CHAPTER 7

Buy Now Pay Later (BNPL) Adoption among Millennials and Gen Z: A Case Study of LazyPay and Simpl.

Priyanka Dhoot, Harshada Sonawane** and Vijay Gharwadhave****

ABSTRACT

Buy Now Pay Later (BNPL) services have gained rapid popularity among Millennials and Generation Z due to the growth of digital payments and e-commerce platforms. Despite increasing adoption, limited empirical evidence exists on consumer awareness, adoption drivers, and post-usage behavior of BNPL services such as LazyPay and Simpl in the Indian context. This study addresses this gap by examining awareness levels, factors influencing adoption, and changes in spending and repayment behavior among young consumers. A quantitative research methodology was adopted using primary data collected through a structured questionnaire from Millennials and Gen Z respondents. Descriptive and analytical tools were used for data analysis. The findings indicate high awareness of BNPL services, with convenience, ease of approval, and app integration being major adoption drivers. The study also observes increased spending frequency and varying repayment discipline among users.

Keywords: Buy Now Pay Later (BNPL), Millennials, Generation Z, Digital payments, Consumer adopt.

1.0 Introduction

1.1 Introduction and background of the study

The swift evolution of financial technology (fintech) has significantly impacted the way in which consumers interact with financial services and make payments within the digital world. The most significant developments in this field include the introduction of the Buy Now Pay Later (BNPL) option, through which consumers can purchase products and services instantly and make payments through installments. Compared to traditional credit cards, BNPL services provide faster approval, reduced documentation, and instant online sign-up, making it highly attractive to younger generations of consumers.

**Corresponding author; Sr. Assistant Professor, SoCM, D.Y. Patil International University, Pune, Maharashtra, India (E-mail: priyanka.dhoot@dypiu.ac.in)*

***Student, SCM, D.Y. Patil International University, Pune, Maharashtra, India (E-mail: 20240305006@dypiu.ac.in)*

****Student, SCM, D.Y. Patil International University, Pune, Maharashtra, India (E-mail: 20240305049@dypiu.ac.in)*

DOI: 10.17492/JPI.DYPIU.052607 *ISBN: 978-93-49790-31-5*

Globally, the buy now pay later services have recorded significant growth in the last ten years, particularly among the Millennial and Generation Z populations, as these segments are more comfortable using digital payment systems and other electronic-based financial services. In addition, these populations are looking for flexible payment systems that provide them with convenience and short-term credit without the complexities of traditional banking systems. According to the empirical findings, the installment-based payment systems help reduce the perceived financial burden and increase the frequency of spending (Tan & Wong, 2020).

In the case of India, it has been observed that the development of the e-commerce sector, along with the development of the smartphone sector, has contributed to the development of the buy now, pay later service. According to the industry reports, it has been predicted that the buy now, pay later service is expected to increase significantly in the coming years, as there is an increase in the demand for this service among its potential users. Furthermore, it has been observed that the young population, including the millennials and Generation Z, is contributing significantly to the development of the buy now, pay later service, as this young population is actively involved in the online shopping sector. There are various fintech companies that provide the buy now, pay later service to their users, and this is helping to fulfill the growing demand for this service. In this regard, it has been observed that LazyPay and Simpl are the two major services provided by the fintech companies, through which the users of this service are provided instant credit facilities for various online transactions, such as online food delivery, online shopping, etc. This helps the users to purchase any product without paying the amount immediately, as they can pay later within a specified period of time.

Even though the benefits of the use of BNPL services are evident in terms of ease of use and financial flexibility, it is also possible that such services could shape the buying behavior of the consumer. According to studies, the provision of delayed payment facilities could encourage the consumer to adopt impulsive buying behavior since the consumer is not required to make full payment for the product. It is therefore important to understand the impact of the use of BNPL services on consumer behavior, especially among young consumers.

