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**Buy Now, Pay Later: A Boon or Burden? Exploring BNPL's Influence on Consumer Spending Behavior in Marginalized Communities**

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**Abstract**

The emergence of Buy Now, Pay Later (BNPL) services has transformed the digital retail and credit landscape, particularly among marginalized communities with limited access to formal banking systems. This study investigates the behavioral and financial implications of BNPL usage among 500 respondents from rural, low-income, and underserved populations in India. Employing a mixed-methods approach—comprising descriptive statistics, regression analysis, t-tests, correlation, and ANOVA using SPSS and Excel—the research explores how BNPL influences impulsive buying, debt accumulation, and financial literacy. Findings reveal that while BNPL enhances short-term purchasing power and access to aspirational goods, it also contributes significantly to impulsive spending, poor financial discipline, and rising debt levels. Respondents with lower financial literacy were more likely to misunderstand payment terms and fall into repayment traps. Regression analysis highlighted that usage frequency and impulsive buying were stronger predictors of debt accumulation than income level. ANOVA results showed statistically significant differences in BNPL impact across income and education groups. The psychological appeal of deferred payments, coupled with aggressive marketing and lack of consumer awareness, has created a cycle of recurring debt for many users. While BNPL holds potential for financial inclusion, its unregulated growth may pose long-term financial risks. The study recommends policy interventions focused on financial literacy, transparency in lending practices, and consumer protection frameworks to ensure responsible usage.

**Keywords:**

Buy Now Pay Later (BNPL), Marginalized Communities, Consumer Behavior, Financial Literacy, Digital Credit

**Introduction**

The rapid evolution of financial technologies has led to the emergence of new consumer credit models, with Buy Now, Pay Later (BNPL) services gaining significant attention in recent years. BNPL is an innovative payment method that allows consumers to purchase goods and services and pay for them in installments over time, typically interest-free, without the immediate financial burden of full upfront payment. Originally designed for convenience in digital retail, BNPL has become increasingly popular among younger consumers and marginalized groups, who may not have access to traditional credit sources such as credit cards or loans (Gao & Chen, 2021).

In particular, BNPL has garnered widespread adoption in financially underserved populations, including low-income households, rural communities, and other marginalized groups. For these individuals, BNPL offers an alternative to conventional credit systems, which they may find inaccessible or discriminatory due to a lack of credit history or financial stability (Steiner, 2020). The ease of access and flexible repayment terms have made BNPL a promising tool for increasing financial inclusion and purchasing power among these groups.

However, the rapid proliferation of BNPL also raises concerns regarding its impact on consumer spending behavior, particularly within marginalized communities. While BNPL can provide temporary relief by enabling consumers to acquire essential and aspirational goods, it can also lead to adverse financial outcomes. The appeal of deferred payments may encourage impulsive buying and overspending, leading individuals to accumulate debt that they may struggle to repay (Zhao & Tan, 2022). Furthermore, the lack of comprehensive consumer education about the potential risks of BNPL, along with minimal regulatory oversight in many jurisdictions, has led to calls for increased safeguards to protect vulnerable users from falling into debt traps (Goh, 2023). The influence of BNPL on consumer spending behavior in marginalized communities can be understood through the lens of financial psychology, which explores how individuals' decision-making processes are shaped by factors such as impulse control, delayed gratification, and the perception of financial security. Research suggests that while BNPL can enhance financial flexibility, it can also create an illusion of affordability that may not reflect an individual's actual financial situation (Kim, 2021). This phenomenon is particularly concerning in communities where economic instability and financial insecurity are prevalent, potentially exacerbating the cycle of debt. This study aims to examine both the positive and negative impacts of BNPL on consumer spending patterns in marginalized communities. By using a mixed-methods approach that combines surveys, interviews, and secondary data analysis, the research will provide insights into how BNPL influences purchasing decisions, financial discipline, and debt accumulation in these communities. The objective is to highlight the dual nature of BNPL as both a boon and a burden, emphasizing the need for responsible usage, increased consumer education, and robust regulatory frameworks to ensure that BNPL remains a beneficial tool rather than a source of financial harm.

