

Exploring the Impacts of Buy Now, Pay Later (BNPL) Payment Method among Millennials and Generation Z in Malaysia

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ABSTRACT

The Buy Now, Pay Later (BNPL) trend tempts consumers with instant purchases but risks ensnaring them in a subtle web of debt, threatening their well-being. This study examines the impact of BNPL on millennials and Generation Z in Malaysia. In this study, a qualitative approach and case study design were employed, using semi-structured and in-depth interviews with individuals from both generations who have experienced using BNPL services. A total of 5 informants participated in this study, ranging in age from 23 to 37 and representing diverse backgrounds. All informants were selected through purposive sampling and criterion sampling techniques to select BNPL users from both generations. The findings reveal four impacts of BNPL on both generations. The first impact is on social aspects, which involve accessibility, eligibility, and normalization of BNPL in Malaysia. The second impact is related to the economic aspect, which highlights changes in spending behavior, the changing perception of debt, financial management, and financial strain. Regulatory considerations fall under the third impact, which is the political impact. The last one shows BNPL's psychological impact in terms of anxiety and guilt. Limitations of this study include a small sample size, with only five informants involved, which restricts generalizability. This study encourages future researchers to employ larger samples and implement quantitative methods to provide more detailed analysis. This study also recommends structured financial literacy programs to enhance users' financial education and awareness about BNPL usage.

Keywords: Buy Now, Pay Later (BNPL), millennials, Generation Z, impacts, Malaysia

INTRODUCTION

“Buy Now, Pay Later” (BNPL) is a payment method that enables users to purchase an item immediately and pay for it over time. The BNPL market is expected to grow at a compound annual growth rate of 26.1% from 2023 to 2030 (Irawati et al., 2024). BNPL payment plans enable users to purchase products and services immediately and pay for them over time, making it easier for consumers to acquire them, which may lead to debt that they cannot repay (Schomburgk & Hoffmann, 2023). Although BNPL allows users to make flexible, interest-free payments for a short-term duration, it is still considered an issue that needs to be addressed. In the United Kingdom, Australia, Germany, and the United States, BNPL has become a concerning issue due to a lack of transparency, irresponsible user behavior, and ineffective regulations, making it very risky for users (Relja et al., 2024). This situation can also be applied to Malaysia, as approximately 45% of Malaysians have used these services (Central Bank of Malaysia, 2025), which has highlighted concerns regarding their impact on Malaysians' financial well-being (Halim et al., 2024). Thus, this study aims to explore the effects of BNPL, including social, economic, political, and psychological impacts among millennials and Generation Z in Malaysia.

Statement of the Problem

The growing popularity of BNPL services in Malaysia, valued at US\$2.78 billion in 2024 (Research and Markets, 2025), has significantly altered purchasing behaviors among millennials and Generation Z. While millennials often use BNPL as a budgeting tool (Paydibs, 2025), Generation Z's impulsive spending and weaker financial skills lead to overuse and financial strain (Osman et al., 2024). Concerns about BNPL becoming a "debt trap" highlights the need to examine its impact on financial literacy and economic well-being (Raj, 2021). Limited research and the call for regulatory and educational measures emphasize the urgency of studying BNPL's effects on these generations to promote responsible use and consumer protection (Central Bank of Malaysia, 2022; Ng, 2024).

Research Objective

The study aims to achieve the following objective:

To explore the impacts of the BNPL payment method among millennials and Generation Z in Malaysia.

Significance of the Research

This study examines the impact of BNPL on millennials and Generation Z in Malaysia, providing both direct and indirect benefits to BNPL users in the country. The findings from this study can help individuals reflect on their spending behaviors and inform their financial decisions, considering the potential consequences of using BNPL recklessly without planning. Moreover, individuals can also use the insights provided in the study to systematically plan their finances and avoid potential debt traps that may affect their future lives, economically, socially, and psychologically. In addition to this, the study will also raise awareness, especially among millennials and Generation Z to reflect on their financial habits, particularly for those who are still financially unstable and have no income in their lives.

Furthermore, the study offers valuable insights for policymakers or financial regulators considering BNPL. As BNPL continues to grow in Malaysia, the study's findings can provide policymakers with ideas for developing targeted consumer protection policies, especially for vulnerable and unstable individuals such as students or young working adults who have just started their careers and are earning an income. Protection policies are important, especially for the young generation to ensure that the regulations developed are more structured to prevent individuals from being trapped in debt problems. Moreover, policymakers and financial regulators can also utilize the findings from this study to raise awareness among all BNPL users, particularly millennials and Generation Z, encouraging them to use BNPL services with greater responsibility and consideration, thereby avoiding potential financial problems in the future. BNPL policymakers can also create programs for beginner users to learn how and when to use this service more systematically, exposing them to using BNPL only when necessary. This study will help responsible parties take action to implement more structured regulations and offer programs to improve the young generation in Malaysia using this kind of service.

Lastly, in light of these findings from the study, it is also beneficial for future researchers and the body of knowledge regarding the impacts of BNPL among millennials and Generation Z in Malaysia. This study also addresses a research gap in Southeast Asia, specifically in Malaysia, which provides a theoretical foundation for future researchers to utilize the data collected and themes discussed in this study. Building on the evidence of the variety of impacts of BNPL, future researchers can continue to explore these impacts by extending this study to identify additional impacts or employing different strategies to understand the better mechanisms underlying BNPL usage among these two generations. In addition to this, the study also establishes a solid theoretical foundation for the impacts of BNPL across two generations, encompassing aspects of social, economic, political, and psychological importance. In summary, the findings will serve as a guideline for future researchers to understand the mechanisms of BNPL and its impact, providing insight related to the study.

