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"Swipe Now, Worry Later"- Unpacking the Factors Driving BNPL Adoption: A scoping review perspective

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Abstract
The rapid expansion of Buy Now, Pay Later (BNPL) services has reshaped consumer finance, raising concerns about the drivers of its adoption and the potential risks. This scoping review systematically examines the factors influencing BNPL adoption, providing a comprehensive overview of the existing literature on the subject. This study investigated the four main factors: social influence, perceived usefulness, attitudes, and subjective norms. These provide important insights for service providers to develop better marketing and consumer protection strategies. This paper contributes to the academic discourse by mapping the existing knowledge landscape, offering valuable insights for policymakers, financial institutions, and researchers.

Keywords: BNPL, Buy-Now-Pay-Later, Deferred payment, Fintech credit payment

1.0 Introduction
The buy now, pay later (BNPL) model has emerged as a popular payment option in recent years, allowing consumers to purchase goods and services immediately and pay for them in instalments over time. This disruptive payment method has gained significant traction, particularly during the COVID-19 pandemic, as it offers a more flexible and convenient alternative to traditional payment methods such as cash, debit, and credit cards. In early 2021, the Bank of England consumer credit report revealed that credit card borrowing had decreased by 14.5% to a new record low, with younger generations largely rejecting this payment option (Key. A, 2021). The frequently identified factor contributing to millennials' decline in credit cards is alternative credit payment methods through online Buy Now, Pay Later services such as Klarna and Qliro (Key,2021).

This digital revolution has also transformed the landscape of e-commerce in Malaysia. Since the aftermath of COVID-19, Malaysia's Buy Now, Pay Later method has emerged rapidly. The BNPL payment in Malaysia has recorded strong growth over the last four quarters, supported by the penetration of e-commerce. The research and market report shows that the Malaysian Buy Now Pay Later market is forecasted to grow from USD2.4 Billion in 2023 to USD4.3 Billion in 2028. This innovative payment method has grown significantly in the buy, now pay later approach, allowing customers to purchase goods or services and pay for them in installments. The buy now, pay later model has become increasingly popular in the country by providing consumers with greater financial flexibility and the ability to manage their purchases more effectively. Despite the increasing demand and acceptance of this method of payment, as revealed in the

Financial Stability Review for the second half of 2022 (2H22), Bank Negara Malaysia (BNM) noted that the share of BNPL users with overdue payments in the fourth quarter of 2022 (4Q22) has risen to 17%. This is compared to the 14% recorded for the second quarter of 2022 (2Q22) and 7% in the fourth quarter of 2021 (4Q21). The easier way to access BNPL facilities may increase the risk for consumers spending beyond their means without considering their ability to repay the loan in full immediately. The rise in buy now and pay later in Malaysia can be attributed to several factors. Based on the existing literature, this study aims to comprehensively review the factors that affect the adoption of Buy Now, Pay Later services. The review will explore both the positive and negative aspects of these factors. This scoping review's creation offers the researcher numerous advantages, including access to prior research findings, clarity on certain definitions or essential concepts, and knowledge of and analysis of research gaps.

2.0 Materials and Methods

2.1 Formulation of Research Questions
The research question formulated in this study serves as a foundational guide for the scoping review. Research questions help define the boundaries of the scoping review, guiding what will and will not be included. This ensures that the review is focused and addresses the intended topics. The research question in this study is: What factors influence customers to use buy now, pay later (BNPL) as a payment method? This question explores the diverse elements that drive consumer adoption of BNPL services, ranging from economic and social influences to psychological and behavioral motivators.

2.2 Systematic Searching Strategies
A systematic search strategy helps capture all relevant studies and data, minimizing the risk of missing key literature. This ensures that the review is thorough and representative of the available evidence. The systematic searching strategies involved three phases: identification, screening, and eligibility (Shaffril, H. A. M. et al., 2022). These steps were taken to guarantee that a thorough inquiry would be conducted (Figure 1).

