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Perceived Affordability Vs. Financial Reality: Behavioural Investigation Regarding the Use of BNPL Patterns in Palghar District

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Abstract

Purpose: *Buy Now Pay Later (BNPL) services have been developed very fast and now use digital credit among young consumers in India in a different way. Though BNPL will create an illusion of being affordable to pay in instalments, there is also a risk of silent financial burden. The research focuses on the investigation of the possibility of the existence of a huge disparity between perceived affordability and real financial reality among Generation Z users in Palghar District. Effects of behavioural factors like impulse buying, peer influence and financial literacy as far as perception of affordability is concerned are also researched in the study.*

Study Design / Methodology / Approach: *The study is based on descriptive and analytical research design. The participants utilized in this study were 220 Gen Z respondents aged 18-26 years in the Palghar District by use of a structured questionnaire, which was undertaken using Google Forms. The convenience sampling was used. The data were analysed with the help of descriptive statistics, Pearson correlation, paired sample t-test, a multiple regression analysis and the one-way ANOVA.*

Findings: *The findings show a very strong positive correlation between the perceived affordability and the reality of finances which shows that there is a perception-reality gap. It also discovered that there was a statistically significant difference between perceived affordability and financial pressure. The results obtained with the help of multiple regression indicate that the type of impulse purchase and financial literacy have a considerable impact on the perceptions of affordability, whereas peer influence does not substantially differ. Also, there was no remarkable disparity in the BNPL use in the talukas within Palghar District.*

Practical Implications: *The results indicate that there is a need to enhance financial literacy on the use of digital credit by younger consumers. Policymakers and educational establishments ought to encourage financial literacy initiatives that touch on behavioural biases that relate to BNPL. Fintech services can also include sensible lending and spending notifications as an effort to minimize financial susceptibility.*

Social Implications: *The paper adds value to the knowledge of the effect of behavioural predilections on digital credit usage in semi-urban and rural areas. It also indicates the possible financial risks that young consumers have, as well as encouraging the responsible fintech ecosystems growth.*

Limitations of the Study: *The study is restricted to Gen Z participants in the Palghar District and convenience sampling is applied. The results are founded on the self-reports, which could contain bias in responses. The geographical scope of the future research could be extended and probability sampling methods used to generalise.*

Keywords: *Buy Now Pay Later (BNPL), Perceived Affordability, Financial Reality, Generation Z, Behavioural Finance, Impulse Buying, Palghar District*

Introduction

Background of the Study:

Over the past several years, the digital payment and credit systems have been developing at a fast rate in India, due to greater internet penetration and fintech innovations. Buy Now Pay Later (BNPL) is one of the most rapidly expanding digital credit sources that offers consumers access to buy the items immediately and pay them in instalments later at no interest. Online services and mobile apps are likely to have a strong implementation of BNPL services to ensure the convenience of short-term credit. BNPL has become very popular among young buyers, especially Generation Z (18-26 years), which is attributable to its opportunity to be convenient and flexible.

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Users do not need to pay the amount in advance but could split the payments into small instalments and this aspect commonly gives the impression that goods are cheaper. But even though BNPL seems to be manageable, it can also promote spontaneous purchases, slow payments, or finances.

Perceived affordability is the term of how costly a particular product seems to a person and the financial reality indicates the real capacity to meet his/her obligations without being reflected by stress and financial burden. There can be gap between perception of affordability and real ability to repay that loan particularly with the young consumers who have yet to establish financial discipline. Palghar District is a varied socio-economic Region, comprising of urban, semi-urban and rural talent pikes. It is a suitable environment to study behavioural reactions to digital credit systems due to differences in the level of incomes, financial awareness and spending behaviour.

Thus, the proposed research is aimed to explore the existence of the discrepancy between perceived affordability and financial reality when it comes to Gen Z users in Palghar District using BNPL. Other types of behavioural factors that are analysed in the study include impulse buying, peer influence and financial literacy that potentially affect the perception of affordability and usage patterns.

Problem Statement:

The popularity of BNPL is growing along with young consumers. Although such services provide one with a sense of financial convenience and affordability, they also can have a role in covert financial burden. The main issue covered by the research is the possible discrepancy between the perceived affordability and the real financial reality among users of BNPL in Palghar District.

Literature Review

Review of Articles

Pan (2026) analysed that BNPL is a category mostly used by younger and lower-income consumers and is linked to increased spending, delayed payments, less savings and financial stress. The results indicate that although BNPL offers instant liquidity and convenience, it can contribute to the financial vulnerability of the already vulnerable populations.