**Review of Literature**

The Buy Now, Pay Later (BNPL) services have experienced rapid growth, reshaping consumer spending behavior across various demographic segments. The adoption of BNPL, particularly among marginalized communities, has prompted scholarly attention to understand its effects on purchasing habits, financial well-being, and long-term consumer behavior.

Research by Chen and Gao (2021) reveals that BNPL is especially popular among young consumers who are often underserved by traditional credit systems. This demographic is more likely to rely on BNPL as a method of achieving instant gratification without the long-term financial commitments that credit cards typically require. Similarly, McLaren and Smith (2020) argue that the rise of BNPL represents a paradigm shift in consumer financing, offering a quick and easy alternative to traditional credit, which has been notoriously difficult for marginalized groups to access. In a study by Kruger and Lee (2022), the authors investigate how BNPL impacts the spending behavior of low-income individuals. They find that the service enhances immediate purchasing power but also encourages impulsive buying behavior, leading to financial stress when the deferred payments are due. They further emphasize that financial education is crucial for users to fully comprehend the implications of deferred payments.

A significant body of literature has focused on the role of BNPL in financial inclusion. Studies by Banks and Turney (2021) suggest that BNPL offers a gateway to essential goods and services for those without access to conventional credit, thereby promoting financial inclusion. On the other hand, Zhao and Tan (2022) highlight the potential downsides of BNPL in marginalized communities, noting that it can contribute to a cycle of debt, particularly when users lack the financial literacy to manage deferred payments effectively.

Goh (2023) explores the psychological aspects of BNPL, focusing on how the structure of deferred payments creates a false sense of financial security, which can lead to overspending. The author also discusses how BNPL services, despite being marketed as interest-free, often come with hidden fees and penalties for missed payments, exacerbating financial burdens for marginalized consumers. In contrast, Dodd and Reynolds (2021) point out that BNPL services, when used responsibly, can reduce the need for high-interest loans or credit cards, which are more common in low-income households.

Bryan et al. (2021) provide insights into the regulatory gaps associated with BNPL services, suggesting that the lack of clear guidelines and consumer protection laws poses significant risks to users. Their study emphasizes the need for stronger regulations to protect vulnerable consumers, particularly those in low-income or rural areas, from falling into debt traps.

Research by Murphy and Daniels (2020) explores the behavioral dynamics behind BNPL usage, finding that the convenience of installment payments leads to increased consumer spending, often on non-essential goods. This aligns with findings by Anderson and Lee (2021), who observe that BNPL services increase the frequency of purchases but also lead to poor financial habits, especially when used without proper budgeting. Further studies by Goldstein and Kumar (2022) examine the demographic variables that influence BNPL adoption, highlighting that lower-income individuals, particularly in rural areas, are more likely to use BNPL services due to their lack of access to traditional financial products. In contrast, Patel et al. (2020) argue that while BNPL offers financial flexibility, it can also create a sense of financial dependency, especially among individuals who struggle to make ends meet.

Through an in-depth analysis of BNPL's influence on consumer behavior in marginalized communities, Martin and Thompson (2023) note that the financial outcomes of BNPL usage depend largely on the user's financial literacy and ability to manage their finances. Their research indicates that financial literacy programs, alongside BNPL services, could mitigate the risks of overspending and debt accumulation.

In the context of rural populations, research by Green and Robinson (2021) suggests that BNPL has empowered individuals in these areas to access goods and services that were previously out of reach, such as electronics and home appliances. However, they caution that the lack of financial education in rural communities often leads to financial mismanagement, which is exacerbated by the ease of access to BNPL services. Hassan and Basiouny (2022) delve into the role of BNPL in promoting social equality, emphasizing that the service can help marginalized groups access goods and services that improve their quality of life. However, they also highlight the disproportionate risks faced by these communities due to the potential for debt accumulation, especially when users fail to make timely payments.

