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The Rise of BNPL in India: Credit Innovation or Consumer Risk?

Shreyas Pahune

Independent Researcher, Indore, India

Abstract

Buy Now, Pay Later (BNPL) has emerged as one of the most consequential financial innovations in India's post-pandemic digital economy, promising credit access to a population historically excluded from the formal credit system while concurrently drawing policy concerns over consumer debt risk, opaque pricing, and systemic instability. This paper presents an exploratory mixed-methods study examining the financial behaviour, motivations, barriers, comprehension levels, and regulatory attitudes of Indian BNPL users and non-users. Primary data were collected from 107 respondents via a structured Google Forms survey, with 50 yielding complete, analytically valid responses. The sample spans four age cohorts (18–24, 25–34, 35–44, and 45 and above), five geographic location types from rural to metro urban, and a range of occupational profiles, including students, salaried professionals, freelancers, and business owners.

Key findings reveal that 56% of respondents had used BNPL, with the 25–34 cohort recording the highest adoption rate (77%). A striking 57% of active users employed two or more platforms simultaneously, a multi-platform debt stacking pattern consistent with identified consumer risk vectors in the international literature. Financial comprehension was critically low: 68% of active users stated they would not read the fine print of a BNPL agreement, and 47% of the youngest cohort (18–24) reported understanding BNPL terms not at all, despite being among the most active adopters. Mean user satisfaction was 3.57 out of 5. Motivations for adoption were led by instant credit access and rewards optimisation, while non-adoption was driven by fear of debt and concerns about hidden charges. Sixty-two per cent of all respondents supported RBI regulation of BNPL.

The findings suggest that BNPL in India occupies a structurally ambiguous position: it is simultaneously an instrument of genuine financial inclusion and a vehicle of behavioural risk, and the RBI's disclosure-based regulatory framework may be insufficient to protect a consumer base that demonstrably does not engage with disclosed information. The study contributes original empirical findings to a field dominated by market projections and legal commentary, and generates hypotheses for subsequent confirmatory research at scale.

Keywords: BNPL, Buy Now Pay Later, Financial Inclusion, Consumer Credit, Digital Lending, RBI Regulation, India, Fintech, Debt Behaviour, Financial Literacy

1. Introduction

In the last decade, India's financial services landscape has undergone a structural transformation of rare velocity. The convergence of near-ubiquitous smartphone penetration, a government-led push toward digital public infrastructure — most visibly through the Unified Payments Interface (UPI) — and a large, historically underserved credit population has created conditions that few other economies can claim. At the cusp of this environment, a new credit instrument has emerged and proliferated with conspicuous speed: Buy Now, Pay Later (BNPL).

BNPL is, in its essential form, a point-of-sale credit product that allows consumers to defer or divide a payment — typically into interest-free instalments — with near-instant approval and minimal documentation. The instrument's appeal is structural: it fills the gap between consumer aspiration and purchasing power without requiring a formal credit instrument such as a credit card. In India, where approximately 50% of the eligible credit population lacks access to formalised credit and only 77 million people hold credit cards — a penetration rate of 0.02 per capita against 2.01 in the United States — this gap is not marginal but foundational (SCC Online, 2023).

The market numbers bear out the scale of the opportunity. India's BNPL market grew at a compound annual rate of 22.3% between 2021 and 2024, reaching approximately USD 19–21 billion, and is projected to expand to upwards of USD 35 billion by 2030 (ResearchAndMarkets, 2025). Key players such as Simpl, LazyPay, Amazon Pay Later, Flipkart Pay Later, and the now-defunct ZestMoney have shaped a competitive landscape that is simultaneously consolidating and diversifying, with banks and large fintechs embedding BNPL within UPI rails while standalone BNPL applications face acute regulatory and viability pressures.

The sector skews strongly toward younger demographics. Generation Z held approximately 39.4% of total BNPL users in 2025, exhibiting a compound annual growth rate of 23.18% (Mordor Intelligence, 2026). The primary survey data collected for this study are consistent with these macro-level findings: of 107 respondents across age groups, occupations, and geographies, those aged 18–34 represented the dominant cohort of active BNPL users, with 9 of 30 respondents in the 18–24 bracket and 10 of 26 in the 25–34 bracket having used BNPL, compared to only 3 of 24 respondents aged 45 and above.

Since 2022, the Reserve Bank of India has moved with increasing decisiveness to bring the BNPL sector within the formal regulatory perimeter. The Digital Lending Guidelines of 2022, followed by the Default Loss Guarantee Rules of June 2023, and the Reserve Bank of India (Digital Lending) Directions of 2025, have together forced the sector into a structural reckoning. High-profile casualties followed: ZestMoney announced shutdown plans in 2023–24; PayU and Paytm began phasing out BNPL products in 2025; and ICICI Bank discontinued its PayLater credit line on UPI entirely (AMlegals, 2025; ResearchAndMarkets, 2025). The sector is simultaneously expanding and contracting — reaching new demographics and geographies while shedding the informal architectures that enabled its early growth.

It is this productive tension — between financial inclusion and consumer risk, between innovation velocity and regulatory necessity, between aggregate market growth and individual debt distress — that motivates the present study. The survey data reveal a further layer of complexity: 40 of 107 respondents stated they would not read the fine print of a BNPL agreement, and 21 of 50 active and prospective users reported understanding the terms 'not at all', raising pointed questions about informed consent and the adequacy of disclosure-based consumer protection.

