

## Analyzing the Determinants of BNPL Users Among Young People in West Sumatera: A Logistic Regression Approach

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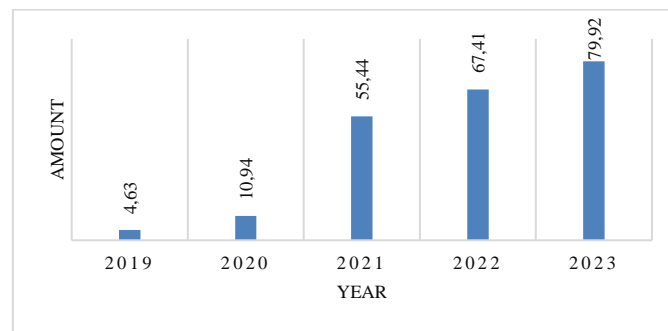
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**Abstract:** This study aims to analyze the factors influencing the use of Buy Now, Pay Later (BNPL) services among the youth in West Sumatra using a logistic regression approach. The factors tested include socio-economic characteristics (gender, education level, and income), BNPL promotions, social influence, and financial self-control. Data were collected through a survey with a sample of 200 respondents consisting of millennials and Generation Z in the area. The findings demonstrate that BNPL promotion and social influence significantly and positively affect BNPL adoption, while gender, education, income, and financial self-control show no significant impact. These findings provide the importance of effective and responsible marketing strategies and social validation in driving BNPL usage. This study also recommends strengthening regulations to enhance consumer protection in the technology-based financial services ecosystem.

**Keyword:** Buy Now Pay Later (BNPL), BNPL Promotions, Social Influence, Financial Self-Control, Socio-Economic Factors, Logistic Regression, Young Generation

### INTRODUCTION

Indonesia has experienced a significant surge in the development of the digital economy over the past few years. One of the main drivers is e-commerce sector, which has experienced a major surge in recent years. The growth of the digital economy is also strengthened by the rapid development of digital financial services, which are changing the way people transact. Buy Now Pay Later (BNPL) is increasingly enriching the digital financial services ecosystem in Indonesia. According to OJK, BNPL is a term that refers to payment transactions or services. BNPL is a service to postpone payments or debts that must be paid off later. BNPL provides payment flexibility to consumers, allowing them to make purchases and pay in several installments without interest or with low interest. Several major companies in Indonesia have played an important role in popularizing BNPL services, including Shopee Paylater, Kredivo, Akulaku, and GoPay Later.



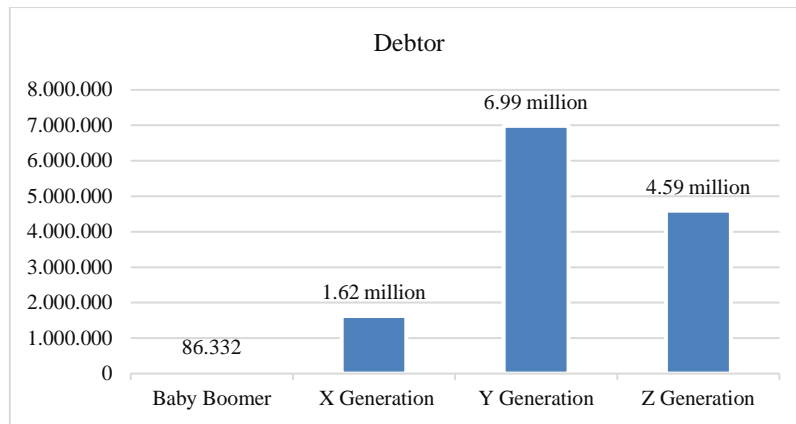
**Figure 1. The growth of BNPL usage in Indonesia (2019-2023)**

Source: Otoritas Jasa Keuangan

OJK noted that the number of BNPL financing contracts in Indonesia reached 79.92 million in 2023. This number has increased rapidly from 2019, when only 4.63 million BNPL payment contracts were recorded in Indonesia. According to OJK, the average annual increase reached 144.35%. Data from OJK also noted that BNPL financing receivables by financing companies in August 2024 increased by 89.20% year on year to 7.99 trillion. This massive value shows the high public interest in this system.

The rapid growth of BNPL services in Indonesia is driven by high consumer demand for financial flexibility in online shopping. In addition, amidst the continuing decline in purchasing power. Center of Reform on Economics (CORE) Indonesia revealed that the decline in Indonesian people's purchasing power had occurred since 2023. It was triggered by rising prices due to the policy of increasing subsidized fuel prices in 2022, which also pushed up food prices, causing volatile food inflation to rise since early 2024, although it has now decreased. However, this increase was not accompanied by an increase in wages for the working class or middle class.

