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The Impact of Buy-Now-Pay-Later (BNPL) Perception and Trust on Customer Purchase Behaviour in E-Commerce

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Abstract

The rapid expansion of e-commerce has significantly transformed consumer purchasing patterns and created a growing demand for flexible and convenient payment solutions. Buy-Now-Pay-Later (BNPL) has emerged as an important financial mechanism within the e-commerce ecosystem, enabling consumers to purchase products immediately while deferring or dividing their payments. This paper examines the role of BNPL perception and consumer trust in shaping customer purchase behaviour in e-commerce. It discusses key dimensions of BNPL perception, including convenience, payment flexibility, affordability, transparency, and perceived risk, alongside the role of trust in influencing online purchasing decisions. Drawing on existing literature in consumer behaviour, digital payment adoption, and financial technology, the paper explores how BNPL may influence purchase intention, purchase frequency, spending patterns, and impulse buying. It also considers potential concerns relating to repayment obligations, privacy, hidden charges, and financial well-being. Existing research indicates that BNPL can influence online spending while consumer trust, perceived benefits, and perceived risks can shape willingness to use the service. The paper emphasizes that the impact of BNPL should be understood not only through its ability to encourage purchases but also through its transparency, reliability, and implications for responsible financial behaviour. It concludes that e-commerce platforms and BNPL providers should develop clear payment terms, secure data practices, responsible credit assessments, and customer-oriented repayment processes to build trust and encourage sustainable consumer relationships.

Keywords: Buy-Now-Pay-Later, BNPL perception, consumer trust, customer purchase behaviour, e-commerce, digital payments, financial technology.

1. Introduction

The growth of e-commerce has transformed the way consumers search for products, compare prices, make payments, and complete purchases. Online shopping platforms offer convenience,

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a wide range of products, competitive pricing, and home delivery, allowing consumers to purchase goods without visiting physical stores. Alongside these developments, digital payment methods have become an important part of the online shopping experience. Consumers can now use debit cards, credit cards, digital wallets, instant payment systems, and other technology-enabled financial services. Among these alternatives, Buy-Now-Pay-Later (BNPL) has gained attention as a payment option that allows customers to obtain products immediately and repay the amount later, often through scheduled instalments.

BNPL has become relevant to e-commerce because it changes the timing of payment without necessarily changing the immediate availability of a product. Traditional payment methods generally require consumers to pay the purchase amount at checkout, whereas BNPL services may allow payment to be divided into instalments or deferred until a later date, depending on the provider's terms. This arrangement may make purchases appear more manageable and convenient, particularly when consumers want to spread payments across several periods. Kumar et al. (2024) examined the effect of BNPL adoption on online purchase behaviour and found that customers using BNPL spent more than customers using traditional payment methods in the setting studied. Their findings demonstrate why BNPL has attracted the attention of e-commerce businesses and researchers interested in consumer spending.

However, the usefulness of BNPL depends partly on how consumers perceive the service and whether they trust the provider. Customers may view BNPL positively when they believe it is convenient, affordable, transparent, and secure. On the other hand, concerns about repayment schedules, late fees, data privacy, eligibility decisions, and possible over-indebtedness may discourage adoption. Trust is therefore important because consumers must believe that the provider will handle personal information responsibly, communicate payment obligations accurately, and apply its terms fairly. Research by Raj et al. (2024a) specifically examines privacy concerns and trust in consumers' intention to use BNPL, highlighting the relevance of confidence and data protection in payment adoption.

Customer purchase behaviour is broader than the initial decision to use a payment service. It includes purchase intention, actual purchasing decisions, purchase frequency, spending levels, product choices, and the possibility of unplanned purchases. BNPL may influence these behaviours by reducing the immediate amount payable at checkout, but the resulting consumer experience can differ according to income, financial literacy, shopping habits, and repayment capacity. Kumar et al. (2024) also observed that the spending effect of BNPL varied across

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customer segments and product categories. Consequently, BNPL should not be treated as a payment feature that affects all consumers in the same way.

This paper presents a literature-based perspective on the relationship between BNPL perception, consumer trust, and customer purchase behaviour in e-commerce. It discusses the benefits and risks associated with BNPL, the role of trust in digital financial transactions, and the responsibilities of online retailers and payment providers. Rather than presenting uncollected survey results as empirical findings, the paper synthesizes existing literature and considers its implications for consumer behaviour and e-commerce management.

2. Literature Review and Conceptual Perspective

Consumer acceptance of digital payment services can be understood through established theories of technology adoption and consumer decision-making. Davis (1989), through the Technology Acceptance Model, identified perceived usefulness and perceived ease of use as important factors influencing the acceptance of information technology. Applied to BNPL, perceived usefulness may relate to the ability to manage purchase payments more conveniently, while perceived ease of use concerns how simply customers can select the service, understand its terms, and complete the payment process. A straightforward interface and clear repayment information may therefore contribute to a positive perception of BNPL.