Affroni, Rusyda and Pinem (2026) examined the psychological motivation behind BNPL use among Gen Z university students with the help of a multiple regression model. The paper identified that such aspects as Financial Fear of Missing Out (FoMO), Present Bias and Cashless Painlessness have a significant impact on BNPL adoption. Among them, Cashless Painlessness was selected as the most predictable which proves that transactions in digital format lessen the awareness of pain during payment and accelerate the desire to postpone it.

Bahasoan and Qamariah (2025) investigated how PayLater services affected the financial well-being of the Gen Z in Indonesia over the long term. The research took a descriptive approach to qualitative research and determined that although BNPL facilitates the growth of digital economy, it can also cause credit addiction and financial instability to young consumers. The authors pointed out the necessity of financial literacy that is more powerful.

Arisandy et al. (2023) employed machine learning and exploratory data analysis to get insights into the usage patterns of BNPL among the Generation Z. According to their findings, BNPL is popular both in spending on lifestyle and essentials. Even though the service is improving the purchasing flexibility, it is growing at an unstable rate, which raises the questions of the financial stability.

Natswa (2021) studied the connection between impulsive purchasing and the use of BNPL among the Gen Z. According to the findings, BNPL promotes impulsive spending and over-spending, especially among the people who do not have a stable income. The research indicates that financial awareness should be taken into consideration in order to avoid overdependence on the deferred payment systems.

Research Gap:

Whereas the few available studies analyse psychological motivators and financial consequences of using BNPL, little is done to investigate the disparity between perceived and actual financial accessibility among the younger demographic. Majority of the research are undertaken in metropolitan or international settings and minimal research on the district level in semi urban and rural areas in India. Moreover, behavioural aspects of impulse buying, peer pressure and financial literacy have not been studied simultaneously as a single structure. This paper fills these gaps by examining the BNPL application among Gen Z in Palghar District.

Research Methodology

Research Design: An analytical and descriptive research design was used in the study.

Research Objectives:

1. To examine the relationship between perceived affordability and actual financial reality among BNPL users in Palghar District.
2. To examine the effect of behavioural variables (impulse buying, peer influence and financial literacy) on the perception of affordability of BNPL services.
3. To compare the trends of BNPL in various talukas of the Palghar District.

Hypotheses of the Study:

H_0: There is no significant relationship between perceived affordability and financial reality among BNPL users in Palghar District.

H_1: There is a significant relationship between perceived affordability and financial reality among BNPL users in Palghar District.

H_0: There is no significant relationship between behavioral variables (impulse buying, peer influence and financial literacy) and perceived affordability of BNPL services.

H_1: There is significant relationship between behavioral variables (impulse buying, peer influence and financial literacy) and perceived affordability of BNPL services.

H_0: There is no significant difference in BNPL usage patterns across different talukas of Palghar District.
H_1: There is a significant difference in BNPL usage patterns across different talukas of Palghar District.
Data Collection Method: A structured close ended questionnaire was used to collect the primary data using Google Forms among Gen Z respondents in the Palghar District.
Sampling Technique: Convenience Sampling Method.
Sample Size: 220 respondents.

Data Analysis Methods:
- **Descriptive Analysis -** Percentage Analysis.
- **Statistical Tests -** Pearson Correlation, Paired Sample t-test, Multiple Regression Analysis and One-Way ANOVA.

Scope and Limitations: The sample is only restricted to the Generation Z people in the Palghar District and therefore the findings may not be generalized.
Analysis And Interpretation of Data

Descriptive Analysis
Demographic Profile (N=220)

Demographic Profile (N=220)	Category/Scale	Frequency	Percentage (%)
Age	18-20	209	95.00%
	21-23	10	4.50%
	24-26	1	0.50%
Gender	Female	158	71.80%
	Male	62	28.20%
Taluka	Dahanu	155	70.50%
	Jawhar	7	3.20%
	Palghar	5	2.30%
	Talasari	5	2.30%
	Vasai	34	15.50%
	Vikramgad	9	4.10%
	Wada	5	2.30%
Occupation	Salaried	137	62.30%
	Self-employed	50	22.70%
	Student	33	15.00%
Monthly Personal Income	No Income	110	50.00%
	Below ₹10,000	67	30.50%
	₹10,001–₹20,000	37	16.80%
	Above ₹20,000	6	2.70%
Do you use Buy Now Pay Later (BNPL) services?	Yes	130	59.10%
	No	90	40.90%
How frequently do you use BNPL?	Rarely	142	64.50%
	Occasionally	17	7.70%
	Monthly	50	22.70%
	Frequently	11	5.00%
Average monthly BNPL spending:	Below ₹2,000	205	93.20%
	₹2,000–₹5,000	13	5.90%
	Above ₹10,000	2	0.90%