Data on the number of middle class in Indonesia has shrunk this year and many of them have moved down a class. Based on BPS data, the number of middle class in Indonesia in 2019 was still 21.45% of the total population. Then, in 2024 there will only 17.13%. Likewise, the number of vulnerable poor community groups has increased from 20.56% in 2019 to 24.23% of the total population in 2024. This means that many middle class groups have moved down. From the economic phenomena discussed, BNPL is a solution for people who experience financial constraints. BNPL provides a solution that allows consumers to more easily manage their cash flow while still getting the goods or services they need or want instantly. Some of these causes ultimately make the use of BNPL in Indonesia more attractive and increase every year. The dynamic economic conditions and the need for more flexible financial management, BNPL continues to be an increasingly popular choice among Indonesian consumers, especially millennials and Gen Z, who tend to be more adaptive to new technologies and want ease and convenience in transactions.



**Figure 2. Number of BNPL Users in Indonesia by Generation Group (2023)**

Source: ID Score (PT Pefindo Biro Kredit)

Based on a survey conducted by ID Score, users of BNPL service in 2023 were dominated by the millennial generation born between 1981 and 1996 with the averaged 6.99 million debtors per month. Then followed by generation Z who born between 1997 and 2012 with 4.59 million debtors per month. The data reveals that the generation group that uses the most BNPL services is dominated by generation Y with the number of users being around 52.13% of the total users in Indonesia. Then followed by the generation Z group with the number of users being 35% of the total users in Indonesia. This proves that the young generation of Indonesia is the main player in using this BNPL service.

Based on West Sumatra Central Statistics Agency (BPS in 2020), the population in this province has reached 5.3 million people, with the millennial generation and generation Z dominating the majority of the population. The millennial generation comprises 24.25% of the total population. Meanwhile, generation Z comprises 30.56% of the population of West Sumatra. Thus, these two groups collectively comprise more than half of the province's population, making them a key segment in the region's social and economic dynamics. The dominance of millennials and generation Z is particularly significant in shaping the adoption and usage of financial technology services, including BNPL. These generations are known for their strong affinity for technology, digital payments, and convenience-oriented financial solutions. The rapid growth of fintech platforms in Indonesia, combined with the evolving spending habits and financial preferences of young consumers, highlights the importance of studying BNPL usage trends in West Sumatra.

The millennial generation is known as a group that is adaptive to digital technology, including in accessing application-based financial services. They tend to be more comfortable using non-conventional financial services such as BNPL. On the other hand, generation Z, who grew up in the digital era, is also increasingly accustomed to the use of digital financial technology, compared to older age groups (Pratama & Anas, 2024).

Their involvement in e-commerce and the increasing trend of online shopping make them potential users of BNPL services. According to Hohnen et al. (2020), young consumers tend not to view BNPL services as a form of debt but rather as a tool for consumption, except when they incur late fees, which shifts their perspective to see BNPL as debt (Gallo Cordoba et al., 2024). Additionally, BNPL companies promote their products as a responsible and inclusive form of consumption (Aalders, 2023) that is enjoyable, enhancing appeal among young people who perceive BNPL as a "way to pay" rather than as credit (Cook et al., 2023).

Behind all of the convenience that BNPL provide to costumers, there are some risks that need to be considered, especially related to the potential for long-term financial problems. For example, It is very vulnerable to uncontrolled debt problems, as well as difficulties in meeting installment obligations on time, if they do not have sufficient understanding of

personal financial management. Many users do not realize that they are accumulating financial obligations in the future. The feeling of "not paying immediately" often obscures the urgency to set aside funds to meet installment obligations in the future. These services also may lead consumers into a debt trap by motivating them to purchase items beyond their means, fostering a culture centered around materialism and excessive consumerism (Raj et al., 2024). Debt accumulation also can trigger significant financial stress. In the long run, the inability to meet these obligations can lead to an unstable financial condition, where individuals have difficulty maintaining a balance between income and expenses.

In 2022, several BNPL service providers such as Shopee Paylater and Kredivo recorded an increase in default cases among young users. A report from one financial institution revealed that 30% of BNPL users were late in paying their installments more than once, which led to an increase in debt burden and a negative impact on their future credit capacity. This phenomenon indicates a fundamental problem in how users understand and manage this financial service. Late payment of BNPL debts poses several risks. The most common risk is that users who are late in paying installments will be subject to a fine, usually 5% of the total bill per month. This can cause the amount of debt to become larger.

Based on reports from the OJK and the Legal Aid Institute, there has been an increase in complaints from users who have difficulty paying bills on time due to the high burden of accumulating debt. This is exacerbated by collection practices that often cause psychological stress, such as threats via social media or aggressive personal messages. Consumer research in the UK shows that more than one in three BNPL users cite their mental health as a problem, even labeling the payment scheme as "shop now, stress later" (Andrews, 2021).

Another risk is the poor credit history of users who experience late payments. This can make it difficult for users to get loans in the future, including business loans or mortgages. In addition, this delay can also affect employment and education opportunities for young users. Many companies and educational institutions are now starting to consider credit history as part of the selection process, both in hiring and providing scholarships or education programs. In this context, late installment payments can have a significant impact on the assessment of the individual. When someone has a bad credit history or is often late in paying, this not only affects their reputation in the eyes of financial institutions, but can also hinder access to various career and education opportunities. Many companies now use credit scores as an indicator of a prospective employee's responsibility and discipline in managing personal finances, which is considered to reflect behavior in the workplace.

