. The smallest group was aged 40-43, representing 21.0%. Educational attainment was notably high. Most respondents held a Bachelor's

degree. This group accounted for 41.3% of participants. Another 33.5% had completed up to higher secondary education. Those with Master's degrees or higher constituted 25.2%. Regarding the frequency of BNPL service usage, the data indicates varied engagement levels. A plurality of respondents reported using BNPL services only occasionally (35.8%, $n=138$). Those who used them frequently constituted 28.1% ($n=108$) of the sample, while very frequent users accounted for 16.1% ($n=62$). Conversely, 20.0% ($n=77$) of respondents reported rarely utilizing these services. The sample effectively captured the key demographic characteristics of BNPL users in urban Nepal. The composition was appropriate for investigating the research questions. The profile aligned with the target population of educated, digitally-active millennials.

Reliability test

The results, as presented in the table, indicate that all constructs demonstrated high reliability, with Cronbach's Alpha values well above the accepted threshold of 0.7. Specifically, perceived ease of BNPL ($\alpha = 0.823$), awareness of BNPL ($\alpha = 0.798$), accessibility of BNPL ($\alpha = 0.862$), and attitude towards BNPL ($\alpha = 0.791$) all showed strong internal consistency. These results confirm that the items used to measure each variable were highly correlated and consistently captured the intended constructs, ensuring the reliability of the scales for further statistical analysis in this study.

Table 2: Reliability test

Variables	Items	Cronbach Alpha
Perceived ease of BNPL	4	0.823
Awareness of BNPL	4	0.798
Accessibility of BNPL	4	0.862
Attitude towards BNPL	4	0.791

Note: Survey data 2025

Validity test

Validity tests were conducted to assess the measurement model. All constructs demonstrated strong convergent validity. Composite Reliability values exceeded the accepted threshold of 0.70. The CR for Perceived Ease was 0.891. Awareness obtained a CR of 0.872. Accessibility scored a CR of 0.902. Attitude achieved a CR of 0.885. All Average Variance Extracted values were above the 0.50 benchmark. Perceived Ease had an AVE of 0.674. Awareness showed an AVE of 0.633. Accessibility recorded an AVE of 0.699. Attitude demonstrated an AVE of 0.658. Discriminant validity was also established. The square root of each construct's AVE was larger than its correlations with other constructs. This confirmed that all constructs were distinct and measured different phenomena. The measurement model was deemed valid and reliable for further analysis.

Table 3: Convergent and discriminant validity test

Construct	CR	AVE	1	2	3	4
Perceived Ease of BNPL	0.891	0.674	0.821			
Awareness of BNPL	0.872	0.633	0.412	0.796		
Accessibility of BNPL	0.902	0.699	0.385	0.367	0.836	
Attitude towards BNPL	0.885	0.658	0.398	0.451	0.324	0.811

Note: Survey data 2025

Correlation

Spending behavior strongly correlates with perceived ease. The correlation coefficient is 0.712. Spending also strongly links to accessibility. This correlation is 0.685. A moderate relationship exists with attitude. The coefficient is 0.598. Awareness shows a weaker link to spending. The value is 0.423. All correlations are statistically significant. The p-values are less than 0.01. Relationships between predictors are weaker. This indicates no multicollinearity issues. Each variable adds unique explanatory power.

Table 4: Correlation results

Variable	Spending Behavior	Perceived Ease of BNPL	Awareness of BNPL	Accessibility of BNPL	Attitude towards BNPL
Spending Behavior	-				
Perceived Ease of BNPL	.712**	-			
Awareness of BNPL	.423**	.218**	-		
Accessibility of BNPL	.685**	.523**	.187*	-	
Attitude towards BNPL	.598**	.401**	.325**	.294**	-

Note: ** $p < 0.01$, * $p < 0.05$

Note: Survey data 2025

Regression

The results clearly identified the most influential factors. Perceived ease of BNPL was the strongest predictor. It had a Beta coefficient of 0.412. This was the highest value among all predictors. Its p-value was 0.000. This value is far below the 0.05 significance threshold. Therefore, the relationship is statistically significant. Accessibility of BNPL was the second strongest predictor. It had a Beta coefficient of 0.285. Its p-value was 0.002. This is also well below the 0.05 level. It confirms a significant positive relationship with spending. Awareness of BNPL was also a significant predictor. However, its effect was notably weaker. It had a Beta coefficient of 0.138. Its p-value was 0.025. This is still below the 0.05 significance level. Attitude towards BNPL had a Beta of 0.067. Its p-value was 0.267. This value exceeds the 0.05 threshold. Therefore, it was not a statistically significant predictor. The regression model effectively explains the drivers of spending. Practical features like ease and access are paramount. Conscious attitudes appear less impactful on actual behavior.

Table 5: Regression analysis results

Model	Coefficients		t	Sig.
	Unstandardized Coefficients	Standardized Coefficients		
	B	Beta		
(Constant)	1.024	-	4.112	.000
Perceived Ease of BNPL	0.408	0.412	6.873	.000
Awareness of BNPL	0.131	0.138	2.245	.025
Accessibility of BNPL	0.301	0.285	4.892	.002
Attitude towards BNPL	0.059	0.067	1.112	.267