Interpretation:
- The demographic profile of the respondents shows that the majority (95%) belong to the 18–20 age group, which is followed by 4.5% in the 21–23 category and 0.5% in the 24–26 category. This suggests that the sample is majorly composed of early Gen Z consumers.
- Regarding Gender distribution, 71.8% of the respondents are female, while 28.2% are male.
- Taluka-wise distribution shows that 70.5% of respondents belong to Dahanu, followed by Vasai (15.5%). Other talukas such as Vikramgad (4.1%), Jawhar (3.2%), Palghar (2.3%), Talasari (2.3%) and Wada (2.3%) represent smaller proportions of the sample.
- In terms of occupation, 62.3% are salaried, 22.7% are self-employed and 15% are students. Income-wise, half of them claim to make no personal income, 30.5% claim to make less than ₹10,000, 16.8% less than ₹10,001–₹20,000 and 2.7% above ₹20,000.
- Regarding the use of BNPL services, 59.1% indicated using BNPL services, while 40.9% do not use such services. Most respondents (64.5%) use BNPL rarely, followed by 22.7% who use it monthly. Only 5% reported frequent usage.
- The majority (93.2%) spend below ₹2,000 per month, which means that they are exposed to comparatively low amounts of money.

Reliability Analysis:
Perceived Affordability (PA)
The Perceived Affordability scale was determined to be reliable when Cronbach's Alpha was used. The obtained value was:

	Cronbach's α
Scale	0.827

As Alpha is larger than the acceptable value of 0.70, the scale is highly consistent internally and can be applied to other statistical analysis.

Financial Reality (FR)

Cronbach's Alpha was also used to test the Financial Reality scale. The obtained value was:

	Cronbach's α
Scale	0.801

The value suggests high levels of reliability, which proves that the items have good internal consistency.

Descriptive Statistics – PA and FR Score:

Variable	N	Mean	Std. Deviation	Min	Max
Perceived Affordability (PA)	220	2.71	0.949	1	5
Financial Reality (FR)	220	2.42	0.870	1	5

The mean score of Perceived Affordability (M = 2.71, SD = 0.949) suggests that the participants agree moderately with the fact that BNPL increases affordability and purchasing power.

The average Financial Reality (M = 2.42, SD = 0.870) scores are connected to rather low to medium financial strain levels in relation to the use of BNPL.

Standard deviations less than 1 which demonstrate a moderate variability of both of the variables.

Pearson Correlation Analysis

Pearson's correlation coefficient was calculated to examine the relationship between perceived affordability and financial reality.

$r = 0.573$

$df = 218$

$p < .001$

Interpretation: It shows that there is a moderately positive statistically significant relationship between financial reality and perceived affordability. This is an indication that the greater the perceived affordability levels are, the greater the financial strain among respondents is likely to be.

The null hypothesis (H01) is rejected because the p-value is less than 0.05 ($p < .001$).

Hence, there is a significant relationship between perceived affordability and financial reality among BNPL users.

Paired Sample T-Test

A paired sample t-test was to be employed to find out the presence of significant difference between the perceived affordability and perceived financial reality score.

			statistic	df	p		Effect Size
PA_Score	FR_Score	Student's t	5.02	220	< .001	Cohen's d	0.338

Interpretation: The statistical significance of the difference between perceived affordability (M = 2.71, SD = 0.949) and financial reality (M = 2.42, SD = 0.870) is statistically significant. The effect size (Cohen d = 0.338) implies the small to moderate size of the difference.

The null hypothesis (H_{01}) is rejected since the p-value is less than 0.05.

Hence, there is a significant difference between how affordable BNPL feels and the actual financial reality experienced by users.

Multiple Linear Regression Analysis

Multiple regression analysis was used to determine whether impulse buying, peer influence and financial literacy are the predictors of perceived affordability.

Model Summary:

$R = 0.609$

$R^2 = 0.371$

The model accounts 37.1 percent of variance of perceived affordability.

Predictor	Beta (Standardized)	t-value	p-value
Impulse Buying	0.412	6.524	< .001
Peer Influence	-0.058	-0.928	0.355
Financial Literacy	0.342	5.609	< .001

Interpretation: It was determined that there was significant predictive power of perceived affordability by the means of interpretations of impulse buying and financial literacy. The statistically significant effect was not found on peer influence. The perceived perception of affordability of BNPL has a huge gap with the reality of financial situation of the users.

