

FROM AWARENESS TO ACTION: THE ROLE OF
FINANCIAL LITERACY IN SHAPING BNPL
ATTITUDES AND BEHAVIORS AMONG MALAYSIAN
YOUTH

LAW ZI NING

BACHELOR OF FINANCE (FINANCIAL
TECHNOLOGY) WITH HONOURS

UNIVERSITI TUNKU ABDUL RAHMAN

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BY

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We hereby declare that:

- (1) This undergraduate research project is the end result of my own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
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Name of Student:

Student ID:

Signature:

Law Zi Ning

22UKB05717



Date: 18/12/2025

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Abstract

This study investigates the impact of financial literacy on the adoption behavior of Buy Now, Pay Later (BNPL) services among Malaysian university students. The rapid expansion of BNPL services creates considerable financial threats, especially for young persons with restricted resources and knowledge of finances. This study used a quantitative research design based on the Theory of Planned Behaviour (TPB) and the Unified Theory of Acceptance and Use of Technology (UTAUT) to examine the impact of attitudes, behavioral control, social influence, and financial literacy on the utilization of Buy Now Pay Later (BNPL) services. We gathered data from an online survey of 239 respondents and analyzed it. The results aim to clarify the function of financial literacy in appropriate Buy Now, Pay Later (BNPL) behavior and to offer guidance for policymakers, educators, and financial institutions to improve financial education and consumer protection initiatives.

CHAPTER 1: INTRODUCTION

1.0 Research Background

1.1 The E-Commerce Boom and The Emergence of Buy Now Pay Later (BNPL)

The retail industry in Malaysia has experienced a significant digital revolution, with e-commerce emerging as a powerful force, driven by high internet usage, changing customer tastes, and supportive regulations from the government. The value of e-commerce transactions in the entire country has regularly demonstrated robust development. Through out the quarterly performance in 2024, e-commerce revenue generated by establishments amounted to a considerable RM918.2 billion, making a major contribution to the national economy and underscoring Malaysia's status as a dynamic online market (DOSM, 2024). This expansion is supported by nearly complete internet penetration, recorded at 97.4% at the start of 2024 (Kemp, 2024). This high level of internet penetration has allowed businesses to reach a wider audience and connect with customers more easily. As a result, the e-commerce sector has experienced significant growth.

The shift in consumer behaviour is seen in recent statistics and academic studies. A poll conducted by the Department of Statistics Malaysia (DOSM) indicated that 70.6% of Malaysians participated in e-commerce transactions in 2023, reflecting a steadily increasing trend (Times, 2025). Individuals in the younger generation, specifically those between 18 and 30 years old, are leading the adoption of innovative payment options. A research conducted in 2024, on Buy Now, Pay Later (BNPL) adoption in Malaysia identified perceived ease of use and utility as critical factors of its acceptance,

demonstrating that integrated, seamless payment choices reduce barrier in the purchasing process (Jing et al., 2024). The change, which was significantly enhanced by the COVID-19 pandemic, has resulted in an irreversible shift in shopping behaviours. Research by Raman and Hu (2024) established that behavioural modifications prompted by the pandemic, including a preference for ease and efficiency, have predominantly translated into the post-pandemic era.

The rise of e-commerce is further supported by key logistical enhancements and focused governmental support. Investigations on e-commerce logistics indicate that elements such as punctuality, order precision, and effective problem resolution directly enhance customer happiness (Akil & Ungan, 2022). The Malaysian government's commitment to this sector can be found in the Malaysia Digital Economy Blueprint (MDEB), executed by the Malaysia Digital Economy Corporation (MDEC). The Malaysian government, under initiatives guided by the MDEB and driven by MDEC, provides incentives for digital adoption to companies awarded the Malaysia Digital (MD) Status, including competitive tax incentives and duty exemptions. The policy's effectiveness is evidenced by digital investment in the first half of 2024 exceeding the total investment for all of 2023, reaching RM66.22 billion compared to RM46.2 billion in 2023 (Ministry of Digital, 2024). The collaborative initiatives from both public and commercial sectors have established internet shopping as a predominant retail channel.

1.2 Credit Cards and Personal Loans

For decades, conventional credit instruments such as credit cards and personal loans have functioned as the principal means of consumer financing in Malaysia. These traditional products frequently set strict qualifying requirements, such as minimum yearly income of RM24,000, so effectively excluding a considerable segment of the younger demographic, including as university students and fresh graduates (Hong

Leong Bank, n.d.). This reliance on traditional financing and insufficient preparation for finances has led to a concerning trend of financial difficulties among young adults. As a result, many young adults in Malaysia are turning to alternative forms of financing such as peer-to-peer lending and digital payment platforms to meet their financial needs. These platforms offer more flexibility and accessibility, making it easier for young people to borrow money without having to meet stringent requirements.

Recent data and academic studies underscore the importance of this situation. The Credit Counselling and Debt Management Agency (AKPK) reports that a concerning proportion of young Malaysians are facing debt challenges. A 2024 study from the Ministry of Finance disclosed that more than 53,000 people under 30 years of age were encumbered by a total debt of around RM1.9 billion (Saidi, 2024). The AKPK observed that a substantial percentage of its clientele is youthful, with 65% of consumers as of March 2024 aged between 28 and 30, highlighting a considerable concern over financial immaturity among this cohort (AKPK, 2025).

The issue extends to the field of commerce. The Malaysian Department of Insolvency (MDI) reported a concerning total of 4,194 bankruptcy cases involving public from 2020 to June 2025 (The Sun, 2025). A 2023 study by the Malaysian Insolvency Department (MDI) revealed that 50% of bankruptcies among public officers were attributable to personal debts, a tendency also observed among young private-sector employees (Zahid, 2025). The significant number of financial difficulties among young Malaysians in both public and private sectors indicates a critical lack of financial preparation, leading governments and academics to promote enhanced financial literacy and stronger debt management strategies (Raman & Hu, 2024). To address this issue, various initiatives need to be introduced to improve financial education and awareness among the youth population in Malaysia. These efforts aim to equip individuals with the knowledge and skills necessary to make informed financial decisions and effectively manage their debts. By promoting financial literacy and implementing stronger debt management strategies, it is hoped that the number of

bankruptcy cases among young Malaysians will decrease in the coming years. Additionally, collaboration between the government, educational institutions, and financial institutions will be crucial in ensuring the success of these initiatives and fostering a financially responsible society.

1.3 Financial Literacy and Financial Behavior of Malaysian Youth

The financial literacy and behaviours of Malaysian young have emerged as a critical issue, directly influencing the nation's increasing debt and bankruptcy rates. Despite certain advancements in financial literacy, a significant gap remain between understanding financial concepts and their practical application in real life situations.

According to Bank Negara Malaysia's (BNM) triennial Financial Capability and Inclusion Demand Side (FCI) Survey 2024, the Malaysia Financial Literacy and Capability (MYFLIC) Index remained relatively stable at 59.1 from 59.0 in 2021, indicating that overall financial literacy levels have been largely unchanged since 2021. In 2024, the financial knowledge score slightly increased to 62.9, although declines were observed in the scores for financial behaviour, which decreased to 59.9 from 61.9 in 2021, and attitude, which decreased to 54.4 from 54.7 in 2021 (BNM, 2025). The difference underscores a significant concern: numerous young Malaysians may have basic financial knowledge yet find it challenging to convert that information into proper habits such as budgeting, saving, and avoiding from spending too much.

The consequences of this insufficient financial literacy are becoming more and more obvious. A 2024 research regarding the financial literacy and saving behaviours of Malaysian youth revealed that a significant percentage of their income is allocated to

food, housing, and loan repayments, resulting in few funds available for saves or investment (Mad et al., 2024). 2025 research from Bank Islam reinforces this, indicating that the growing number of BNPL platforms and the widespread availability of digital consumption significantly contribute to the concerning increase in bankruptcy declarations among young Malaysians. These findings collectively highlight the critical necessity to improve financial education and encourage responsible financial practices among Malaysian young to protect their future financial stability (Bank Islam Malaysia Berhad, 2025).

1.4 Buy Now, Pay Later (BNPL) Phenomenon

The development of Buy Now, Pay Later (BNPL) services has marked a significant shift in the consumer finance environment, allowing consumers to delay payments often without interest and providing an alternative to traditional credit. Consumers worldwide have increasingly accepted BNPL for its convenience and accessibility, particularly as internet shopping has grown in popularity. The market is expected to reach US\$1,088.30 billion by 2029, reflecting a larger trend of digital financial innovation (Dublin, 2024).

In Malaysia, the adoption of BNPL has been very rapid. According to Fintech News Malaysia 2024, the country had 5.1 million active BNPL subscribers, a considerable increase over previous years. The platform's simplicity, low entrance barriers, and flexible repayment choices have all contributed to its rise, making it particularly enticing to younger users who may not have access to traditional credit.

However, while BNPL provides convenience, its rapid growth, particularly among proficient with technology millennials, has created several concerns. This increase is

especially concerning because many young users have irregular or limited incomes, making them vulnerable to financial errors (Amin & Yap, 2025). The widespread adoption of BNPL is accompanied by serious concerns and significant risks, particularly for university students (National Consumer Law Center, 2025) .

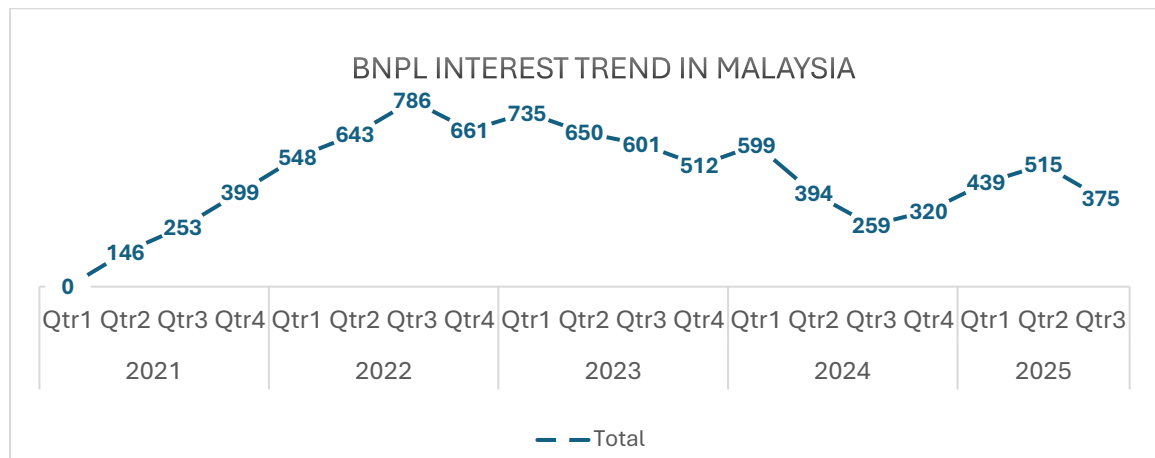
A significant concern is financial literacy, since many young users, especially students, typically misinterpret BNPL as a budgeting tool rather than a type of credit. This critical misconception, strengthened by BNPL's easy accessibility and often "fraudulent structures," can unintentionally drive consumers turn into debt. According to Yusof (2025), the alarming growth in young debt in Malaysia, with 53,000 people under 30 owing a whopping RM1.9 billion, which is partially due to BNPL usage, highlights the critical need to thoroughly research how students' financial understanding affects their responsible participation with BNPL.

According to Malay Mail in 2025, the Malaysian Ministry of Higher Education is actively investigating cases of university students accumulating significant debts through Buy Now Pay Later (BNPL) schemes, with Minister Datuk Seri Zambry explicitly warning that these services frequently evolve into high-interest loans that trap youth in cyclical debt. Youth and Sports Minister Yew Tiong Siew disclosed worrying data indicating that 877 Malaysians aged 18 to 40 had declared bankruptcy in 2024, clearly attributing this trend to the expansion of BNPL platforms, as well as digital consumption and social media influences. Both ministries urged students to avoid these services, citing BNPL's established threats to academic focus, financial stability, and long-term socioeconomic well-being.

