

Research Article

Investigating The Determinants of BNPL Adoption Intentions Among University Students: An Application of the Unified Theory of Acceptance and Use of Technology (UTAUT) Framework

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Received: 20/06/2025;

Revision: 26/06/2025;

Accepted: 08/07/2025;

Published: 12/07/2025

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Abstract: This study investigates the key factors influencing college students' intention to use Buy Now, Pay Later (BNPL) services. BNPL has emerged as a popular alternative payment method, particularly among younger consumers. Using a mixed-methods approach, we surveyed 110 college students. The study applied the Unified Theory of Acceptance and Use of Technology (UTAUT) as a theoretical framework, extended with additional constructs Materialism and Trust relevant to BNPL adoption. Results indicate that Social Influence and Materialism significantly impact students' intention to use BNPL. Additionally, Simpl Pay and Lazy Pay are the most preferred BNPL services among college students. Concerns about debt accumulation and hidden fees emerged as potential barriers. The findings provide valuable insights for financial institutions, policymakers, and educators in understanding and addressing the factors driving BNPL usage among college students. This research contributes to the growing body of literature on financial technology adoption and young adult financial behavior.

Keywords: Buy Now, Pay Later, Factors influences, younger consumers, Financial Technology adoption.

INTRODUCTION

Following the COVID-19 pandemic, there has been a notable increase in the adoption of digital payment systems among Baby Boomers and Generation X. Many nations are advocating for cashless policies, which promote digital payments, and this has contributed to the rise in digital transactions and payments within these age groups (Santosa et al., 2021). As digital transactions have become more widespread, the added features and conveniences of e-wallet payments have led to increased global consumer adoption. Similarly, the ease of using BNPL is gaining significant attention, with BNPL leading both online and in-person transactions. E-wallet credit through BNPL enhances consumer spending. (Bian et al., 2023). In the current era, the excessive consumption of goods is on the rise, with young adult females particularly engaging in impulsive purchases of "non-essential" items like fashion and apparel. Utilizing a range of impulse-facilitating financial tools, such as Buy Now, Pay Later (BNPL) services, young female consumers aged 18 to 25 exhibit a greater tendency for online impulse buying compared to those who do not use BNPL. It has been observed that there is a distinct connection between the propensity for impulse buying and sensitivity to sales conversion tools, which encourages overconsumption. (Ah Fook, L., & McNeill, L. 2020). The Buy Now, Pay Later (BNPL) services and credit card usage enable instant purchasing, particularly among younger individuals, while also reducing their savings. These modern financial tools are transforming consumer habits and influencing the effectiveness of traditional economic strategies. The limited financial literacy among households may result in poor financial management and

the inappropriate selling of financial products to them. These issues can adversely affect their financial health. The research examines how the financial behaviors recommended by financial regulators impact the financial well-being of young adults. Additionally, there is a lack of BNPL regulations in Australia. (Powell, R., Do, A., Gengatharen, D., Yong, J., & Gengatharen, R. 2023). Examines the effect of mindfulness on consumer's BNPL payment usage and how that impacts their overall financial & well-being. (Schomburgk, L. and Hoffmann, A. 2023)

Statement of the Problem:

BNPL users are growing globally, including in Tamil Nadu. This study is to explore the factors influencing the intention to use BNPL among college students. Only a few studies have used the Unified Theory of Acceptance and Use of Technology (UTAUT) to examine the factors influencing users' intention to use Buy Now Pay Later, especially among college students aged between (18 – 25). Previous studies have used the Technology Acceptance Model (TAM) or Theory of Planned Behavior (TPB) to examine the factors influencing users to use BNPL. Therefore, to investigate the relationship between the four main determinants—performance expectancy, effort expectancy, social influence, and facilitating conditions including materialism and trust and the intention to utilize BNPL, this study has chosen the UTAUT model. However, the majority of the research was carried out in other nations, and only a small number of studies looked at the factors influencing Chennai college students' intentions to utilize BNPL. Therefore, to close this gap, this study looks into the elements affecting Chennai college students' intentions to

use BNPL

OBJECTIVES OF THE STUDY

1. To examine factors influencing the intention to use BNPL services among college students by using the UTAUT Model.
2. To identify the most preferred BNPL platform by college students.

Needs of the study:

The research on this subject is of great significance. This study's primary importance is in analyzing the variables that impact the college student's intentions to utilize BNPL. This research could help practitioners and scholars better understand users' intentions to utilize BNPL by providing insights. This research contributes to a better knowledge of BNPL from the standpoint of the consumer.