As a result, young people need to be more careful in using financial services such as BNPL, given the potential long-term impact on their future professional and academic lives. BNPL system in Indonesia aims to simplify the transaction process in meeting needs. Irresponsible use actually makes this system have a negative connotation, even though its purpose is still positive. As long as it is used within reasonable limits, BNPL will greatly assist the Indonesian people in meeting their needs.

After discussing the various risks that may arise from using BNPL services, it is important to further analyze the factors that influence consumer decisions, especially the younger generation, in using this service. Various factors, ranging from socio-economic conditions to promotional, social influences, and also self control play a role in driving BNPL usage behavior.

The use of BNPL services is influenced by various socio-economic factors such as gender, education level, and income that influence their decisions and behavior in various aspects of life, including in terms of finance and consumption. Several studies have shown that differences in consumption behavior between men and women can influence the tendency to use BNPL. Higher levels of education are often associated with better financial literacy, so one may be more cautious in using BNPL services. Conversely, lower levels of education may

potentially lead to a lack of understanding of the long-term risks of debt taken on through BNPL. An individual's income also is a major factor in deciding whether to use BNPL. People with higher incomes tend to have a wider range of financial options and may use BNPL as a strategy to manage cash flow. On the other hand, those with lower incomes may be more dependent on this service to meet their consumption needs (Chinoda & Mashamba, 2021).

Aggressive promotions carried out by BNPL service providers have become one of the main drivers in increasing the adoption of this service among consumers. Various marketing strategies implemented, such as 0% interest offers, massive discounts, and easy application processes, are very attractive to consumers. This is very different from traditional credit services such as credit cards, which often require a longer approval process and stricter requirements. Katadata's survey (2022) found that 60% of BNPL users in Indonesia admitted to making purchases that they had not planned more often, especially when faced with various promotions and discounts. Furthermore, BNPL promotions are often targeted at the younger generation who tend to be more active in online shopping. This generation is not only attracted by payment flexibility, but is also influenced by attractive promotions disseminated through e-commerce platforms and social media.

Social influence is also one of the main factors that influence consumer decisions in using BNPL services. Consumers tend to be influenced by the behavior of their group or social circle. This means that the more people around an individual who use BNPL, the more likely the individual will also use this service. Many study found that positive reviews from friends or family can give consumers the confidence to try services they might otherwise consider risky, such as BNPL.

Another factor that can influence the use of BNPL is financial self-control which refers to a person's ability to manage and control consumption impulses to stay in line with the budget or financial plan that has been set. Without adequate self-control, the use of BNPL can trigger unplanned consumptive behavior, and ultimately, can have a negative impact on an individual's financial stability. Studies show that individuals with low financial self-control are more likely to make impulsive purchases and get caught in long-term debt. This is due to the payment delay offered by BNPL, which often makes consumers underestimate their financial obligations. Consumers feel more free to buy goods because there is no need to pay immediately, even though they may not have considered their ability to pay off installments in the future. The use of BNPL can encourage higher consumption behavior, especially for those who do not have strong financial control.

## **METHOD**

This research applies quantitative methods, where data is collected in the form of numbers and then analyzed using statistical techniques (Sekaran & Bougie, 2016). This study uses an one-shot or cross-sectional time horizon design, which means that data will be collected only at one specific time without repeated observations in different periods (Sekaran & Bougie, 2016). The research will be conducted from November to December 2024 in West Sumatra Province because the object of this research is young people (Millennial Generation and Generation Z) who live in West Sumatra Province. Primary data collection is conducted through a survey using a questionnaire that has been previously designed by the author. Before asking questions related to the research variables, respondents will be asked whether they have ever or are currently using the Buy Now Pay Later (BNPL) service. Respondents who have never used this service can also continue filling out the questionnaire because the author wants to see how the characteristics differ between these two groups. Data from this questionnaire will later be used to analyze the relationship and influence between variables (Sekaran & Bougie, 2016).

## RESULTS AND DISCUSSION

### Hypothesis Test

#### Validity Test

This study uses the Pearson Product Moment correlation test to test the validity of all items. The number of respondents in this study were 200 with a significance level of 0.05. Then the critical r value in this study is 0.139. Therefore, all research items must have a score  $\geq 0.139$ . The following are the results of the validity test using Pearson Product Moment for each variable.