2. Background and Contextual Overview

2.1 The Indian Credit Landscape and the Structural Case for BNPL

India's formal credit infrastructure has long been characterised by exclusion rather than access. Traditional credit products — credit cards, personal loans, overdraft facilities — have remained disproportionately concentrated among urban, salaried, and already-banked consumers, leaving gig workers, first-time earners, rural consumers, and the self-employed outside the bureau-assessed credit system. BNPL's alternative underwriting model addresses this gap directly by substituting transactional and behavioural data for credit history, enabling point-of-sale credit for populations the traditional system cannot reach.

The structural conditions for BNPL's rise were amplified by three macro-level developments: the rapid expansion of India's e-commerce ecosystem, with platforms such as Flipkart and Amazon embedding BNPL at checkout; the government's JAM trinity — Jan Dhan, Aadhaar, Mobile — which provided the identity and data infrastructure for instant digital credit; and the post-COVID digital payments surge. India's digital lending market more than doubled between 2020 and 2023, growing from USD 150 billion to USD 350 billion (GlobalLegalInsights, 2025).

2.2 The Regulatory Inflection Point

The sector's rapid growth exposed its structural vulnerabilities. Over 1,100 lending applications were operating in regulatory grey zones by the early 2020s — many without proper underwriting, using prepaid instruments to disguise loan disbursements, and creating acute data privacy risks. The number of consumer complaints against digital lending applications doubled to 1,062 in 2023 alone (Arbitration & Corporate Law Review, 2024). The RBI's Digital Lending Guidelines of 2022 mandated direct bank-to-bank fund flows, prohibited pass-through accounts, and required Key Fact Statements (KFS) disclosing annualised costs — effectively dismantling the original BNPL architecture. The Reserve Bank of India (Digital Lending) Directions of 2025 consolidated this shift, requiring credit bureau reporting for all BNPL transactions and aligning the sector with the Digital Personal Data Protection Act, 2023.

3. Research Gap

Despite the scale and pace of BNPL's rise in India, the academic literature remains sparse, fragmented, and methodologically shallow. Commercial market reports offer rich quantitative projections but are not designed to interrogate consumer behaviour, debt psychology, or the distributional consequences of BNPL adoption across income strata. Legal and compliance analyses examine the RBI's regulatory framework rigorously but remain disengaged from field-level consumer experience. International scholarship on BNPL — drawn primarily from Australia, the UK, and the US — does not transfer cleanly to India's distinct underbanking profile, alternative credit infrastructure, and specific regulatory architecture.

Critical gaps persist: no empirical study of debt-stacking or default behaviour among Indian BNPL users; no systematic examination of behavioural and psychological dimensions of usage in the Indian context; no field-level assessment of whether the 2022–2025 regulatory reforms have improved consumer outcomes; and limited analysis of the Tier II and Tier III city adoption frontier, despite those cities now accounting for 72% of Indian internet users (Mordor Intelligence, 2026). This exploratory mixed-methods study — combining primary survey data (n = 107) with secondary market and regulatory analysis — begins to address these gaps.

4. Research Objectives

RO1: To profile the socio-demographic and behavioural characteristics of BNPL users in India, with attention to age, income, geographic location, and platform usage patterns.

RO2: To examine financial behaviour and debt patterns associated with BNPL usage, including multi-platform debt stacking, repayment behaviour, and links to broader household financial management.

RO3: To assess consumer awareness of BNPL terms, costs, and risks, including the impact of mandatory disclosures under the RBI's regulatory framework.

RO4: To evaluate the effectiveness and adequacy of India's current regulatory framework — particularly the Digital Lending Directions 2025 — in protecting consumers from the inherent risks of BNPL products.

5. Research Questions

RQ1: To what extent does BNPL usage in India function as a tool of financial inclusion versus a vector of consumer indebtedness?
RQ2: What are the dominant financial behaviours — adaptive and maladaptive — exhibited by Indian BNPL users, and how do these vary across demographic groups?
RQ3: How do Indian BNPL users perceive and understand BNPL terms and costs, and to what degree does financial literacy moderate this relationship?
RQ4: Does India's evolving regulatory architecture adequately address the structural consumer risks that BNPL poses to individual borrowers and systemic credit stability?

6. Literature Review

This section synthesises the scholarly and regulatory literature relevant to BNPL across seven thematic strands. Each strand is assessed for applicability to the Indian context and linked throughout to the primary survey data (n = 107) collected for this study.

6.1 The Global BNPL Phenomenon: Scale, Structure, and Economic Mechanics

Buy Now, Pay Later emerged in its modern digital form in the early 2010s, pioneered by Klarna (Sweden) and Afterpay (Australia) before extending to the US, UK, and Asian emerging markets. Globally, BNPL activity grew more than sixfold between 2019 and 2023, with the global market estimated at USD 560 billion in 2025 (Federal Reserve Bank of New York, 2025; Latinia, 2024). Economically, BNPL has been characterised as a price-discrimination mechanism: by extending zero-interest credit, it effectively lowers the real price for liquidity-constrained consumers with below-average creditworthiness, enabling merchants to extract additional surplus from segments that would otherwise not purchase (Desai & Jindal, 2024). Research consistently finds that BNPL availability raises consumer spending: Kumar et al. (2024) estimate the average spend uplift at 6.4%, a shift too large to be explained by income or interest rate variables alone, pointing instead to the product's behavioural architecture.