One of the key debates in the literature revolves around the effectiveness of BNPL in promoting financial inclusion without exacerbating financial vulnerability. Clark and Phillips (2022) argue that BNPL can act as a bridge to financial inclusion by providing access to credit without the typical barriers, such as high-interest rates and fees. However, they also point to the increased likelihood of consumers experiencing financial distress if they lack adequate support systems to manage their spending.

Johnson and Myers (2021) present a comparative analysis of BNPL services across different regions, noting that regulatory environments play a crucial role in determining whether BNPL services benefit or harm consumers. Their findings indicate that countries with strong consumer protection laws have seen more positive outcomes from BNPL usage, while those without clear regulations face higher rates of debt accumulation among low-income consumers.

In examining the long-term effects of BNPL, Patel and Gomez (2022) suggest that while BNPL services may provide immediate financial relief, they can lead to financial instability if not used with caution. Their research also emphasizes the need for transparency in BNPL terms and conditions to ensure that consumers fully understand the implications of deferred payments.

Smith and Carter (2021) explore the intersection between digital credit and consumer behavior, highlighting how BNPL fits within the broader context of digital financial products. They argue that the expansion of digital credit options, such as BNPL, has led to an increase in consumer spending, but also warns of the potential for over-indebtedness, particularly in marginalized communities where financial education is lacking. A more optimistic view is presented by Sanders and Brown (2020), who suggest that BNPL can help increase consumer confidence in marginalized groups by providing them with a safer alternative to high-interest payday loans. However, they stress that the success of BNPL hinges on consumers' ability to manage their finances effectively, which is often undermined by a lack of financial education.

Jones and Jackson (2022) analyze the role of BNPL in supporting small businesses and local economies, noting that it allows customers from marginalized backgrounds to support small-scale businesses that they would otherwise be unable to afford. However, they caution that businesses may also become dependent on BNPL services, which could introduce financial risks if consumers default on their payments.

### **Objectives of the Study**

- To assess the role of Buy Now, Pay Later (BNPL) services in enhancing the purchasing power of marginalized consumers, particularly in relation to essential and aspirational goods.
- To examine the impact of BNPL services on consumer financial discipline, with a focus on impulsive buying, overspending, and the potential for debt accumulation in marginalized communities.
- To explore the risks and consequences of BNPL usage, including the potential for financial instability, debt traps, and the role of financial literacy in shaping consumer behavior in low-income and rural groups.

### **Hypotheses**

- **H1:** The use of BNPL services is positively associated with increased purchasing power among marginalized consumers, particularly in relation to essential and aspirational goods.
- **H2:** BNPL services lead to increased impulsive buying and overspending behavior among low-income and rural consumers, with potential implications for financial discipline.
- **H3:** Marginalized consumers who use BNPL services exhibit lower financial discipline and higher debt accumulation compared to those who do not engage with BNPL services.

**Research Methodology.** This study will adopt a mixed-methods approach, combining both quantitative and qualitative research techniques to provide a comprehensive understanding of BNPL's impact on consumer behavior, especially in marginalized communities. By using both types of data collection methods, the research will allow for a deeper exploration of the nuances of BNPL's effects, beyond what can be captured through quantitative analysis alone. This will enable a thorough understanding of the broader context, including consumer perceptions, attitudes, and motivations, as well as measurable financial behaviors.

**Research Design.** The research will follow a descriptive research design, which is well-suited to capturing an in-depth snapshot of BNPL usage within marginalized communities and understanding its effects on purchasing behaviors. This design is appropriate for gathering detailed data on how BNPL is being used by these groups and its impact on financial decision-making. Descriptive research will also allow for identifying patterns and relationships between BNPL usage and various demographic and financial factors.

**Population and Sample.** The target population for this study includes consumers from marginalized communities, with a particular emphasis on low-income individuals, rural populations, and financially underserved groups. These consumers are often excluded from traditional financial products, making them more likely to use alternative credit sources such as BNPL. A stratified random sampling method will be employed to ensure diverse representation of the target population. The sample will be stratified by key demographic variables such as income, age, and geographic location to capture a wide range of perspectives and experiences with BNPL.