Ajzen's (1991) Theory of Planned Behavior provides another useful perspective. It explains that behavioural intention is influenced by attitudes, subjective norms, and perceived behavioural control. In the BNPL context, customers may develop favourable attitudes when they believe that deferred payment provides flexibility and convenience. Social influences, such as recommendations from friends or the popularity of BNPL among online shoppers, may also shape their perceptions. Perceived behavioural control is relevant because consumers need to believe that they can understand the repayment terms and manage their future financial obligations. These concepts help explain why customers' willingness to use BNPL may depend on more than the technical availability of the payment option.

Trust is particularly important in electronic transactions because consumers generally cannot interact with online providers in the same way they interact with physical businesses. Gefen et al. (2003) examined trust and technology acceptance in online shopping, showing the importance of trust in explaining consumer acceptance of e-commerce. In BNPL transactions, trust can involve confidence in the payment provider's reputation, the accuracy of payment information, the security of personal data, and the fairness of the repayment process. A

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customer who trusts a provider may feel more comfortable sharing information and using the service during checkout. Conversely, uncertainty about data security or unclear contractual terms can weaken confidence and discourage use.

Research specifically focused on BNPL has examined the role of perceived benefits and risks in adoption. Raj et al. (2024b) investigated consumers' behavioural intention to use BNPL services and reported that perceived benefits, performance expectancy, ease of use, habit, and social influence were relevant to adoption intention, whereas perceived risk reduced the intention to use the service. Their work suggests that consumers evaluate BNPL by balancing its practical benefits against concerns about using a deferred-payment arrangement.

Raj et al. (2024a) examined privacy concerns and trust in consumers' intention to use BNPL through an extended Theory of Planned Behavior framework. Their study of Indian undergraduate and postgraduate students identified a negative relationship between privacy concerns and consumers' trust and attitudes toward BNPL. This is relevant to e-commerce because BNPL providers may collect and process personal and financial information when assessing eligibility and managing repayments. Consumers' confidence in the provider's data practices can therefore influence their willingness to adopt the service.

The relationship between BNPL and purchase behaviour has also received direct empirical attention. Kumar et al. (2024) studied BNPL adoption and online purchase behaviour in a retail setting. Their results indicated that BNPL adoption was associated with a 6.42% increase in online spending in the setting examined. The study also reported differences according to factors such as customer age, income, product category, and promotion sensitivity. These results provide evidence that BNPL can influence actual spending, although the magnitude of the effect should not automatically be generalized to every platform, market, or consumer group.

The psychological implications of BNPL are another important part of the literature. Kumar and Nayak (2024) examined risky indebtedness behaviour, impulse buying, and perceived risk in BNPL adoption among young Indian shoppers. Their findings highlighted the role of impulse buying in the relationship between risky indebtedness behaviour and attitudes toward BNPL. The study also considered the role of perceived risk in the relationship between attitude and adoption intention. This suggests that payment flexibility may encourage purchasing in some circumstances while creating concerns about the ability to manage multiple repayment obligations.

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Overall, existing literature suggests that BNPL perception is shaped by both positive and negative evaluations. Convenience, flexibility, and perceived affordability may encourage adoption, while concerns about privacy, repayment obligations, and financial risk may reduce trust. These factors can influence purchase intention and spending behaviour, but their effects are likely to vary across consumers and service settings. Understanding these differences is essential for evaluating BNPL as both a digital payment innovation and a form of short-term consumer credit.

3. BNPL Perception, Consumer Trust, and Purchase Behaviour

Consumer perception of BNPL refers to the beliefs and evaluations that customers form about its usefulness, convenience, affordability, transparency, and potential risks. A favourable perception may develop when customers believe that BNPL makes online purchases easier to manage and provides a clear repayment structure. An unfavourable perception may arise when payment terms are confusing, additional charges are unclear, or customers are uncertain about the consequences of missed payments. These perceptions can shape whether consumers consider BNPL an appropriate payment option and whether they choose it during online checkout.

Convenience is one of the most visible perceived benefits of BNPL. Online consumers often prefer payment methods that allow them to complete transactions quickly and with minimal difficulty. If BNPL is integrated smoothly into the checkout process, customers may find it easier to complete a purchase without paying the entire amount immediately. The perceived usefulness and ease of use described by Davis (1989) provide a foundation for understanding this behaviour. Nevertheless, convenience should not be evaluated only by the speed of checkout. Customers also need to understand the repayment schedule and the steps required to manage their payment obligations after the purchase.