6.2 BNPL and Financial Inclusion in Emerging Markets

The financial inclusion argument for BNPL is strongest in markets like India, where the formal credit system has historically excluded large portions of the eligible population. India's credit card penetration stands at 0.02 per capita versus 2.01 in the US; roughly 400 million eligible adults remain outside formalised credit entirely (SCC Online, 2023). BNPL's alternative underwriting — drawing on UPI transaction histories, e-commerce behaviour, and employer data — offers a meaningful route to first-time credit for this excluded population. Research on fintech's broader impact on Indian financial inclusion confirms that digital lending has significantly aided credit access, particularly for middle-income consumers, though algorithmic discrimination and debt accumulation among marginalised groups remain persistent concerns (Maiti, 2023).

The survey data collected for this study add granularity to this debate. Among 22 respondents who did not hold a credit card, 11 had used BNPL — a usage rate of 50%, suggesting meaningful substitution for the credit-card-excluded. The dominant motivations cited by active users were 'instant credit access' and 'lack of a credit card', directly corroborating the substitution thesis. Geographically, semi-urban respondents showed a 64% BNPL usage rate (7 of 11), higher than the 42% rate in non-metro urban areas, consistent with the literature's identification of Tier II and Tier III cities as the primary frontier of Indian BNPL adoption (Mordor Intelligence, 2026).

6.3 Consumer Credit Behaviour and BNPL

A central theme in the emerging BNPL literature concerns its distinctive effects on consumer credit behaviour. The Consumer Financial Protection Bureau's (2023a) landmark consumer survey found that 69% of BNPL borrowers in the US were already revolving on at least one credit card, meaning they were actively accruing interest on existing balances while simultaneously taking on BNPL obligations. The Federal Reserve Bank of Boston (2024) corroborates this finding: BNPL users maintain checking account balances averaging USD 2,179 against USD 6,638 for non-users, indicating that BNPL disproportionately concentrates among liquidity-constrained consumers who are least positioned to absorb repayment shocks. The 'pain of paying' framework — the psychological discomfort associated with monetary outlay, theorised by Prelec and Loewenstein (1998) — provides the theoretical foundation: by deferring and diffusing payment, BNPL reduces payment salience, making purchases feel less costly in real terms. A 2025 systematic review finds consistent evidence that instalment framing, urgency cues, and perceived affordability increase impulsive purchasing behaviour (Preprints.org, 2025). Present bias — the tendency to overweight immediate consumption benefits relative to future costs — is structurally exploited by the BNPL model.

The primary data illuminate this dynamic in the Indian context. Among 28 active BNPL users, 16 (57%) used two or more platforms simultaneously — a multi-platform debt stacking rate that the literature identifies as a key warning indicator (Guttman-Kenney et al., 2023). Repayment was distributed across UPI, debit card, and auto-debit (7 users each), with bank transfers used by 6, suggesting a diverse repayment infrastructure with no single dominant mechanism. Satisfaction scores among users averaged 3.57 out of 5 (n = 28), with a bimodal distribution: 17 users rated satisfaction at 4 or 5, while 4 rated it at 1 or 2, indicating a polarised experience.

6.4 BNPL Versus Traditional Instruments of Credit

BNPL and traditional credit instruments occupy different points on the credit spectrum: BNPL offers zero-interest, short-duration, low-ticket credit with minimal approval friction; credit cards offer revolving, interest-bearing credit with broader merchant acceptance and established consumer protection mechanisms. The average BNPL loan in the US is approximately USD 135 over six weeks, compared to USD 800 for a traditional instalment loan over eight to nine months, highlighting BNPL's positioning as a micro-credit instrument for everyday consumption rather than large-scale financing (Consumer Financial Protection Bureau, 2023a).

Research finds that BNPL users carry credit card utilisation rates of 60–66%, versus 34% for non-users, suggesting that BNPL does not replace credit card usage but co-exists with it — potentially creating compounding debt obligations (CoinLaw, 2025). Among Gen Z during the 2024 holiday season, BNPL usage (54%) overtook credit card usage (50%) for the first time — a milestone that signals the substitution of one debt instrument for another among a cohort with limited credit history and high financial vulnerability (Mullen, 2025).

In the Indian context, the survey data show that 12 of 28 BNPL users held credit cards and used BNPL in addition to existing credit instruments. Meanwhile, 11 of 28 active users had no credit card, for whom BNPL functioned as a primary credit access point. This dual dynamic — BNPL as a supplement for the credit-included, and primary credit for the excluded — complicates any straightforward characterisation of the product as either inclusion mechanism or consumer risk.

6.5 Global Versus Indian Market and Regulatory Trends

BNPL's global regulatory trajectory has moved sharply toward formalisation since 2022. In the United States, the Consumer Financial Protection Bureau (2024) issued an interpretive rule classifying BNPL lenders as credit card providers, extending billing dispute rights, refund protections, and disclosure requirements to BNPL borrowers. In Australia, BNPL was brought under a mandatory credit code framework in 2022, requiring affordability assessments and standardised advertising disclosures. The United Kingdom's Financial Conduct Authority has proposed similar regulatory alignment. Across all three jurisdictions, the regulatory consensus has converged on a single principle: BNPL is credit, and credit must be governed as such.

India's regulatory arc mirrors this global convergence but proceeds from a structurally different starting point. The Digital Lending Guidelines of 2022 — prohibiting pass-through fund flows, mandating KFS disclosures, and subjecting BNPL transactions to credit bureau reporting — represent a more architecturally sweeping intervention than any single Western regulatory action, targeting the foundational business model rather than specific practices (Reserve Bank of India, 2022). In India, the risk landscape is qualitatively different: a significant share of BNPL users lack any other credit instrument, meaning that BNPL default can damage the first formal credit profile a consumer has ever built.