The study will aim for a sample size of approximately 500 participants, with a mix of survey respondents and interviewees, ensuring that there is adequate representation of the various segments within marginalized communities. The sample will be drawn from a variety of urban and rural areas to reflect the diversity of the target population.

**Data Collection Methods.** The study will collect both quantitative and qualitative data to gain a comprehensive understanding of BNPL usage and its effects on consumer behavior. The quantitative data will be collected through survey questionnaires, which will be distributed to a broad sample of respondents. The survey will include Likert-scale questions designed to assess attitudes toward BNPL, frequency of usage, financial discipline, impulsive buying tendencies, and overall spending behavior. Questions will also address participants' knowledge of BNPL services, their ability to manage deferred payments, and their attitudes toward debt accumulation.

The qualitative data will be gathered through semi-structured interviews with a subset of survey respondents. These interviews will explore participants' personal experiences with BNPL in greater depth, focusing on the psychological and emotional factors that influence their spending decisions. The interviews will also provide insights into the broader social and cultural contexts in which BNPL services are used. Additionally, focus group discussions will be conducted with consumer advocacy groups, financial experts, and marginalized community representatives to understand the collective impact of BNPL on these communities.

**Data Analysis.** The quantitative data from the survey will be analyzed using **descriptive statistics** to summarize the patterns in BNPL usage, financial behaviors, and purchasing decisions. **Correlation analysis** will be employed to explore the relationships between variables such as BNPL usage frequency, impulsive buying tendencies, and debt accumulation. Regression analysis will be used to test the hypotheses and examine how different factors influence consumer behavior.

The qualitative data will be analyzed using thematic analysis, where key themes and patterns in the interview and focus group responses will be identified. This will allow the research to capture the underlying psychological factors that drive BNPL usage, as well as the social and cultural dynamics that influence financial decision-making in marginalized communities. NVivo software will be used to assist in coding and analyzing the qualitative data.

**Table 1: Descriptive Statistics**

Variable	Mean	Standard Deviation	Minimum	Maximum
Age (in years)	31.8	9.6	18	60
Monthly Income (INR)	19,200	5,300	6,000	30,000
BNPL Usage Frequency (times/month)	3.6	1.4	0	8
Impulse Purchases (per month)	3.2	1.1	1	7
BNPL Outstanding Debt (INR)	4,800	2,450	0	12,000
Financial Literacy Score (0–10)	4.0	1.7	1	10
Awareness of BNPL Terms (1 = Yes, 0 = No)	0.46	0.50	0	1

Table 1 Descriptive statistics offer a foundational overview of the demographic and behavioral patterns of the 500 respondents studied. This table presents the mean, standard deviation, and range for critical variables including age, income, BNPL usage frequency, impulse purchases, debt accumulation, and financial literacy. The average monthly income of ₹19,200 reflects a financially vulnerable segment, corroborating the focus on marginalized communities. BNPL usage frequency averages 3.6 times per month, indicating regular reliance on deferred payments. This is accompanied by an average outstanding BNPL debt of ₹4,800, which is substantial considering the income range.

The financial literacy score (mean = 4.0 out of 10) is notably low, pointing to a potential gap in consumer knowledge regarding digital credit mechanisms. These findings align with prior research suggesting that low-income consumers often lack the tools and knowledge to navigate modern credit offerings responsibly (Marriott et al., 2021). Awareness of BNPL terms was also limited (46%), reinforcing the need for more transparent and accessible consumer education. These descriptive statistics support the dual narrative identified in literature—BNPL can provide temporary financial relief but may lead to long-term indebtedness without adequate financial literacy (Klein & White, 2022). Thus, the descriptive analysis sets the stage for deeper inferential statistics by highlighting behavioral trends and risk profiles in the sample.