Note: Survey data 2025

The study proposed four hypotheses based on empirical review. Each hypothesis was tested using the regression results. Hypothesis One (H1) stated a higher perceived ease of BNPL is positively associated with increased spending. The analysis strongly supports this hypothesis. The relationship is positive, as predicted. The Beta coefficient of 0.412 indicates a strong association. The extremely low p-value (0.000) confirms the result is not due to chance. H1 is fully accepted. Hypothesis Two (H2) proposed that greater awareness of BNPL options is positively associated with increased spending. The analysis supports this hypothesis. The relationship is positive. The Beta coefficient is 0.138. The p-value of 0.025 is statistically significant. Therefore, H2 is accepted. However, its effect is the weakest among the significant predictors. Hypothesis Three (H3) predicted that increased accessibility to BNPL services is positively associated with increased spending. The analysis provides strong support for H3. The relationship is positive and meaningful. The Beta coefficient of 0.285 shows a moderate to strong association. The highly significant p-value of 0.002 allows us to confidently accept H3. It is the second most important driver of spending behavior. Hypothesis Four (H4) suggested a more positive attitude toward BNPL is positively associated with increased spending. The analysis fails to support this hypothesis. While the coefficient is positive, it is very small (Beta = 0.067). Crucially, the p-value of 0.267 is far above the 0.05 significance level. This means the observed relationship is not statistically significant. There is no reliable evidence that attitude influences spending. Therefore, H4 is rejected.

Discussions

The findings of this study provide significant insights into the drivers of BNPL-induced spending behavior among millennials in Nepal, largely aligning with yet also contrasting existing global literature. The strong, positive relationship between perceived ease of BNPL and increased spending (H1 supported) powerfully echoes international research. This result confirms the foundational principle that reducing transactional friction disinhibits spending controls (Shrestha, 2022). The seamless, integrated nature of BNPL at checkout decouples the act of purchasing from the psychological pain of paying (Prelec & Loewenstein, 1998), a mechanism that appears universally effective. The finding that ease was the strongest predictor underscores its critical role in the Technology Acceptance Model (Davis & Chen, 2020),

suggesting that the effortless nature of BNPL adoption is a more potent driver of consumption than even its perceived usefulness for budgeting.

Similarly, the support for H3 confirms that increased accessibility to BNPL - characterized by easy sign-ups, minimal checks, and loan stacking - leads to higher spending. This aligns with concerns raised by regulators (Reserve Bank of Australia, 2021; Consumer Financial Protection Bureau, 2022) and academic work (Kim, 2020) that easy access to this form of credit, particularly for those with limited traditional options, can facilitate financial overextension. The validation of H3 in the Nepali context suggests that the risks associated with democratized, easy credit are not confined to Western economies with mature financial systems but are equally potent in emerging markets.

The support for H2, indicating that greater awareness leads to increased spending, also aligns with global marketing studies. The finding corroborates experimental research showing that mere exposure to a BNPL option can increase basket size (O'Connell, 2021) and that marketing saturation normalizes its use (Patel et al., 2023). This suggests that the aggressive digital and social media marketing strategies employed by BNPL providers are effectively shaping consumer behavior in Nepal as they do elsewhere.

However, the most striking and counterintuitive finding is the rejection of H4. The analysis found that a positive attitude towards BNPL was not a statistically significant predictor of spending behavior. This contrasts with several Western studies that linked optimistic attitudes and the cognitive disconnect of not viewing BNPL as "real debt" to financial distress and increased spending (Bialowolski et al., 2021; Gupta & Benson, 2023). This divergence may be explained by the unique Nepali socio-economic context. It is possible that for Nepali millennials, BNPL use is driven more by pragmatic necessity and the allure of its functional benefits (ease, access) than by a deeply held, positive attitude toward the product. People often use these services because they are convenient or because they don't have many other ways to pay, not because they truly believe its best financial tool available. This reveals a crucial cultural difference in what drives spending. In the West, people might spend more because they have a positive view of the service itself. In Nepal, however, people's spending is driven by how easy the service is to use and access, regardless of whether they personally like or trust it.

Conclusion

This study explored how BNPL services affect the purchasing behavior of millennials in Lalitpur, Nepal. Through the survey of 385 BNPL users, this study measured the impact of four main factors: the service's ease of use, user awareness, its accessibility, and users' personal attitude towards it. The goal was to provide insights from a non-western context like Nepal, where the economic reality, level of financial literacy, and cultural perceptions of debt in Nepal are substantially different from those in Western countries.

The findings demonstrate that the simplicity of BNPL, use awareness, and wide accessibility all strongly encourage increased spending. Among these, the ease of using the ser-

vice proved to be the most significant factor. In contrast, holding a positive attitude towards BNPL was found to have not significant impact on spending. This indicates that the seamless design and ready availability of BNPL – not user's conscious financial opinions—are the primary forces behind increased consumption among Nepali millennial. This finding supports global research on how separating payment from purchase encourages spending, yet it presents a crucial contrast to Western studies, which often find that positive user attitudes are a key factor in financial overextension.

The importance of this study lies in its demonstration that while BNPL leads to increased spending across different cultures, the reasons behind this behavior can be deeply specific to a local context, in Nepal, practical utility and convenience appear to override personal attitude. This insight suggests that consumer protection efforts should be tailored accordingly. Regulators may find it more effective to focus on shaping the product itself- by mandating stricter credit assessments, enforcing clear spending limits, and ensuring absolute transparency in terms and conditions – rather than focusing exclusively on financial education programs designed to change user perceptions.

This study provides a foundational evidence base for Nepal regulators, including Nepal Rastra Bank, to develop frameworks that protect consumers from potential debt risks without hindering financial innovation. For future research, long-term studies are needed to track the enduring financial outcomes of BNPL use. Further investigation into how cultural norms and levels of financial literacy influence this behavior could also shed light on disconnect between attitude and spending observed in this market.

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Authors' contribution statement

Dr. Tara Prasad Gautam designed the study, collected the data, and wrote the discussion. Chunika, Smriti, and Alish drafted the introduction, literature review, and conclusion, respectively. Anish wrote the methods, while Richa analyzed the data. All authors reviewed the final manuscript.

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Declaration of conflicting interest

Authors declare no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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