The survey data reinforce this observation. Among 50 respondents, 31 supported RBI regulation of BNPL while only 5 opposed it. Notably, 'low trust in apps/companies' was cited as a barrier to BNPL adoption by multiple non-users, and concerns about hidden charges and data misuse featured consistently in barrier responses — suggesting that the RBI's regulatory thrust aligns with pre-existing consumer intuitions rather than running against them.

6.6 Behavioural Dimensions and Financial Literacy

Social influence and peer pressure are documented adoption drivers among young consumers across multiple Asian markets (Soong et al., 2024; Raj et al., 2024). The present study's data confirm a peer influence dimension in the Indian sample: 'Peer Influence' appeared explicitly in the motivations of at least 4 active users, frequently co-occurring with 'easy checkout' and 'instant credit access'. Cervellati et al. (2026), surveying 1,457 Italian consumers, find that lower financial literacy correlates with higher BNPL use — raising concerns about concentration risk among the least-informed borrowers.

The survey data amplify this concern: of 50 respondents, 21 reported understanding BNPL terms 'not at all', a further 16 'somewhat', and only 13 'very well' — while 40 of 50 stated they would not read the fine print of a BNPL agreement. These numbers constitute a structural condition of adoption that disclosure-based regulatory frameworks may be insufficient to resolve on their own.

6.7 Synthesis

The international literature has established robust frameworks for understanding BNPL's economic mechanics, behavioural dimensions, and regulatory dynamics. The India-specific literature remains largely confined to market sizing and legal commentary. Four synthetic conclusions follow. First, BNPL's structural appeal in India is empirically grounded — addressing a genuine credit access deficit for a large underbanked population. Second, the behavioural risks — reduced payment salience, present bias exploitation, multi-platform debt stacking, and low financial literacy — are well-documented internationally and likely amplified in the Indian context. Third, India's 2022–2025 regulatory arc represents a globally significant experiment in bringing BNPL within a formal credit framework — one whose consumer outcome effectiveness remains empirically unverified. Fourth, the primary survey data generate hypotheses consistent with both international literature and India's specific regulatory discourse, warranting verification through larger-scale confirmatory research.

7. Methodology

7.1 Research Design

This study adopts a mixed-methods research design, combining quantitative and qualitative data collection within a single survey instrument. The quantitative strand captures measurable variables — BNPL adoption rates, frequency of use, satisfaction scores, platform preferences, and regulatory awareness — enabling descriptive statistical analysis and cross-tabular comparisons across demographic groups. The qualitative strand captures motivational and attitudinal data through multi-select and open-text questions, analysed thematically. The research is cross-sectional in design: all data were collected at a single point in time via a structured online survey.

7.2 Sample Size and Sampling Procedure

The study collected responses from 107 individuals in total. Of these, 100 provided valid age-group data and form the primary analytical sample; the remaining 7 responses contained data encoding anomalies and are excluded from demographic analysis. The survey was administered via Google Forms and distributed through social media platforms, messaging applications, and professional and academic networks. Snowball sampling was employed to extend reach into semi-urban and rural respondent pools. Participation was voluntary, anonymous, and without any form of incentive or compensation.

Non-probability sampling is acknowledged as a limitation: the sample cannot be considered statistically representative of the Indian population, and findings are not generalisable in the inferential sense. Given the absence of a reliable sampling frame for BNPL users in India, and the study's explicitly exploratory character, convenience sampling is appropriate and consistent with the methodology employed in comparable exploratory fintech studies (AIJFR, 2025; Arbitration & Corporate Law Review, 2024).

7.3 Sample Characteristics

7.3.1 Age Distribution

The sample was distributed across four age cohorts. Respondents aged 18–24 formed the largest group (n = 30; 30%), followed by those aged 25–34 (n = 26; 26%), 35–44 (n = 20; 20%), and 45 and above (n = 24; 24%). The strong representation of the 45-and-above cohort enables analysis of the non-adoption segment.

Table 1: Age Distribution of Sample (n = 100, Valid Age-Group Respondents)

Age Group	n	% of Sample
18 – 24	30	30.0%
25 – 34	26	26.0%
35 – 44	20	20.0%
45 and Above	24	24.0%
Total	**100**	**100%**

7.3.2 Geographic Distribution

Geographic coverage was assessed across five location categories. Among the 50 respondents for whom clean location data were available, urban respondents formed the majority, while semi-urban (22%) and rural (12%) respondents provided meaningful representation of non-metropolitan India.

Table 2: Geographic Distribution of Sample (n = 50, Valid Location Respondents)

Location Type	**n**	**% of Valid Respondents**
Urban (Generic)	15	30.0%
Urban (Non-Metro City)	12	24.0%
Semi-Urban	11	22.0%
Urban (Metro City)	6	12.0%
Rural	6	12.0%
Total	**50**	**100%**

7.3.3 Educational Qualifications

Among the respondents with valid educational data, postgraduates formed the dominant group (42%), followed by undergraduates (34%), diploma holders (14%), and doctoral degree holders (10%). The relatively high educational attainment is consistent with the digital-first recruitment method and represents an acknowledged limitation.

Table 3: Educational Qualification of Sample (n = 67, Valid Education Respondents)

Education Level	**n**	**% of Sample**
Postgraduate	28	42.0%
Undergraduate	23	34.0%
Diploma	9	14.0%
Doctorate	7	10.0%
Total	**67**	**100%**

7.3.4 Occupational Profile

Among the respondents with valid occupational data, salaried professionals formed the largest category (28%), followed by students (22%), freelancers (18%), salaried employees (14%), business owners (10%), the unemployed (6%), and other occupations (2%). The substantial student and freelancer representation is particularly relevant given these segments' income-irregular and credit-bureau-excluded profiles.