**Table 2: Pearson Correlation Matrix (N = 500)**

Variables	BNPL Usage	Impulse Purchases	Debt Accumulated	Financial Literacy
BNPL Usage Frequency	1.00	0.70**	0.65**	-0.48**
Impulse Purchases	0.70**	1.00	0.62**	-0.43**
BNPL Outstanding Debt	0.65**	0.62**	1.00	-0.46**
Financial Literacy Score	-0.48**	-0.43**	-0.46**	1.00

Table 2 Pearson correlation matrix explores the strength and direction of linear relationships between four key variables: BNPL usage frequency, impulse purchasing, BNPL debt, and financial literacy. Strong positive correlations exist between BNPL usage and both impulse purchases ( $r = 0.70$ ) and debt accumulation ( $r = 0.65$ ), suggesting that as consumers use BNPL more often, they are more likely to engage in impulsive buying and accrue higher debt. This mirrors findings from Ward (2021), who noted a rise in unplanned purchases tied to deferred payment systems. Conversely, financial literacy shows a negative correlation with all three variables—BNPL usage ( $r = -0.48$ ), impulse buying ( $r = -0.43$ ), and debt ( $r = -0.46$ ). This inverse relationship implies that individuals with higher financial literacy are less prone to misuse BNPL services, supporting the view that literacy mitigates credit risk (Andrews & Gutierrez, 2020).

The matrix confirms the behavioral patterns outlined in earlier qualitative insights: low-income individuals, often with limited financial literacy, may overutilize BNPL services without fully understanding the long-term implications. These correlations underscore the need for policy interventions aimed at financial education, particularly within marginalized communities, to prevent the psychological and financial stress associated with impulsive and uninformed credit use.

**Table 3: Independent Sample t-Test (BNPL Users vs Non-Users)**

Variable	Mean (Users)	Mean (Non-Users)	t-value	p-value
Impulse Purchases	3.4	2.5	8.11	0.000
Debt Accumulated (INR)	5,400	1,700	10.45	0.000
Financial Literacy Score	3.7	4.6	-6.34	0.000

The independent sample t-test compares BNPL users ( $n=330$ ) and non-users ( $n=170$ ) on key behavioral outcomes: impulse purchasing, debt accumulation, and financial literacy. Results show statistically significant differences across all variables. BNPL users report higher average impulse purchases (3.4 vs. 2.5,  $p < 0.001$ ), higher debt (₹5,400 vs. ₹1,700,  $p < 0.001$ ), and lower financial literacy (3.7 vs. 4.6,  $p < 0.001$ ).

These differences suggest that users of BNPL services are more vulnerable to impulsive consumption and debt stress, a trend echoed in the work of Dobson and Taylor (2021), who found similar patterns among young and low-income BNPL users. The lower financial literacy among

BNPL users implies that many may not fully understand the terms or implications of deferred payment systems, reinforcing arguments made by McFadden (2022) regarding the asymmetry of information in fintech ecosystems.

The t-test results validate concerns that BNPL, while offering convenience, may disproportionately harm financially underserved consumers who lack the awareness or discipline to manage deferred credit. These findings highlight the importance of consumer protection measures, including clearer disclosures, spending caps, and educational interventions targeting frequent users in vulnerable groups.

**Table 4: ANOVA – Income Groups and BNPL Usage Frequency**

Income Group (INR)	Mean BNPL Usage	F-value	p-value
Below 10,000	4.1		
10,000–20,000	3.7	<b>9.23</b>	<b>0.000</b>
20,001–30,000	2.9		

Table 4 ANOVA analysis investigates whether BNPL usage frequency varies across different income groups: below ₹10,000, ₹10,000–₹20,000, and ₹20,001–₹30,000. A statistically significant F-value ( $F = 9.23, p < 0.001$ ) confirms that income level significantly affects BNPL usage. The lowest income group reports the highest mean usage (4.1 times/month), compared to middle (3.7) and higher-income groups (2.9). These results align with studies indicating that financial exclusion from formal credit systems drives low-income individuals toward alternative digital credit options (Bhandari & Rao, 2021). Lower-income consumers often perceive BNPL as a short-term lifeline, enabling them to purchase goods they cannot immediately afford. However, frequent usage among those with constrained budgets can quickly spiral into problematic debt, particularly when late fees or rollover charges apply (Singh & Kapoor, 2023). The results further suggest that income-targeted interventions are necessary to protect these consumers—whether through usage monitoring, access to free budgeting tools, or regulatory frameworks imposing caps on BNPL limits relative to income. This finding adds a socio-economic layer to the BNPL debate, emphasizing how systemic inequality influences fintech adoption and outcomes. It also validates the need for tiered consumer protection models, recognizing that a one-size-fits-all approach may be ineffective.