LITERATURE REVIEW

Accessibility and Eligibility

In recent years, the rise of BNPL services has become increasingly evident. When younger consumers,

particularly millennials and Generation Z, are given a choice between traditional credit and BNPL options, the latter often appears more favorable. Global Payments supports this trend, as reported in the 2024 FIS WorldPay Support Report, which highlights a decline in the use of credit and debit cards, resulting in a corresponding drop in traditional purchases and sales. Unlike traditional credit cards, which often impose interest charges on outstanding balances, BNPL services typically allow consumers to make purchases and pay for them in instalments without incurring interest—provided that payments are made on time. This interest-free feature makes BNPL particularly attractive to younger consumers who may not qualify for credit cards or wish to avoid the long-term debt associated with high interest rates. As a result, BNPL is increasingly viewed as a more accessible and cost-effective alternative to traditional credit options.

Normalization of BNPL

BNPL is rapidly becoming a cultural norm among Malaysians, particularly among millennials and Generation Z. Halim et al. (2024) found that the use of BNPL services increased by 35% in 2024. This suggests that the majority of consumers in Malaysia prefer flexible payment options due to the prevalence of digital technology. The research also cited a statistic from the Central Bank of Malaysia (2025), i.e., as of 2024, 45% of Malaysian consumers have engaged with BNPL services, primarily due to the convenience and easy access to products. The widespread use of BNPL reflects a cultural trend that values digital convenience and normalizes financial tools like BNPL. Similarly, online banking and e-wallets were adopted ten years ago.

Spending Behavior

The rise of BNPL services reflects a broader shift in both consumer behavior and the financial services landscape. Younger generations, particularly millennials and Generation Z, who are digital natives, tend to prefer financial products that align with their tech-savvy and convenience-driven lifestyles. The adoption of BNPL is primarily influenced by factors such as ease of use, payment flexibility, and accessibility (Tamrin et al., 2023). However, while BNPL offers these advantages, it also presents potential risks, particularly the tendency to overspend and lose track of financial commitments (Serenade et al., 2024).

Changing Perception of Debt and Financial Behavior

Younger users often view BNPL as a reasonable and even wise means of making purchases, whereas older generations may view debt as something to be avoided. Several e-commerce and online platforms have begun to support BNPL payment systems to attract more customers. However, some consumers remain wary that BNPL can trigger careless spending and lead to new debt traps (Osman et al., 2024). A study by Soong et al. (2024) reported that while BNPL provides flexibility, it also raises concerns about users' ability to manage repayment, warning that missed payments can harm long-term consequences. The study does not portray BNPL or debt as completely positive or negative. Instead, the study explains that consumers' perceptions of it can be neutral if they maintain balanced awareness, negative if they do not, and positive if they exercise caution. This duality demonstrates how BNPL is changing not only spending habits but also the cultural acceptance of debt, with financial decisions becoming more calculated and selective.

Financial Management

BNPL services significantly shape financial management practices within Malaysia's digital economy, offering both advantages and challenges. Financially literate individuals effectively integrate BNPL into their budgeting strategies, utilizing its flexibility without compromising their savings (Chuah et al., 2023). Moreover, features such as payment notifications and expenditure monitoring foster financial discipline, positioning BNPL as an effective tool for prudent financial oversight (Paydibs, 2025). However, for users with limited financial literacy, particularly among Generation Z, BNPL poses risks of overspending and financial instability driven by materialistic tendencies and weak money management skills (Osman et al., 2024). The varying impacts of BNPL highlight the pivotal role of financial literacy and self-discipline, with responsible users benefiting from its structure while others face financial difficulties.

Financial Strain

The BNPL market in Malaysia has varied effects on financial strain, contingent upon users' financial literacy

and behavioral tendencies. Disciplined consumers effectively incorporate BNPL repayments into their financial plans, utilizing its flexibility without experiencing distress, as evidenced by Research and Markets (2025). In contrast, younger demographics, particularly Generation Z, are susceptible to financial strain due to materialistic impulses and excessive spending, rendering BNPL a potential “debt trap,” as cautioned by Raj (2021) and Osman et al. (2024). Even those avoiding immediate financial hardship may encounter psychological stress from managing multiple repayment schedules, prompting regulatory interventions by the Central Bank of Malaysia to mitigate the risks of over-indebtedness (Research and Markets, 2025). These divergent outcomes underscore the pivotal role of financial discipline, necessitating further research into the long-term consequences and the development of targeted strategies to promote responsible BNPL usage.

Regulatory Considerations

Despite gaining significant popularity among consumers, the BNPL scheme presents several legal challenges that may undermine consumer protection. One of the primary concerns is the lack of a standardized legal framework governing BNPL providers, which can expose vulnerable consumers to legal risks, particularly related to unfair contractual terms, hidden fees, and aggressive debt collection practices (Zainudin & Othman, 2024). This regulatory gap creates an uneven playing field where consumer rights are not uniformly protected across different platforms, thereby increasing the likelihood of exploitation — especially for those with limited financial literacy or experience with credit products.

Public sentiment strongly supports the idea that BNPL should not operate in a regulatory vacuum. The public’s concerns are mainly centered around three key areas, i.e., consumer protection, responsible lending, and data privacy and transparency. Many Malaysians believe that BNPL providers should be required to disclose fees, penalties, and repayment terms clearly. The lack of a standardized framework has led to inconsistent practices across providers, confusing consumers and exposing them to the risk of financial harm (Relja et al., 2024). Additionally, on responsible lending, there is a perception that BNPL companies should conduct more stringent creditworthiness checks before approving customers. The ease of access has led to anecdotal cases of vulnerable individuals accumulating multiple BNPL debts across different platforms (Shatina et al., 2018). Lastly, data privacy and transparency are paramount, as Malaysians, given their reliance on digital platforms, also express concerns about how personal and financial data are used (Masran & Adis, 2024). There is a public call for regulations that ensure ethical data practices and transparent handling of consumer information (Hishamudin, 2025).