Additionally, businesses can benefit from this research by learning more about how consumers view BNPL. Additionally, the government may benefit from this study's investigation in terms of economic expansion. The economy of our nation will improve as more individuals gain the skills and knowledge necessary to use BNPL, a more recent fintech service, which also helps to attract investment and generate more job possibilities. Therefore, the general public must understand how to use the financial systems. People may become familiar with the BNPL transaction process by reading this research.

LIMITATIONS OF THE STUDY

This study only targets the respondents who fall under the age category of 18 to 25 years old. Therefore, the findings are limited, as this study primarily studies the behaviors of the younger generation and does not reflect the behaviours of the elder generation. This study targets the younger generation who are from selected universities only and it does not represent the overall college students in Chennai city. Thus, future researchers may study and target college students' other universities such as Madras University, Christ University, Bharathiyar University and so on to get more insights from other demographics.

REVIEW OF LITERATURE

❖ Underlying Theory - Unified Theory of Acceptance and Use of Technology (UTAUT):

Unified Theory of Acceptance and Use of Technology or UTAUT is based upon eight prominent psychological theories namely the Technology Acceptance Model (TAM), the theory of reasoned action (TRA), the theory of planned behavior (TPB), combined technology acceptance model, and theory of planned behavior, model of PC utilization, diffusion innovation, motivational model and social cognitive theory (Venkatesh et al., 2003).

❖ Performance Expectancy (PE):

Performance expectancy delineated the belief regarding if they can perform or how competent they are at their job work if they are using any system (Venkatesh et al., 2003). Re-indexing For This Study, Performance Expectancy gives the explanation of what people expect from BNPL system. As reported by Venkatesh et al., (2003).

❖ Effort Expectancy (EE):

According to Venkatesh et al., (2003) Workload is a measure of cognitive effort, which often reflects how easy or difficult the use of a system (2003). Eneizan et al. (2020), the easier the system, the more likely a person will use it to make a purchase. Several researchers have proved BNPL is common today which offers a convenient payment method to users for making online purchases. The easier checkout process provides more comfort for the users as it reduces time and effort as the process requires minimal clicks.

❖ Social Influence (SI):

According to Venkatesh et al (2003), social influence is defined as the amount of other people whose opinion that are important to individual think that he or she should use the new merchant or technology. In other words, social influence is assessed as how an individual is influenced to use something new by his or her social connections. Social influence does have significant impact on intention of individuals which using technology as mobile banking and mobile payment (Gharaibeh et al., 2018; Slade, Dwivedi, Piercy, & Williams, 2015).

❖ Facilitating Conditions (FC)

Facilitating conditions, according to Venkatesh et al. (2003), are the degree to which a person believes that the technological or infrastructure of the organization facilitates the use of a specific technology or system. In essence, it indicates how favorable and welcoming the environment is where the technology functions, which influences a person's willingness and capacity to use the specific system or technology. Additionally, facilitating conditions are the elements and technological framework that support mobile banking, such as user resources and skill development or instruction on how to perform mobile banking (PO & Joshi, 2020).

❖ Materialism (M):

Two viewpoints make up materialism, claim Podoshen and Andrzejewski (2012). According to Belk (1985), materialism is "the importance a consumer attaches to worldly belongings" and is characterized by three main components: jealousy, greed, and non-generosity. These factors include the degree of value placed on one's material possessions, a distaste of sharing them, and jealously when others possess more valuable things.

❖ Trust (T):

Gefen et al. (2003) define trust, or customers' trust in mobile banking, as the culmination of consumers' perceptions of the competence, kindness, and integrity of mobile banking services. Customers may be more inclined to rely on mobile banking for their financial transactions if they hold these ideas.

❖ Intention to use BNPL:

According to Fishbein and Ajzen (1975), intention is the specific likelihood that one would carry out a given behavior. Nowadays, practically everyone is willing to use their smartphones to make payments through digital platforms because technology has become so sophisticated. The development of technology offers beneficial features that encourage consumers to use it. According to online users, as shopping continues to expand, so do the available payment methods among the methods of payment.

In 2021, the buy now pay later (BNPL) customer base for

online and offline retail was five and two million, respectively. This is expected to surge to 30 million for online retail and 22 million for offline retail in the year 2026. Buy now pay later is a type of point-of-sale financing

which allows the consumers to make purchases and pay in the future. ZestMoney, Amazon Pay Later, Paytm postpaid are some of the BNPL players in the Indian market (Source: Statista Aug 2024).