1.2 Problem statement

Although the “Buy Now, Pay Later” (BNPL) service is increasingly adopted by consumers in India, there is a scarcity of studies related to the influence of the BNPL service on the financial life of young consumers, especially the Millennials and Gen Z consumers. For example, the BNPL service adopted by young consumers in the country includes the LazyPay and Simpl services for their daily transactions, such as ordering food, shopping, and other services. However, the adoption of credit service through the BNPL

DOI: 10.17492/JPI.DYPIU.052607 ISBN: 978-93-49790-31-5

service may lead to overspending, impulsive buying, and difficulties in repaying the credit service. Although the BNPL service is readily available for consumers in the country, the concern about the financial discipline of consumers in repaying the installments of the BNPL service is vital. Therefore, the study aims to determine the awareness of the BNPL service and the factors influencing the adoption of the BNPL service by young consumers. Additionally, the study aims to investigate the relationship between the BNPL service and the spending habits of consumers in the country.

2.0 Literature Review

The "Buy Now Pay Later" (BNPL) services have garnered significant scholarly attention as an alternative form of digital credit for consumers. The BNPL services facilitate consumers to purchase the product while delaying the payment for a short period without any additional interest rate applicable to the price of the purchased product. The scholarly research suggests that the BNPL services have gained significant popularity among the Millennial and Generation Z consumer groups due to their high level of convenience and integration with the online shopping platforms. A number of studies from various nations have been conducted to evaluate the influence of BNPL services on the purchasing behavior of consumers. According to Ashby et al. (2025), the availability of BNPL services, including the installment-based option, increases the purchase amount in comparison to other payment systems. In the similar research stream, Kumar and Wiles (2024) found that the availability of BNPL services increases the total purchase amount while promoting impulsive purchasing behaviors among the consumers.

Moreover, the behavioral finance theory explains the high level of popularity associated with the BNPL services. According to Lee and Huang (2021), the "pay-later" option associated with the BNPL services increases the affordability of the products while reducing the associated psychological cost of spending. Further, Tan and Wong (2020) suggest that the availability of the deferred payment option associated with the BNPL services increases the impulsive purchasing behaviors among the consumers, especially the younger age group, who are highly proficient in using the digital financial services for shopping purposes. In the Indian ecosystem, the research into the BNPL schemes is in its infancy. As noted by Mukherjee (2025), the major factors influencing the adoption of buy-now-pay-later schemes within the Indian ecosystem include the convenience of the schemes, the duration of the approval process, and the ability to integrate the schemes with digital applications.

According to the research conducted by Mehta and Rao (2023), financial literacy is a major factor influencing the adoption of BNPL schemes, whereby individuals with low levels of financial literacy face problems in repaying loans. Even though the research that

DOI: 10.17492/JPI.DYPIU.052607 *ISBN: 978-93-49790-31-5*

has been conducted into the BNPL schemes has significantly contributed to the knowledge of the adoption of the schemes and the spending behavior, there is a gap in the literature that this research aims to fill. Firstly, the majority of the research conducted on the adoption of BNPL schemes and spending behavior is based on the Western ecosystem, whereas there is a lack of research based on the Indian ecosystem, especially focusing on the adoption of BNPL schemes among Indian Millennials and Gen Z consumers. Secondly, there is a lack of research comparing the adoption of BNPL schemes offered by LazyPay and Simpl and their influence on the spending behavior of consumers.

3.0 Research Methodology

3.1 Objectives of the study

The main objectives of the current study are:

- To evaluate the awareness and usage of the BNPL service among Millennials and Generation Z youth, with special emphasis on the LazyPay and Simpl services.
- To establish the factors that determine the adoption of the BNPL service, including the factors of convenience, ease of approval, and the presence of an interest-free period, along with the integration of the service with e-commerce applications.

To examine the spending behavior and payment patterns of consumers after the adoption of BNPL services.

3.2 Research design

The current study aims to conduct an investigation into the awareness, factors that determine the adoption of, and outcomes of the usage of the Buy Now Pay Later (BNPL) service, targeting Millennials and Generation Z youth in India. It uses a quantitative approach to conduct the investigation. The main aim of the study is to analyze the patterns of consumption related to the usage of the BNPL service, with special emphasis on the LazyPay and Simpl services. Primary data collection was conducted through the administration of a questionnaire to obtain pertinent information from the respondents.