Anxiety

Past studies indicate that although BNPL services, such as Atome and Grab PayLater, provide benefits to consumers, they can still have negative impacts if overused. While BNPL may offer convenience and flexibility for consumers to purchase something as it allows monthly payment, there is still a growing concern about its psychological impact on individuals, specifically their emotional instability. Emotional instability in this context involves consumers feeling anxiety as they are getting close to their repayment deadlines. According to a study by Schomburgk and Hoffmann (2023), the majority of BNPL consumers experienced emotional instability of feeling anxious when they had to pay back their debt. Similarly, a study by Zhang and Kim (2019) stated that when individuals have more debt than they can afford to pay at a given time, it encourages them to experience more psychological distress, especially when the debt becomes unmanageable, particularly for young adults.

Guilt

Research on guilt related to BNPL services reveals its psychological effects, particularly across different generations with varying financial situations. Guilt emerges when individuals perceive their spending as conflicting with their financial constraints or personal principles. Generation Z, often comprising students with low incomes and limited financial experience, feels intense guilt when using BNPL services, especially after making impulsive purchases or accumulating debt (Squires & Ho, 2023; Powell et al., 2023; Aisjah, 2024). Millennials, with more financial stability and knowledge, rarely feel guilty and see BNPL as a smart way to manage purchases (Soekarno & Pranoto, 2020). These variations highlight how financial situations influence emotional responses to BNPL, with guilt potentially encouraging younger users to reassess their spending habits, though persistent stress may impact their financial decisions.

METHODOLOGY

Research Approach and Design

This study employed a qualitative research approach to investigate the effects of BNPL services on millennials and Generation Z in Malaysia. This approach helps provide a clear understanding of how Malaysians across millennials and Generation Z use BNPL services, what these services mean to them, and how they impact their financial habits and overall well-being. It also provides insight into how informants perceive and describe their own experiences with BNPL. In addition, a case study design was employed to gain a deeper understanding of the complex and varied situations that informants encounter when using BNPL services.

Sample and Sampling Techniques

The purposive sampling technique was selected for this study due to its suitability for qualitative research, particularly when conducting semi-structured, in-depth interviews. This study aims to gather rich, detailed insights from individuals with direct experience and knowledge of BNPL services. Purposive sampling enables the intentional selection of participants who meet specific criteria relevant to the research objectives, ensuring that the data gathered are both highly relevant and rich in information (Palinkas et al., 2015). Given the relatively recent emergence of BNPL services in Malaysia and the fact that usage patterns and impacts may vary across different demographic segments, purposive sampling was particularly appropriate. It enabled the researchers to target individuals from the millennial and Generation Z cohorts who actively engage with BNPL platforms rather than drawing a random sample that might include participants with little or no relevant experience. Moreover, purposive sampling aligns well with the exploratory nature of the study and the use of in-depth interviews, which seek to uncover not only behavioral patterns but also personal experiences, perceptions, and concerns related to BNPL usage (Palinkas et al., 2015).

Specifically, a criterion sampling technique was also employed to select the informants. By selecting participants with diverse backgrounds in terms of age, gender, socioeconomic status, education level, and geographic location, the study aimed to capture a broad range of perspectives within the target population, thereby enhancing the depth and richness of the findings. Ultimately, the criterion sampling technique ensured that the study focused on participants who could provide meaningful, first-hand insights, thus supporting the goal of generating a comprehensive understanding of the social, economic, and psychological impacts of BNPL services among young Malaysians. The informants comprise three Malaysian males and two Malaysian females, all belonging to the millennial and Generation Z cohorts and are actively engaged in or familiar with BNPL services.

Table I Demographic Profile of the Informants

Informants' Demography	Ana	Bilal	Cahya	Dion	Emir
Gender	Female	Male	Female	Male	Male
Age	33	27	24	37	23
Generation	Millennial	Z	Z	Millennial	Z
State of origin	Johor	Selangor	Selangor	Sarawak	Pulau Pinang
State of residence	Johor	Selangor	Selangor	Sarawak	Johor
Ethnic group	Malay	Malay	Malay	Bidayuh	Malay
Religion	Islam	Islam	Islam	Anglican Christianity	Islam

Level of education	Bachelor's degree	Bachelor's degree	Malaysian Certificate of Education	Malaysian Higher School Certificate	Malaysian Certificate of Education
Marital status	Single	Single	Single	Single	Single
Occupation	Lawyer	Student	Student	Hotel front officer	Student
Years of service	8	N/R	N/R	1	N/R
Sector	Private	N/R	N/R	Private	N/R
Range of income per month	MYR4,851-MYR10,970	MYR4,850 and below	MYR4,850 and below	MYR4,850 and below	MYR4,850 and below

Table I presents the demographic profile of the informants, revealing diverse backgrounds in gender, age, generation, state of origin and residence, ethnicity, religion, education level, marital status, occupation, years of service, occupational sector, and monthly income range. The sample includes Ana and Cahya (female) and Bilal, Dion, and Emir (male), with ages ranging from 23 to 37 years. Geographically, the informants come from Johor, Selangor, Sarawak, and Penang, with most residing in their respective states of origin, except Emir, who now resides in Johor. In terms of ethnicity and religion, four informants (Ana, Bilal, Cahya, Emir) are Malay and Muslim, while Dion is Bidayuh and Anglican Christian. Their educational backgrounds vary, with Cahya and Emir holding a Malaysian Certificate of Education, Ana and Bilal holding a bachelor's degree, and Dion holding a Malaysian Higher School Certificate. Professionally, Ana is a lawyer in the private sector with 8 years of service. Bilal, Cahya, and Emir are students with no current years of service. Dion works as a hotel front officer in the private sector with 1 year of service. Monthly income ranges vary, with Ana earning between MYR4,851 and MYR10,970 (the middle-income group) and the other informants earning below MYR4,850 (working-class group).