#### BNPL Promotion

**Table 1. BNPL Promotion Variable Validity Test**

		P1	P2	P3	P4	TOT1
P1	Pearson Correlation	1	.815**	.843**	.818**	.923**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001
	N	200	200	200	200	200
P2	Pearson Correlation	.815**	1	.828**	.940**	.955**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001
	N	200	200	200	200	200
P3	Pearson Correlation	.843**	.828**	1	.832**	.928**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001
	N	200	200	200	200	200
P4	Pearson Correlation	.818**	.940**	.832**	1	.956**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001
	N	200	200	200	200	200
TO	Pearson Correlation	.923**	.955**	.928**	.956**	1
T1	Sig. (2-tailed)	<.001	<.001	<.001	<.001	
	N	200	200	200	200	200

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data Processing 2024

The Pearson correlation value for P1 is 0.923, P2 is 0.955, P3 is 0.928, and P4 is 0.956. All of these values are  $\geq 0.139$ . So it can be concluded that all items on the BNPL Promotion variable are valid.

#### Social Influence

**Table 2. Social Influence Variable Validity Test**

		SI1	SI2	SI3	SI4	SI5	SI6	TOT2
SI1	Pearson Correlation	1	.695**	.668**	.664**	.538**	.635**	.831**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	<.001	<.001
	N	200	200	200	200	200	200	200
SI2	Pearson Correlation	.695**	1	.816**	.627**	.533**	.524**	.843**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001	<.001	<.001

	N	200	200	200	200	200	200	200
SI3	Pearson	.668**	.816**	1	.680**	.595**	.576**	.872**
	Correlation							
	Sig. (2-tailed)	<,001	<,001		<,001	<,001	<,001	<,001
	N	200	200	200	200	200	200	200
SI4	Pearson	.664**	.627**	.680**	1	.713**	.718**	.862**
	Correlation							
	Sig. (2-tailed)	<,001	<,001	<,001		<,001	<,001	<,001
	N	200	200	200	200	200	200	200
SI5	Pearson	.538**	.533**	.595**	.713**	1	.766**	.814**
	Correlation							
	Sig. (2-tailed)	<,001	<,001	<,001	<,001		<,001	<,001
	N	200	200	200	200	200	200	200
SI6	Pearson	.635**	.524**	.576**	.718**	.766**	1	.824**
	Correlation							
	Sig. (2-tailed)	<,001	<,001	<,001	<,001	<,001		<,001
	N	200	200	200	200	200	200	200
TOT 2	Pearson	.831**	.843**	.872**	.862**	.814**	.824**	1
	Correlation							
	Sig. (2-tailed)	<,001	<,001	<,001	<,001	<,001	<,001	
	N	200	200	200	200	200	200	200

Source: Primary Data Processing 2024

The Pearson correlation value for SI1 is 0.831, SI2 is 0.843, SI3 is 0.872, SI4 is 0.862, SI5 is 0.814, and SI6 is 0.824. All of these values are  $\geq 0.139$ . So it can be concluded that all items on the Social Influence variable are valid.

### Financial Self Control

**Table 3. Validity Test of Financial Self Control Variables**

		FSC1	FSC2	FSC3	FSC4	FSC5	FSC6	FSC7	FSC8	FSC9	TOT 3
FS C1	Pearson	1	.394*	.243*	.388*	.299*	.425*	.410*	.424*	.067	.647*
	Correlation		*	*	*	*	*	*	*		*
	N										
	Sig. (2-tailed)		<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,001
	N	200	200	200	200	200	200	200	200	200	200
FS C2	Pearson	.394*	1	.490*	.469*	.335*	.224*	.455*	.460*	.043	.678*
	Correlation		*	*	*	*	*	*	*		*
	N										
	Sig. (2-tailed)	<,00		<,00	<,00	<,00	.001	<,00	<,00	<,00	<,001
	N	200	200	200	200	200	200	200	200	200	200
FS C3	Pearson	.243*	.490*	1	.404*	.312*	.236*	.520*	.475*	.012	.652*
	Correlation		*	*	*	*	*	*	*		*
	N										
	Sig. (2-tailed)	<,00	<,00		<,00	<,00	<,00	<,00	<,00	<,00	<,001
	N	200	200	200	200	200	200	200	200	200	200
FS C4	Pearson	.388*	.469*	.404*	1	.309*	.368*	.540*	.539*	.088	.735*
	Correlation		*	*	*	*	*	*	*		*
	N										