Table 4: Occupational Profile of Sample (n = 78, Valid Occupational Respondents)

Occupation	**n**	**% of Sample**
Salaried Professional	22	28.0%

Student	17	22.0%
Freelancer	14	18.0%
Salaried	11	14.0%
Business Owner	8	10.0%
Unemployed	5	6.0%
Other	1	2.0%
Total	**78**	**100%**

7.4 Data Collection Instrument and Survey Structure

Primary data were collected using a structured questionnaire administered via Google Forms. The form was entirely self-administered, anonymous, and required approximately five to eight minutes to complete. No personally identifying information was collected beyond the demographic variables. The survey instrument was organised into nine thematic sections:

Section A — Demographics: Age group, occupation, educational qualification, marital status, geographic location type, and credit card ownership.

Section B — BNPL Awareness: A single binary question establishing baseline awareness and serving as a branching point for the instrument.

Section C — Usage Behaviour: Platforms used (multi-select) and frequency of usage.

Section D — Repayment Behaviour: Primary repayment method used by active BNPL users.

Section E — Motivations for Use: Multi-select motivational question covering instant credit access, lack of credit card, no/low interest cost, easy checkout, rewards, and peer influence.

Section F — User Satisfaction: Five-point Likert scale rating overall BNPL experience (1 = Very Dissatisfied; 5 = Very Satisfied).

Section G — Barriers to Adoption: Multi-select barriers question for non-users, covering disinterest, fear of debt, hidden charges, low trust, credit card preference, lack of awareness, and data misuse concerns.

Section H — Future Intent: Whether non-users would consider using BNPL in the future (Yes / No / Maybe).

Section I — Regulatory Awareness and Transparency: Whether respondents support RBI regulation, self-reported comprehension of BNPL terms, willingness to read the fine print, and a three-point clarity rating for BNPL provider communications.

7.5 Limitations

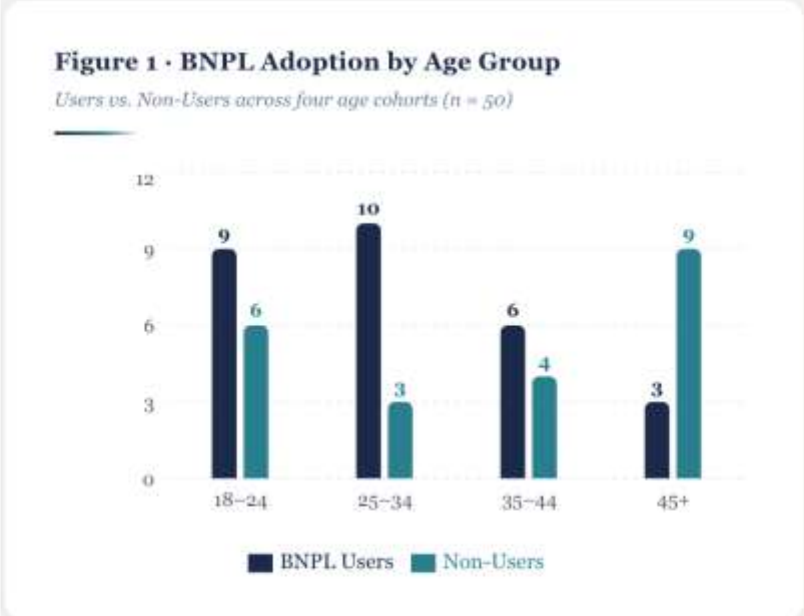
Non-probability convenience sampling means findings cannot be generalised to the Indian population as a whole. The digital recruitment method skews the sample toward younger, more educated, and more urban respondents. The cross-sectional design provides a snapshot that may not reflect the rapidly evolving BNPL landscape. The survey instrument does not include a verified financial literacy scale, relying instead on self-reported comprehension, which is susceptible to overestimation bias. The absence of gender as a collected variable is a notable gap given the international literature's finding that BNPL use is disproportionately high among women and financially vulnerable demographic subgroups (Consumer Financial Protection Bureau, 2023a; Federal Reserve Bank of Boston, 2024). Notwithstanding these limitations, the study's primary data constitute a meaningful original contribution to the empirical literature on BNPL in India.

8. Results and Analysis

This section presents and interprets the primary survey findings across seven key dimensions. Data are drawn from 50 clean respondents (28 active BNPL users; 22 non-users) collected via Google Forms.

8.1 BNPL Adoption Across Age Groups

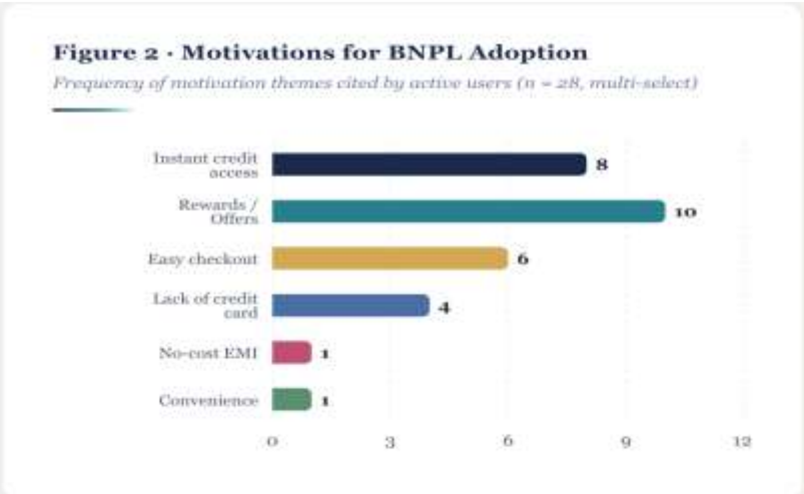
Figure 1: BNPL Adoption Across Age Groups (n = 50)