2.2.1 Identification
The first stage involved improving the search engine optimization of the keywords. As stated by (Durach et al., 2017), using multiple keywords and databases is important to preventing retrieval bias. The primary search terms were Buy Now, Pay Later, Adoption, Adaptation, deferred payment, credit payment, and fintech credit payment. Phrasal-level search and the fundamental Boolean operators OR and AND were used. Three primary indexing databases – Scopus, Web of Science, and Google Scholar – were used to search through the articles. No duplicate records were found in the 94 possible articles for the scoping review in the results.

2.2.2 Screening
Screening was the second step in the systematic search strategy, ensuring that only relevant and high-quality articles were included in the review. This phase carefully distinguishes suitable studies from those unsuitable for the review based on predetermined inclusion and exclusion criteria. According to Kitchenham and Charters (2007), the selection of these criteria is flexible and can be tailored by the authors, provided they effectively address the research questions. The screening phase not only refines the scope of the literature but also enhances the reliability and validity of the findings by filtering out irrelevant or lower-quality studies. Therefore, a systematic and well-structured screening process is essential for producing a robust and credible review that accurately reflects the state of the evidence on the chosen topic.

2.2.3 Eligibility
The selected 17 articles were reexamined in the third process (eligibility) to ensure they met the selection criteria. At this stage, the abstracts were read to determine the suitability of the articles. The full article was skimmed if the article's suitability was not conveyed in the title. As a result, 60 articles were excluded as they deviated from the factors influencing customers to choose Buy Now, Pay Later topics. Therefore, 17 articles were selected for the scoping review.

2.3 Data extraction and analysis
The research questions served as guidance during the data extraction process. All data extracted from the selected studies were related to the factors influencing customers to adopt buy now, pay later as the payment method. This qualitative study adopted the thematic analysis to assess the captured data. This analysis identified the themes based on the patterns retrieved from the selected studies and their similarities and correlations between the abstracted data (Braun and Clarke, 2006). To do the thematic analysis, data similar to each other were pooled in the same and specified theme. Hence, eight (8) main themes were identified. The themes are convenient alternatives, trust, performance expectancy, social influence, perceived usefulness, attitudes, and subjective norms. The eight (8) themes were re-examined to ensure their usefulness and accurate representations of the data. In this second stage, four items were excluded as it is similar to other themes. The themes are convenient alternatives, trust, performance expectancy, and convenient transactions.
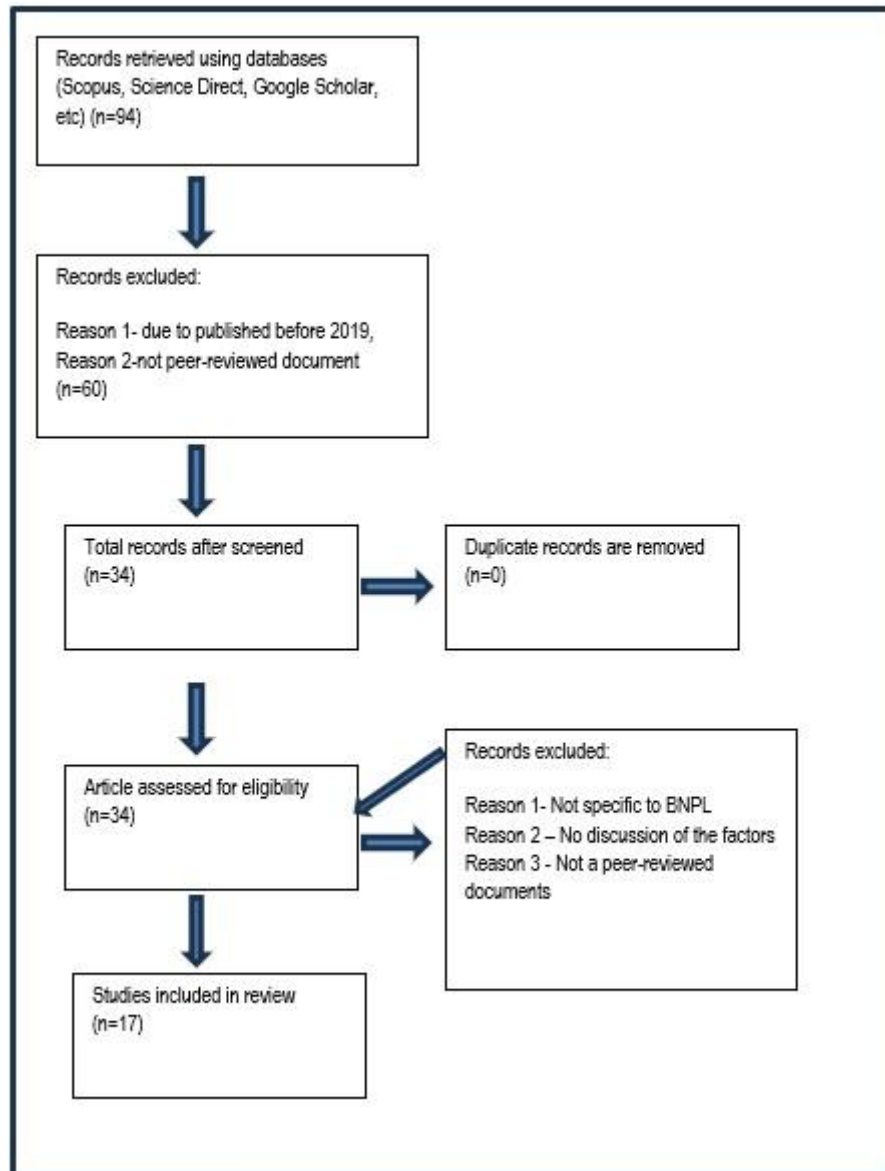
Figure 1: Systematic searching strategies of the scoping review