	Sig.	(2-	<,00	<,00	<,00	<,00	<,00	<,00	<,00	.	<,001
	tailed)	1	1	1	1	1	1	1	1	<,00	1
	N	200	200	200	200	200	200	200	200	200	200
FS	Pearson	.299*	.335*	.312*	.309*	1	.413*	.339*	.356*	-.060	.565*
C5	Correlatio	*	*	*	*		*	*	*		*
	N	200	200	200	200	200	200	200	200	200	200
	Sig.	(2-	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,001
	tailed)	1	1	1	1	1	1	1	1	1	1
	N	200	200	200	200	200	200	200	200	200	200
FS	Pearson	.425*	.224*	.236*	.368*	.413*	1	.421*	.482*	.148*	.639*
C6	Correlatio	*	*	*	*	*		*	*		*
	N	200	200	200	200	200	200	200	200	200	200
	Sig.	(2-	<,00	.001	<,00	<,00	<,00	<,00	<,00	<,00	<,001
	tailed)	1		1	1	1		1	1	1	1
	N	200	200	200	200	200	200	200	200	200	200
FS	Pearson	.410*	.455*	.520*	.540*	.339*	.421*	1	.641*	.092	.782*
C7	Correlatio	*	*	*	*	*	*		*		*
	N	200	200	200	200	200	200	200	200	200	200
	Sig.	(2-	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,001
	tailed)	1	1	1	1	1	1	1	1	1	1
	N	200	200	200	200	200	200	200	200	200	200
FS	Pearson	.424*	.460*	.475*	.539*	.356*	.482*	.641*	1	.129	.796*
C8	Correlatio	*	*	*	*	*	*	*			*
	N	200	200	200	200	200	200	200	200	200	200
	Sig.	(2-	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,001
	tailed)	1	1	1	1	1	1	1	1	1	1
	N	200	200	200	200	200	200	200	200	200	200
FS	Pearson	.278*	.242*	.322*	.148*	.325*	.148*	.225*	.129	1	.224*
C9	Correlatio n										*
	Sig.	(2-	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,001
	tailed)	1	1	1	1	1	1	1	1	1	1
	N	200	200	200	200	200	200	200	200	200	200
TO	Pearson	.647*	.678*	.652*	.735*	.565*	.639*	.782*	.796*	.224*	1
T3	Correlatio	*	*	*	*	*	*	*	*	*	*
	N	200	200	200	200	200	200	200	200	200	200
	Sig.	(2-	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,00	<,00
	tailed)	1	1	1	1	1	1	1	1	1	1
	N	200	200	200	200	200	200	200	200	200	200

Source: Primary Data Processing 2024

The Pearson correlation value for FSC1 is 0.647, FSC2 is 0.678, FSC3 is 0.652, FSC4 is 0.735, FSC5 is 0.565, FSC6 is 0.639, FSC7 is 0.782, FSC8 is 0.796 and FSC9 is 0.224. All of these values are  $\geq 0.139$ . So it can be concluded that all items on the Financial Self Control



variable are valid.

### Explanation of Data Analysis Results The Effect of Gender on the Use of BNPL

Based on the characteristics of the respondents, this study consists of 77 men and 123 women. Of the total male respondents, 53% of them are BNPL users, while for women, only 39% use the service. Here is the breakdown.

**Table 4. Percentage of users and non-users by gender**

	User	Percent	Non-User	Total
<b>Male</b>	41	53%	36	77
<b>Female</b>	48	39%	75	123
<b>Total</b>	89		111	

This data shows that descriptively, men have a higher percentage of BNPL users than women. This is consistent with the logistic regression results which show an odds ratio (Exp(B)) value of 1.848, where men have a 1.848 times greater chance of using BNPL than women. Nonetheless, since the regression analysis results show that gender is not significant ( $p = 0.123$ ), this percentage difference cannot be concluded as a statistically strong relationship.

These findings are not in line with some of the findings in previous studies conducted by Filotto et al. (2024), Juita et al. (2023), Morgan (2019), Fook & McNeill (2020), and Blue et al. (2023) which states that gender has a significant effect on the use of BNPL and women have a higher tendency than men to use BNPL. The differences in the findings of this study can be explained by several factors related to the characteristics of the respondents in this study.

Most respondents were aged 18-24 years old (72.5%), falling into the younger generation category which is generally more adaptive to digital financial technology. This generation tends to have a more inclusive mindset and behavior, where gender differences are not a barrier in the adoption of services such as BNPL. Access to digital financial technology has become more equitable, the availability of mobile devices, the internet, and digital payment applications has made both genders have almost equal opportunities to use BNPL services. In addition, the civil status of the majority of respondents who are unmarried (80%) indicates that they are more financially independent and free in making decisions without considering family responsibilities, which is often a differentiating factor in older age groups.

Although there is no significant relationship between gender and the use of BNPL, the characteristics of respondents reveal that the percentage of male users is higher than that of females. Several studies have shown that men tend to be more aggressive and risk-taking in spending and debt than women, who may be more cautious in managing their finances. This study is supported by the results of the United States Statistics in March 2021. The statistics agency found that men in the United States are more likely to use buy now, BNPL (BNPL) services for online shopping than women.

The results of this study indicate that gender does not significantly influence BNPL usage, reinforcing that these services are accessible and inclusive for both men and women. Consumers are encouraged to base their decision to use BNPL on individual financial needs rather than perceived gender norms. Women, in particular, can use this finding to feel assured about their equal opportunity to leverage BNPL services without bias. Similarly, men should be mindful of responsible usage despite the ease of access, underscoring the need for financial literacy and risk management for all users.

### The Effect of Level of Education on the Use of BNPL

The majority of respondents in this study had the latest high school education level as many as 93 people (43%), followed by respondents with the latest S1 education as many as 104 people (48%). Respondents with D3 education were 2 people (1%) and S2 as many as 1 person (0.5%). There are no respondents with elementary or junior high school education levels. When viewed from the status of using BNPL, the following is the data.