The age-disaggregated adoption data reveal a strong inverse correlation between BNPL usage and age, sharply bifurcated at the 35-year threshold. The 25–34 cohort recorded the highest adoption rate — 10 users against only 3 non-users, a ratio of 77% — followed by the 18–24 cohort with 9 users against 6 non-users (60%). The 35–44 cohort showed a more even 6:4 split (60%), while the 45-and-above cohort exhibited a marked reversal: only 3 users against 9 non-users, a non-adoption rate of 75%. The 25–34 cohort's dominance likely reflects the occupational profile of salaried professionals with regular income but without credit history, who represent the modal Indian BNPL user. The near-total non-adoption among those aged 45 and above suggests that BNPL's penetration beyond digital-native demographics faces significant attitudinal barriers that product design and marketing alone are unlikely to resolve.

8.2 Motivations for BNPL Adoption

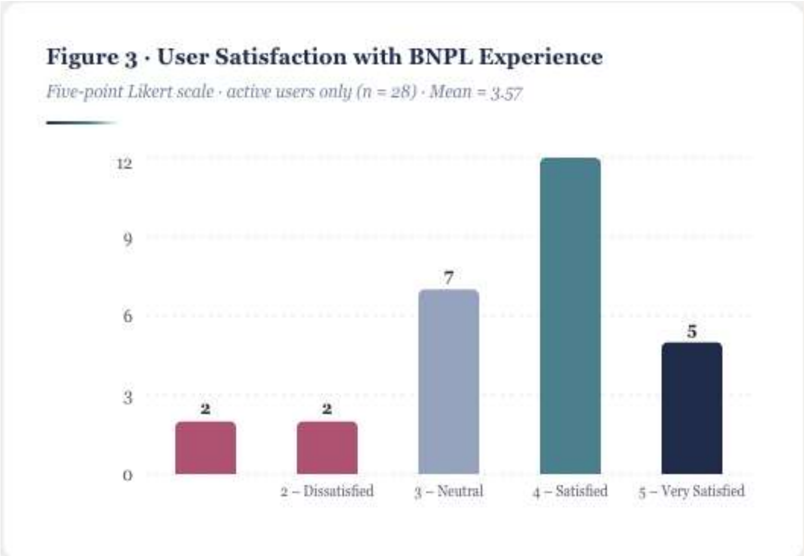
Figure 2: Motivations for BNPL Adoption (n = 28, Multi-Select, Active Users)



Among the 28 active users, the leading motivation was instant credit access (n = 8), followed by the consolidated rewards and offers category (n = 10 when Rewards and Offers are combined), easy checkout experience (n = 6), lack of a credit card (n = 4), and no-cost EMI (n = 1). The prominence of rewards and instant credit access as co-equal primary drivers implies a dual market structure — financially excluded users drawn by access, and financially included users drawn by reward optimisation. This finding has direct implications for regulatory design: a framework focused exclusively on protecting the financially excluded may miss a larger segment of users whose risk profile is materially different.

8.3 User Satisfaction With BNPL Experience

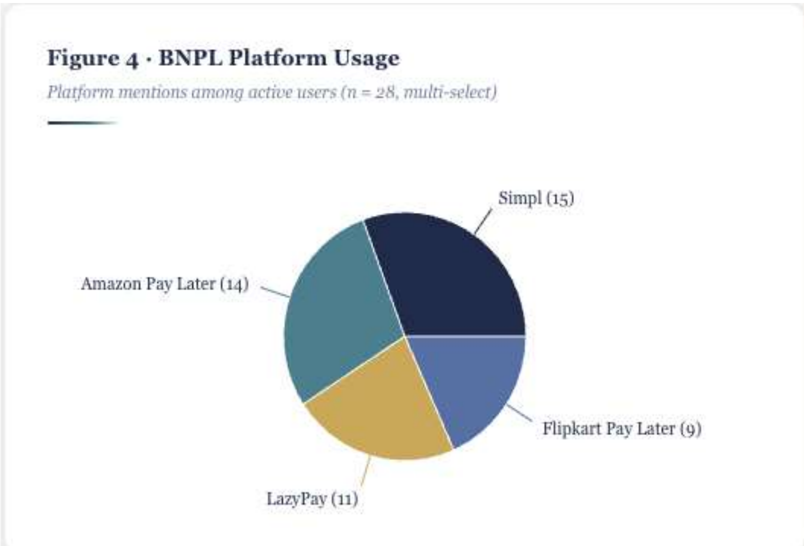
Figure 3: User Satisfaction With BNPL Experience (n = 28, Likert Scale 1–5)



Among active users, the satisfaction distribution on the five-point Likert scale produced a mean of 3.57 — above the midpoint with a pronounced right skew: 12 users rated satisfaction at 4 and 5 at 5, while only 4 users rated it at 1 or 2. The modal response of 4 (Satisfied) suggests that the majority of active users find BNPL a net positive experience. The 14% who rated their experience at 1 or 2 represent a meaningful dissatisfied minority warranting qualitative follow-up in future research.