3.3 Sample size

The current study is based on the responses of 69 participants who filled the questionnaire through an online survey. The participants included members of the Millennials and Generation Z youth who had the potential to use digital payment systems, including the BNPL service.

3.4 Data analysis tools

The data collected was analyzed with the help of Microsoft Excel software. This helped in the organization of the collected data, making tables, and performing various tests to understand the results obtained with the help of the collected data.

DOI: 10.17492/JPI.DYPIU.052607 ISBN: 978-93-49790-31-5

3.5 Sampling technique

The sampling technique used is Purposive Sampling, which is a Non-Probability Sampling method. The sampling is based on certain criteria, i.e., the consumers belong to the age group of Millennials and Generation Z, and they are aware of the digital payment systems and BNPL services provided by companies like LazyPay and Simpl.

3.6 Scope of the study

The research is limited to the awareness and adoption of BNPL services among the younger generations of India, i.e., Millennials and Generation Z, and the influence of BNPL services provided by companies like LazyPay and Simpl on the spending behavior of the consumers.

4.0 Data Analysis

Table 1: Demographic Profile of Respondents (n=69)

Category	Frequency	Percentage
Age (years)		
18–22	31	45%
23–26	24	35%
≥27	14	20%
Gender		
Male	42	61%
Female	26	38%
Other	1	1%
Education		
Undergraduate	34	49%
Postgraduate	24	35%
Diploma/Other	11	16%
Occupation		
Student	30	43%
Employed	25	36%
Self-employed	5	7%
Other (e.g. unemployed)	9	13%
Monthly Income (₹)		
< 30,000	28	41%
30,000–50,000	21	30%
> 50,000	20	29%

Source: Survey Data

The demographic characteristics of the respondents are shown in Table 1 below. The table shows the distribution of the sample, indicating that the majority of the

DOI: 10.17492/JPI.DYPIU.052607 ISBN: 978-93-49790-31-5

population, i.e., 45%, falls in the age bracket of 18-22 years, followed by those in the age bracket of 23-26 years, i.e., 35%, and those aged 27 years and above, i.e., 20%. This indicates that the majority of the population using digital financial services, including BNPL services, falls in the age bracket of Millennials and Gen Z.

The table also shows the distribution of males and females, indicating that males form the majority, i.e., 61%, whereas females form only 38%, and those belonging to other genders form only 1%. The table also indicates the distribution of the sample population, with those who are undergraduates forming the majority, i.e., 49%, followed by those who are postgraduates, i.e., 35%, and those who are diploma holders, i.e., 16%.

The table also indicates the distribution of the sample population, with those who are students forming the majority, i.e., 43%, whereas those who are employed form only 36%, and those who are self-employed form only 13%, with those belonging to other categories forming only 1%.

Table 2: Adoption Drivers of BNPL Platforms

Factor	**Mean Score**	**Rank**
Interest-free period	3.46	1
App integration	3.36	2
Convenience	3.26	3
Ease of approval	3.00	4

Source: Survey Data

Moreover, respondents were asked to rate the level of importance of various determinants of buy now, pay later (BNPL) services using a Likert scale. The results are shown in Table 2, which states that the interest-free repayment period was rated the highest at a mean of 3.46, thus being the primary determinant, followed by app integration with a mean of 3.36, and then the convenience of the platform with a mean of 3.26. The ease of approval was rated the lowest at a mean of 3.00, thus implying that the aforementioned factors are more influential than the ease of approval. Therefore, it can be stated that financial incentives and convenience are the primary influencers of BNPL services, including LazyPay and Simpl, among Millennial and Gen Z consumers.