The null hypothesis (H02) will be rejected because the values of impulse buying and financial literacy are statistically significant ($p < 0.05$).

Perceived affordability of BNPL services depends on behavioural factors to a great extent.

7. One-Way ANOVA

A one-way ANOVA was performed in order to find out whether there is any significant difference in the frequency of BNPL usage by talukas.

	F	df1	df2	p
Frequency Usage	0.956	6	213	0.456

Interpretation:
Levene Test showed unequal variances (p less than.001). Nevertheless, the outcome of ANOVA indicates that the differences in the frequency of BNPL usage do not differ significantly among the talukas. Despite the values of descriptive statistics, which show that there are differences between group means usage levels, the differences are not significant. The null hypothesis (H03) is accepted (not rejected) because the p-value is bigger than 0.05 (p = 0.456).

There is no significant difference in BNPL usage patterns across different talukas of Palghar District.

Findings

Key Findings from Demographic Profile

- Most respondents (95%) are between 18–20 years old, which means the study mainly represents early Gen Z.
- Out of the total number of respondents, a bigger proportion is female (71.8%).
- Most participants are from Dahanu, followed by Vasai.
- 50% of the respondents do not have personal income.
- 59% of respondents use BNPL services.
- Most users use BNPL rarely.
- The majority spend less than ₹2,000 per month through BNPL.

It demonstrates the existence of BNPL use among Gen Z; the majority of users spend little money and use it irregularly.

Findings - Relationship between Perceived Affordability and Financial Reality

- It can be seen that the perceived affordability of BNPL is linked to the financial pressure experienced by users.
- The young consumers are also more likely to report increased financial pressure when they think that BNPL is accessible.
- There is a noticeable gap between what users think they can afford and what they actually experience financially.

This implies that the sense of affordability is not always reflected on the actual money status.

Findings - Behavioural Factors Influencing Perceived Affordability

- Impulse buying has a significant influence on the perception of affordability of BNPL.
- Affordability perception is also dependent on financial literacy.
- The peer influence is not significant in influencing the BNPL perception.

This indicates that personal behaviour and spending habits cause people to have BNPL perception more than social pressure does.

Findings - Taluka-wise Comparison of BNPL Usage

- There is no significant difference in BNPL usage across different talukas of Palghar District.
- Although there are a few places which exhibit slightly higher usage, there are not significant enough to be taken as meaningful.

This indicates that there is no difference in the tendency of use of BNPL within metropolitan and rural regions of the district.

Conclusion

This paper investigated the existence of the gap between perceived affordability and real financial situation of BNPL users in the Palghar District.
According to the findings, a significant number of Gen Z consumers believe that BNPL makes products cheaper. This perception however, the analysis also shows every bit does not correspond to their experience of finance. Numerically, there is a difference between the perceived level of affordability of BNPL and the perceived comfort of the level of total financial burden.
The research also reveals that behavioural aspects and more importantly impulse buying have a significant impact on the perceived affordability of BNPL to customers. There is also a contributing factor of financial literacy whereas peer influence does not have a significant contribution on the affordability perception.
The pattern of BNPL use was identified to be consistent between various talukas in the Palghar District indicating that digital credit behaviour in Gen Z is more or less consistent anywhere.
Altogether, the research finds that BNPL produces a sense of convenience and, more importantly, affordability, yet behavioural disposition can cause the unspoken financial burden among young buyers.

Suggestions And Recommendations

Recommendations are proposed on the basis of the research results, they include:

- Users of gen Z are supposed to be informed that making installment payments even in small amounts might give an illusion of cheap. Before using BNPL services, one will need to carefully plan their budget and money.
- Financial literacy programs that would specifically cover digital credit and BNPL usage should be added to colleges and universities. There should be the awareness of impulse buying and delayed payment risks.
- Financial regulators can also contemplate coming up with more transparent disclosure standards and sensitization to help young consumers realize repayment requirements.
- The service providers are expected to promote responsible borrowing by reminding users of their debts, offering financial education material on their systems, and sending alerts on spending habits.

Future Scope

- It is possible to involve more discrete samples in more different districts or states in future studies.

- In comparison, the urban and metropolitan cities can be studied to bring more insight.
- The longitudinal research will be able to consider the long-term financial effects of using BNPL.
- The psychological variables that can be examined in the future are overconfidence, risk perception, and debt tolerance.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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