Data Collection Procedure

To ensure flexibility and comfort for the informants, they were allowed to select the date and time for their interview sessions according to their availability. This approach helped create a more relaxed setting and encouraged open and honest sharing during the data collection process. Before each interview began, informants were provided with an information sheet outlining the purpose of the study, along with a consent form to confirm their voluntary participation. They were also assured that all information gathered would be kept confidential and used solely for academic purposes.

The interview protocol was designed to explore the impacts of BNPL services in Malaysia, with a specific focus on millennials and Generation Z. It included both closed-ended and open-ended questions. The close-ended questions primarily collected demographic data, including gender, age, place of origin and residence, ethnic group, religion, education level, marital status, occupation, years of service, sector, and income range. In contrast, the open-ended questions were designed to explore the experiences, perceptions, and attitudes of informants regarding BNPL, thereby addressing the study's objective in depth. Informants were notified in advance that their interviews would be audio-recorded, and all of them gave consent to this. The interviews were conducted in English, and all informants were able to express themselves effectively, with only minimal assistance from the researcher when needed. On average, each interview session lasted one hour.

Data Analysis

After completing data collection, the researchers transcribed the recorded interviews verbatim to ensure the authenticity and accuracy of the data. The transcripts of all five informants totaled 46 pages. Through thematic analysis, themes and sub-themes were identified and analyzed, enabling the researchers to explore the impacts of BNPL on millennials and Generation Z in Malaysia.

RESEARCH FINDINGS AND DISCUSSION

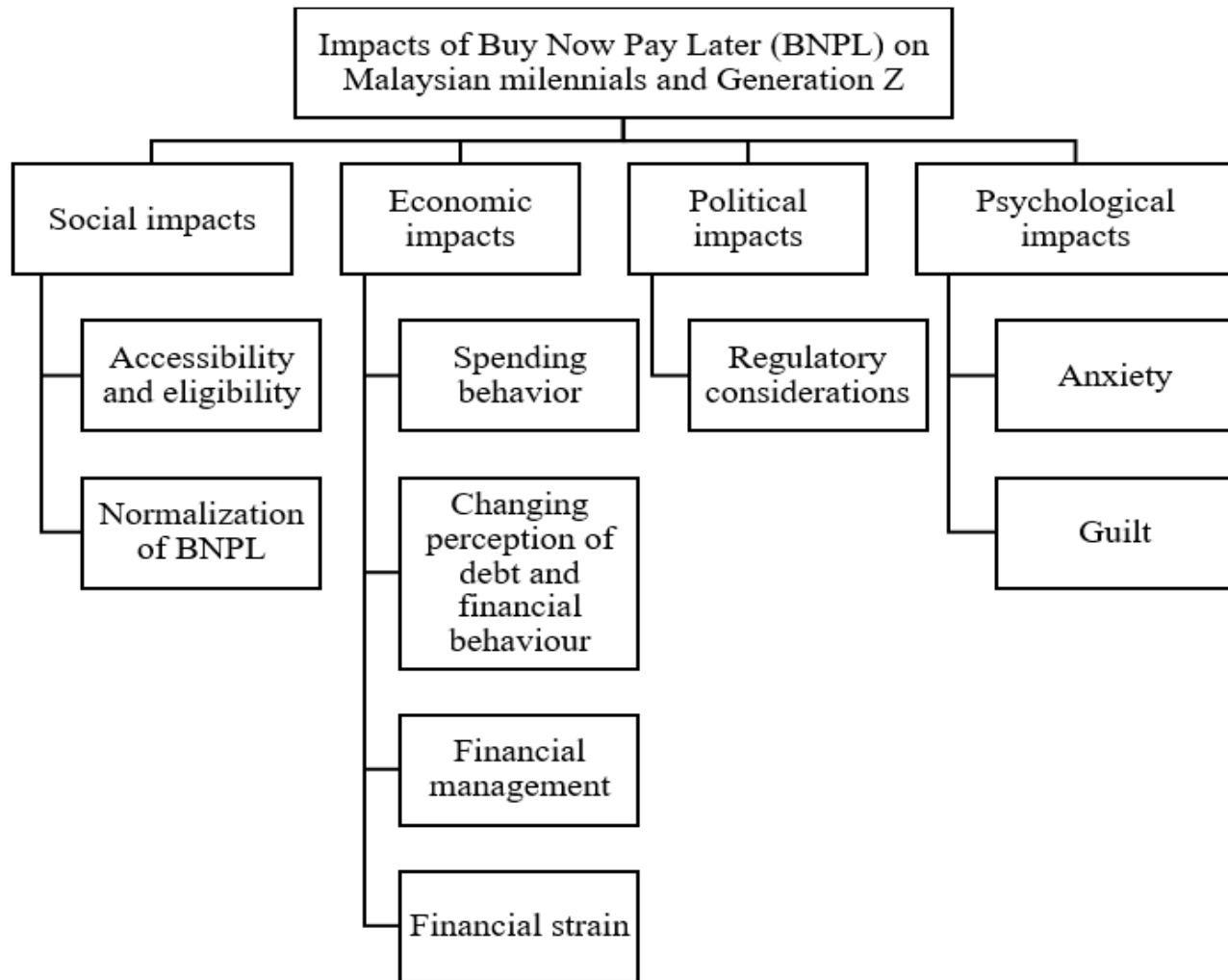


Fig. 1 Impacts of BNPL on Malaysian millennials and Generation Z

Based on Figure 1, this study revealed four critical themes regarding the impacts of BNPL experienced by the informants. The four themes are social, economic, political, and psychological impacts. The sub-themes for social impacts are accessibility, eligibility, and the normalization of BNPL. The sub-themes for economic impacts are spending behavior, changing perception of debt and financial behavior, financial management, and financial strain. Additionally, the sub-themes related to political impacts include regulatory considerations. Finally, the sub-themes for psychological impacts are anxiety and guilt.