Furthermore, the massive increase in BNPL usage among Gen Z and Millennials emphasises the importance of peer influence and social norms. The popularity and ease of availability of these services among these demographics suggest that decisions to use BNPL are frequently influenced by the actions and recommendations of friends and

social circles (Osman et al., 2024). Finally, regarding spending habits, BNPL efficiently exploits psychological characteristics such as making purchases feel "painless" by deferring the immediate expense, encouraging impulsive buying, and excessive consumption (Cheng & Huo, 2025). Academic studies repeatedly show that BNPL use strongly predicts impulsive behaviour, with many users admitting to spending more than their initial intentions (Nowacki, 2025).

Figure 1.1 trend analysis of BNPL interest in Malaysia (2021–2025)



Source: Google Trend (2025)

According to Figure 1.1 BNPL's interest in Malaysia from google trend (n.d.), increased significantly in 2021, with 798 searches, and peaked in 2022 at 2638, owing to fintech expansion and effective marketing. Interest fell marginally in 2023 (2498), then more sharply in 2024 (1572) and 2025 (1329), showing a cooling trend. Overall, the pattern represents a rise-peak-decline cycle, with BNPL emerging from its boom period and settling into a more stable but limiting position in the payment ecosystem.

In Malaysia, BNPL witnessed significant growth as a new payment option, beginning slowly in 2021 and peaking in 2022, when adoption and awareness were highest. This growth was most likely caused by aggressive marketing, greater online shopping, and global fintech expansion. Interest began to fall significantly after 2023, with greater declines in 2024 and 2025. The decline could be attributed to regulatory monitoring, consumer concerns about inability to pay, and saturation in the market.

1.5 Problem Statement

The expansion of the Buy Now, Pay Later (BNPL) sector in Malaysia has raised an unusual and significant range of consumer risks, especially for young, technologically advanced demographics. BNPL services are expected to reach around US\$2.52 billion by 2025 and spread into non-traditional areas such as healthcare and education, their rapid acceptance has driven up regulatory monitoring and consumer education (GlobeNewswire, 2025). BNPL is a popular payment method because it is easy to use and flexible. However, it is becoming more common at a time when young people are getting into more debt and financial risks are rising.

The rise in bankruptcy cases among Malaysians aged 18 to 40 increasing from 727 cases in 2023 to 877 in 2024 is directly linked to the growth of BNPL platforms and digital consumption (MalayMail, 2025). As of early (H1) 2025, Malaysia recorded 6.5 million active account holders in the BNPL sector. Individuals under the age of 30 contribute to about 40% of all BNPL transactions, both in terms of volume and value (Fintech News Malaysia, 2025). So, the main problem isn't just that people have a lot of debt, it's that they keep using BNPL even if there are strong signals that it's not a good idea.

Malaysian university students face significant financial burdens due to increasing living costs, tuition fees, and other necessary expenditures, leading to worry and stress (Norazlan et al., 2020). This group also constitutes a crucial user demographic for Buy Now, Pay Later (BNPL) services, which, while offering flexible payment options, can contribute to financial difficulties, unsustainable debt accumulation, and increased financial strain among younger consumers (Halim et al., 2024). In this situation, they are more likely to be attracted to BNPL.

A few studies have shown that this demographic of individuals has inadequate financial knowledge and makes inaccurate financial choices. A 2023 survey by the Financial Industry Collective Outreach (FINCO) found that more than 71% of Malaysian students don't manage their finances properly, and that 75% have only low to moderate financial literacy (FINCO, 2023). Reports from groups like the Credit Counselling and Debt Management Agency (AKPK) and the Malaysian Department of Insolvency (MDI) show that not knowing about money is a big reason why more young Malaysians are in debt.

The psychological basis of BNPL makes it attractive. It uses rapid satisfaction and long-term discounts to make purchases appear "painless" by postponing the need to pay back right away (Halim et al, 2025). This might simply cover up the actual financial responsibilities and lead to spending too much and harmful financial choices. Furthermore, in Malaysia's cultural environment it is characterized by large peer influence and social pressure, increases the risks associated with financial behaviors. Studies show that the social impact of Buy Now, Pay Later (BNPL) and how normal it is among friends are two of the most important factors that affect its adoption, which leads to a society that is driven by consumption (Nisa et al, 2025).

There is insufficient local research investigating the direct correlation between financial literacy and BNPL usage behavior, particularly among Malaysian university students (Podin et al., 2025). The findings indicate that the gap makes it impossible to fully understand how students' financial knowledge, attitudes, and social environments all work together to affect their use of BNPL. The findings indicate that the gap makes it impossible to fully understand how students' financial knowledge, attitudes, and social environments all work together to affect their use of BNPL. Therefore, there is a critical need for reliable information to guide the development of targeted financial education initiatives and regulatory frameworks.

The objective of this study is to address this gap by performing a thorough analysis of how financial literacy and social factors affect the use of BNPL among university students in Malaysia. The findings of this study will provide essential insights that can be utilised by students, educators, and policymakers to encourage responsible financial practices and protect the long-term financial well-being of the nation's youth. This study discusses the gap in empirical research on the relationship between financial literacy and BNPL activity among Malaysian university students, despite their high adoption rates and financial vulnerability.

1.6 Research Questions and Research Objectives

Research Question

What are the key determinants influencing the intention to use Buy Now, Pay Later (BNPL) services among Malaysian university students?

Specific Questions:

RQ1: Does Attitude Towards Behavior significantly influence the intention to use BNPL services among Malaysian university students?

RQ2: Does Perceived Behavioral Control (PBC) significantly influence the intention to use BNPL services among Malaysian university students?

RQ3: Does Social Influence significantly influence the intention to use BNPL services among Malaysian university students?

RQ4: Does Financial Literacy significantly influence the intention to use BNPL services among Malaysian university students?

Research Objective:

Investigate the factors influencing Malaysian university students' intention to adopt Buy Now, Pay Later (BNPL) services.

The objective is to look at the main reasons why students use BNPL. It will examine the effects of social factors (Social Influence), psychological attitudes (Attitude), and personal abilities (Financial Literacy and Perceived Behavioral Control). By looking into this mix of behaviors, the study aims to figure out which ones are the most important in getting this important group of people to use BNPL.

Specific Objectives:

RO1: To evaluate the impact of Attitude Towards Behavior (ATB) on the intention to utilize BNPL services.

RO2: To examine the correlation between Perceived Behavioral Control (PBC) and the intention to utilize BNPL services.

RO3: To investigate how Social Influence (SI) affects the decision to use BNPL services.

RO4: To examine the correlation between Financial Literacy (FL) and the propensity to utilize BNPL services.

1.7 Significance of Study

This study is essential because it provides insight into a new and significant financial trend: the fast expansion of "Buy Now, Pay Later" (BNPL) services among Malaysian youth. While we know BNPL is popular, there isn't enough study on how factors like as financial understanding, personal feelings, and what other people are doing influence their decisions. This study intends to address that gap by presenting new, local perspectives on a topic that has primarily been researched in Western nations. Our

findings will contribute to the academic knowledge of consumer behaviour and behavioural finance, allowing for a more full picture of how young people make financial decisions in the digital era.

On a practical level, the study's results will benefit a variety of organisations. For students, it will emphasise the possible hazards and long-term consequences of utilising BNPL without enough preparation. This can help individuals become more conscious of their spending patterns and make better financial decisions. This study will help educators and colleges have a greater understanding of the financial difficulties that students encounter. This data may be used to develop and improve financial literacy programs that teach students about smart budgeting, debt management, and the possible drawbacks of services such as BNPL.

Finally, our findings will be useful to policymakers, regulators, and even BNPL firms. As the Malaysian government works to establish new credit industry laws, our results can give strong information to assist them in developing fair and effective policies that safeguard young customers. It can also assist BNPL providers in developing more responsible business models and clearer terms, ensuring that clients understand exactly what they are signing up for. Finally, our research will help everyone collaborate to create a safer and more financially secure future for Malaysia's youth.

1.8 Outline of the Study

Chapter 1: Introduction.

Provides the study's background, problem statement, research aims and questions, its importance, and an overview of the study's layout.

Chapter 2: Literature Review

Reviews past research on BNPL adoption and financial literacy, analyzes theoretical foundations (TPB and UTAUT), creates a conceptual framework, and formulates research hypotheses.

Chapter 3: Research Methodology.

Describes the research design, sampling and data collection procedures, construct measurement, pilot testing, and statistical techniques used in data analysis.

Chapter 4: Results and Findings.

The study presents sample descriptive statistics, reliability analysis, and hypothesis testing data to investigate the correlations between financial literacy, attitudes, social influence, and BNPL adoption among Malaysian students.

Chapter 5: Discussion and Conclusions

Summarizes and interprets the findings past literature and theoretical models, emphasizes contributions and implications for students, educators, policymakers, and BNPL providers, and discusses limits and future research directions.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This literature review focusses at the characteristics that influence the adoption of Buy Now, Pay Later (BNPL) services among Malaysian university students, with a special emphasis on financial literacy. The rapid rise of BNPL has made it an important topic of study since it provides a simple and flexible lending option, particularly for the youth demographic. This chapter tries to combine previous research in order to create a theoretical foundation for understanding BNPL adoption behaviour. It will look at two key behavioural models, the Unified Theory of Acceptance and Use of Technology (UTAUT) and the Theory of Planned Behaviour (TPB), and Financial Literacy to understand the factors that influence students' decisions to use BNPL.

The growth of digital financial services, particularly BNPL, necessitates research turn into how behavioural theories might be used to explain their uptake. While UTAUT is useful for explaining the adoption of new technology, its emphasis on performance, effort, and social influence may fail to capture the personal beliefs and perceived control that drive financial decisions. TPB, on the other hand, sheds light on the attitudes, subjective standards, and perceived behavioural control that influence an individual's desire to engage in a particular behaviour. By combining these two models, this review aims to give a more thorough framework for analysing the complicated decision-making process that drives BNPL adoption.

Furthermore, this review emphasises the important, but frequently underestimated, function of financial literacy. Despite the broad availability of BNPL services, a sizable proportion of the adolescent population lacks the financial literacy required to manage debt responsibly. This gap is especially important in Malaysia, where recent investigations have raised concerns about insufficient financial literacy among young adults. The goal of this review is to identify a clear research gap by highlighting the need for a complete model that combines financial literacy with established behavioural theories to provide a nuanced understanding of BNPL uptake among Malaysian university students.

2.1 Theoretical Review

Historical context of Buy Now Pay Later (BNPL).

According to Durkin et al. in 2024, America rarely accepted consumer debt for common uses before the late 19th century. Most free Americans lived on farms and in small villages, where people built their own houses or bartered for help and relied on extended family for issues. Farmers used credit to keep products until harvest, and craftspeople offered service credit. These extensions were usually commercial credit, not consumer credit. Demand for home finance was limited to farm purchase-mortgage loans, agricultural credit, and deferred necessities. In the 19th and early 20th centuries, few financial organisations would give people small amounts of credit, and household credit was largely undesirable. Despite that, the Singer Sewing Machine Company started time payments in the 1850s. In the early 20th century, mass-produced consumer products, especially those driven by electricity and internal combustion engines, boosted consumer credit (Durkin et al., 2014).

As per findings from Ross in 2025, unlike American banking, Islamic finance, which includes credit and financing, extends back to the seventh century. Since the late 1960s, oil wealth and demand for Sharia-compliant products have established it. Islamic banking and finance emphasise risk sharing while avoiding riba and gharar. Islamic law views lending with interest as benefiting the lender and views money as a value measure, not an income-generating asset. As a result, interest is prohibited because it is considered usurious and exploitative (Ross, 2025).

