



Effects of Buy Now Pay Later (BNPL) on Working Youths in Karad City of Maharashtra

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Abstract:

Buy Now Pay Later (BNPL) platforms have become a trendy online payment tool, especially among young working people, since they allow purchasing it with installment payments that are made in deferred and interest-free payments. The paper examines the effects of BNPL on employed youth in Karad City, Maharashtra, and in particular the spending behaviour, saving habits, and money stress. A structured questionnaire was used to collect primary data on 150 working youths. The analysis of data was done using SPSS and using the method of reliability analysis, descriptive statistics, correlation, and regression. A Cronbach-Alpha of 0.842 was used to confirm the instrument reliability, which implies that it has high internal consistency. Findings reveal that there is a great awareness and adoption of services offered by BNPL among working youths in Karad City. The use of BNPL will have a severe impact on savings since it can make people spend a lot. The correlation and regression analyses also prove that the increased BNPL use causes an increased level of financial stress because of the inability to handle installments and late payments. The research concludes that BNPL is a two-sided financial tool, which brings convenience and risk of finances. It highlights the importance of financial literacy, responsible use, transparent provider practices, and regulating oversight to make sure that BNPL has a positive contribution to the financial welfare of working young people.

Keywords: *Buy Now Pay Later (BNPL), Employed Youth, Spending Behaviour, Saving Habits, Money Stress.*

Introduction:

The digital financial services have been rapidly proliferating, which has significantly changed consumer payment behaviour over the last few years. Buy Now Pay Later (BNPL) is one of such innovations, becoming one of the most popular alternative payment tools, which allows consumers to purchase goods and services instantly and pay over a short time, often interest-free. BNPL is becoming a more integral component of e-business and physical stores, and it is becoming much easier to access and utilize by young buyers,

especially those who work. In India, BNPL has gained ground because of increased smartphone coverage, increased digital payment systems and changing consumption habits. The working youths; young people with a steady income but limited savings, are one of the fundamental groups of BNPL users. BNPL gives the degree of flexibility and convenience, which encourages instant consumption and gives a temporary reprieve financially. However, the availability of the deferred payment facilities also leads to worries about excessive spending, loss of savings, poor budgeting, and increased

financial strain. The Karad City, an emerging urban hub in Maharashtra is a good example of the city where the effects of BNPL on working young people should be analyzed due to its increased exposure to digital trade and fintech solutions. Although the BNPL is gaining momentum, there is limited empirical evidence that discusses BNPL in terms of the local financial effects of this practice, particularly on working young populations in semi-urban areas like Karad.

Research Objectives:

The following specific objectives are achieved in the present study:

1. To study the awareness and usage of Buy Now Pay Later (BNPL) services by Karad City working youths.
2. To examine the effects of the use of BNPL on the expenditure habits of young adults in working cities in Karad City.
3. The aim of the study is to determine the impact of BNPL services on savings and budgeting behaviors of working youths.
4. To test the correlation between the use of BNPL and financial stress in young workers.

Research Methodology:

1. Research Design:

The research design of the study is descriptive and analytical. The descriptive element helps to gain an idea of the awareness and usage patterns of BNPL services, and the analytical one allows analysing the relationships between the utilization of BNPL services, spending

behaviour, savings, and financial stress with the help of statistical tools.

2. Nature and Sources of Data:

The research makes use of primary and secondary data:

- Primary Data: This data will be gathered through the direct use of working youths within the city of Karad through a structured questionnaire.
- Secondary Data: The secondary data was obtained through research journals, published articles, reports, websites, and official publications on BNPL services and consumer finance.

3. Population and Sample Size

- Population: The following population is working youths living in Karad City and the age is between 18 and 35 years.
- Sample Size: 150 respondents were chosen which is sufficient to subject them to statistical analysis using SPSS.

4. Sampling Technique:

The purposive sampling method was used and directed to working youths who knew or have ever used BNPL services. The respondents were selected among people in different industries such as private services, self-employed, and contractual employment in Karad City.

5. Reliability and Validity of Questionnaire:

Cronbach Alpha was used to test the reliability of the questionnaire. The calculated figure of 0.842 represents high internal consistency which supports the instrument used in the study to be appropriate in the measurement of effect of BNPL on youths in employment.