RESEARCH METHODOLOGY

This study is based on descriptive design. This study exclusively utilized primary data collected through questionnaires. A purposive sampling was employed and this method subsequently, aids in selecting representative samples and reduces the potential for non-response bias. The sample size considered for this study is about 110 samples. The data were collected from **two - three** private universities located in Chennai, Tamil Nadu. These universities were selected because they had formally agreed to participate in the research, and this study received ethical clearance and complies with all university’s research ethics policies. Primarily, the researchers identified a group comprising college students aged between (18 -25) due to their particular traits, specifically in embracing new technologies and trends.

Conceptual Framework – Unified Theory of Acceptance and Use of Technology (UTAUT) Model

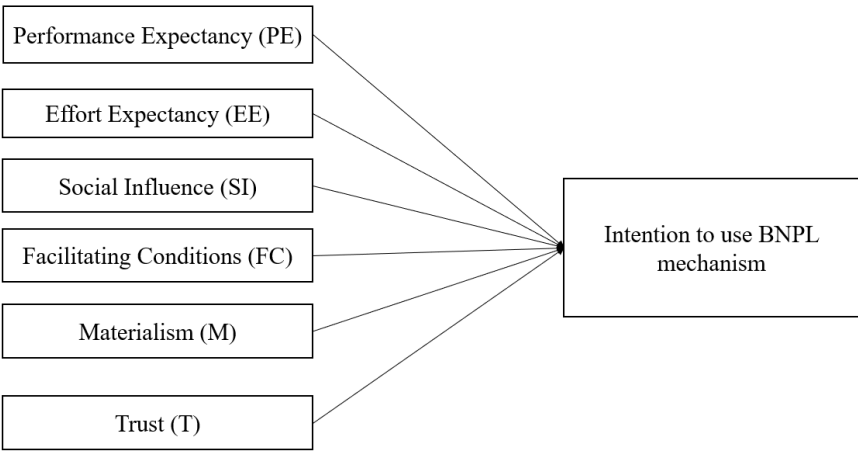


Fig no 1

Above Figure no 1, shows the proposed conceptual framework. According to Venkatesh et al., (2003), there are a total of six (6) variables in this framework, including seven (6) independent variables, and one (1) dependent variable. Hence, there are six (6) hypotheses being proposed in this model for testing the connection between the variables.

DATA ANALYSIS

The researcher has used reliability analysis to check out the reliability of the questionnaire. The table shows the result of Reliability analysis

Table no 1.1 Showing Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.809	6

Table no 1.2 Case Processing Summary

Case Processing Summary			
		N	%
Cases	Valid	110	100.0
	Excluded ^a	0	0.0
	Total	110	100.0
a. Listwise deletion based on all variables in the procedure.			

Interpretation: The results indicated excellent internal consistency, with Cronbach’s alpha (α) = 0.80. It satisfies the acceptable range of 0.7 – 0.9 and suggesting that the items are highly reliable and consistently measure the Behavioral factors of BNPL.

Demographic Variables:

Table no 1.3

Demographic Variable	Category	Frequency	Percentile
Gender	Male	65	59.09
	Female	45	40.91
	Total	110	100
Age	18 - 20	20	18.18
	20 - 23	55	50.00
	23 - 25	35	31.82
	Total	110	100
Family Income	Below Rs 2,00,000	25	22.73
	Rs 2,00,000 - Rs 4,00,000	40	36.36
	Rs 4,00,000 - Rs 6,00,000	36	32.73
	Above Rs 6,00,000	9	8.18
	Total	110	100
Working status of students	Yes	58	52.73
	No	52	47.27
	Total	110	100
Education	UG	36	32.73
	PG	44	40.00
	Diploma	30	27.27
	Total	110	100

Source: Primary data

Interpretation: Upon analyzing the data, the above table no 1.3, shows that most respondents who use BNPL are male (59%). It concludes that most students are between the age group of 20 – 23 (50%). This study indicates that the majority of family income is between Rs 2,00,000 – Rs 4,00,000 (36%). This study also analyzed the working status of students thus the evidence indicates that the majority of college students (52%) are working. Analyzing the usage and factors influencing college students towards BNPL, this study evident that most college students were studying PG (40%). These are the demographic factors which play a vital role in the usage of Buy Now, Pay Later services.

Ranking Analysis - Mostly preferred BNPL platform among college students

Table 4.4

Most Preferred BNPL Platform	N	Mean	Rank
Lazypay	110	4.8727	3
Simpl	110	4.9000	1
Mobikwik	110	4.8636	4
Freecharge pay later	110	4.8364	5
Ola money postpaid	110	4.8909	2
Overall Average	110	4.8727	

Source: Computed Data

Interpretation: From the above table 4.4, it has shown that majority of respondents were using Simpl BNPL Platform which ranks as FIRST, Ola money postpaid as SECOND and Lazypay as THIRD.