**Table 5: Multiple Linear Regression**

Predictor Variable	Unstandardized B	Standardized Beta	t-value	p-value
BNPL Usage Frequency	720	0.41	10.22	0.000
Impulse Purchase Score	510	0.36	9.18	0.000
Financial Literacy Score	-420	-0.32	-7.90	0.000
Monthly Income	-0.12	-0.04	-1.15	0.250

**Dependent Variable:** BNPL Outstanding Debt (₹)

**Independent Variables:** BNPL Usage Frequency, Impulse Buying Score, Financial Literacy Score, Monthly Income

Table 5 regression model predicts BNPL debt accumulation using four independent variables: BNPL usage frequency, impulse purchase score, financial literacy, and monthly income. The model explains 63% of the variance in BNPL debt ( $R^2 = 0.63$ ), indicating a good fit. BNPL frequency ( $B = ₹720, p < 0.001$ ) and impulse buying ( $B = ₹510, p < 0.001$ ) are significant positive predictors of debt, confirming that higher usage and impulsive behavior correlate with more debt. Financial literacy shows a significant negative relationship ( $B = -₹420, p < 0.001$ ), indicating that more informed consumers accumulate less BNPL debt. Monthly income, interestingly, is not a significant predictor ( $p = 0.250$ ), suggesting that usage behavior and psychological factors may override economic capacity.

This analysis supports existing behavioral finance theories, such as those by Thaler and Sunstein (2008), that argue decision-making under uncertainty is driven more by heuristics and emotion than rational calculation. Consumers with low financial literacy and high impulsivity are more susceptible to marketing-driven credit offers like BNPL (Mehta & Banerjee, 2022). These findings reinforce the necessity of incorporating behavioral interventions in fintech regulation—such as spending nudges or reminders of repayment terms.

The regression results provide empirical backing for policy interventions aimed at improving financial literacy and consumer awareness rather than focusing solely on income thresholds. This approach could be more effective in minimizing the long-term risks of digital credit dependency.

### Findings of the Study

The study revealed a nuanced understanding of the influence of Buy Now, Pay Later (BNPL) services on consumer behavior within marginalized communities in India. Data gathered from 500 respondents illustrated a pattern of widespread BNPL usage among individuals with limited income, low credit access, and minimal financial literacy. BNPL services have emerged as a convenient and accessible credit option for low-income users, enabling purchases that might otherwise be deferred or unaffordable. This is especially true in semi-urban and rural areas, where traditional banking and credit systems remain inaccessible to large segments of the population (Singh & Kapoor, 2023).

Despite the perceived benefits of instant credit and no-cost EMIs, the study found that financial literacy significantly impacts how consumers manage deferred payments. Respondents with lower financial knowledge exhibited higher levels of debt and a tendency toward impulse spending. These behaviors were exacerbated by the psychological appeal of paying later, which creates a perception of affordability that can distort rational budgeting decisions (Mehta & Banerjee, 2022). Furthermore, regression analysis demonstrated that behavioral variables such as usage frequency and impulse buying were stronger predictors of debt accumulation than income level, indicating that spending psychology and lack of awareness are more critical in determining financial stress than absolute earnings (Thaler & Sunstein, 2008).

The findings also pointed to a lack of transparency and inadequate regulatory frameworks governing BNPL platforms. Many users reported limited understanding of the terms and conditions, hidden penalties, or interest rates when payments are delayed. This opacity, combined with aggressive marketing strategies and digital convenience, places already vulnerable consumers at greater risk of falling into debt traps (Klein & White, 2022). While BNPL usage did increase access to both essential and aspirational goods, it also led to financial overextension, especially among younger consumers and those in rural areas.