Key characteristics and features of BNPL

- Payment Deferral and Structure – BNPL allows customers to obtain items immediately while postponing payment, usually in instalments or as a single

lump-sum payment at a later date (Behera et al., 2025). Common payment patterns include an initial payment followed by multiple regular instalments, such as two to four weekly or biweekly payments, or deferring a single payment for 7, 14, or 30 days after receiving the product (Cheng & Huo, 2025). Monthly instalments are providers' most popular payment frequency (Tzili & Abdellaoui, 2021).

- Interest and fees – Many BNPL programs offer interest-free repayment if payments are paid on schedule (Cheng & Huo, 2025). Late fees, on the other hand, are a substantial revenue source for BNPL providers, with around 83% of studied companies applying them (Tzili & Abdellaoui, 2021). Some providers, particularly for larger loan amounts, may charge interest, whereas others, such as Quadpay, charge a small platform fee with each instalment payment (Behera et al., 2025).
- Credit assessment – Unlike traditional lending products, BNPL usually does not require strict credit checks for acceptance (Cheng & Huo, 2025). Instead, providers use AI to do real-time credit checks, using a variety of shopper data such as identity documents, financial information, and, in some instances, social media accounts (Tzili & Abdellaoui, 2021). This approach enables faster acceptance decisions and makes BNPL more accessible to consumers with limited or low credit scores (Behera et al., 2025).
- Ease of use – BNPL services are distinguished by their high usability and smooth integration translated into the checkout process, especially in e-commerce contexts, providing a frictionless transaction experience (Behera et al., 2025).
- Market Growth and Usage – According to Cheng & Huo (2025), the BNPL market has grown significantly, with a worth of around USD 30.38 billion in 2023 and a projected value of USD 167.58 billion by 2032. It is very popular with younger generations, particularly Gen Z and Millennials. While BNPL's principal business is e-commerce, it is increasingly expanding into physical retail locations, typically using technologies such as QR codes or virtual cards

(Tzili & Abdellaoui, 2021). Fashion, clothes, electronics, and household products are among BNPL's most popular product categories, with plans to expand into health, travel, and government payments (Tzili & Abdellaoui, 2021).

- Impact on spending – BNPL can boost consumers' willingness to buy (Cheng & Huo, 2025), increasing purchase rates and average order values for shops (Tzili & Abdellaoui, 2021). Some BNPL providers claim a 44% increase in orders and a 68% increase in order volume for their collaborating merchants (Behera et al., 2025). However, this convenience raises worries about overconsumption and financial hardship, particularly among consumers who struggle with self-control (Aisjah, 2024).
- Revenue model – From Behera et al. research (2025), BNPL providers often earn revenue by charging retailers commission fees ranging from 2.5% to 12% of the transaction value and late fees assessed on customers. Some also collect platform fees in instalments.

The concept of buying now and paying later is not entirely new. Buyers have traditionally utilised alternate payment management methods. So, how does BNPL differ from other traditional forms?

Point-of-Sale (POS) Financing Compared to BNPL

According to Adam and Sandor (2023), both POS financing and BNPL allow customers to spread their payments, although their approaches differ in scope and accessibility. Traditional POS financing is primarily used for larger purchases and needs a credit check and an in-store application to determine creditworthiness before issuing an installment loan. In contrast, BNPL is mostly accessed online, applies to a broader range of goods, and depends on soft credit checks for near-instant approval, because of financial technology (fintech) advancements. Traditional POS financing is more formal, sometimes related to large transactions, and subject to tougher credit requirements, making it less accessible to consumers with low credit histories. BNPL, on the other

hand, uses fintech to deliver swift, low-friction approvals for ordinary purchases, increasing access while raising concerns about usage and financial pressure (Adam & Sandor, 2023).

Layaway Plans Compared to BNPL

One of the most important distinctions between layaway and BNPL is the timing of product ownership. Layaway plans do not allow for immediate ownership of the purchased item. Instead, the business maintains it until the whole price is paid in installments (Kenton, 2024). In contrast, BNPL allows customers to take immediate ownership of goods or services after making the initial payment, which is typically around 25% of the total price (Mandell & Lawrence, 2023). The payment arrangements for the two methods also differ. Layaway plans typically require a down payment followed by installment payments with no interest on the unpaid balance; nevertheless, service, storage, or cancellation costs may apply, as well as penalties for late payments or defaults (Kenton, 2024). However, BNPL programs divide the remaining sum across short repayment periods, with payments due every two weeks. Instead of compounding interest, most BNPL providers just charge standardised late fees, making the concept more predictable for customers (Mandell & Lawrence, 2023).

Credit Cards Compared to BNPL

According to Christian Credit Counsellors (2014), credit cards are a type of revolving credit that allows users to borrow up to a defined limit and carry balances from month to month, resulting in interest charges on any unpaid amounts. Purchases made with a credit card provide immediate possession of goods or services, but the revolving structure of payback means that expenses can quickly grow if balances are not fully paid. In contrast, BNPL plans are organised as short-term financing agreements, most commonly through a "pay-in-four" model in which consumers make an initial payment, usually around 25% of the total purchase price followed by three subsequent installments (Mandell & Lawrence, 2023). While credit cards charge interest on

revolving balances, increasing the risk of long-term debt, BNPL plans are often interest-free (Christian Credit Counsellors, 2014). Instead of compounding costs, most BNPL schemes impose just standardised late fines when payments are missed, making repayment more predictable but not without financial concerns (Mandell & Lawrence, 2023).

2.1.1 Unified Theory of Acceptance and Use of Technology (UTAUT)

Venkatesh, Morris, Davis, and Davis (2003) established the Unified Theory of Acceptance and Use of Technology (UTAUT) to explain information technology adoption in a more unified and robust manner. Recognising the fragmented nature of previous research, which relied on a variety of competing models, the researchers combined key elements from eight prominent frameworks, including the Theory of Reasoned Action (TRA), the Technology Acceptance Model (TAM), and the Theory of Planned Behaviour (TPB). The resulting UTAUT model seeks to provide a better understanding of user intentions and actual use of information systems by focussing on four key determinants: performance expectancy (PE), effort expectancy (EE), social influence (SI), and facilitating factors (FF).

- Performance Expectancy (PE) is defined as the degree to which using a system improves job performance. It combines perceived usefulness (TAM/TAM2; C-TAM-TPB), extrinsic motivation (MM), job-fit (MPCU), relative advantage (IDT), and result expectancies. It is often the best predictor of behavioural intention, demonstrating users' belief that technology should result in concrete performance increases. Its effect is not uniform; it is stronger among men and younger users, implying that demographic characteristics influence the relevance of productivity-oriented ideas in intention formation (Venkatesh et al., 2003).

- Effort Expectancy (EE) quantifies perceived ease of use by combining TAM/TAM2, complexity (MPCU), and ease of use (IDT). Empirical studies demonstrate that it has the greatest impact early in adoption, when interface comprehensibility and learning demands are high. As users gain expertise, their concerns about effort fade, and other considerations, particularly performance expectancy, become more prominent. The effect of effort anticipation on intention is often larger in women and younger users, and it diminishes with continuous usage (Venkatesh et al. 2003).
- Social influence (SI) refers to the perceived pressure from important others to use the system, which includes subjective norms (TRA, TAM2, TPB/DTPB, C-TAM-TPB), social elements (MPCU), and image (IDT). Its influence is context-dependent: it accurately predicts intention in mandatory situations and during the early phases of experience, when corporate expectations and reputational concerns are most important. As direct experience accumulates, normative effects tend to fade in comparison to performance- and effort-based beliefs. Women and elderly users are more likely to be influenced by social media, especially when forced to use it (Venkatesh et al. 2003).
- Facilitating conditions (FC) refer to the perceived availability of organisational and technical assistance for system use, which includes perceived behavioural control (TPB/DTPB; C-TAM-TPB), facilitating conditions (MPCU), and compatibility (IDT). When effort expectancy is taken into account, enabling conditions are not thought to have a direct influence on intention in UTAUT since ease-of-use beliefs partially capture their effect. Instead, they have a direct impact on actual use, particularly for older workers as their experience grows consistent with the notion that stable access to resources, support, and

compatibility with current practices supports routine usage beyond initial intention (Venkatesh et al. 2003).

- Moderating variables: UTAUT identifies four moderators that influence the intensity of the aforementioned relationships: gender, age, voluntariness of use (mandated versus optional situations), and experience. These moderators explain why the same technology produces diverse adoption dynamics among user segments and overtime. For example, performance expectancy drives intention more strongly among younger males; effort expectancy is more important for women and novices; social influence is most important early on and under forced usage; and facilitating factors increasingly affect use behaviours for older, more experienced users.

Venkatesh et al. (2012) modified the model to UTAUT2 to better fit a consumer setting, including three new constructs: Hedonic Motivation, Price Value, and Habit. Hedonic Motivation refers to the pleasure obtained from using technology, such as the thrill of making an instant purchase. Price Value is the consumer's cognitive trade-off between perceived benefits and monetary cost, which is particularly important for interest-free BNPL services. Habit refers to the degree to which a behaviour becomes automatic. These extensions are especially important for understanding BNPL because they expand beyond solely utilitarian reasons to incorporate emotional and habitual drivers of consumer behaviour (Venkatesh et al., 2012).

2.1.2 Theory of Planned Behaviour (TPB)

Icek Ajzen established the Theory of Planned Behaviour (TPB), a well-known and frequently utilised framework for analysing and forecasting human social behaviour. It

evolved from the earlier Theory of Reasoned Action (TRA) to address its shortcomings in accounting for behaviours beyond an individual's conscious control. The TPB's essential concept is that an individual's desire to engage in a certain behaviour is the most immediate predictor of whether that behaviour is carried out. This intention is then shaped by three main variables: attitude towards the behaviour (ATB), subjective norm (SN), and perceived behavioural control (PBC) (Ajzen, 1991).

- **Intentions:** The TPB focusses on intentions. They are the motivational elements that reflect how hard an individual is willing to try and how much effort they intend to put forth to complete a specific action. A stronger intention increases the likelihood of performing a behaviour, as long as the individual has volitional control. Intentions, together with perceived behavioural control, explain a considerable portion of the diversity in actual behaviour (Ajzen, 1991).
- **Attitude Towards Behaviour (ATB):** This variable indicates a person's favourable or unfavourable evaluation of a specific behaviour. It is one of three predictors of intention. A person's attitude is shaped by their behavioural beliefs, which connect the behaviour to certain outcomes (for example, rewards or costs). The expectancy-value model defines attitude as the product of each belief's strength and subjective appraisal of its consequence (Ajzen, 1991).
- **Subjective Norm (SN):** A subjective norm is a social factor that describes the felt social pressure to perform or not perform a behaviour. It is influenced by normative views, which are a person's opinions of whether key individuals or groups (for example, family and friends) accept or disapprove of the behaviour. The stronger the perceived social pressure, the more likely the behaviour will be carried out. The expectancy-value model for subjective norms entails adding the products of normative beliefs and the person's motivation to conform to the referent (Ajzen, 1991).

- Perceived Behaviour Control (PBC): Perceived behavioural control (PBC) is an important addition to the TRA, expressing the perceived ease or difficulty of carrying out a behaviour. It is thought to be influenced by a person's prior experience and prospective challenges. PBC serves as the third factor of intention and directly predicts actual behaviour. The more control a person believes they have, the stronger their intention and likelihood of success in carrying out the behaviour. This term, like perceived self-efficacy, is founded on an individual's control perceptions about the availability of resources and opportunities (Ajzen, 1991).
- Behavioural Achievement: This is the actual demonstration of the behaviour in question. The TPB believes that behaviour is a combination of an individual's intentions as well as perceived behavioural control. For the theory to accurately predict behaviour, the measures of intention and PBC must match the behaviour and be constant (Ajzen, 1991).

Moral norms and past behaviour are two variables that expand the Theory of Planned Behaviour (TPB), while not being part of its original foundation.

- Moral norms: Moral norms are an individual's belief of moral responsibility to engage in or avoid from a particular behaviour. They are frequently included in research that address ethical issues (Ajzen, 1991).
- Past behaviour is not a direct predictor of future behaviour in the TPB. Instead, it is interpreted as a mirror of all previous influences on behaviour. Its primary aim is to help test the TPB's sufficiency, if previous behaviour continues to influence future actions even when accounting for the basic TPB variables, it shows that other factors, such as habit, may be at play (Ajzen, 1991).