Multiple Linear Regression Analysis

HYPOTHESIS

H0: There is no significant influence of Behavioral factors on BNPL Usage.

H0: There is a significant influence of Behavioral factors on BNPL Usage.

Table 4.5 Regression Analysis on Behavioral factors on BNPL Usage.

Model Summary							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate			
1	.788 ^a	.622	.599	.37834			
a. Predictors: (Constant), Trust, Social Influence, Effort Expectancy, Performance Expectancy, Facilitating Conditions, Materialsim							
ANOVA ^a							
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	24.211	6	4.035	28.190	.000 ^b	

	Residual	14.744	103	.143				
	Total	38.955	109					
a. Dependent Variable: Intention to use BNPL								
b. Predictors: (Constant), Trust, Social Influence, Effort Expectancy, Performance Expectancy, Facilitating Conditions, Materialsim								
Coefficients^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.862	.420		9.187	.000		
	Performance Expectancy	.172	.065	.249	2.659	.009	.420	2.383
	Effort Expectancy	.598	.064	.923	9.415	.000	.383	2.613
	Social Influence	-.147	.097	-.188	-1.520	.132	.241	4.151
	Facilitating Conditions	-.150	.100	-.147	-1.491	.139	.377	2.654
	Materialsim	-.302	.105	-.294	-2.886	.005	.353	2.831
	Trust	.057	.054	.075	1.061	.291	.740	1.351
a. Dependent Variable: Intention to use BNPL								
Source: Computed Data								
*5% Level of Significance								

Interpretation: It is inferred from the above table that the data is freed from multicollinearity since the tolerance (0.241 to 0.740) and VIF (1.351 to 4.151) values are within the bench mark. Hence the researcher proceeded with a variance of 62% (R Square = 0.622) and the anova table proved that there is strong influence of Behavioral factors influencing on BNPL Usage as the p-value is less than 0.05 at 5% level of significance.

It is further inferred that the coefficient table described that strong influence of independent variables Performance Expectancy, Effort Expectancy and Materialism individually on BNPL Usage in comparison to Social Influence, Facilitating Conditions and Trust.

$$Y = A + Bx$$

$$\text{BNPL Usage (Y)} = A + \text{Performance ExpectancyX1} + \text{Effort ExpectancyX2} + \text{MaterialsimX5}$$

$$\text{BNPL Usage (Y)} = 3.962 + 0.172X1 + 0.598X2 - 0.302X5$$

RESULTS & DISCUSSION

The results of the study analyzed the demographic characteristics of college students regarding their intention to use BNPL services. The study explains the Behavioral factors influencing the intention to use BNPL among college students. The researcher used the UTAUT Model with six variables, PE, EE, FC, SI, M, and T, to find the relationship with the use of BNPL services. The final result shows that Performance Expectancy, Effort Expectancy and Materialism have a significant impact on the intention to use BNPL, whereas other variables such as Facilitation Conditions and Trust are insignificant when using BNPL. Simpl, Ola money post paid and Lazypay are the top three ranked BNPL services that college students mostly prefer to purchase products.

Implications:

Based on the findings, the research team suggests many ways for companies offering buy-now-pay-later payment options to encourage favorable views and intentions to utilize the services. Initially, the findings indicate that Social Influence has the most powerful impact and greatest favorable influence on attitudes and plans to use BNPL payment among college students, thus companies must

consistently improve the brand, image, and caliber of the offered goods to customers while incorporating suitable marketing strategies for the youth of the Z generation.

Consequently, companies must develop consumer trust by being open, truthful, and explicit in all corporate input and output operations, as well as by being truthful with the public and customers. Moreover, companies must constantly be on the lookout and create rules to guard against the risks of credit fraud and other financial problems that undermine consumers' faith in them specifically and in the sector overall.

The study's findings indicate that the more informed customers are about digital banking, the more inclined they are to utilize BNPL. Thus, companies themselves also have a significant impact on raising consumer awareness of the financial industry in general and BNPL usage in particular. For customers to properly understand the advantages of the BNPL payment method and minimize dangers when using it, businesses must actively provide content on how to allocate funds and monitor spending. Applications include credit reduction and past-due debt. Additionally, companies must be present and assist clients in all

transactions and be available at all times to respond, assist, and counsel them on prudent and acceptable use.

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How to Cite: Yamuna S, Sahila C. Investigating the determinants of BNPL adoption intentions among university students: an application of the Unified Theory of Acceptance and Use of Technology (UTAUT) framework. *J Mark Soc Res.* 2025;2(5):127–132.

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