8.4 Platform Preferences

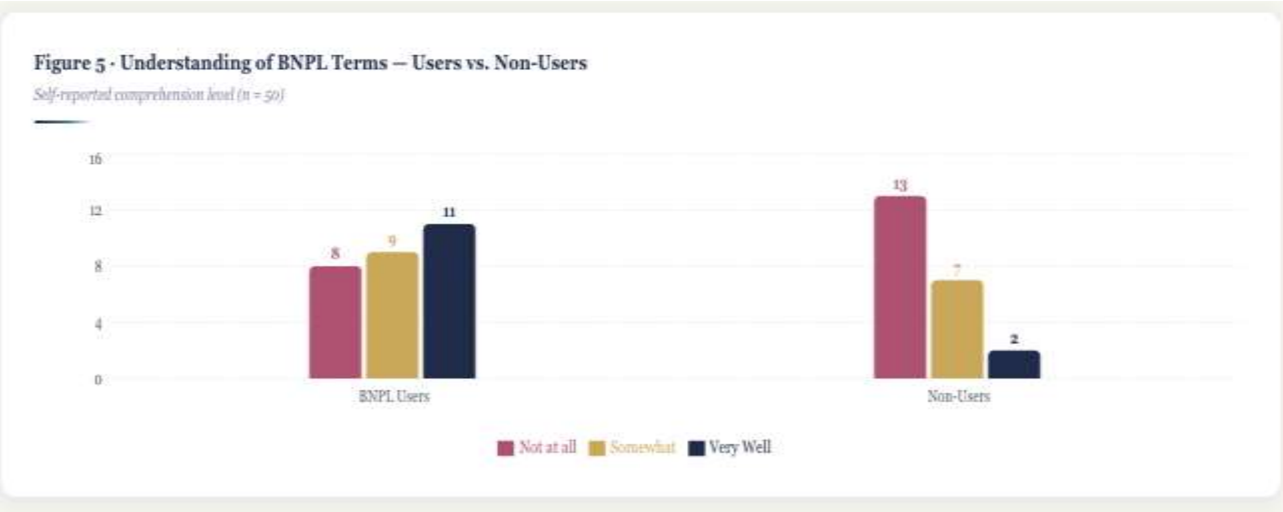
Figure 4: BNPL Platform Usage (n = 28, Multi-Select, Active Users)



Platform data show that Simpl (n = 15 mentions) and Amazon Pay Later (n = 14) are the dominant platforms, followed by LazyPay (n = 11) and Flipkart Pay Later (n = 9). Critically, 16 of 28 users (57%) reported using two or more platforms simultaneously — a multi-platform debt stacking rate consistent with the literature's identification of stacking as a primary consumer risk vector (Guttman-Kenney et al., 2023). Given that the RBI's 2025 Directions now mandate credit bureau reporting for all BNPL transactions, this stacking pattern will increasingly affect users' mortgage and auto-loan eligibility.

8.5 Understanding of Terms and Transparency Perceptions

Figure 5: Understanding of BNPL Terms — Users vs. Non-Users (n = 50)



The terms comprehension data produce the study's most striking finding. Among non-users, 13 of 22 (59%) reported understanding BNPL terms 'not at all'. However, among active users — those who had actually entered into BNPL credit agreements — 8 of 28 (29%) also reported understanding the terms 'not at all', and a further 9 (32%) understood them only 'somewhat'. Only 11 of 28 active users (39%) reported understanding the terms 'very well'. Simultaneously, 19 of 28 users (68%) stated they would not read the fine print of a BNPL agreement. This directly interrogates the adequacy of the RBI's disclosure-based regulatory framework: if the primary consumer protection mechanism assumes borrowers will engage with disclosed information, but the majority demonstrably do not, the framework has a structural efficacy gap that disclosure volume alone cannot resolve.