3.0 Results

This study identifies the factors that influence customers to choose BNPL payment methods. The factors were social influences, perceived usefulness, and attitudes. Before discussing the four factors that influence customers to choose Buy Now, Pay Later, this study investigated the characteristics of the selected factors.

3.1 Characteristics of the selected factors.

This study involved 17 articles. Most studies were conducted in Indonesia with six (6) studies involved. Saudi Arabia and India contributed to two (2) studies, respectively. Furthermore, the United States, Ireland, Malaysia, United Kingdom, Singapura, China, Ireland, and Australia contributed with only one (1) study related to the factors that influence customers in choosing the Buy Now, Pay Later method of payment. The studies were selected from 2019-2024. This is in the 5-year range of studies. Most studies were published in 2024 with six (6) studies involved. Next, 2023 and 2022 contributed with 5(five) studies respectively. Meanwhile, for the year 2019, only one (1) study found that related to the factors contributed to the Buy Now, Pay Later method of payment. What can be concluded here is Buy Now, Pay Later, emerged rapidly after COVID-19. All these studies are in the form of journal articles. It can be illustrated in Figure in Figure 2 and Figure 3.
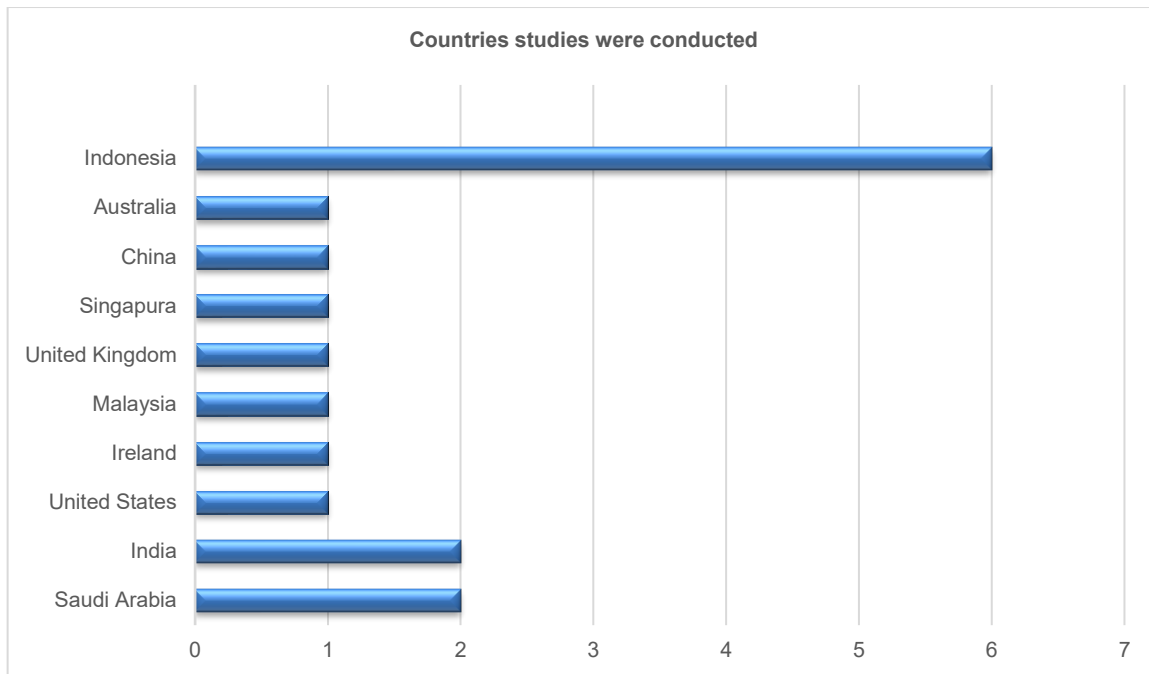
Countries studies were conducted