**Table 5. Percentage of users and non-users by education level**

Education Level	User	Percent	Non-User	Total
High School	40	43%	53	93
D3	1	50%	1	2
S1	47	45%	57	104
S2	1	100%	0	1
<b>Total</b>	<b>89</b>		<b>111</b>	<b>200</b>

Descriptively, respondents with the last education of S1 have the highest number of BNPL users (47 people) compared to other education groups, although the percentage of users in this group (45%) is not much different from the SMA group (43%). Respondents with higher education, such as S2, have a percentage of 100% users, but the number of respondents in this category is very small (1 person) making it difficult to be used as a basis for generalization.

Although descriptively there are differences in the proportion of BNPL users based on education level, the results of logistic regression analysis show that education level does not have a significant influence on the use of BNPL ( $p = 0.489$ ). This insignificance can be caused by the uneven distribution of respondents, especially the very small number in the D3 and S2 education categories, making it difficult to capture a clear relationship pattern. However, the odds ratio result ( $\text{Exp}(B) = 1.331$ ) indicates that respondents with higher education levels (S1, S2, S3) have a greater chance of using BNPL than respondents with lower education levels (SD, SMP, SMA), although this relationship is not statistically significant.

This finding is not in line with the findings obtained by Irsya & Faturohman (2024) which states that education level has a significant relationship with the use of BNPL, but is in line with the findings of Filotto et al. (2024) and Sitompul et al. (2024) which reveals that there is no significant influence between education level and the use of BNPL. This happens because people, both with low and high education levels, have equal abilities in using technology. This shows that digital financial services such as SBNPL have been widely accepted regardless of the user's educational background. In other words, every individual, regardless of their level of education, is able to utilize this digital financial service.

In addition, most respondents were within the age range of 18-24 years (72.5%) and were students (62%). These groups are generally in the early phases of higher education or have recently completed it, indicating homogeneity of education levels within the sample. As a result, variations in education level are less significant in influencing the decision to use BNPL.

The predominance of respondents living in Padang City (63%), which is an economic center in West Sumatra with good access to technology and financial services, also contributes. Equal access to BNPL services in this region may reduce the influence of education level, as environmental factors and ease of access play a greater role in the adoption of this service.

Over 77% of respondents consider the use of BNPL to be commonplace, indicating high social acceptance of the service. With such a strong level of social acceptance, the

decision to use BNPL is influenced more by the collective perception and convenience of the service rather than differences in education level. Moreover, the fact that 30% of new users started using BNPL in 2022 suggests that usage trends are driven more by the need and adaptation to digital services during and after the COVID-19 pandemic, where education level is not a major factor.

The study’s results indicate that education level does not significantly affect the use of BNPL services, highlighting the inclusivity of digital financial platforms that are accessible to people with diverse educational backgrounds. Consumers should be mindful of responsible usage by carefully understanding BNPL terms and aligning them with their financial capacity, regardless of their education. Enhancing financial literacy remains crucial for all users to optimize the advantages of BNPL while mitigating potential financial risks.

### The Effect of Income on the Use of BNPL

In terms of descriptive analysis, the majority of respondents are in the low income group (income < Rp2,811,000) as many as 155 people (76%), followed by the middle income group (Rp2,811,000-Rp5,622,000) as many as 32 people (16%), and high income (income > Rp5,622,000) as many as 13 people (6%). Of the total respondents in the low income group, 43% or 66 people are BNPL users. For the middle income group, 53% or 17 people are BNPL users, and for the high income group, 46% or 6 people are users.

**Table 6. Percentage of users and non-users based on income**

Income	User	Percent	Non-User	Total
< Rp2,811,000	66	43%	89	155
RP 2,811,000 – Rp 5,622,000	17	53%	15	32
> IDR 5,622,000	6	46%	7	13
<b>Total</b>	<b>89</b>		<b>111</b>	<b>200</b>

Descriptively, the middle income group has the highest percentage of users (53%), followed by the high income (46%) and low income (43%) groups. However, the uneven number of respondents, especially in the middle and high income groups, may affect the generalizability of these results. The insignificance of the logistic regression results ( $p = 0.587$ ) indicates that income level is not the main factor influencing a person's decision to use BNPL.

This finding is not in line with the results of research from Di Maggio et al. (2023) and Desikan. V (2023), showed that the main reason for choosing BNPL over other forms of credit was the lower interest / processing fees and the acceptance of BNPL by a wider range of merchants, similarly to the findings of research from Filotto et al. (2024) and Irsya & Fatur Rahman (2024) showed the connection between income and BNPL users. However, the findings of this study are in line with the results of Sitompul et al. (2024) which reveals that there is no significant influence between the level of education and the use of BNPL.