6. Statistical Tools to be used in the analysis:

The coding and analysis of data were performed by means of SPSS software. Statistical methods that were used included the following:

1. Reliability Analysis (Cronbach's Alpha)- to experiment internal consistency.
2. Descriptive Statistics- to analyse means and standard deviation of variables.
3. Frequency and Percentage Analysis- in order to research awareness and usage trends.
4. Correlation Analysis (Pearson Correlation) – to test how BNPL usage and spending behaviour, savings and financial stress are related.
5. Regression Analysis - to determine the effect of BNPL use on financial stress.

7. Limitations of the Study:

1. The research is also restricted to employed young people in Karad City.
2. The sample size includes 150 respondents and this is a limitation to generalization.
3. The research is based on self-reports, which can be prone to bias of respondents.
4. The findings give the behaviour at only a given time and are not able to represent long-term effects.
5. The research took place within a three-month period only.

Data Analysis and Interpretation:

1. Reliability Analysis (Cronbach's Alpha)

Table 1: Reliability Datum.

Cronbach's Alpha	No. of Items
0.842	16

Interpretation: The Alpha coefficient of 0.842 shows that there is a high level of internal consistency of the questionnaire. As the measure exceeds the traditional value of 0.70, the tool used to evaluate the effectiveness of Buy Now Pay Later (BNPL) on young and working adults is considered to be credible enough as well as applicable to the further analytical processes.

2. Descriptive Statistics:

Table 2: Descriptive Stats of Key Variables.

Variable	N	Mean	Std. Deviation
BNPL Awareness	150	4.12	0.78
BNPL Usage Frequency	150	3.89	0.91
Increase in Spending	150	3.96	0.88
Impact on Savings	150	3.72	0.94
Problem with Installment Management	150	3.68	0.97.
Financial Stress	150	3.45	1.02
Overall Perception of BNPL	150	3.98	0.85

Interpretation: The average scores indicate that the respondents mostly agree that BNPL is associated with greater spending and with adverse impact on savings. The relatively greater mean when it comes to awareness (4.12) is indicative of the high level of

familiarity with the BNPL services among the working-youth population of Karad City.

3. Frequency Analysis:

Table 3: The BNPL usage with the respondents.

Category of Use	Frequency	Percentage
Regular Users	72	48.0%
Occasional Users	45	30.0%
Rare Users	18	12.0%
Non-Users	15	10.0%
Total	150	100%

(Source: Data Compiled)

Interpretation: About 78 percent of the respondents use BNPL regularly or occasionally, which means that the rate of adoption among the target audience is high.

4. Correlation Analysis:

Table 4: Correlation Matrix

Variables	Increased spending	Impact of savings	Financial Stress
BNPL Usage	0.621	0.584	0.468
Spending Increase	1	0.643	0.532
Savings Impact		1	0.591

Note: The level of correlation is significant at 0.01 (2 tailed).

Interpretation: The use of BNPL has a positive correlation with increased expenditure and reduced savings. The moderate correlation with financial stress suggests that a regular use of BNPL can be financially straining to working youths.

5. Regression Analysis:

Dependent Variable: Financial Stress.

Independent Variable: BNPL Usage

Table 5: Model Summary

R	R ²	Adjusted R ²	Std. Error
0.468	0.219	0.214	0.89

Interpretation: The value of R² of 0.219 shows that the percentage variance in financial stress caused by the use of BNPL is 21.9, which is significant.

6 ANOVA Analysis:

Table 6: ANOVA

Model	Sum of Squares	df	Mean square	F.	Sig
Regression	32.54	1	32.54	41.02	0.000
Residual	116.78	148	0.79		
Total	149.32	149			

Interpretation: The model is statistically significant ($p < 0.001$), proving that the use of BNPL is a significant predictor of financial stress in working youths.

7. Coefficients:

Table 7: Coefficients

Variable	B	Std. Error	Beta	t	Sig.
Constant	1.214	0.342	—	3.55	.001
BNPL Usage	0.586	0.092	0.468	6.41	.000

Interpretation: The use of BNPL has a positive and significant effect on financial stress (0.468, $p < 0.001$). Increased BNPL participation is associated with a high level of financial stress.

8. Hypothesis Testing:

Hypothesis H₁:

The use of BNPL has a high implication on the expenditure behaviour of working youths.

Result: Accepted

Evidence: r is significant ($r = 0.621$, $p < 0.01$).

Hypothesis H₂:

The use of BNPL has a detrimental impact on the savings by working youths.