Figure 2: Countries where studies were conducted
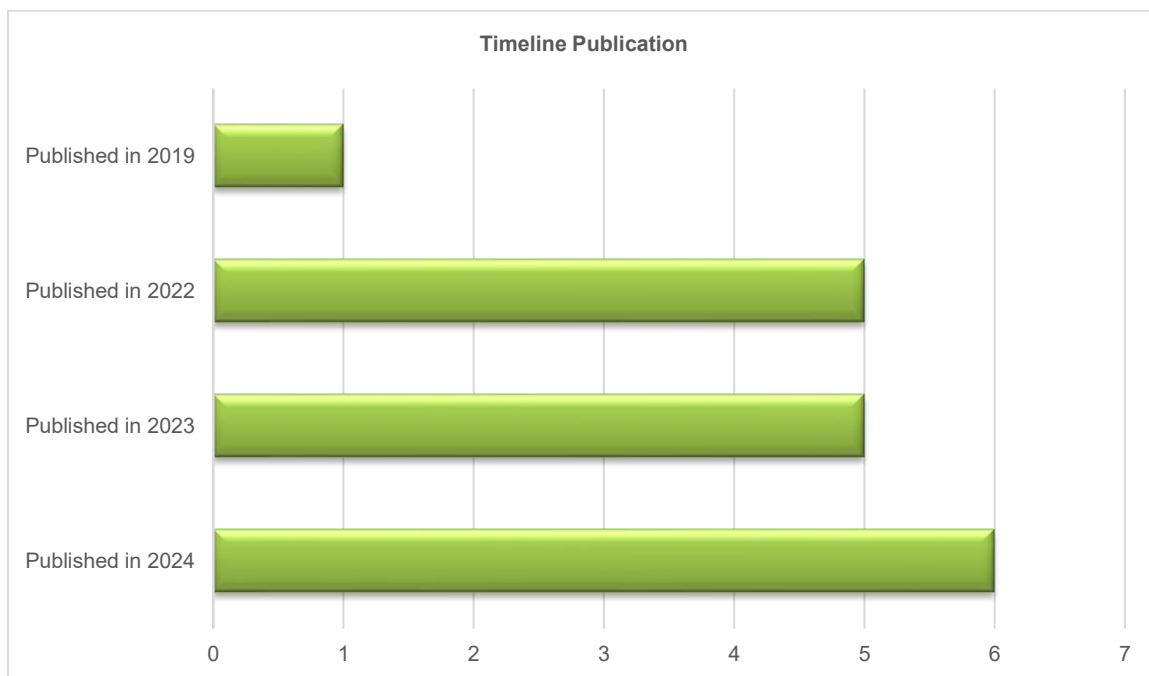
Timeline Publication