2.2 Empirical Review

Researchers frequently incorporate **Attitude Towards Behaviour (ATB)** in their models since it is regarded as a key indicator of behavioural intention. Attitude Towards Behaviour (ATB) has a direct impact on both verbal replies and explicit behaviours, making it one of the most powerful predictors of whether a person would use a product or service (Fatmawati & Suwardi, 2024). According to the Theory of Planned action (TPB), ATB is a significant factor, individuals with positive attitudes towards an action, when combined with social influence and perceived control, are more likely to demonstrate strong intentions to act (Chen et al., 2022). Susilo, Dewi, and Whyte (2024) emphasise the importance of having a positive attitude towards a technology or financial product. Essentially, ATB measures people's confidence and trust in using a payment method or financial service (Tang, Sa'adi, & Andam, 2025). As the service is still relatively new, attitudes serve as the "first filter" through which students determine whether to even consider BNPL as a viable option, which is, in my opinion, why ATB is especially significant in BNPL studies.

Tang, Sa'adi, and Andam's (2025) study, studies on Malaysian Generation Y and Z have demonstrated that attitude significantly improves adoption in the context of BNPL adoption, sometimes even becoming the most important element. On the other hand, particular studies, such as that conducted on Samarinda City's Generation Z, showed that although financial attitudes were favourable, they had little effect on actual BNPL usage (Mailani, Anshari, & Pribadi, 2024). This implies that lifestyle factors as well as external influences may sometimes exceed the impact of attitude alone. According to the study, opinions of BNPL are influenced by social pressures, environmental circumstances like the COVID-19 epidemic, and perceived hazards in addition to views of its utility and usability. Specifically, it was discovered that more negative opinions regarding Paylater services were associated with higher perceived risks (Susilo, Dewi,

and Whyte, 2024). This, in my opinion, demonstrates that ATB cannot be researched in an isolation; rather, it must always be comprehended in conjunction with risk perceptions and lifestyle considerations, particularly for college students who might not yet have established financial management practices.

The intention to adopt sharia-compliant financial technologies is positively and significantly impacted by ATB, according to empirical evidence in the Islamic FinTech context. According to Kasri and Chaerunnisa (2020), ATB was a significant predictor of Indonesian millennials' intention to use waqf platforms to make digital cash donations. Similar findings were made by Yuspita et al. (2019), who discovered that users' intention to interact with FinTech platforms was reinforced by positive attitudes towards these services provided by Islamic financial institutions. These results were validated by Darmansyah et al. (2020), who found that favourable attitudes significantly raised behavioural intention to use Islamic FinTech in Indonesia.

According to a study on consumer resonance and attitudes towards FinTech, product usefulness significantly improves attitudes towards the technology (Diwya et al., 2025). It has been demonstrated that attitude itself has a beneficial impact on the intention to utilise FinTech services again. Crucially, Diwya et al. (2025) showed that attitude fully mediates the relationship between product usefulness and the intention to reuse, showing that usefulness by itself might not be able to directly influence behaviour unless it first creates a positive attitude.

Aboelmaged and Gebba published these findings in 2013. ,the adoption of mobile banking in the United Arab Emirates was found to be significantly positively impacted by attitudes towards mobile banking, according to a model that included the Technology Acceptance Model (TAM) and the Theory of Planned Behaviour (TPB) ($\beta = 0.35$, $p < 0.001$). The most potent predictor of mobile banking uptake was found to be attitude, highlighting its crucial role in shaping behavioural intention. According to this model, attitude was significantly impacted by perceived usefulness ($\beta = 0.58$, $p < 0.001$), but not by perceived ease of use. Aboelmaged and Gebba published these findings in 2013.

In Isfahan, Iran, attitude was found to positively affect behavioural intention for online banking adoption ($\beta = 0.20$, $t = 2.56$), with attitude itself jointly predicted by perceived usefulness and perceived ease of use (Yaghoubi & Bahmani, 2010). Similarly, in Tunisia, studies on Internet banking adoption indicated that attitude had a significant and beneficial impact on the intention to use ($\beta = 0.90$, $p < 0.001$). In this situation, both perceived utility and perceived simplicity of use greatly influenced individuals' attitudes towards internet banking (Yaghoubi & Bahmani, 2010). Further work on Tunisia further integrated attitude as an intervening variable within a TAM and TPB framework, hypothesizing that attitude would favourably influence behavioural intention (Nasri & Charfeddine, 2012). Although the particular numerical outcome for this association was not disclosed, its inclusion underlines the crucial importance of attitude in explaining adoption behaviour and affecting how customers assess online banking services (Nasri & Charfeddine, 2012).

A study on retail customers' intention to apply for medium- and high-risk financial products, as well as financial advisors' desire to sell them, identified attitude as a significant predictor for both groups (Cucinelli, Gandolfi, & Soana, 2016). For advisors in particular, attitude exhibited a substantial predictive effect, with a value of 0.44 ($p < 0.001$). In this context, researchers stressed the inclusion of attitude as a basic TPB construct for describing financial goals and decision-making behaviour (Cucinelli, Gandolfi, & Soana, 2016). These findings imply that attitudes are not only relevant for individual customers but also play a key role in affecting the professional judgments of financial advisors when recommending goods to clients.

In the context of MSME players, study indicated that financial literacy influences financial attitude, and that financial attitude in turn mediates the relationship between financial literacy and financial conduct (Widjayanti, Adawiyah, & Sudarto, 2025). The addition of attitude in this study was meant to reflect how financial knowledge, personal outlook, and lifestyle jointly impact financial behaviour. This underscores the mediating effect of attitude as a bridge between financial knowledge and practical behavioural results. Such results underline the importance of educating MSMEs with excellent financial education, as it can encourage healthier mindsets that ultimately lead to more sustainable financial practices.

Attitude Towards Behaviour (ATB) is widely acknowledged as a significant predictor of behavioural intention in financial behaviour and technology uptake. It indicates an individual's personal appraisal of a behaviour and consistently predicts increased adoption likelihood when positive (Chen, Chen, & Wang, 2022; Yaghoubi & Bahmani, 2010; Aboelmaged & Gebba, 2013). According to researchers, ATB is influenced by factors such as perceived usefulness, ease of use, brand image, and perceived risk (Yaghoubi & Bahmani, 2010; Susilo, Dewi, & Whyte, 2024; Diwya, Handriana, Usman, & Subawa, 2025), with positive brand perception particularly enhancing attitude (Susilo, Dewi, & Whyte, 2024).

However, ATB's relevance is not uniform. In Indonesia, studies indicated that attitude had no significant or negative effect on Paylater adoption among Gen Z in Samarinda City (Mailani, Anshari, & Pribadi, 2024), and Shopee Paylater in Caturtunggal, Depok (Fatmawati & Suwardi, 2024). Its relative value varies depending on the setting, attitude was the biggest predictor of UAE mobile banking uptake (Aboelmaged & Gebba, 2013), but somewhat weaker than perceived behavioural control and utility for online banking in Iran (Yaghoubi & Bahmani, 2010). These findings demonstrate that ATB's impact is determined by demographic, specific service, and regional characteristics.

Perceived behavioural control (PBC) is an important factor in understanding financial behaviours, particularly the use of Buy Now, Pay Later (BNPL) services. According to research based on the Theory of Planned Behaviour (TPB), young consumers' views, social norms, and perception of control all have an impact on BNPL consumption. For example, a study on Malaysian youth in Sarawak discovered that students who were more confident in managing BNPL transactions were more likely to use these services (Ting et al., 2025). Interestingly, perceived convenience, which is strongly related to PBC, can sometimes have a paradoxical effect: while it increases social influence, it can also raise concerns about trustworthiness (Ting et al., 2025). Similarly, students' inclinations to use Pay Later services increased when they felt in control of their choices (Lubi & Sanaji, 2023). These findings indicate that feeling

capable and confident is equally important as extrinsic factors such as peer influence or ease of usage.

In the framework of credit cards, PBC influences both intention and behaviour. For example, college students who felt more in control of their finances were less likely to accrue debt and used credit cards more cautiously (Kennedy, 2013).

Beyond BNPL and credit cards, PBC or related concepts such as perceived financial control and locus of control are major determinants of overall financial behaviour. Research suggests that employees and students who feel in control of their finances are more likely to use financial knowledge and conduct prudent debt management (Shih et al., 2022; Xiao & Wu, 2008; Mutlu & Özer, 2021). Even if students are financially savvy, a lack of control might impede appropriate borrowing and budgeting (Shahrabani, 2012). Essentially, PBC reflects not just what students know, but also how empowered they feel to apply that knowledge.

Researchers employ PBC in financial behaviour studies because it captures personal agency, or the sensation of having control over one's financial actions (Shih et al., 2022; Boonroungruta & Huang, 2020). It improves TPB's prediction power by accounting for behaviours that are not entirely choice, and it helps explain why some students responsibly use financial products while others do not (Boonroungruta & Huang, 2020; Ramadhan, 2025). Understanding students' perceived control can help educators and policymakers tailor financial literacy initiatives to enhance confidence, reduce psychological barriers, and promote proactive money management (Xiao & Wu, 2008; Ramadhan, 2025). This is especially significant for BNPL services, where simple access can lead to rash decisions; students who feel in control are more likely to utilise these services prudently (Ting et al., 2025).

Perceived Behavioural Control (PBC) is widely recognised alongside attitude and subjective norms, and is especially relevant for financial behaviours such as credit card use, debt management, and BNPL adoption (Kennedy, 2013; Saleh & Terike, 2016; Ting et al., 2025). Most research suggest that increased PBC has a favourable affect on both intentions and actual behaviour. Clients who felt confidence about completing debt management plans, for example, were more likely to do so (Xiao & Wu, 2008),

and students who sensed more control tended to use BNPL services more responsibly (Ting et al., 2025). PBC measures an individual's assessed ability to manage finances, budget, and avoid debt, which promotes responsible financial behaviour (Mutlu & Özer, 2021).

However, the magnitude and direction of PBC's effects can differ. While it highly predicted BNPL usage among Sarawak's youth (Ting et al., 2025), some e-wallet research found it less significant (Lubi & Sanaji, 2023). Higher PBC in credit card behaviour was associated with reduced reported debt, indicating a protective effect (Kennedy, 2013). Furthermore, PBC can influence behaviour both directly and indirectly through intention, as evidenced in debt management strategies (Xiao & Wu, 2008).

Other variables interact with PBC in subtle ways. Financial literacy can complicate decision-making for individuals with a strong internal locus of control, potentially weakening or reversing its effect on financial behaviour (Mutlu & Özer, 2021). Financial difficulties can decrease perceived control and increase impulsive BNPL use, particularly among students under financial stress (Ismail et al., 2025; Ramadhan, 2025). Perceived convenience in BNPL can lead to scepticism about transparency, even as social effects drive adoption (Ting et al., 2025). Locus of control is also important: students with a strong internal locus may utilise BNPL responsibly, whereas those with an external locus may be more prone to impulsive expenditure (Ningtyas & Siskawati, 2022).

For Malaysian university students, PBC is more than just about confidence. It is influenced by financial literacy, actual and perceived financial limits, perceived transparency of BNPL services, and individual locus of control. These dynamics together affect whether students feel empowered to adopt BNPL responsibly or are put off by complexity, risk, or a lack of control (Kennedy, 2013; Saleh & Terike, 2016; Ting et al., 2025; Ramadhan, 2025; Ismail et al., 2025).

Social impact (SI) is a key concept in the Unified Theory of Acceptance and utilise of Technology (UTAUT) model, described as the extent to which people believe that others—such as friends, family, mentors, or colleagues—believe they should utilise a specific system or technology. In terms of university students' financial behaviours, social influence is critical in determining Buy Now, Pay Later (BNPL) decisions. Students are frequently subjected to peer pressure, social norms, and recommendations from influencers or family members, which can either encourage or discourage use depending on prevailing societal perceptions.