Social Impacts

In recent years, the rising trend of BNPL services has created noticeable social impacts, particularly on consumer behavior and financial well-being. There are three sub-themes, as mentioned earlier. While BNPL presents new opportunities for easier access to credit-like services, it also brings challenges that may affect financial well-being like a double-edged sword. The following paragraphs will discuss such issues in detail.

Accessibility and Eligibility: BNPL services have emerged as a transformative financial tool, blending accessibility and convenience to reshape consumer behavior, particularly among millennials and Generation Z. Unlike traditional credit cards, which allow immediate purchases with deferred payments (Chuah et al., 2023), BNPL offers greater accessibility, especially for individuals who may not qualify for conventional credit. This inclusivity makes BNPL a socially relevant alternative, as highlighted by informants. For instance, Cahya (pseudonym), a Generation Z, shared:

“Yes, it would have been impossible for me to buy an electronic item outright, but with BNPL, I could afford it

because I could split the payment monthly. It feels like the item is cheap since I can pay in small monthly amounts. It does not feel expensive because the payment is split.”

Similarly, Ana (pseudonym), a millennial, remarked:

“Definitely. I might skip a purchase if I had to pay RM150 upfront. However, when BNPL offers RM50 per month for three months, it does not feel as burdensome. For instance, when I sometimes see “Pay RM0 now,” I think it is okay. It feels less painful.”

These insights reflect BNPL’s appeal in enabling purchases that might otherwise be unaffordable, driving its popularity among younger consumers. These responses underscore BNPL’s role in lowering financial barriers, enabling broader access to purchasing power for younger generations who often face challenges in securing traditional credit. This accessibility aligns with shifts in consumer behavior, as BNPL platforms have remarkably influenced global retail landscapes by encouraging impulse buying and reshaping purchasing habits (Aiouz et al., 2024). As digital natives, millennials and Generation Z are naturally inclined to adopt BNPL due to its seamless integration with mobile technologies and its affordability. These findings align with studies conducted by Edly (2024), which state that BNPL services allow customers to buy products and pay for them over time in instalments. Furthermore, the payment method can be particularly beneficial for larger, necessary purchases, such as electronics, furniture, and educational materials, that might otherwise strain their budget if paid for upfront. By splitting the total cost into manageable zero-interest instalments, provided payment is made on time, BNPL enables consumers to balance their financial commitments more comfortably, reducing the immediate financial pressure.

1) Normalization of BNPL: According to informants, BNPL has become increasingly familiar in this era, particularly among people who frequently shop online. An informant referred to as Ana (pseudonym), a millennial, stated:

“Among the people in my social circle, using BNPL services has become quite normal. Since many of us regularly shop online, BNPL has naturally become a part of our purchasing habits.”

Similarly stated by informant Cahya (pseudonym), a Generation Z stated as follows:

“Nowadays, it seems that almost every type of purchase can be made using instalment payment methods. This includes not only everyday items but also services such as veterinary care and even larger purchases like motorbikes.”

This aligns with research by Halim et al. (2024), which reports a 35% increase in BNPL in 2024. The primary motivator for the rise is driven by the convenience and immediate accessibility of BNPL services, particularly due to features such as instant online credit approval. This trend also helps explain why approximately 45% of Malaysians reported using BNPL services as of 2024 (Central Bank of Malaysia, 2025).

Economic Impacts

The trend of BNPL services has imperative economic implications, particularly on informants' spending behavior, changing perception of debt and financial behavior, financial management, and financial strain. The following paragraphs will discuss such issues in detail.

1) Spending Behavior: Spending behavior in the form of impulsive buying can lead to financial distress (O’Guinn & Faber, 2019). This risk is often associated with a lack of financial awareness and poor self-discipline during purchasing decisions. Without proper control, individuals may fall into debt, which can hurt their overall financial well-being. When asked whether they had ever failed to repay a BNPL instalment on time, one of the informants, Cahya (pseudonym), a Generation Z, shared her experience as follows:

“Yes. I bought too many things and overspent. My monthly payment became too high, and I could no longer afford to pay. I am constantly short on money due to excessive spending.”

In contrast, another informant, Dion (pseudonym), a millennial, had a different experience:

“No, I have settled all BNPL loans.”

These responses align with the findings of Powell et al. (2023), which suggest that younger users, particularly those under 25, are at a greater risk of reduced financial well-being due to less responsible financial behavior compared to millennials. Generation Z, a younger group, was found to have spent less time examining BNPL's terms and conditions, and they were less likely to plan and budget for purchases than the millennial group. Generation Z was also more prone to compulsive buying and had lower financial well-being.

2) *Changing perceptions of debt and financial behaviour*: Based on the research findings, the informants expressed both positive and negative views on debt through BNPL services. For example, informant Dion (pseudonym), a millennial, stated that:

“Since it was my first time using and experiencing BNPL, I think that it would be a new norm, just like how online shopping was before. It is a newer and faster version of the older credit card. A cheaper, faster, and affordable way to loan.”