The results of the study that show no relationship between income level and the use of BNPL can be understood more deeply through analyzing the characteristics of the majority of respondents. The age group of 18-24 years (72.5%) dominates the research sample, which is the initial phase in the journey of adult life. At this age, many individuals are still in the transition stage from financial dependence on their parents to economic independence. Most of them do not yet have a steady income or are in the early phases of employment, so their financial capabilities are relatively limited. The majority of respondents who are students (62%) emphasize that they are not yet fully dependent on personal income, but rather on financial support from family or additional income from part-time jobs. This characteristic causes their income level to be less significant in determining the decision to use BNPL.

The findings reveal that income level does not significantly impact BNPL usage,

emphasizing that this financial service is accessible to all socioeconomic groups. Consumers, whether from low, middle, or high-income backgrounds, should prioritize responsible BNPL usage based on actual financial needs and repayment capacity rather than convenience alone. Lower-income users must be cautious to avoid accumulating excessive debt, while higher-income users can benefit from leveraging BNPL for planned purchases that offer rewards or cost savings.

### **The influence of BNPL Promotion on the Use of BNPL**

The results of this study support the hypothesis built based on previous studies related to the influence of promotions on decisions to use BNPL services. Favorable promotions, such as discounts, free shipping, and cashback, have proven effective in encouraging consumers to make purchases using this payment method. As stated by Agata et al. (2023), promotions influence purchasing decisions, especially those using BNPL (Buy Now Pay Later) services. Other research by Elsayed et al. (2022) and Roslee (2024) also found that promotions associated with BNPL services directly increase impulsive behavior in shopping by eliminating the need to pay directly. This allows consumers to make purchase decisions without overly considering the long-term financial impact. These promotions, especially for low-cost products such as fashion and electronics, encourage consumers to buy more items, thus increasing overall spending.

This finding is also relevant to the characteristics of the majority of research respondents, where 72.5% are aged 18-24 years old and 62% are students. This young age group tends to be in a phase of life that is more focused on short-term needs and convenience. They often rely on financial support from parents or temporary sources of income, so the income factor is not a major consideration in purchasing decisions. With attractive promotions, they are encouraged to use BNPL services as a tool that allows them to fulfill their needs or wants without the need to pay immediately. Desikan. V (2023) also corroborates these findings by stating that the main reasons for choosing BNPL over other forms of credit are the lower processing costs and acceptance of BNPL by various merchants. This gives young consumers significant flexibility in shopping, especially with promotions increasingly attracting their attention.

These characteristics and behavioral patterns of respondents confirm that promotions play an important role in driving the use of BNPL, especially among the younger generation who are more exposed and responsive to incentive-based marketing strategies. Therefore, the more attractive the promotion offered, the higher the likelihood of consumers utilizing the service.

The results demonstrate that BNPL promotions significantly and positively affect the adoption of these services, highlighting their appeal as a key motivator for consumers. However, consumers should leverage promotional offers, such as discounts and cashback, strategically to maximize value without compromising financial stability. Thoughtful planning and careful consideration of repayment abilities are crucial to ensuring that promotional benefits are aligned with actual needs rather than fostering impulsive purchases. Understanding the fine print of promotional terms can also prevent unexpected costs or penalties.

### **The Influence of Social Influence on the Use of BNPL**

The results of this study support the hypothesis built based on previous studies regarding the role of subjective norms in shaping the intention to use BNPL services. Based on the *Theory of Planned Behavior*, subjective norms, which reflect perceived social pressure to perform or avoid a behavior, have been shown to consistently influence behavioral intentions (Thomas & Subhashree, 2020). Positive social validation from influential figures,

such as friends, family, or influencers, can create favorable subjective norms, thereby increasing the adoption of BNPL. Aji et al. (2020) showed that normative beliefs and social expectations contribute to positive attitudes towards BNPL, while research by Safira & Kusumawati (2019) confirmed that social influence plays a significant role in shaping consumers' intention to use non-credit card installment services in Indonesia. Furthermore, Agustin (2022) and Yu Jing et al. (2024) found that social influence positively influences consumer interest in adopting BNPL services.

The results of this study are also relevant to the characteristics of the majority of respondents, namely 18-24 years old (72.5%) and students (62%). This young age group is in a phase of life where social influence from peers and social media is dominant. With their frequent exposure to by influencers or public figures on social media, BNPL services become more attractive as they are seen as a trend that is accepted by their social group. In addition, respondents who are mostly students tend to prioritize short-term needs and convenience over long-term financial considerations. In this context, social influence provides justification and confidence in using BNPL services, which they perceive as a tool to follow trends without direct financial burden.

Thus, subjective norms and social influence are proven to be the main factors that influence the intention to use BNPL, as supported by various previous studies. When someone feels compelled to use BNPL due to recommendations, experiences, or influences from their friends, family, or social environment, they are more likely to become a user of the service.

The study findings indicate that social influence has a significant and positive impact on the adoption of BNPL services. For consumers, especially those influenced by social trends, it is crucial to understand that the decision to use BNPL should not solely be based on social pressure or the desire to follow trends. Consumers need to assess whether BNPL services truly align with their needs and financial capacity. While the influence of friends or family may boost confidence in using BNPL, it is advisable for consumers to critically evaluate such experiences and advice, ensuring that their decision is based on clear and accurate information. This way, they can enjoy the benefits of BNPL without falling into uncontrolled usage driven by social influence alone.