Payment flexibility is closely related to convenience but focuses more directly on the timing and distribution of payments. BNPL may allow customers to spread the purchase cost across instalments, depending on the specific product and provider. This can help customers organize their cash flow when payments are manageable and the repayment terms are suitable for their financial circumstances. However, flexibility in payment timing does not eliminate the purchase cost. If customers make several BNPL purchases without considering the combined repayment obligations, the arrangement may become difficult to manage. Responsible use

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therefore requires consumers to consider their future income, existing commitments, and ability to repay on time.

Perceived affordability is another factor that may influence customer purchase behaviour. When a large purchase amount is divided into smaller instalments, the immediate payment may appear less burdensome. This can make products seem more accessible to customers who prefer not to pay the full amount at once. However, the size of an individual instalment does not necessarily reflect the total financial commitment. Customers should consider the full purchase price, any applicable fees, the payment schedule, and the effect of multiple outstanding instalments. The spending effects identified by Kumar et al. (2024) illustrate why the relationship between BNPL and purchasing decisions deserves careful consideration.

Transparency is important because customers need clear information to evaluate whether BNPL is suitable for them. Information about repayment dates, instalment amounts, applicable charges, late-payment consequences, refund treatment, and cancellation procedures should be communicated before the customer commits to the transaction. If these details are difficult to find or understand, consumers may develop uncertainty and distrust. Clear terms can help customers make informed decisions, while inconsistent or confusing information can damage the provider's reputation. Transparency is therefore not merely a compliance consideration; it is an important element of the customer experience.

Perceived risk can arise from concerns about financial loss, privacy, data misuse, missed payments, and the possibility of accumulating debt. Consumers may also worry about how a BNPL transaction affects their ability to manage other expenses. Raj et al. (2024b) found that perceived risk can reduce consumers' behavioural intention to use BNPL. Similarly, Raj et al. (2024a) highlighted the relevance of privacy concerns to trust and attitudes toward BNPL. These findings indicate that providers should not focus exclusively on promoting the convenience of the service. They should also address the uncertainties that may prevent consumers from feeling confident about using it.

Consumer trust can be understood as confidence that a BNPL provider will operate reliably, protect personal information, communicate its terms honestly, and manage transactions fairly. Trust may develop through consistent service quality, transparent policies, secure payment processes, accessible customer support, and responsible handling of complaints. In online environments, trust is especially relevant because consumers often rely on digital information and the provider's reputation when deciding whether to share personal details or use a financial

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service. Gefen et al. (2003) provide a useful foundation for understanding the role of trust in online consumer acceptance.

Trust may influence purchase behaviour by reducing uncertainty during checkout. When customers believe that a BNPL provider is reliable, they may be more willing to select the service and complete their purchase. If the provider is unfamiliar or its terms are unclear, customers may prefer a payment method they already understand. Trust can also affect continued use. A positive experience with payment processing and customer support may encourage consumers to consider BNPL again, whereas unexpected charges, confusing repayment information, or poor complaint resolution may discourage future use.

The relationship between BNPL perception, trust, and purchase behaviour is therefore interconnected. Positive perceptions may contribute to trust, while trust can strengthen willingness to use the service. However, neither positive perception nor trust guarantees that BNPL will be financially appropriate for every consumer. Purchase decisions are also shaped by product need, income, price, shopping habits, promotions, and individual financial circumstances. A balanced understanding must therefore consider both the potential commercial benefits and the possible consumer risks.

4. Implications for E-Commerce Platforms and BNPL Providers

E-commerce platforms and BNPL providers can improve customer experience by making the payment process transparent and understandable. The total purchase amount, repayment dates, instalment values, applicable fees, and consequences of late payment should be presented clearly before the transaction is completed. Customers should not need to search through complicated terms to understand their obligations. Clear communication supports informed decision-making and may strengthen trust in the service.

Security and privacy should also be treated as essential elements of BNPL service design. Customers may hesitate to use the service if they are uncertain about how their personal and financial information will be collected, stored, or shared. Providers should explain their data practices in accessible language, maintain appropriate security controls, and offer clear channels for customers to raise concerns. The relevance of privacy to BNPL attitudes and trust identified by Raj et al. (2024a) reinforces the importance of addressing these issues directly.

Responsible credit assessment is equally important. BNPL providers should consider whether customers can reasonably manage their repayment obligations rather than focusing only on encouraging transaction completion. Appropriate eligibility checks, clear reminders, accessible

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account information, and support for customers experiencing repayment difficulties can help reduce the risk of harmful borrowing patterns. The findings discussed by Kumar and Nayak (2024) highlight the importance of considering impulse buying and risky indebtedness behaviour when evaluating BNPL adoption.