According to empirical studies, social influence has a substantial impact on pupils' technology uptake. For example, study on undergraduates' use of e-resources in Nigeria discovered that mentors' and lecturers' opinions had a beneficial influence on students' usage frequency, indicating the importance of social guidance in fostering adoption (Sultana, Chowdhury, & Haque, 2023). Similarly, studies on mobile commerce (M-commerce) in Jordan found that social influence was the most important predictor of behavioural intention, illustrating how peers and social circles impact adoption decisions (Bhatiasevi, 2015). These findings imply that in collectivistic or digitally connected situations, social validation and normative norms have a significant impact on individual behaviours.

However, the impact of social influence appears to differ among contexts and demographic groupings. For example, studies on electric vehicle adoption in Saudi Arabia and BNPL adoption among digitally proficient generations in Sarawak, Malaysia found no significant effect of social influence on adoption intentions (Abed & Alkadi, 2024; Tang, Sa'adi, & Andam, 2025). These findings suggest that tech-savvy people, particularly younger users, may rely more on personal evaluation, past knowledge, or individual preferences than on social input. This demonstrates the nuances of social influence: while it can be a powerful motivator in certain situations, its effectiveness may be reduced among autonomous or financially literate customers. This suggests that financial literacy may mitigate the impact of social pressures on BNPL adoption, allowing students to make more informed decisions even when subjected to peer or social media influence.

Focussing explicitly on BNPL services, a vast body of research shows that social influence is frequently a strong driver of adoption. According to studies conducted among Malaysian users, young consumers in Finland, and Generation Z in Saudi Arabia, peer recommendations, family opinions, and social media exposure all have a positive impact on the intention to adopt or continue using BNPL services (Tay et al., 2024; Abed & Alkadi, 2024; Wong et al., 2025). Social media platforms, particularly influencer marketing, play an important role in normalising BNPL use by magnifying both normative and impulsive behaviours among younger generations. These findings show that incorporating social variables into financial literacy programs could improve responsible BNPL use while leveraging social influence positively.

Broader data from fintech and healthcare technology adoption emphasises the significance of social impact. According to studies conducted in Pakistan, China, and Nigeria, opinions from peers, colleagues, and superiors positively influence behavioural intentions, though the magnitude of the effect is often dependent on prior experience with the technology (Lee, Ramasamy, & Subbarao, 2025; Chen & Lai, 2023; Masumbuko & Phiri, 2024). Notably, experienced users may withstand social influence, whereas novices are more susceptible. This shows that past knowledge and financial literacy, combined with social impact, may shape BNPL behaviour among university students (Yamuna & Sahila, 2025).

Financial literacy is widely acknowledged as a significant aspect impacting financial decision-making, particularly in relation to Buy Now, Pay Later (BNPL) services, FinTech adoption, and overall financial behaviour. Research regularly reveals that financially knowledgeable people make more prudent financial decisions and are better able to avoid dangerous credit behaviours or "debt traps" (Mat & Munir, 2025). Financial literacy has a significant and favourable impact on BNPL adoption among Generation Z, emphasising its importance in promoting responsible financial behaviour (Septania & Gosal, 2025). This emphasises the need of financial literacy in preparing young persons to manage increasingly complicated financial situations.

Individuals with higher levels of financial literacy have the knowledge and confidence to manage their money properly. According to research in Indonesia, more financial literacy is connected with less risky credit behaviour among Generation Z (Sekarlaras, Siregar, & Hasanah, 2025). Furthermore, debt literacy, an important component of financial literacy has been demonstrated to significantly reduce the risk of over-indebtedness among BNPL users, with one study indicating a 93.8% reduction in West Java (Krisnawati & Sam, 2024). Similarly, digital financial literacy has a considerable influence on BNPL adoption, especially among females who control household finances (Juita, Pujani, Rahim, & Rahayu, 2024).

Financial literacy is also strongly correlated with FinTech adoption. In emerging economies, actual financial expertise correlates positively with access to FinTech services, however perceived knowledge may not necessarily have a strong influence (Abu Orabi, 2024; Nguyen, 2022). Aside from technological adoption, financial literacy encourages responsible financial behaviour such as budgeting, saving, cost control, and debt management (Andarsari & Ningtyas, 2019; Fong, 2024). Parental financial education improves financial literacy, which in turn influences young adults' financial attitudes and behaviour towards BNPL usage (Septania & Gosal, 2025).

Interestingly, financial literacy helps to prevent negative financial behaviours. Financially knowledgeable Generation Z people are less likely to make impulsive purchases and are more likely to rationalise their expenditure (Widiastuti & Sumastuti, 2025; Sekarlaras, Siregar, & Hasanah, 2025). Higher financial literacy among Australian university students is associated with lower perceived benefits and higher perceived risks of BNPL arrangements, implying that knowledgeable consumers may consciously avoid potentially hazardous credit options (Mavridis & Gebeyehu, 2023; Powell et al., 2023; Gerrans, Baur, & Lavagna-Slater, 2021). Similarly, financially educated consumers are less likely to use BNPL services (Cervellati, Filotto, Sgrulletti, & Stella, 2025).

However, some research found no significant effects of financial literacy on BNPL usage, underscoring the complexities of its influence. For example, study on Shopee PayLater usage among university students in Malang City found no significant link,

indicating that students frequently avoid excessive consumer debt despite realising the hazards (Zein & Sartika, 2025). Similarly, perceived financial expertise was not a statistically significant predictor of FinTech adoption, although actual knowledge had only a weak positive link (Nguyen, 2022). Research on Indonesian Generations Y and Z indicated that financial literacy had no significant relationship on excessive BNPL use or credit attitudes, contradicting previous studies (Aina & Chalid, 2023). These conflicting findings suggest that, while financial literacy is important, it may not be sufficient to predict BNPL behaviour; environmental, cultural, and social factors may reduce its impact.

Overall, the literature indicates that financial literacy is an important driver of appropriate BNPL use, but its impact varies by context and population. Motivations to adopt or avoid BNPL among university students are likely to be influenced not just by financial knowledge but also by external factors such as peer influence, marketing methods, digital literacy, and personal financial aspirations. Understanding these dynamics is critical for developing effective treatments to encourage responsible BNPL behaviour among young adults.

2.3 Research Gap

The rapid growth of Buy Now, Pay Later (BNPL) services has significantly transformed financial behaviours among younger generations, particularly Generation Z and Millennials (Abed & Alkadi, 2024; Tang, Sa'adi, & Andam, 2025; Wong et al., 2025; Sultana, Chowdhury, & Haque, 2023; Ting, Ngian, Abdul Hamid, & Chin, 2025). Despite growing interest, particularly in digitalising economies, there are significant gaps in the literature on BNPL adoption, financial literacy, and the motivations for adopting or avoiding such services in specific contexts such as Malaysian universities (Ismail et al., 2025; Zaid, Idris, Muda, & Zainal Abidin, 2025; Tay et al., 2024).

Research which tackles these gaps is critical for better understanding vulnerable people's financial decisions and informing targeted educational solutions.

Underexplored Contexts and Populations

While financial literacy is widely acknowledged as a need for prudent financial behaviour (Ismail et al., 2025; Kennedy, 2013; Shahrabani, 2012; Ramadhan, 2025), few research have focused on Malaysian university students. Most BNPL research has focused on Western populations, restricting the findings' application to Malaysia's socioeconomic and cultural setting (Tay et al., 2024; Zaid et al., 2025). Although some studies look at Gen Z in Malaysia (Ismail et al., 2025; Yamuna & Sahila, 2025; Tang et al., 2025) or university students in Indonesia (Kurniasari et al., 2022), there is a scarcity of research that combines financial literacy, BNPL behaviour, and both adoption and avoidance motivations among Malaysian students (Yamuna & Sahila, 2025). In Sarawak, for example, studies show a dearth of context-specific investigations on BNPL adoption determinants for Gen Y and Z (Tang et al., 2025), emphasising the importance of demographic-specific research.

Contradictions in Existing Findings

The existing literature contains inconsistent findings regarding major factors impacting BNPL behaviour. Financial literacy plays an inconsistent role: some studies suggest it has little effect on Shopee PayLater usage among students (Ismail et al., 2025), while others show that digital financial literacy strongly influences BNPL adoption (Abed & Alkadi, 2024), with lower-educated participants more likely to use BNPL due to limited financial knowledge (Yamuna & Sahila, 2025). Similar paradoxes occur for impulsive purchasing, social influence, and perceived risk. Social impact may be minimal in some situations (Tang et al., 2025), but substantial in others (Tay et al., 2024; Wong et al., 2025), and perceived risk has been demonstrated to affect or not affect BNPL adoption depending on the study (Chen & Lai, 2023; Abed & Alkadi, 2024; Ting et al., 2025). These contradictions imply that the behavioural determinants of BNPL are context-

dependent, possibly mediated or controlled by financial literacy, and warrant further exploration in Malaysian university settings.

Limited Emphasis on Avoidance Motivations

Much of the BNPL literature contains a "pro-adoption bias," which emphasises drivers while ignoring hurdles or inhibitors (Zaid et al., 2025). Although perceived danger is occasionally studied as an inhibitor (Chen & Lai, 2023), explicit investigation into why students avoid BNPL is uncommon. Understanding avoidance incentives as well as adoption factors is crucial for taking a balanced approach to financial decision-making and devising interventions that promote responsible usage.

Methodological Limitations

Prior research has frequently relied on self-reported intentions rather than actual behaviour (Abed & Alkadi, 2024), used predominantly cross-sectional designs (Abed & Alkadi, 2024; Ismail et al., 2025; Yamuna & Sahila, 2025), and used small or convenience samples (Sultana et al., 2023; Tang et al., 2025; Yamuna & Sahila, 2025), limiting generalisability. Furthermore, self-reported data may contain common method bias (Aisjah, 2024; Zaid et al., 2025). Addressing these methodological problems is critical to generating robust and actionable insights.

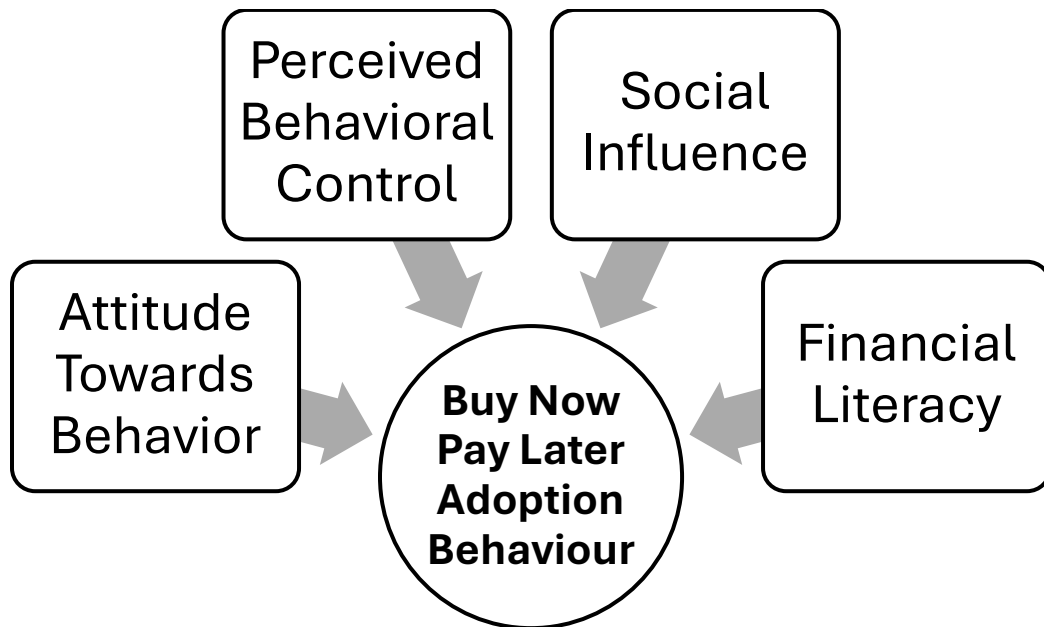
Emerging Trends: Social Media and Digital Influence

The role of social media in BNPL adoption is a developing field of research. Social media influences young consumers' financial and purchasing decisions, but its complex consequences on BNPL remain unknown (Aisjah, 2024; Tay et al., 2024; Tang et al., 2025). Platform-specific differences have been reported, with image-based platforms enhancing BNPL intention and short-form video platforms having minimal or negative impacts (Tay et al., 2024). Examining these interactions alongside financial literacy

could shed light on how digital surroundings influence BNPL decision-making among Malaysian university students.