Qualitative data from interviews and focus group discussions added further depth, revealing emotional and psychological stress linked to debt repayment. Some respondents shared that they initially used BNPL services for small purchases but gradually became habitual users, resulting in recurring debts across multiple platforms. This cyclical use was driven more by consumption habits than genuine financial need, reflecting a lack of self-control and long-term financial planning among many users (Ward, 2021).

### Discussions

The findings of this study present a nuanced picture of the BNPL ecosystem within marginalized Indian communities. BNPL is undeniably attractive for consumers who lack access to formal banking and credit infrastructure. It offers immediate purchasing power, which can be particularly appealing in contexts where disposable income is limited and financial aspirations remain high. For many respondents, BNPL was not just a tool for luxury consumption but a means to obtain essentials such as mobile phones, clothing, or household items.

However, the convenience of BNPL appears to come at a hidden cost. The high correlation between usage frequency and impulse purchasing suggests that deferred payments distort consumers' perception of affordability (Ward, 2021). This aligns with behavioral finance literature, which posits that deferred payment methods trigger a 'pain of paying' delay, leading to impulsive decision-making (Mehta & Banerjee, 2022). Moreover, the low levels of financial literacy among BNPL users create a vulnerable landscape. Many consumers lack awareness of hidden fees, penalties, or the psychological implications of recurring debts, contributing to a debt spiral. The negative association between literacy and debt echoes similar concerns raised by Klein & White (2022), who argued that the fintech revolution has outpaced consumer protection and education.

Notably, income did not significantly influence debt accumulation in the regression model. This may seem counterintuitive but supports existing literature that suggests behavioral traits, such as impulsiveness or optimism bias, are stronger predictors of over-indebtedness than income alone (Thaler & Sunstein, 2008). Thus, it is not only the economically poor who misuse BNPL but also the financially uninformed.

This analysis also highlights a gender dimension. Though not explicitly analyzed in the tables above, qualitative insights from interviews suggested that women—especially homemakers—relied on BNPL for household expenses. This indicates a gendered dimension to digital credit access and warrants further exploration in future studies.

### Conclusions

The study concludes that Buy Now, Pay Later services represent a double-edged sword for consumers in marginalized communities. On one hand, they offer a valuable alternative to traditional credit, enabling financially underserved individuals to participate in digital commerce, access necessary products, and manage short-term financial gaps. This aligns with the broader objectives of financial inclusion, making digital credit more democratic and responsive to the needs of those excluded from formal lending systems (Bhandari & Rao, 2021).

On the other hand, the findings underscore the risks associated with unregulated or poorly understood credit mechanisms. The absence of clear and standardized disclosure practices, coupled with limited consumer education, makes BNPL a potential catalyst for over-indebtedness and financial instability. Deferred payment systems, by their very nature, encourage a disconnect between purchase and payment, often leading to impulsive consumption and accumulating debt. The problem becomes especially acute in communities where financial literacy is low and digital financial behavior is not well-developed (Andrews & Gutierrez, 2020). Moreover, the data shows that financial behavior—not merely financial condition—is the primary driver of adverse outcomes related to BNPL. This suggests that interventions must go beyond income support or product restrictions and instead focus on behavioral nudges, awareness campaigns, and responsible lending practices. Regulatory bodies and fintech providers must work collaboratively to build a more inclusive and protective digital credit environment. This includes ensuring that BNPL platforms provide transparent, user-friendly disclosures and that consumers are educated about credit terms, repayment obligations, and financial consequences. To maximize the positive impact of BNPL and mitigate its risks, a multi-stakeholder approach is needed. This should involve fintech firms, government agencies, NGOs, and academic institutions working together to enhance consumer education, enforce transparency standards, and develop policy frameworks that align innovation with consumer protection. Only through such an inclusive and responsible approach can BNPL fulfill its potential as a tool of empowerment rather than exploitation for India's marginalized communities.

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