### **The Effect of Financial Self Control on the Use of BNPL**

Theoretically, negative relationship is in line with the concept that individuals with high financial control tend to be more cautious in making financial decisions, including in using credit services such as BNPL. In contrast, individuals with low financial control are more likely to engage in impulsive spending, which may encourage them to use BNPL to fulfill their consumption needs. Overall, although financial self-control shows a negative relationship trend towards the use of BNPL, the results of this study do not provide sufficient statistical evidence to support a significant effect.

The results of the study which show that there is no relationship between *financial self-control* and the use of BNPL services do not support the results in previous studies conducted by Schomburgk & Hoffmann (2023), Haws et al. (2016), and Powell et al. (2023). This finding can be understood by considering the characteristics of the majority of respondents. Most respondents were in the age range of 18-24 years (72.5%) and were students (62%). This group is generally in the transition phase towards financial maturity, where personal financial management is not yet a top priority. In this phase, their income tends to be limited or comes from temporary sources, such as financial support from parents or part-time jobs. This condition makes them rely less on personal financial control in making consumption decisions.

As students, their needs often focus on fulfilling short-term needs, such as buying consumptive items or following the latest trends, rather than considering long-term financial

capabilities. The BNPL service is an attractive option because it provides convenience to fulfill these needs without having to pay immediately. They may not feel the need to exercise strict financial control, mainly due to the perception that this service is a practical tool that allows temporary spending without an immediate financial burden. This factor causes *financial self-control* to have no significant effect on their decision to use BNPL.

Even individuals with good *financial self-control* can still use BNPL because they see it as a convenient and flexible tool, Hohnen et al. (2020) mentioned that BNPL services are no longer seen as credit or debt, but are seen as a tool to pay for young people who tend to be cashless. Some respondents in this study who have used BNPL services revealed that they used this service because of its easy use, practicality and using the opportunity to take advantage of technology. This proves that BNPL services have become one of the payment tools that young people take for granted without fully taking into account long-term financial risks. Therefore, although *financial self-control* is theoretically important in financial management, its influence becomes less significant in the context of young respondents who tend to prioritize short-term needs and convenience.

The study found that financial self-control does not significantly affect the use of BNPL services. For consumers, especially the younger generation, it's important to understand that while BNPL services offer convenience, their usage should be paired with an awareness of personal financial management. Consumers need to recognize the potential long-term risks of spending without careful planning, particularly if BNPL is used frequently for non-essential purchases. To improve self-control, consumers can start by setting spending limits or using BNPL only for necessary purchases. By adopting a more cautious approach, we can enjoy the benefits of BNPL without facing financial difficulties in the future.

## CONCLUSION

This study aims to analyze the factors that influence the use of BNPL (Buy Now Pay Later) among the people of West Sumatra Province aged 18 to 43 years. The results of this study show and prove some findings which certainly answer the research questions. The research results were obtained from data processing using the IBM SPSS version 29 application using logistic regression analysis. There are 5 variables in this study, where 4 variables are X variables and 1 Y variable. X or independent variables consist of socioeconomic factors (gender, level of education, and income), BNPL promotion, social influence, and financial self-control. Then the Y or dependent variable is the use of BNPL services.

Based on the results of the research that has been carried out, the following conclusions are obtained:

1. The first hypothesis, which posited that gender significantly affects BNPL usage, was rejected. The analysis shows that gender does not have a significant impact on the likelihood of using BNPL services. This indicates that both male and female consumers in the study sample use BNPL services similarly, regardless of gender differences.
2. The second hypothesis, suggesting that education level influences BNPL adoption, was also rejected. The findings indicate that education level does not significantly affect BNPL usage, meaning individuals from various educational backgrounds show similar tendencies in using BNPL services.
3. The third hypothesis, which claimed that income has a significant effect on the use of BNPL, was rejected as well. This suggests that, within the study population, income does not play a decisive role in the decision to use BNPL services.
4. The fourth hypothesis, which stated that BNPL promotion has a significant and positive impact on usage, was accepted. The results demonstrate that promotional efforts, such as discounts, offers, and advertisements, significantly encourage consumers to adopt BNPL.

services. This highlights the importance of marketing strategies and promotional campaigns in increasing BNPL usage.

5. The fifth hypothesis, proposing that social influence positively affects BNPL adoption, was also accepted. The analysis revealed that social factors, such as recommendations from friends, family, or peers, significantly influence individuals' decisions to use BNPL services.
6. The sixth hypothesis, which suggested that financial self-control significantly affects BNPL usage, was rejected. The findings show that financial self-control does not have a significant impact on BNPL usage in the study sample. This may indicate that individuals, especially those in the younger demographic, may not always apply financial self-control when using BNPL services.

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