2.4 Conceptual Framework

Figure 2.1 Conceptual Framework



Source: Developed for the research

Table 2.1 Variables

BNPL Adoption Behavior	Dependent Variable	The consequence attempting to explain, whether students use or avoid BNPL.
Attitude Towards Behavior (ATB)	Independent Variable	Reflects the students' positive or negative opinions regarding BNPL use.
Perceived Behavioral Control (PBC)	Independent Variable	Capture the perception of simplicity or difficulty of managing BNPL payments.

Social Influence (SI)	Independent Variable	This represents peer or social pressure to use or avoid BNPL.
Financial Literacy	Independent Variable	Level of knowledge and ability to make reliable financial choices.

Source: Developed for the research

2.5 Hypothesis

H1: There is a significant relationship between Attitudinal Towards Behavior (ATB) and the intention to use BNPL service among Malaysia universities students.

If a university student finds BNPL services useful, handy, or advantageous, they are more likely to use them. According to Tang et al. (2021), having a positive perception increases the likelihood of using a service.

H2: There is a significant relationship between Perceived Behavior Control (PBC) and the intention to use BNPL service among Malaysia universities students

According to research, those who are more confident in their ability to control a behaviour are more likely to engage in it responsibly (Ting et al, 2025). In the context of BNPL, this means that students who believe they have control over their spending and repayments are more likely to use the service without incurring debt.

H3: There is a significant relationship between Social Influence (SI) and the intention to use BNPL service among Malaysia universities students.

Wong et al. 2025 identify social influence as a substantial positive influence on BNPL uptake in Malaysia, particularly among younger consumers.

H4: There is a significant relationship between Financial Literacy (FL) and BNPL Behaviour among university students

Liu and Zhang (2021) discovered greater financial literacy is associated with less risky credit behaviour because it boosts financial confidence and self-control, allowing people to avoid making rash financial decisions. universities students with higher financial literacy are far more likely to budget, plan, and consume wisely.

2.6 Conclusion

This chapter offered a comprehensive review of the relevant literature and empirical studies related to the principal constructs of this research. The dependent and independent variables were clearly identified to create a robust conceptual framework. The review examined and validated the links between factors such as Attitude, Perceived Behavioral Control, Social Influence, and Financial Literacy in relation to BNPL adoption. Moreover, appropriate theories, including the Theory of Planned Behavior (TPB) and the Unified Theory of Acceptance and Use of Technology (UTAUT), were analyzed to validate the formulation of the study's theoretical framework.

This review led to the creation of a research framework and the development of hypotheses to direct the investigation. The framework offers a systematic comprehension of the anticipated impact of the independent variables on the dependent

variable (BNPL adoption and intention to use). The next chapter will go into great detail on the research technique.

CHAPTER 3: METHODOLOGY

3.0 Introduction

This chapter describes the thorough research methodology used to investigate the factors impacting Malaysian university students' use and avoidance of Buy Now, Pay Later (BNPL) services. To evaluate established hypotheses, a quantitative, deductive research methodology was used, with frameworks based on the Theory of Planned Behavior (TPB) and Unified Theory of Acceptance and Use of Technology (UTAUT). A cross-sectional survey will be utilized to gather data at a single moment in time (Wang & Cheng, 2020). This design allows for statistical analysis of the correlations between the dimensions (attitude, perceived behavioral control, social influence, financial literacy) and BNPL adoption behavior. This chapter serves as a blueprint for the empirical investigation, detailing the research design, sampling strategy, data collection methods, instrument creation, construct measurements, data processing procedures, and planned analytical approaches.

3.1 Research Design

This study uses a quantitative research approach to look at the characteristics that influence Malaysian university students' acceptance and avoidance of Buy Now, Pay Later (BNPL) services. A quantitative approach allows for the statistical measurement of relationships between independent variables (ATB, PBC, PE, SI, and Financial Literacy) and the dependent variable (BNPL Adoption Behavior). Structured Likert-scale questions can be used to evaluate and closely examine abstract constructs from

the Theory of Planned Behavior (TPB) and the Unified Theory of Acceptance and Use of Technology (UTAUT). The efficiency of this approach is reinforced by recent research, such as one done in the *Borneo Journal of Social Science & Humanities*, which used a quantitative design based on the UTAUT2 model to successfully analyse BNPL uptake among Gen Y and Z. (Tang et al., 2025).

The research methods are both descriptive and explanatory. It is descriptive in that it investigates BNPL awareness, usage patterns, financial behaviors, and demographic characteristics of the student body. It is explanatory seeks to test hypotheses and establish the importance and strength of postulated factors impacting BNPL adoption and avoidance.

A cross-sectional survey design was used, with data collected at a single point in time. A cross-sectional study is an observational design that examines data from a population at a single moment, simultaneously assessing both exposures and outcomes (Wang & Cheng, 2020). It is often described as capturing a "snapshot" of a group of people. This approach is effective for capturing a large sample's current attitudes, perceptions, and actions, making it ideal for hypothesis testing and model validation in technology adoption and consumer behavior research. Previous studies on fintech and BNPL adoption have effectively employed cross-sectional, quantitative surveys, further supporting this methodological choice (Mat & Munir, 2025; Podin et al., 2025; Tang et al., 2025).

Overall, this quantitative, cross-sectional, and explanatory methodology provides a strong foundation for assessing the theoretical linkages established from TPB and UTAUT, as well as generalizable insights into the reasons driving students' BNPL adoption behavior.

3.2 Data Collection Method

This study relies exclusively on primary data collected via a structured, self-administered online questionnaire. Primary data were used to derive direct, context-specific measurements of the TPB and UTAUT models' constructs (e.g., Attitude Toward Behaviour, Perceived Behavioral Control, Social Influence, Financial Literacy) as they apply to Malaysian university students. Primary collection guarantees that the items directly address the research questions while also capturing current perceptions and usage trends not found in secondary sources.

BNPL is a quickly growing payment mechanism with observable consequences on consumer behavior, hence current primary data is required to capture current views and behaviors. According to Kumar et al. (2024) an empirical investigation discovered that BNPL adopters spent 6.42% more per transaction than non-adopters, demonstrating the behavioral impact that supports contemporaneous measurement.

Data was gathered using the online survey platform Microsoft Forms. This platform was chosen for the following reasons.

- The target demographic (university students aged 18-30) is digitally savvy and comfortable with online forms and mobile devices, making electronic surveys suitable and likely to boost completion rates (ICEF, 2023).
- Online distribution saves money and time, especially for research with limited resources.
- An online survey provides access to massive and geographically diverse populations (Regmi et al., 2017).

To optimize access and diversity of responders, the questionnaire link was sent via different digital channels:

- Use WhatsApp or Telegram
- Social media networks for students, including Facebook, Instagram profiles and Red Book.

Using numerous channels boosts visibility across faculties and geographic locations, as well as reaching students who may not use a single communication channel on a regular basis.

3.3 Sampling Design

3.3.1 Target Population

The target demographic for this study is Malaysian university students enrolling in public and private higher education institutions across Malaysia, specifically those aged 18 to 30. University students are an important sector because of their increasing financial independence, frequent online transactions, and restricted access to traditional credit facilities (Podin et al., 2025). The BNPL model, which provides rapid and interest-free installment plans, specifically addresses the financial constraints that this group frequently faces.

Furthermore, Malaysia is known for its high usage of the internet, which was over 97% in early 2025, and mobile cellular subscriptions that exceeded 120% of the population (Kemp, 2025). These statistics show a digitally native population that is well-positioned to interact with and influence financial services. The Malaysia Digital Economy Corporation (MDEC) emphasizes this by saying that the digital economy generated 23%

of the country's GDP in 2022, with a projected increase to more than 25% by 2025 (Malaysia - Digital Economy, 2024). As a result, Malaysian university students, who are heavy internet and mobile users, not only make up the major BNPL customer base, but also operate within a digital ecosystem critical to the country's economic future. This makes them an excellent target demographic for studying the elements that influence modern consumer financial behavior.

3.3.2 Sampling Frame and Sampling Location

The surveys will be distributed to university students across Malaysia via internet channels. The sample frame includes Malaysian citizens between the ages of 18 and 30 who are presently enrolled in university. The questionnaire is sent online via university social media groups, WhatsApp, Telegram, and campus confession sites.

Malaysia was chosen as the sample location to guarantee that students from a variety of educational institutions, and socioeconomic backgrounds participated. This national strategy promotes diversity among students while accepting practical restrictions in reaching comprehensive coverage.

3.3.3 Sampling Elements

This study's sampling elements are individual Malaysian university students who match the inclusion requirements. Participants must be Malaysian citizens enrolled in Malaysia recognized public or private universities, aged 18 to 30, and have basic knowledge of digital payment systems. Respondents should be able understand and answer the questionnaire in English, and their participation must be voluntary with

informed consent. To ensure cultural and demographic consistency, international students and individuals without internet access are eliminated.

3.3.4 Sampling Technique

This study gathers respondents using a non-probability sampling approach that combines convenience, purposive, and snowball sampling. Convenience sampling is a non-probability sampling strategy in which researchers choose participants based on their convenience of access, availability, and surroundings rather than using a systematic methodology (Alex, 2025). Convenience sampling is utilized to efficiently reach the target audience using easily accessible internet channels such as student social media groups, university confession sites, and WhatsApp/Telegram groups. This strategy is particularly helpful for contacting a large number of potential responders quickly and at a low cost.

This is then strengthened by a purposive sampling element that serves as a screening tool. As for purposive sampling participants are chosen purposefully, not at random, to correspond with research objectives (Bisht, 2025). The questionnaire contains necessary screening questions to guarantee that all respondents match the specified inclusion requirements, which include Malaysian nationality, age between 18 and 30, current enrollment in a public or private university, and basic knowledge with digital payments. These requirements are required for data collection that is directly related to the study objectives and theoretical framework constructs (TPB and UTAUT).

Additionally, snowball sampling is a non-probability approach in which initial participants engage friends from their social networks, making it ideal for reaching Malaysian university students in distant areas like as Sabah and Sarawak (TGM

Research, 2025). This strategy facilitates access to students from institutions, or faculties that may not be easily accessible via the original convenience sampling methods. This combined approach is suitable for a descriptive study that seeks to test theoretical models and identify important relationships while balancing practical limitations of time, cost, and access. However, non-probability methods restrict the findings' complete generalization to the entire student population.

3.3.5 Sampling Size

The sample size for this study was determined using the widely used Krejcie and Morgan (1970) method. Krejcie and Morgan (1970) created a table to make estimating sample size for a particular population easier, which requires a minimum of 384 respondents when the population reaches one million (Bukhari, 2021). Given that the target audience in this study is more than 1.2 million Malaysian university students (Ministry of Higher Education Malaysia, 2024), a sample size of 350-400 is judged suitable and statistically adequate.

A second calculation was carried out using G*Power software protocols (Faul et al., 2009) to identify the smallest sample size required to generate appropriate statistical power for Multiple Linear Regression (MLR) analysis. According to the analysis, in order to identify a medium effect with 99.8% confidence, at least 184 respondents are required. As a result, the study's ultimate sample size ($n = 239$) is within the acceptable range determined by these two hypotheses. It greatly surpasses the power analysis's required minimum statistical threshold of 184 respondents, guaranteeing the model has sufficient power to prevent Type II errors (Faul et al., 2009). However, it falls just short of Krejcie and Morgan's (1970) recommended population cap of 384.