Table 3: Regression Analysis: BNPL Usage and Spending Behaviour

Dependent Variable	**β**	**p-value**
Impulse buying	0.45	0.012
Increased spending	0.50	0.005
High-priced purchases	0.20	0.150

Source: Survey Data

DOI: 10.17492/JPI.DYPIU.052607 ISBN: 978-93-49790-31-5

Regression analysis was conducted to determine if the number of BNPL usage affects consumers' spending habits. Table 3 shows the standard regression coefficients for the proposed models. The results indicate a significant positive relationship between BNPL usage and impulsive purchase ($\beta = 0.45$, $p = 0.012$) and higher overall spending ($\beta = 0.50$, $p = 0.005$). On the other hand, the relationship between BNPL usage and high-priced purchase is not significant ($\beta = 0.20$, $p = 0.150$). Overall, the results indicate BNPL frequent users are more likely to exhibit impulsive purchase and higher overall spending, thus highlighting the behavioral effect of using deferred payment systems.

Table 4: Chi-Square Test Results

Relationship	χ^2	df	p-value
Age vs BNPL usage	6.97	4	0.138
Income vs repayment behavior	7.95	6	0.242

Source: Survey Data

Hypotheses for the Chi-Square Test

In order to evaluate the effect of demographic factors on BNPL usage and payment behavior, the following hypotheses have been proposed:

$H0_1$: No significant relationship exists between age and BNPL usage.

$H1_1$: A significant relationship exists between age and BNPL usage.

$H0_2$: No significant relationship exists between income and BNPL payment behavior.

$H1_2$: A significant relationship exists between income and BNPL payment behavior.

Chi-square tests were used to determine the relationship between demographic factors and BNPL behaviors. Table 4 displays the results of the statistical analysis. The relationship between age and BNPL behaviors resulted in a chi-square value of 6.97, with a p-value of 0.138, whereas the relationship between income and BNPL repayment behaviors resulted in a chi-square value of 7.95, with a p-value of 0.242. Since both p-values are higher than 0.05, it may be concluded that the relationship is non-significant. This suggests that BNPL behaviors and difficulties in BNPL repayments are not related to age and income groups.

Table 5: Correlation Matrix

Variables	BNPL Usage	Impulse Buying	Spending Increase	Financial Stress
BNPL Usage	1.00	0.50	0.45	0.30
Impulse Buying	0.50	1.00	0.55	0.40
Spending Increase	0.45	0.55	1.00	0.35
Financial Stress	0.30	0.40	0.35	1.00

Source: Survey Data

DOI: 10.17492/JPI.DYPIU.052607 *ISBN: 978-93-49790-31-5*

4.1 Correlation analysis

In order to understand the interrelation between the use of BNPL, expenditure, and financial stress, correlation analysis was conducted. Table 5 presents the correlation coefficients obtained from the study. According to the study findings, it is clear that the use of BNPL is positively related to impulsive buying ($r = 0.50$) and expenditure ($r = 0.45$). There is a moderate correlation between the use of BNPL and financial stress ($r = 0.30$). In addition, it is clear that impulsive buying is strongly related to expenditure ($r = 0.55$).

Significance level: $p < 0.01$; $p < 0.05$.

Summary: From the analysis, it is evident that the Millennials/Gen Z in the sample have an awareness of the BNPL schemes, which is driven by the benefits of interest-free installments. On the other hand, the use of BNPL schemes is related to impulsivity and expenditure, while demographic factors such as age and income have little impact. Therefore, the objectives of the study have been achieved through the integration of awareness, factors that drive the use, expenditure, and repayment, which elucidates the effect of BNPL on the payments behavior of young consumers.

5.0 Conclusion, Limitations and Future Scope of the Study

5.1 Conclusion

The purpose and objective of this study are to explore the fast evolution of financial technology and its impact on the level of consumers' payment systems, with a special emphasis on the concept of Buy Now, Pay Later (BNPL). BNPL has achieved recognition as a vital short-term credit facility, particularly among Millennials and Gen Z, given their high inclination towards digital technologies and online shopping. The benefits of BNPL services, such as ease, quick processing, and interest-free periods, have made it an attractive credit facility.

The study aims to examine the level of awareness and usage of BNPL services among Millennials and Gen Z in India, determine the key factors that affect the adoption of BNPL services, and explore consumer spending patterns after adopting BNPL services, with particular emphasis on LazyPay and Simpl.