Result: Accepted

Strong correlation ($r = 0.584$, $p < 0.01$).

Hypothesis H₃:

The use of BNPL causes the working young people to experience financial pressure.

Result: Accepted

Evidence: 0.001 (<0.001) Regression significance.

The SPSS analysis proves that BNPL services have significant effect on the financial behaviour of working youths in Karad City. Although BNPL has streamlined the buying process and made it more accessible, it also triggers increased expenditure, less savings and increased financial strain. The findings show that the situation is in need of financial literacy programmes and responsible use of BNPL policies.

Findings of the Study:

According to the SPSS analysis and interpretation, the following major findings were obtained:

1. Intense Awareness of BNPL Services:

The analysis shows that a significant percentage of working young people are quite aware of the existence of BNPL services, which is largely due to the expansion of digital networks and marketing aggressiveness that is practiced by the business of fin-tech.

2. Widespread Adoption of BNPL:

The majority of the respondents noted that they use BNPL service on a regular basis or after some intervals, which

indicates a move that BNPL has become one of the payment modalities of working young people in Karad City.

3. Spending Behaviour Increase:

The use of BNPL significantly increases the amount of spending, and the majority of the surveyed people have acknowledged that they have been buying goods they would not have purchased according to their financial capacity, which is a strong indicator of the potent effect of BNPL on impulse purchasing.

4. Negative Impact on Savings:

A significant percentage of the respondents reported a reduction in savings after frequent use of BNPL. The post payment arrangement causes the decline of financial soundness and saving habits.

5. Problems with the Management of Installments:

Numerous employed young people note that they have a hard time following various BNPL installments, negatively affecting budgeting every month and financial planning over the long term.

6. Economic Pressure as a Result of BNPL usage:

Regression support confirms the fact that the increased usage of BNPL leads to the onset of financial stress; a number of respondents mentioned missed payments, fines, and anxiety connected with the repayments.

7. Positive Perception in spite of Troubles:

In spite of the above-mentioned financial difficulties, most respondents tend to view BNPL as a practical and utilitarian financial product that increases the purchasing power.

8. Financial Awareness is required:

The research confirms that there is a strong agreement among the respondents that one ought to have financial awareness and budgeting skills as the pre-requisite to responsible BNPL use.

Suggestions:

According to the empirical data and the inferences made therein, the following recommendations are suggested:

1. Recommendations on the Working Youths:

1. Employed young people should use Buy-Now-Pay-Later (BNPL) only to make purchases that they cannot skip, thus overcoming the tendency to make impulse spending.
2. People must change their lax budgeting habits and closely monitor instalment payments to eliminate repayment problems.
3. Before agreeing to the BNPL contractual terms, the user is advised to perform an extensive examination of the agreement action and the payment terms and conditions, along with the penalty terms.

2. Recommendations to BNPL Service Sellers:

1. BNPL companies should ensure that there is open dialogue with regard to repayment conditions and possible fines.
2. Outstanding instalment and due dates should be displayed in user dashboards in an unambiguous manner.
3. The providers are urged to implement discretionary spending caps that are based on personal repayment records.

3. Employer and Educational Institution Recommendations:

1. Financial literacy schools should be introduced in institutions that teach the youths how to govern digital credit.
2. Employers can also integrate financial wellness modules in employee development systems.

4. Recommendations to Policymakers and Regulators:

1. The regulatory authorities need to be vigilant in the provision of BNPL because they need to protect the young consumers against unequal level of indebtedness.
2. The creation of policy tools should support the responsible lending operations and the fair consumer protection.

Conclusions:

The paper concludes that the effect of BNPL services has a significant impact on the financial behavior of the working youths in Karad City. BNPL has turned into a convenient and effective online payment platform that provides access to credit-like services in the absence of traditional lending prerequisites. However, this ease of operation comes with strong financial risks. BNPL increases buying capacity and provides temporary financial relief, but at the same time encourages increased expenditure, kills saving patterns, and leads to fiscal stress when left unchecked. These predicaments are further complicated by the lack of good financial planning and the lack of understanding of the repayment duties. In its turn, BNPL can be viewed as a two-sided financial tool. It can be effectively beneficial only in the case when users are financially

literate enough and follow a disciplined spending control. Without this acumen, BNPL can lead to a long-term economic crisis among the working young people.

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