Figure 3: Publication timeline

3.2 The emerging themes.

3.2.1 Social Influence
The increasing popularity of "buy now, pay later" payment options are influenced by social factors, especially among younger consumers. These payment methods are easy to use and integrate into e-commerce platforms, allowing consumers to complete transactions without physical credit cards. A study by (Abed and Alkadi,2024) reveals that social influence positively impacts the intention to continue using BNPL applications. The study was conducted in Saudi Arabia. It was also agreed by (Maulana and Aryanti, 2019), that social influences are important to speed up the process of adoption Buy Now, Pay Later method. Kutbi et al.,2024 have found that social influence has provided significant insights into consumers' perceptions regarding adopting Buy Now Pay Later (BNPL) services. This is also agreed upon by Fitriyah, N. W. et al., 2024; social influence is one of the factors influencing customers' behavioral intentions to use Pay later in m-commerce applications.

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3.2.2 Perceived usefulness
Perceived usefulness can be described as a new technology improving job efficiency (Ayo, Adewoye & Oni, 2010). The concept of perceived usefulness is widely used in technology adoption models, particularly in the Technology Acceptance Model (TAM), introduced by Fred Davis in 1989. In TAM, perceived usefulness is a critical determinant of whether individuals will adopt and use a particular technology or system. A study by (Nik Azmi, N. N., et.al.,2022) found that perceived usefulness significantly influences impulsive purchase decisions using the Buy Now, Pay Later method. This is also agreed upon by Gurusamy, R. (2023), who stated that the simplicity and ease of digital payment mechanisms may lead people to spend more than they planned or budgeted for daily expenses. (Bahera and Darda, 2023) found that perceived usefulness and trust factors influenced the formation of fintech credit products among young consumers.

3..2.3 Attitude
Attitude in the contact of Buy Now, Pay Later refers to a person's perception, feeling, or view of something, including technology or services. Attitudes play an important role in determining whether someone will use a service based on how they perceive its benefits, convenience, or disadvantages. A positive attitude towards this method is formed when consumers feel that using BNPL gives them certain advantages, such as buying goods immediately without paying in full at once. Referring to the study by (Bahera and Darda,2023), perceived usefulness and trust) factors that affect attitude formation toward fintech credit payment among young consumers. The result shows that affordability, flexibility, structural assurance, and perceived usefulness help form consumers' attitudes toward this payment method. (Nik Azmi, N. N., et.al.,2022) Their study suggests a significant relationship between consumers' attitudes and intention to utilize the buy-now-pay-later mechanism towards impulsive purchase decisions.

3.2.4 Subjective norms
A person's perception of social pressure from their surroundings to engage in a particular behavior is a subjective norm. According to Liu et al. (2019), interpersonal and media impact are the two main sources of this pressure. Furthermore, Liu et al. (2019) noted that family, friends, and peers might disseminate information and have normative influence over a user's intention to continue using social media. A study by (Nik Azmi, N. N., et al.,2022) and Gurusamy R. (2023) suggests that there would be a significant relationship between subjective norms and intention to utilize the buy-now-pay-later mechanism toward an impulsive purchase decision.

4.0 Discussion
The study identifies four primary factors influencing consumers' decisions to adopt BNPL payment methods. The factors were social influences, perceived usefulness, attitudes, and subjective norms. All of these factors work together to influence how consumers view and accept BNPL services. The findings suggest that social influence plays a crucial role in adopting BNPL services, consistent with previous studies. This is particularly significant for younger consumers, who are more influenced and increasingly dependent on digital platforms for purchasing. Abed and Alkadi (2024) highlight that social influence positively impacts the intention to continue using BNPL apps, indicating the importance of peer and social circles in shaping consumer behaviour.