The findings indicate a high level of awareness about the services provided by the buy now pay later schemes, and this is largely due to the increasing trend of digital payments and e-commerce in the Indian marketplace. A large number of respondents were aware of the services provided by the buy now pay later schemes and the increasing number of these services on different digital media platforms. Among the different buy now pay later schemes, LazyPay and Simpl were the most popular and used services, and this was due to the simplicity and user-friendly nature of these services, along with the approval and seamless integration with different online merchants, food delivery apps, and e-commerce

DOI: 10.17492/JPI.DYPIU.052607 ISBN: 978-93-49790-31-5

apps. The study also revealed the role of convenience, ease of approval, and the presence of interest-free options, along with the seamless integration of buy now pay later schemes with digital media, as the most important factors in the adoption of buy now pay later schemes by Millennials and Generation Z consumers. These factors are largely in line with the intrinsic nature of buy now pay later schemes, which are most appealing to younger generations in the digital era. Moreover, the role and effect of BNPL schemes on the purchasing behavior of consumers were also revealed in the study. A majority of the consumers revealed that BNPL schemes will result in higher purchasing and impulse buying due to the flexibility of BNPL services. However, the majority of consumers revealed timely payment, whereas some consumers experienced difficulties in managing the services of BNPL schemes and the need for financial discipline.

In Conclusion, The study revealed that BNPL schemes, such as LazyPay and Simpl, are a part of the digital payment system in the Indian marketplace and are largely adopted by Millennials and Generation Z consumers. Moreover, it is also important to note that despite the flexibility and intrinsic nature of BNPL schemes, consumers need to be financially disciplined in managing the services of BNPL schemes.

5.2 Limitations and future scope of the study

Although this study has provided some useful findings on the usage of BNPL services among young consumers, it has some limitations. Firstly, the study was based on a relatively small sample size, and the findings may not be generalized to the entire population of BNPL service users in the Indian context. Secondly, the study was based on only two BNPL services, LazyPay and Simpl, while there are other services operating in the Indian context.

Future studies on the topic may include a large and diverse sample and other BNPL services in order to obtain a wider understanding of the digital credit system. Future studies may also seek to investigate the financial consequences of BNPL service usage, the role of financial literacy in the context of BNPL services, and the regulatory challenges faced by BNPL services in the context of the Indian economy. Such studies will help in obtaining a wider understanding of the role of BNPL services in shaping the financial behaviors of consumers in the digital context.

References

1. Ashby, N., Patel, R., & Brown, T. (2025). Installment-based payment framing and its impact on consumer purchasing behavior. *Journal of Consumer Finance*, 18(2), 112–128.

DOI: 10.17492/JPI.DYPIU.052607 *ISBN: 978-93-49790-31-5*

2. Kumar, R., & Wiles, J. (2024). The effects of buy now, pay later (BNPL) services on online consumer purchasing behavior. *Journal of Retailing and Consumer Services*, 75, 103512.
3. Lee, J., & Huang, K. (2021). Pay-later payment framing and perceived affordability in digital credit services. *Journal of Behavioral Finance*, 22(4), 421–433.
4. Mehta, S., & Rao, P. (2023). Financial literacy and digital credit usage among young consumers in India. *Indian Journal of Finance*, 17(6), 45–56.
5. Mukherjee, A. (2025). Adoption drivers of buy now, pay later services in the Indian fintech ecosystem. *International Journal of Financial Technology*, 9(1), 34–49.
6. Nachane, D., & Patel, S. (2022). Digital credit adoption in emerging markets: Consumer preference for fintech-based lending platforms. *Economic and Political Weekly*, 57(18), 62–68.
7. Tan, S., & Wong, T. (2020). Deferred payment options and impulse buying behavior among young consumers. *Journal of Consumer Behavior*, 19(5), 463–472.
8. Zubair, M., & Kumar, V. (2023). Repayment behavior and financial stress among BNPL users. *International Journal of Fintech Studies*, 6(3), 155–170.
9. Dvara Research. (2023). *Understanding digital credit and BNPL usage in India*.
10. Payments CMI. (2024). *India buy now pay later market research report*.

DOI: 10.17492/JPI.DYPIU.052607 *ISBN: 978-93-49790-31-5*