Marketing practices should emphasize informed choice rather than creating pressure to purchase. Promotional messages that focus exclusively on small instalment amounts may encourage customers to overlook the total cost of their purchases. E-commerce platforms should provide enough information for consumers to compare payment options and evaluate whether a purchase is necessary and affordable. The purpose of BNPL should be to provide a useful payment alternative, not to encourage customers to take on commitments they cannot manage.

Customer support is another important factor in maintaining trust. Consumers should have access to clear information about repayment schedules, failed transactions, refunds, cancellations, and disputed charges. Complaints should be handled promptly and consistently, with explanations that customers can understand. A provider that responds fairly when problems arise can help maintain confidence, while poor support may damage the relationship even when the original payment service appeared convenient.

Finally, e-commerce businesses should recognize that BNPL may affect different customer groups in different ways. Kumar et al. (2024) reported variation in spending effects across customer segments and product categories. Providers should therefore avoid assuming that all consumers respond identically to instalment payments. Customer education, appropriate product design, and responsible communication can help ensure that payment innovation supports customer needs while protecting financial well-being.

5. Discussion

The literature reviewed in this paper suggests that BNPL is more than an alternative payment button on an e-commerce website. It changes the timing of payment and can influence how consumers evaluate the affordability and convenience of a purchase. Positive perceptions of flexibility and ease of use may encourage customers to select BNPL, while concerns about privacy, repayment obligations, and financial risk may discourage adoption. This balance between perceived benefits and perceived risks is consistent with BNPL-focused research by Raj et al. (2024a, 2024b).

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Trust plays a central role because BNPL involves a relationship between the customer and a provider that manages payment information and repayment obligations. Customers may be more willing to use the service when they believe that its terms are clear, its systems are secure, and its customer support is reliable. The broader online shopping literature also recognizes trust as an important element of electronic transactions (Gefen et al., 2003). For BNPL providers, trust should therefore be built through consistent and responsible service practices rather than through promotional messages alone.

The effect of BNPL on purchasing behaviour requires a balanced interpretation. Kumar et al. (2024) found increased online spending among BNPL adopters in the retail context they studied, but this result does not mean that every BNPL user will spend more or that increased spending is necessarily beneficial. A purchase may be planned and financially manageable, or it may be impulsive and create repayment difficulties. Consumer outcomes depend on individual circumstances, the terms of the service, and the way BNPL is presented during the purchasing process.

The Indian context is particularly relevant because consumers increasingly use digital platforms for shopping and financial transactions. Research on Indian consumers has examined privacy concerns, trust, impulse buying, and perceived risk in relation to BNPL (Kumar & Nayak, 2024; Raj et al., 2024a). These studies provide useful starting points for understanding the factors that may influence BNPL adoption in India. Nevertheless, results from particular samples or service settings should not automatically be generalized to all Indian consumers, regions, income groups, or e-commerce platforms.

A further consideration is the difference between purchase intention and actual purchase behaviour. Consumers may report that BNPL is convenient or that they intend to use it, but actual usage depends on the availability of the service, eligibility, product choice, payment terms, and financial circumstances at the time of purchase. Future research should therefore examine both consumers' perceptions and their reported or observed purchasing behaviour. It could also consider whether trust influences repeated use and whether financial literacy changes how customers evaluate payment flexibility and risk.

This paper is a literature-based perspective rather than a report of newly collected primary data. It does not claim to establish new statistical relationships or present survey findings. Instead, it integrates existing research to explain why BNPL perception and trust are important considerations in e-commerce purchase behaviour. Future empirical research among Indian e-

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commerce consumers could provide additional evidence about the relative importance of convenience, affordability, transparency, privacy, and trust across different customer groups.

6. Conclusion

Buy-Now-Pay-Later has emerged as an important development in digital payments by allowing consumers to purchase products immediately while deferring or dividing payments according to the provider's terms. In e-commerce, the service may improve perceived convenience and payment flexibility and may influence customers' purchase intention, spending, and purchase frequency. However, its effects depend on how consumers perceive the service and how much they trust the provider.

Existing literature highlights the importance of perceived usefulness, ease of use, transparency, privacy, and perceived risk in understanding BNPL adoption. Research also indicates that BNPL can influence online spending and that impulse buying and risky indebtedness deserve attention when evaluating its behavioural consequences (Kumar & Nayak, 2024; Kumar et al., 2024). Trust is especially important because consumers need confidence that their personal information will be protected and their repayment obligations will be communicated and managed fairly.

E-commerce platforms and BNPL providers should therefore focus on clear payment terms, secure data practices, responsible credit assessment, accessible customer support, and consumer education. These practices can help customers make informed decisions and encourage the responsible use of payment flexibility. Ultimately, the long-term success of BNPL should not be measured only by increased transaction volumes. It should also reflect consumer confidence, transparent service delivery, responsible purchasing decisions, and sustainable customer relationships.

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