The initial of 239 total responses not only exceeds Krejcie and Morgan's (1970) minimum threshold but also meets the G Power analysis requirements and ensures sufficient statistical power to detect medium effect sizes. As a result, our sample size finds a compromise between theoretical rigor, practical practicality, and consistency with past empirical research in Malaysian fintech and BNPL domains.

3.4 Research Instrument

The research tool for this study is a structured, self-administered questionnaire designed to investigate the factors influencing BNPL uptake among Malaysian university students. It was developed using known theories such as the Theory of Planned Behavior (TPB) and the Unified Theory of Acceptance and Use of Technology (UTAUT), as well as research on financial literacy and digital payment behavior. The questionnaire was created and implemented in Microsoft Forms to enable accessibility, effective data collecting, and compatibility with the target respondents' digital habits.

The questionnaire is arranged in four major sections:

Section A: Informed Consent and Screening.

- Voluntary participation agreement
- BNPL Awareness Screening item

Section B: Demographic Profile.

- University type (public, private, or international)
- Field of study (10 categories according to Malaysian education categorization)
- Level of studies (foundation, diploma, bachelor's, postgraduate)
- Age range (18-20, 21-23, 24-26, and 27+ years)
- Gender (male/female)

- Nationality (Malaysian or non-Malaysian)
- Student status (full-time or part-time)
- Monthly spending categories: <RM 500- >RM2000

Section C: BNPL Awareness and Usage Patterns.

- Sources of BNPL information, such as social media, peers, and adverts
- Knowledge evaluation of BNPL characteristics.
- BNPL use experience (yes or no, conditional branching)
- Reasons to use or avoid BNPL (e.g., convenience, financial risk).
- Types of purchases financed at BNPL
- Average installment amounts (four ranges).
- Preferred BNPL vendors in Malaysia.
- Purchase amount criteria influence BNPL utilization.

Section D: Measurement of Variables

(4-point Likert scale, 1 = Strongly Disagree and 4 = Strongly Agree)

- Perceived Behavioral Control (3 Items)
- Attitude Toward BNPL (4 Items)
- Social Influence (4 Items)
- Intention to Use BNPL (3 Items)
- Financial Literacy (6 Items)

The questionnaire, gone through pre-tested with three academic specialists from the departments of finance, accounting, and management. Their review focused on numerous areas, such as measuring item content validity, question clarity, response scale appropriateness, logical flow and organization. Based on their feedback, the questionnaire was updated to improve clarity, contextual relevance, and theoretical alignment with the principles of the Theory of Planned Behavior (TPB) and the Unified Theory of Acceptance and Use of Technology (UTAUT).

Just before collecting complete data, a pilot test with 30 respondents had been undertaken. This pilot test serves as a key pre-testing phase to ensure that the questionnaire is clear, relevant, and internally consistent. It is critical for identifying any unclear or confusing questions, assuring the final instrument's reliability and validity for the primary research. The method will consist of having a small sample of university students reflecting the target population fill out the questionnaire. The preliminary reliability test (Cronbach's Alpha) performed on the multi-item scales. Based on these findings, the questionnaire will be revised and finished before being widely distributed.

3.5 Constructs Measurement

3.5.1 Scale Measurement

The variables used in this study were developed from existing theories, including the Theory of Planned Behavior (TPB), the Unified Theory of Acceptance and Use of Technology (UTAUT), and the literature on financial literacy, and implemented using a structured questionnaire.

Four basic measuring scales: nominal, ordinal, interval, and ratio were used to capture distinct sorts of data:

Nominal scale: A nominal scale represents a variable having categories that do not follow a natural ordering or ranking (Jansen, 2025). Examples include gender, country, and university type. These variables are useful for categorizing respondents and doing cross-tabulation analyses, but they do not indicate ranking or size.

Ordinal scale: Ordinal Scale is a variable measuring scale that represents the order of variables rather than the difference between them (Bhat, 2024). To rank demographic such as age groups (e.g., 18-20, 21-23), income levels, and monthly expenditure categories.

Interval scale: Interval scale is a quantitative measuring scale in which zero is arbitrary, the difference between the two variables is meaningful and equal, and there is order. It measures variables at equal intervals along a single scale (Bhat, 2024). Used with Likert-type items to assess characteristics such as attitude, social influence, and perceived behavioral control.

Ratio scale: By using a ratio scale, any researcher can compare the differences or intervals. The fourth level of measurement is the ratio scale, which has an origin character or zero point (Baht, 2023). Used to represent variables having a meaningful zero point, such as monthly BNPL use and installment amounts.

This study's major scaling approach for the 4-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Agree, 4 = Strongly Agree). The decision to utilize a 4-point scale rather than the more common 5 or 7 point scale. A four-point Likert scale eliminates the neutral midway, lowering central tendency bias and enabling responders to make a clear evaluation decision (Gandhi, 2024). Previous study has indicated that, while additional scale points may appear to boost reliability, this is generally due to artificial inflation induced by systematic mistake (Chang, 1994). In fact, 4-point scales have been shown to have higher actual reliability and may be more appropriate for respondents who are not experts on a field, as they are not asked to make complex distinctions that they may not comprehend (Chang, 1994).

3.5.2 Origin of Construct

Table 3.1 Origin of Construct

Construct	Item Code	Measurement Item	Reference(s)
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Perceived Behavioral Control (PBC)	PBC 1	I feel that using BNPL is easier than traditional payment methods.	Macro & Arifin, 2024
	PBC 2	I have the knowledge to use BNPL services effectively.	Usman&Berto, 2017; Irimia et al., 2023
	PBC 3	I have complete control over my ability to use BNPL.	Macro & Arifin, 2024
Attitude Towards Behaviour (ATB)	ATB 1	I think all information on BNPL services is transparent and easily available for users.	Koh, 2024
	ATB 2	I think the BNPL repayment process is easy and straightforward.	Koh, 2024
	ATB 3	I think the cost of using BNPL services (such as fees or charges) is affordable.	Koh, 2024
	ATB 4	I believe that by using BNPL, I will have more freedom to manage my purchases and	Koh, 2024

		improve my shopping experience.	
Social Influence	SI 1	People around me consider it appropriate to use BNPL services for purchase transactions.	Puriwat,2021
	SI 2	My friends recommend I use BNPL services.	Jalayer,2017
	SI 3	My family thinks that I should use BNPL services.	Rahi et al., 2018
	SI 4	People who influence my behavior think that I should use BNPL services.	Jalayer,2017
Financial Literacy (FL)	FL 1	I can work effectively towards long-term financial goals.	Haws et al, 2012
	FL 2	I know how to limit my expenses to stay within my budget.	Haws et al, 2012
	FL 3	I am responsible when it comes to how much I spend using BNPL.	Haws et al, 2012

	FL 4	I am able to resist unnecessary BNPL purchases to achieve my budget goals.	Haws et al, 2012
	FL 5	I carefully consider my needs before making BNPL purchases.	Haws et al, 2012
	FL6	I closely monitor my spending behavior when using BNPL services.	Haws et al, 2012
Intention to use BNPL	ITU 1	I would like to use BNPL if the cost is affordable for me.	Soong et al., 2024
	ITU 2	I would like to use BNPL if the installment schedule is suitable for me.	Soong et al., 2024
	ITU 3	I intend to continue using BNPL services for my future purchases.	Abed & Alkadi, 2024
	ITU 4	I intend to increase the amount I commit spend per BNPL transaction.	Rahi et al., 2018
	ITU 5	I intend to increase the number of	Rahi et al., 2018

		purchases I make using BNPL.	
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Source: Developed for the research

3.6 Data Processing

3.6.1 Data Collection

The data for this study will be gathered through an online questionnaire sent via Microsoft Forms. This platform provides automated data collecting with built-in validation capabilities, reducing human error and incomplete responses. Once the survey is completed, the responses will be downloaded in Excel format and securely kept in password-protected folders. Data is backed up on cloud storage with controlled access to ensure confidentiality and adherence to ethical requirements.

3.6.2 Data Screening and Cleaning

Bourque and Clark (1992) explain data cleaning as consistency checks and the management of missing responses. Before any analysis, the dataset will be thoroughly screened and cleaned to ensure correctness and reliability. Incomplete or invalid responses (for example, individuals under the age of 18) will be eliminated. Outlier detection will be carried out utilizing descriptive statistics and boxplot examinations to find extreme values. Straight-lining responses (e.g., selecting the same option for all

Likert items) and exceptionally short completion times will also be removed to improve data quality.

During the collecting period, managed to collect 259 responses in total, after going through the data cleansing process for this research we left 239 raw responses including the 30 responses from Pilot test. The data cleansing process includes the questions of “Voluntary participation agreement” and “BNPL Awareness”. The respondents which chosen not voluntarily to participate and have not heard of BNPL had be primarily clean. After that the respondents which are not Malaysian and not Malaysia University Students, had been clean to leave 239 responses.

3.6.3 Data Coding

Data coding is the process of converting data collected by researchers turn into numerical values or symbols (Zikmund et al. 2013). Survey results will be quantitatively coded for analysis. For categorical variables (e.g., gender, age group, income level). All Likert-scale items will be coded between 1 (Strongly Disagree) and 4 (Strongly Agree). Each construct (for example, Attitude Toward BNPL, Perceived Behavioral Control, Social Influence, Financial Literacy, and BNPL Adoption Intention) will be assigned a composite score based on the mean of its component questions.

3.6.4 Pilot Test Data Management

A pilot test (n = ~30) will be undertaken before the major data collection to detect concerns with questionnaire item clarity, and reliability. The pilot dataset will be

evaluated independently to help enhance the survey instrument and will not be combined with the main study dataset. Only after establishing reliability and validity during the pilot phase will the finalized instrument to the entire sample.

Before the primary data collecting, a pilot test was done to see how reliable and clear the research tool was. The main goal of the pilot test was to see how well the measurement items for each construct worked together.

The pilot test was conducted through an online questionnaire distributed to a convenience sample of 37 university students in Malaysia. After eliminating incomplete entries, a final sample of 30 valid responses was preserved for the reliability study.

Cronbach's Alpha is used for reliability analysis in Stata to check how consistent the scales were with each other.

Table 3.2 Cronbach's Alpha (Pilot Test)

Construct (Variable)	Cronbach's Alpha
Social Influence (si)	0.8433
Intention to Use (itu)	0.8290
Attitude (atb)	0.7557
Financial Literacy (fl)	0.6109
Perceived Control (pbc)	0.1886

Source: Developed for the research

The analysis from Table 3.2 Cronbach's Alpha confirmed that the measures for Attitude, Social Influence, and Intention to Use were trustworthy. However, the scales for Financial Literacy (0.611) and Perceived Behavioral Control (0.189) did not satisfy the minimum reliability criterion.

Even though these two constructs had poor alpha ratings, it was decided to use the original questionnaire for the main data collection. The UTAR Scientific and Ethical Review Committee (SERC) had already received and approved the questionnaire, which was a big reason for this choice. The reliability of all structures will be re-evaluated using the bigger sample from the final data collection.

3.7 Data Analysis

The data collected from the questionnaires will be analysed using Stata, one of the most powerful social research statistical software programs, with the ability to enter and change data interactively (Singh, 2007). It is suitable for both simple and extensive statistical analyses, including descriptive statistics and multivariate analysis (Singh,2007). Stata is chosen because it provides robust tools for both statistical analyses. Its flexibility, reproducibility through command, and efficiency in handling survey data make it an appropriate tool for this study.

Additionally, for preliminary data screening and specific statistical procedures, Microsoft Excel's Analysis ToolPak will be utilized as an additional analysis tool. An Excel add-in called Analysis ToolPak offers a number of data analysis tools. Users enter data and variables, and the tool generates output tables, charts with the results. It is perfect for normal statistical summaries and the validation of outputs from other applications since it supports widely used methods including correlation, regression,

analysis of variance (ANOVA), and descriptive statistics (e.g., mean, median, mode, standard deviation) (Microsoft, n.d.).