Dion's statement reflects a positive view of BNPL as a modern, accessible alternative to traditional credit, reframing debt as a tool. Additionally, an informant called Ana (pseudonym), a millennial, also stated the same view:

“Using BNPL is not frowned upon, as long as you use it wisely.”

Both statements from Dion and Ana reflect a positive cultural shift about debt. The statements indicate that debt is no longer a prohibited action to practice but conditionally acceptable for valid reasons. On the other hand, some informants stated their perceptions of debt in a negative view, such as an informant named Emir from Generation Z stated:

“I think others also need to have limits on themselves when using the BNPL. For example, my friend has a hard time paying off the BNPL because he used it more than what he earned monthly. It makes me more organized when it comes to my finances.”

This statement highlights the dangers of overspending and the real-life consequences of overreliance on BNPL services. Emir also expressed that witnessing the debt-related stress of his friend has led him to more careful financial planning. On the other hand, an informant called Bilal (pseudonym), a millennial, states a neutral view, which is:

“At this point, I prefer to continue using cash for most of my purchases, as it helps me better manage my finances and avoid unnecessary debt. However, I am open to using BNPL services occasionally, particularly when some attractive promotions or offers provide added value and convenience.”

Based on the narratives of the informants, BNPL can be acknowledged as reflecting both the benefits and drawbacks of using the service. Instead of stating that debt is inherently good or bad, the informants highlight the practical reasons for making choices, including managing finances and avoiding unnecessary debt, without labelling debt itself as negative or positive. It illustrates how people now balance convenience and financial responsibility in a complicated credit environment. BNPL can alter perceptions of debt; some people are not strictly anti-debt but are becoming more selective and strategic about borrowing. These findings align with studies conducted by Osman et al. (2024) and Soong et al. (2024).

3) *Financial Management*: The informants' responses highlight the diverse effects of BNPL services on their financial management. Informant Bilal (pseudonym), a Generation Z, stated as follows:

“The use of BNPL services has not brought about any notable changes or adjustments to how I oversee my monthly financial planning or savings.”

Similarly, informant Emir (pseudonym), a Generation Z, noted the following:

“Monthly, I need to separate my money around RM100 just to pay off the BNPL I used, but it does not affect my finances.”

Both Bilal and Emir experience minimal disruption to their budgeting, aligning with a study by Chuah et al. (2023), who found that financially literate Malaysian consumers integrate BNPL seamlessly into their budgets, leveraging its flexibility without impacting their savings. Meanwhile, an informant called Dion (pseudonym), a millennial, views BNPL as a financial management tool, stating as below:

“BNPL helps in financial management in a way that you would be alerted by the app on your next payment. Meaning you are reminded that you have a commitment or loan to settle, thus you have to control your expenses wisely.”

The aforementioned narrative aligns with a 2025 Paydibs report, which highlights that digital payment solutions, such as BNPL, enhance financial tracking in Malaysia’s digital economy (Paydibs, 2025). In contrast, informant Cahya (pseudonym), a Generation Z, reports:

“I overspent and found myself without any additional funds, as my monthly allowance was fully allocated to covering the instalments for BNPL services.”

The abovementioned narratives indicate disrupted financial planning due to overspending. This echoes Osman et al. (2024), who note that Generation Z’s materialism and weak money management skills contribute to BNPL overuse, resulting in financial imbalances.

4) *Financial Strain:* Responses on financial strain from BNPL repayments vary. Informant Bilal, a millennial, reports as follows:

“To date, I have not experienced any financial strain or difficulties resulting from repayments associated with BNPL services.”

Informant Dion, a millennial, similarly states:

“Up to this point, I have successfully managed to settle all my BNPL loans without experiencing any financial strain or hardship.”

Informant Emir, a Generation Z, reinforces this, saying:

“I have never experienced financial strain from BNPL repayments.”

These experiences align with Research and Markets (2025), which notes that Malaysia’s BNPL market, valued at US\$2.78 billion in 2024, supports disciplined users who manage repayments without distress. Conversely, informant Cahya, a Generation Z, describes financial strain, stating:

“I bought too many things and overspent. My monthly payment became too high, and I could not afford to pay. I felt anxious and constantly short on money due to excessive spending.”

This reflects warnings from Raj (2021) about BNPL becoming a “debt trap” for young consumers, particularly Generation Z, prone to impulse buying. Osman et al. (2024) further highlight that Generation Z’s use of BNPL, driven by materialism, increases financial distress risks. It also aligns with Research and Markets (2025), which discusses the Central Bank of Malaysia’s oversight to mitigate over-indebtedness risks in the growing BNPL market.

Political Impacts

The trend of BNPL services has a vital political impact, particularly on regulatory considerations. The following paragraphs will discuss such issues in detail.

1) *Regulatory considerations*: This perspective examines the implications of BNPL on the political aspect in Malaysia, drawing insights from informants to shape the future of BNPL. From a political angle, this trend offers the government a unique opportunity to integrate BNPL into its Digital Malaysia agenda — a point echoed by Dion (pseudonym), a millennial, who described BNPL as:

“BNPL is the next trending mode of payment after contactless payment. It is without limits that may increase the likelihood of debt. So, there is a need for regulatory oversight.”

Notably, another millennial informant, Ana (pseudonym), welcomed regulation, provided it ensures transparency and does not hinder access—a public sentiment that policymakers must consider when crafting legislation.

“Hopefully, it is safer. I am okay with some rules if they protect users. However, I would still want access to it, just with more transparency.”

These concerns were further echoed by Dion (pseudonym), a millennial, who stressed the importance of responsible regulation, noting that:

“It is important to have safer regulation and with restriction because BNPL without limit will lead to bigger chances of being in debt. If limits are revoked or amended, it will not be a surprise if there is a hike in number of blacklisted debtors.”

