

BNPL AS A NEW FINANCIAL INSTRUMENT & ITS IMPACT ON CONSUMER'S BUYING BEHAVIOUR

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Abstract

The new dimension of the purchasing habit of the customers in the present technology based era is buy now-pay later mechanism. This study attempts to investigate the factors that influence the consumers in HOSUR city to make transactions and purchase products using micro credit or BNPL. The study mainly used primary data collected from 30 respondents using two-stage sampling technique. Multiple regression analysis method is employed to investigate the factors influencing the consumers to use buy now-pay later mode of payment. The results of the analysis show that education, increase in the demand for goods and improvement in the standard of living availing this payment mode have a significant impact on increasing the value of yearly purchase of products through buy now-pay later mechanism. This increase in the expenditure also reveals the buying decision of the consumers. The findings of the study suggest that an effective financial inclusion, minimizing the inter-bank variation regarding payment mechanism, increased availability and accessibility of information, availability of buy now-pay later mechanism in the retail stores and all possible places can lead towards a better result.

Keywords : BNPL, buying behavior, purchase decision, financial inclusion

Introduction

In the twenty-first century, when technology has taken control, consumers have the option of paying for their goods via a variety of payment options (Soman, 2001). In addition to the traditional payment methods such as cash, cheques, use of plastic payment mechanisms such as credit cards, charge cards, and debit cards is on the rise (Green, 1997). An ever increasing number of payment mechanisms facilitates the customers without any hassels ((Marlin, 1998). According to conventional economic theories, a desire is only considered as a demand if it is accompanied by two conditions: the ability to purchase the commodity and the willingness to pay for it but Credit cards were introduced as one of the method of delayed payment and were considered the primary source. However, Buy Now, Pay Later is gradually displacing it. The world economy has experienced severe upheavals as a result of the pandemic and even some people lost their jobs. This led in decreasing the purchasing power capacity of the people. During this tough situation, BNPL proved to be an amazing solution to the customers to allow them to purchase beyond their pocket. It also helped e-commerce stores to improve the average order value by increasing the customers for bigger purchases.