8.6 Consumer Stance on RBI Regulation

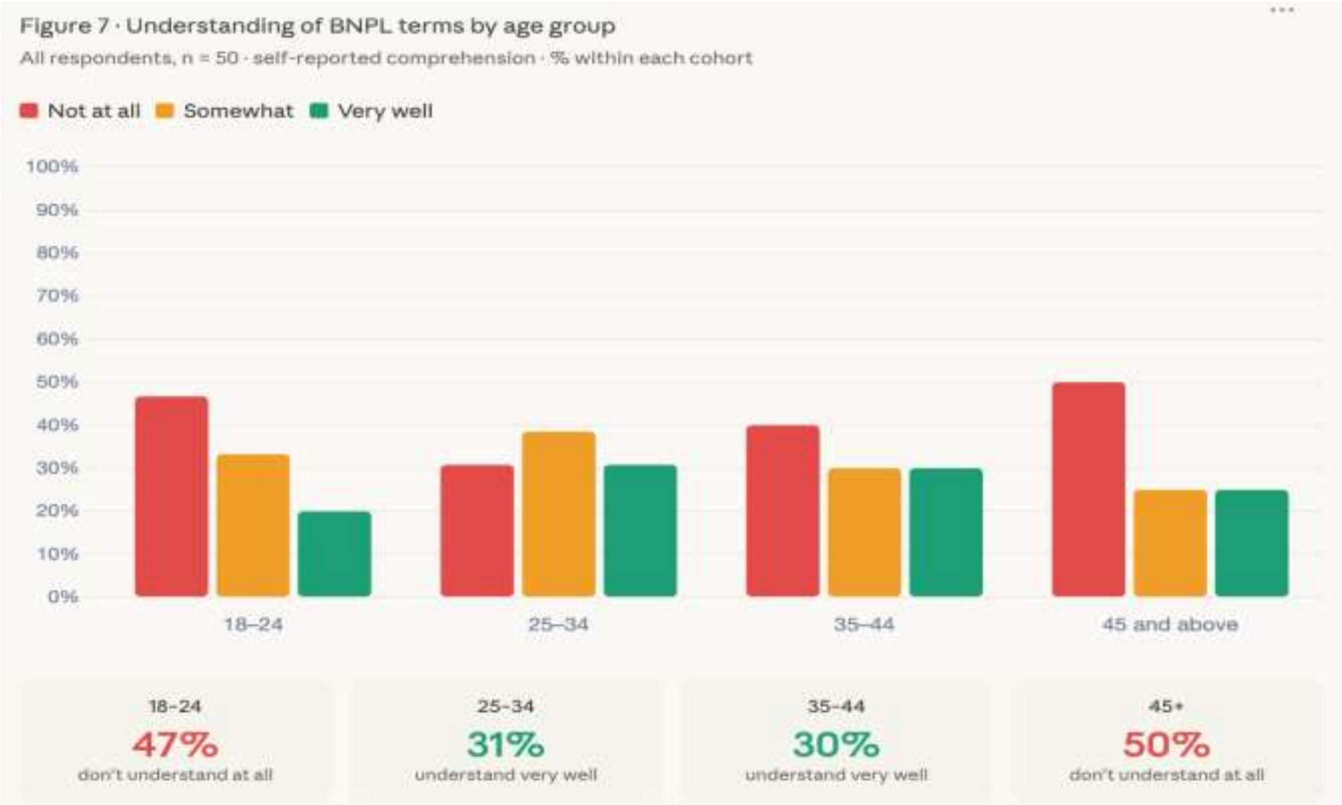
Figure 6: Consumer Stance on RBI Regulation of BNPL (n = 50)

When asked whether they believed BNPL should be regulated by the Reserve Bank of India, 31 of 50 respondents (62%) answered 'Yes', 9 (18%) said 'Maybe', 5 (10%) were 'Not Sure', and 5 (10%) said 'No'.

The 62% affirmative majority cuts across both user and non-user groups, suggesting that support for regulation is not simply a proxy for non-adoption. The alignment between the barriers cited by non-users — hidden charges, low trust, data misuse — and the specific provisions of the RBI's Digital Lending Guidelines indicates that regulatory intent and consumer preference are broadly convergent.

8.7 Understanding of BNPL Terms by Age Group

Figure 7: Understanding of BNPL Terms by Age Group (n = 50)



A counterintuitive finding emerges: the 18–24 cohort, among the most active BNPL adopters, exhibits the highest rate of non-comprehension at 47%. The 25–34 cohort is the most informed, with 31% reporting understanding terms 'very well', consistent with their occupational profile of salaried professionals with some financial exposure. The 45-and-above cohort shows 50% non-comprehension, suggesting their non-adoption is driven by unfamiliarity with the product rather than informed refusal.

9. Conclusion

India's BNPL sector sits at the intersection of three of the most consequential forces reshaping the country's financial architecture: a vast underbanked population searching for credit access, a generation of digital-native consumers whose relationship with money is mediated entirely through screens, and a regulatory state that is, for the first time in the sector's history, treating BNPL as what it has always fundamentally been — credit.

The primary survey data resist any clean narrative. BNPL is reaching the credit-excluded: 39% of active users in this sample held no credit card, meaning the product functions as their primary formal credit instrument. The market is genuinely expanding beyond metros — semi-urban respondents showed a usage rate of 64%, consistent with the literature's identification of Tier II and Tier III cities as the sector's growth frontier. Users are, on balance, satisfied: 61% rated their experience at 4 or 5 out of 5, with a mean satisfaction score of 3.57. By these measures, BNPL is delivering on its promise.

However, the data are equally candid about what the promise costs. Fifty-seven per cent of active users were simultaneously running two or more BNPL services — a debt stacking rate the international literature identifies as the primary consumer risk vector, and one that will now leave a permanent trail in India's credit bureaux under the RBI's 2025 Directions. The comprehension numbers are the most sobering: 68% of active users stated they would not read the fine print of a BNPL agreement they had already entered into, and nearly half of the youngest cohort understood the product's terms not at all. The satisfaction scores and the comprehension scores exist simultaneously, which means many users are content with a product whose terms they do not understand and whose long-term credit implications they cannot assess. Contentment is not the same as informed consent.

Disclosure without comprehension is not consumer protection; it is a paper shield. The next stage of regulatory evolution must therefore move beyond the information-provision model toward structural safeguards — credit limits for first-time users, mandatory cooling-off periods, in-application comprehension checks at origination — that protect consumers who will not, and in some cases cannot, engage with the disclosures already required by law.

The study is exploratory, the sample is non-representative, and its findings cannot be generalised in the inferential sense. What it can do — and what it has done — is establish that the questions worth asking about BNPL in India are not simply about market size or regulatory design. They are about the nature of consent, the limits of disclosure, and the responsibility owed to a consumer base that is new to credit, underinformed about its terms, and increasingly reliant on it. India is conducting, in real time, one of the most significant natural experiments in consumer credit democratisation that any economy has attempted. The outcome of that experiment will depend not on how fast the market grows, but on whether the institutions governing it are honest about what the data already show.

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