This perspective highlights the informants’ desire for safeguards that prevent financial overextension. They expressed their concern about the negative financial impact of BNPL, reflecting his growing awareness of the debt cycle risk associated with easy access to BNPL credit. On this, Emir (pseudonym), a Generation Z, stated:

“It can be a downside of Malaysia because I heard most of the people who use BNPL are having a hard time paying the BNPL debts, and it can cause people that are using BNPL to work more just to earn money to pay the debts. If I make a late payment, the interest charged will be higher, and this will increase the amount due beyond the purchase price of the goods alone. Thus, a regulation to prevent financial overextension is necessary.”

Additionally, informants emphasized the need for greater transparency and clarity in regulations governing BNPL commitments, with the practical suggestion of developing an application to track all BNPL dues across various platforms to help users manage their obligations more effectively, with Ana (pseudonym), a millennial, suggesting that:

“It would be perfect if there is an application that tracks all BNPL dues across platforms. That would make my life easier.”

As Malaysia moves towards implementing the Consumer Credit Act, striking a balance between consumer protection and maintaining access to flexible credit options will be crucial in ensuring that BNPL growth does not compromise household financial stability. Overall, the informants’ narratives closely align with broader public concerns regarding BNPL services in Malaysia. They suggest that while consumers appreciate the convenience of BNPL, they also recognize the pressing need for regulatory interventions that promote responsible lending, ensure clear and consistent disclosures, and uphold data privacy and transparency standards. As such, the future of BNPL in Malaysia must strike a careful balance between innovation and consumer protection.

Previous empirical studies substantiate these concerns. For instance, Zainudin and Othman (2024) found that the legal vacuum surrounding BNPL agreements has left consumers vulnerable to exploitative contractual terms, often without sufficient recourse to legal redress. This observation aligns with the informants’ call for a standardized regulatory framework to address inconsistencies across providers. Moreover, the empirical study by Relja et al. (2024) provides further evidence that the lack of transparency and uniform disclosure standards can mislead consumers. Such inconsistencies can disproportionately affect low-income consumers who rely heavily on BNPL for everyday expenses but may lack adequate financial literacy. Similarly, Shatina et al. (2018)

warn against the absence of proper credit assessment mechanisms, arguing that easy access to BNPL encourages over-borrowing, especially among young adults and low-income earners. Informants' concerns about individuals accumulating debt across multiple platforms reflect this same issue, reinforcing the argument that responsible lending should be central to any regulatory framework. Finally, concerns over data privacy and ethical data usage raised by informants are echoed in the work of Masran and Adis (2024) and Hishamudin (2025). These studies highlight the risks of consumer data misuse on digital lending platforms and underscore the need for clear guidelines on how BNPL providers collect, store, and share personal information. Informants' support for stronger transparency standards mirrors this growing demand for ethical digital governance.

Psychological Impacts

The increasing reliance on BNPL services has led to anxiety and guilt among informants. This psychological impact redefines how they view their value. The following paragraphs will delve into these issues in greater detail.

Anxiety: BNPL services are often promoted as a platform that provides financial flexibility. However, the findings further stated that BNPL services also lead to anxiety when repayment becomes challenging to handle. The informants mentioned that their early sense of financial freedom quickly turned into anxiety, especially when several payment deadlines happened at the same time. The economic pressures associated with this kind of situation cause them to be anxious, which worsens when individuals worry about missing payments or being charged late fees. According to a millennial named Ana (pseudonym):

"Some months, I am fine, like, 'Yeah, I got this.' However, at other times, especially when I forget a payment is due, it catches me off guard, and I will say, 'Oh no, not this again!' So, I can say it is a mix. BNPL does make things easier in the short term, especially when I am low on cash. However, if I have stacked up too many purchases, the anxiety kicks in."

Cahya (pseudonym), a Generation Z, also expressed a similar emotional reaction:

"Whenever I look at my BNPL bills, the first thing that comes to my mind is, 'Why did I even buy that?' It just feels like a weight on my shoulders. Anxiety. Yeah, I would say it makes me anxious. It's not total panic, but it is uncomfortable. The more bills there are, the more I feel like they are chasing me."

Past studies have also shown that when individuals face financial pressure due to their debt (BNPL), they experience negative emotions such as frustration, distress, anxiety, and even restlessness, which can influence their overall well-being (Schomburgk & Hoffman, 2023). The informants' narratives show how using BNPL may make people feel emotionally unstable. The findings also have been supported by Zhang and Kim (2019), who stated that individuals who face financial concerns tend to have psychological distress, which eventually affects their mental health. At first, they may feel a kind of freedom with their money, but that feeling can change to negative emotions like anxiety or stress as they try to meet their financial obligations. In the end, BNPL usage has similar psychological effects on both generations, millennials and Generation Z, most notably anxiety.

Guilt: The majority of BNPL users often feel guilty, which typically prompts them to reflect on their spending habits. They may feel guilty, especially when they realize they may have spent too much money or taken on more debt than they can handle. Millennial and Generation Z informants expressed this feeling differently after using BNPL due to their different stages of life and levels of financial security. For Generation Z, feeling guilty and likely facing financial difficulties is often a result of inexperience and unstable finances as they are just starting their careers or have recently gone off to college, which forces them to experience guilt more frequently compared to millennials (Squires & Ho, 2023; Powell et al., 2023). The majority of informants for Generation Z are still students, which highlights their limited incomes and makes them highly vulnerable to dependence on BNPL services, leading to financial insecurity (Aisjah, 2024). Individuals with limited incomes are more likely to experience feelings of guilt when using BNPL services compared to millennials. A Generation Z called Cahya (pseudonym) stated that:

"Yes, I have experienced guilt in the past. For example, I occasionally purchase unnecessary items, and when the expenses mount, it becomes stressful. I now make an effort to be more cautious and concentrate on

purchasing necessities rather than wants. I am attempting to spend money more sensibly, but I am still learning.”