Another important element that emerged was perceived usefulness, a core component of the Technology Acceptance Model (TAM). Consumers are more likely to employ BNPL approaches when they believe these platforms as useful in improving their purchasing efficiency and financial management. This aligns with Nik Azmi et al. (2022) findings, who noted that perceived usefulness significantly affects impulsive purchasing decisions. The findings also suggest that users perceive BNPL as a tool that offers convenience and immediate gratification, which improves their overall shopping experience.

The influence of attitudes and subjective norms on BNPL adoption is significant, highlighting their role in shaping consumer behavior and decisions. Positive attitudes towards BNPL, driven by perceived benefits such as flexibility and affordability, can significantly enhance consumer willingness to use these services. This is supported by the study of Bahera and Darda (2023), who found that factors like perceived usefulness and trust contribute to positive attitudes toward BNPL methods. Additionally, subjective norms influence consumer decisions, particularly in contexts where social media and peer recommendations play a prominent role.

This study highlights how social and psychological elements play a major role in the widespread and quick adoption of BNPL services, significantly contributing to usability and convenience. Despite the immediate appeal of ease and utility, these deeper influences are crucial in understanding the growing popularity of BNPL as a preferred payment method. Research exploring the factors that influence individuals to choose BNPL is still relatively scarce. Not many studies delve into great detail about these topics, and the current body of literature is limited, with only a few studies addressing these aspects in depth. This gap in research is partly because BNPL services did not become widely known until after the COVID-19 pandemic when customers started looking for more flexible payment options.

Given the rising popularity of BNPL, future studies should investigate its long-term impacts on consumers' financial health and behaviour. Areas such as financial literacy, spending habits, and debt accumulation are of specific interest, as they might offer an understanding of the wider implications of using BNPL. Additionally, as the adoption of BNPL continues to grow, there is a need to investigate possible regulatory obstacles and consequences. Policymakers may need to think about ways to protect consumers while promoting innovation in the financial services industry.

As this research area remains underexplored, future researchers are encouraged to explore further the diverse factors influencing BNPL usage and its long-term effects, ensuring that the academic community and policymakers have the resources they need to effectively understand and navigate the rapidly evolving landscape of consumer finance.

5. Conclusion

This comprehensive scoping review investigated the determinants influencing consumers' adoption of Buy Now, Pay Later (BNPL) payment methods. The result identified key factors, including social influences, perceived usefulness, attitudes, and subjective norms. The findings indicate that these factors collectively play a vital role in shaping consumer preferences and behaviours in the rapidly evolving digital payment landscape.

The influence of social factors on adopting BNPL services as the payment method is among the most important findings. Peer pressure, social media, and cultural norms have been highlighted as significant drivers for the adoption among younger customers. This indicates that providers of BNPL services could potentially gain advantages by utilizing social networks and forming partnerships with influencers to extend their outreach and enhance their credibility among their target audience. Additionally, the study's findings on perceived usefulness highlight the importance of communicating the practical benefits of BNPL services, such as improved financial flexibility and the ability to make purchases without immediate financial strain. This aligns with the Technology Acceptance Model (TAM), which asserts that perceived usefulness plays a pivotal role in driving technology adoption.

Additionally, the optimistic outlook towards Buy Now, Pay Later (BNPL) services is driven by the perceived benefits, such as ease of transaction and affordability. This indicates that consumers consider these services as viable alternatives to traditional credit options, especially for making smaller, more manageable purchases.

The result also reveals that BNPL services have gained significant momentum in the post-COVID-19 era, reflecting broader shifts in consumer behaviour and the increasing acceptance of digital financial services.

In summary, this scoping review study offers valuable insights into the determinants of BNPL adoption, providing implications for service providers, marketers and policymakers. Future research should explore the long-term effects of BNPL usage on consumer financial health and investigate strategies to promote responsible use of these services. Understanding these dynamics will be crucial for developing sustainable and consumer-friendly financial solutions as the digital payment landscape evolves.

Acknowledgments

Paper Contribution to Related Field of Study

This scoping review validates a few factors influencing customers to choose the buy now, pay later method of payment: social influence, perceived usefulness, attitudes, and subjective norms. It offers a valuable resource for academics, practitioners, and policymakers interested in the evolving digital financial services landscape and consumer behavior.

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