This demonstrates that younger generations are more vulnerable to psychological suffering like guilt due to their financial decisions because the majority of them are still in the financial instability phase and have limited financial experiences (Squires & Ho, 2023). On the other hand, the millennials, who usually have higher levels of stability and financial certainty, will be less likely to feel insecure or guilty compared to Generation Z. Informant Dion (pseudonym), a millennial, made it very clear by stating that:

“Nope, no guilt at all. I would say I feel a sense of satisfaction rather than regret. For me, using BNPL is more of a smart way to handle purchases, especially bigger ones.”

Informant Dion’s statement suggests that they view BNPL as a calculated convenience rather than a financial risk, likely because they are more financially established as working adults. Their emotional response is considered satisfaction rather than guilt, mainly due to their financial stability as a working generation, which also highlights their better financial literacy (Soekarno & Pranoto, 2020). In contrast, the majority of Generation Z informants are still students with little financial knowledge and income, which makes them feel guilty when using BNPL. Thus, insecurity among both generations can be differentiated according to their financial stability, as it shows that the majority of Generation Z experiences greater guilt compared to millennials, who feel more in control and are more satisfied with their spending.

CONCLUSION

In conclusion, BNPL services in Malaysia have a profound impact on social, economic, political, and psychological aspects, as revealed by a study exploring the effects of BNPL among millennials and Generation Z in Malaysia. Socially, BNPL has democratized purchasing power, enabling younger consumers, often excluded from traditional credit systems, to acquire goods through manageable payments, thereby normalizing its use in e-commerce and driving retail trends. Economically, while BNPL facilitates spending, it risks fostering impulsive purchases, particularly among less financially disciplined Generation Z, leading to potential debt accumulation and financial strain. BNPL's political implications necessitate a regulatory framework that aligns with the Digital Malaysia agenda while addressing the concerns of younger generations about debt risks, demanding clear fee structures, responsible lending practices, and data privacy to maintain public trust and prevent financial overextension. Psychologically, the burden of managing multiple repayments can trigger anxiety and guilt, especially for those with limited financial experience, exacerbating emotional distress. A balanced regulatory framework is thus essential to mandate clear fee structures, enforce ethical lending practices, and uphold robust data privacy standards, mitigating risks of exploitation and over-indebtedness. By addressing these multifaceted challenges, policymakers can ensure BNPL remains a sustainable financial tool, empowering consumers while safeguarding their financial and psychological well-being within the evolving digital economy.

RECOMMENDATION

The study’s recommendations indicate that to ensure responsible use and long-term financial stability, the influence of BNPL on consumer behavior, particularly among millennials and Generation Z, requires targeted efforts in financial education, regulatory frameworks, and ongoing research. The government can introduce several approaches to protect users in response to the growing influence of BNPL in Malaysia’s digital economy. These include implementing structured financial literacy programs in schools and universities, as well as public campaigns, to enhance users’ financial education and awareness by helping them make informed financial decisions. The study also recommends establishing structured regulations for BNPL services to protect vulnerable users, such as students and young working adults. The regulations should serve as safeguards against potential fraud and exploitation of BNPL platforms, for instance, by introducing policies that include comprehensive guidelines requiring clear disclosure of terms and fees, stricter creditworthiness assessments, and ethical data use and privacy protection.

Additionally, the development of user tracking tools can be implemented to help users monitor and manage their BNPL usage. Individual users can better control their spending behavior and avoid missed payments or exceeding debt by tracking their instalment payments across multiple platforms. Lastly, future studies should

consider using quantitative or mixed-method approaches to gain a broader and more representative understanding of BNPL's generality, usage patterns, and long-term impacts. Such research could provide more information about how BNPL services impact users' financial well-being and psychological health over time. The recommendations suggested from this study provide a valuable foundation for developing a more responsible and sustainable digital financial ecosystem in Malaysia.

Limitation

While the study provides valuable insights into the impacts of BNPL services among millennials and Gen Z in Malaysia, it is not without its limitations. One limitation is the small sample size, comprising only five participants in the study. This kind of sampling restricts the generalizability of the findings due to the inaccuracy of the reflections of the experiences and perceptions of users. The second limitation is selection bias due to the use of purposive sampling. This method is risky, as it could unintentionally select participants who are more interested or knowledgeable about BNPL, leading to biased results. This could result in the finding not being entirely accurate, as the views of all BNPL users are not fully represented, especially those who are less familiar with financial services. The study's qualitative nature allows for detailed personal perspectives, but it also means that the results cannot show overall trends or statistics. The findings are exploratory rather than conclusive.

Furthermore, because the data was analyzed manually, there is a risk of researcher bias, in which personal opinions may influence how the themes were interpreted. Lastly, time constraints during data collection posed a limitation. Each interview lasted approximately 50 to 60 minutes, which limited the depth of discussion and the opportunity to explore more complex topics related to BNPL usage. These time constraints may have resulted in missed insights or poorly developed responses. While the study provides valuable preliminary findings on BNPL usage among young Malaysian users, these limitations should be taken into consideration. The limitations observed should encourage future research to employ larger and more diverse samples, mixed-methods approaches, and broader data collection to enhance the reliability and generalizability of the conclusions drawn. In conclusion, while BNPL services provide young consumers with convenience and flexibility, they also pose risks that must be addressed through education, regulation, and ongoing research.

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