3.7.1 Descriptive Analysis

Descriptive statistics were utilized to characterize respondents' demographic characteristics, such as gender, age, education level, and monthly income (Kaur et al., 2018). Categorical variables were characterized using frequencies and percentages, whereas Means and Standard Deviations summarized Likert-scale responses for the study domains (Attitude, Perceived Behavioral Control, Social Influence, and Financial Literacy). Graphs and tables were also created to provide clear visual representations of respondents' BNPL usage habits, including preferred providers and spending categories.

3.7.2 Scale Measurement

Cronbach's alpha coefficient is a statistic that shows how reliable multi-item scales are by showing how consistent the items are with each other or how much agreement there is among raters (DeVellis, 2005). A coefficient of 0.70 or greater was regarded acceptable, indicating that the scale's items accurately measured the desired construct, results ranging from 0.60-0.69 may be acceptable, values less than 0.60 suggest poor internal consistency. (DeVellis, 2005). Each construct's reliability was tested separately (attitude, perceived behavioral control, social influence, and financial literacy). If an item considerably reduced the alpha score, it was considered for removal in order to

improve the construct's internal consistency. This stage makes sure that the measurement model was valid and stable before moving on to inferential testing.

Researchers and statisticians utilize the Variance Inflation Factor (VIF) as a tool to spot possible issues in models, decipher complicated datasets, verify results, and steer clear of false conclusions. In a regression model, it quantifies the overlap between two or more independent variables; a large VIF inflates standard errors and confuses the model (Team I, 2025). According to Prep Nuggets (2023), a VIF between 5 and 10 would call for additional research to see whether the variables are associated; a VIF greater than 10 implies serious multicollinearity.

3.7.3 Inferential Analysis

Before evaluating the primary study model, preliminary analyses will be undertaken to evaluate the correlations between variables and differences between demographic groups.

Correlation analysis quantifies the strength of the linear link between two variables or two sets of data, most commonly two continuous variables, or between two sets of continuous variables (Zheng & Cao, 2022). This stage assures that the constructs (such as perceived usefulness, ease of use, risk, social influence, and financial literacy) are meaningfully related to one another and the dependent variable.

Study will apply Independent Samples T-tests and One-way ANOVA testing. The Independent Samples t Test analyzes the means of two independent groups to see if there is statistical evidence that the related population means differ significantly, for

example gender differences in attitudes towards BNPL (LibGuides, n.d.). ANOVA, which is the test used to compare the means of a study's target groups to determine whether they differ statistically from one another (Chatzi & Doody, 2023). These assessments will be used to examine the mean scores of psychological and behavioral dimensions (e.g., Attitude Toward BNPL, Perceived Behavioral Control, Social Influence, and Financial Literacy) between BNPL adopters and non-adopters. This approach enables the researcher to identify whether significant differences exist in the underlying constructs between users and non-users.

The major strategy for testing the study hypotheses (H1 to H4) will be Multiple Linear Regression. This method of statistical analysis is the most suitable for this study as it allows for assessing the extent to which multiple independent variables (Attitude Toward Behaviour, Social Influence, Perceived Behavioral Control, and Financial Literacy) collectively and individually predict the dependent variable (Intention to Use BNPL).

Multiple Regression Formula:

$$Y = \beta_0 + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \beta_4\chi_4 + \epsilon$$

Y= Intention to Use BNPL

X1 = Perceived Behavioral Control (PBC)

X2 = Attitude Toward Behaviour (ATB)

X3 = Social Influence (SI)

X4 = Financial Literacy (FL)

β_0 is constant, β_1 to β_4 are the regression coefficients, ϵ is error term

3.8 Summary of the Chapter

This chapter explained how the research was conducted. The research design, sampling strategy, and data collection procedures were described, with an emphasis on distributing questionnaires to Malaysian respondents aged 18 and up. The constructs and measurement scales were defined, followed by procedures for data preparation, cleansing, and processing. Statistical analyses were also described in depth. The sample profile was first summarized using descriptive analysis. The measurements were then verified through reliability testing to ensure consistency. Finally, inferential analysis was utilized to investigate relationships and group differences using correlation, covariance, VIF, independent t-tests, ANOVA and Multiple Regression. Stata software and Microsoft Excel's Analysis ToolPak were acknowledged as the primary tools for data analysis. This methodological framework ensures that the study is carried out in a systematic manner, resulting in reliable and valid findings.

CHAPTER 4: RESULT ANALYSIS

4.0 Introduction

In this chapter, the received data will be converted into results, which will then be utilised to evaluate the final outcomes. The collection results indicate that 259 sets of questionnaires are being disseminated for our research collection via internet distribution. A total of 239 survey responses have been selected out of 259 of total respondents, while 20 returned surveys with errors will be removed throughout the data cleansing process. Upon examining the results, the correlation between variables will be demonstrated.

4.1 Descriptive Analysis

4.1.1 Demographic Analysis

Table 4.1.1 Demographic Data

Demographic	Items	Frequency	Percentage(%)
Nationality	Malaysian	239	100%
Gender	Female	124	51.88%
	Male	115	48.12%
Age	18-20	51	21.34%
	21-23	145	60.67%
	24-26	36	15.06%
	27+	7	2.93%
University in Malaysia	Private University	136	56.90%
	Public University	103	43.10%
Area of study	Business, administration and law	87	36.40%
	Engineering, manufacturing and construction	32	13.39%
	Information and communication technologies	24	10.04%
	Social sciences, journalism and information	23	9.62%
	Arts and humanities	17	7.11%

	Natural sciences, mathematics and statistics	16	6.69%
	Health and welfare	12	5.02%
	Agriculture, forestry, fisheries and veterinary	11	4.60%
	Education	11	4.60%
	Services	4	1.67%
	Event management	2	0.84%
Level of Study	Bachelor's Degree	163	68.20%
	Diploma	54	22.59%
	Foundation	16	6.69%
	Postgraduate	6	2.51%
Student Status	Full Time	227	94.98%
	Part Time	12	5.02%
Monthly Expenses	<RM500	26	10.88%
	RM500-RM1000	71	29.71%
	RM1001-RM1500	88	36.82%
	RM1501-RM2000	40	16.74%
	>RM2000	14	5.86%
Providers	Split	8	3.88%
	My IOU	11	5.34%
	Fave Pay	21	10.19%
	Atome	24	11.65%
	Grab Pay Later	29	14.08%
	Shopee Pay Later	113	54.85%

Source: Developed for research

According to Table 4.1.1 Demographic Data, age and gender the sample had a roughly equal split between men and women, with 51.88% (n=124) of the respondents being women and 48.12% (n=115) of the respondents being men. Most of the respondents (60.67%, n=145) are between the ages of 21 and 23. The next group is 18 to 20 years old (21.34%) and then 24 to 26 years old (15.06%). Only a small number of people (2.93%) are 27 or older. This suggests that the research predominantly reflects the perspectives of undergraduate students in the middle of their studies.

Education background from respondent there are having a close number of respondents from private universities (56.90%) and public universities (43.10%). Most of them are bachelor's degree students (68.20%), and the next most are Diploma students (22.59%). Almost all the sample (94.98%) are full-time students, which is match the target respondents, individuals who go to study in university and probably don't have a lot of income.

The largest category of individuals who study is Business, Administration, and Law (36.40%). This is an important discovery because it suggests that business students may be better at handling money than people in other groups as they study finance, marketing, consumer behaviour and so on. The rest of the people who answered are from Engineering, manufacturing and construction (13.39%), Information and communication technologies (10.04%), and Social Sciences (9.62%). This makes sure that there are a lot of different academic points of view. And we can see that from the results it shows the percentage of university students knowing more about BNPL service is from Business Administration and Law sector then follow by the Engineering, manufacturing and construction course where BNPL service is a digital trend product which are using apps and websites to operate. Therefore, Engineering, manufacturing and construction and Information and communication technologies usually adopt earlier of the new technology.

Financial situation the most common range for monthly expenses among respondents is RM1001 to RM1500 (36.82%), followed closely by the RM500 to RM1000 range (29.71%). This means that most students have a budget that is not too big or too small. More than half of users (54.85%) prefer Shopee PayLater when it comes to BNPL. This is a lot more than the following two competitors, Grab PayLater (14.08%) and Atome (11.65%). This means that for this group of people, BNPL is mostly used for online shopping, not for buying things in person or sharing expenses.

Table 4.1.2 Channels of Awareness for BNPL Services

Channels	Frequency	Percentage
Influencers	46	10.18%
Online articles	76	16.81%
Recommendations from friends/family	82	18.14%
Checkout page on shopping platforms	98	21.68%
Social media	150	33.19%
Total	452	100.00%

Source: Developed for the research

Table 4.1.2 Channels of Awareness for BNPL Services shows a total frequency of 452. There are 239 people who answered this question, and it's a "Multiple Response" question, so they could choose more than one answer. The percentages are based on the total number of responses (452), not the total number of students.

Social media is the most common way for people to be aware of BNPL service, according to 33.2% of those who responded (n=150). This high frequency shows that students use BNPL information and promotions a lot in their daily online activities on sites like Instagram, TikTok, Facebook, X, and others. This result is consistent with the demographic profile of the respondents as individuals who heavily depend on these platforms for information consumption and content exposure.

Friends and family recommendations contribute to 18.1% of overall BNPL awareness . This highlights the significance of interpersonal word-of-mouth and social evidence, in which close relationships legitimize the use of BNPL and contribute to lower perceived risk.

Influencers and online articles play a secondary role in raising awareness of BNPL service. Online articles (16.8%) are a secondary source of awareness, the information sources from blogs or news. Influencers (10.2%) are having lowest impact on channel to know about BNPL services.

Table 4.1.3 Knowledge of BNPL Features

BNPL Knowledge	Frequency	Percentage
BNPL providers require minimal personal information from customers.;	94	12.57%
Small percentages are charged for each transaction	100	13.37%
3 groups involved in a BNPL transaction: a customer, a merchant, and a financial services provider	113	15.11%
BNPL loans may be cheaper than other types of loans, but they are less secure	117	15.64%
Allowing customers to pay for items in interest-free installments.;	155	20.72%
BNPL provides short-term loans that break large purchases into smaller, interest-free installments.;	169	22.59%
Total	748	100.00%

Source: Developed for the research

Table 4.1.3 shows the respondents understanding of the characteristics of Buy Now Pay Later service. This is a multiple question answer by 239 respondents with 748 total selections, allowing respondents to select all that applied.

The most selected characteristic was that BNPL provides short-term loans that break large purchases into smaller, interest-free instalments (22.6%). The second was that it allows customers to pay for items in interest-free instalments (20.7%). As evidenced by this, students accurately recognize BNPL as a way to defer payment without interest. The service's psychological attraction is strengthened by its perceived price and convenience of use, which make purchases appear "painless" and encourage positive attitudes toward the behavior (ATB).

knowledge is much less well understood when addressing the structural, cost-related, and security risk. From the Table 4.1.4, 15.6% respondents showed awareness that BNPL loans may be less expensive than others but are less secure. Only 15.1% recognized the involvement of three parties in a BNPL transaction including customer, merchant, and financial services provider.

Importantly, non-obvious expenses had the lowest awareness: The knowledge that small fees are included for each transaction** (such processing or late fees) was only 13.4%. Lastly, the BNPL providers demand minimal personal information (12.6%)** was the least acknowledged.

According to this data, which objectively supports the existence of a "Benefit Risk" gap, students' knowledge is surface and benefit oriented. The majority of students (86.6%) reported having the knowledge to utilize BNPL services effectively and nearly 90% thought they had complete control over their capacity to use it, despite the low understanding of fees and security. This implies that students can overestimate their true level of financial literacy. It is also possible that students overestimate their financial literacy or find it difficult to apply that information to real behavioral control. To conclude, students are highly motivated to adopt BNPL because of its advantages and ease of use.

Figure 4.1 Usage of BNPL

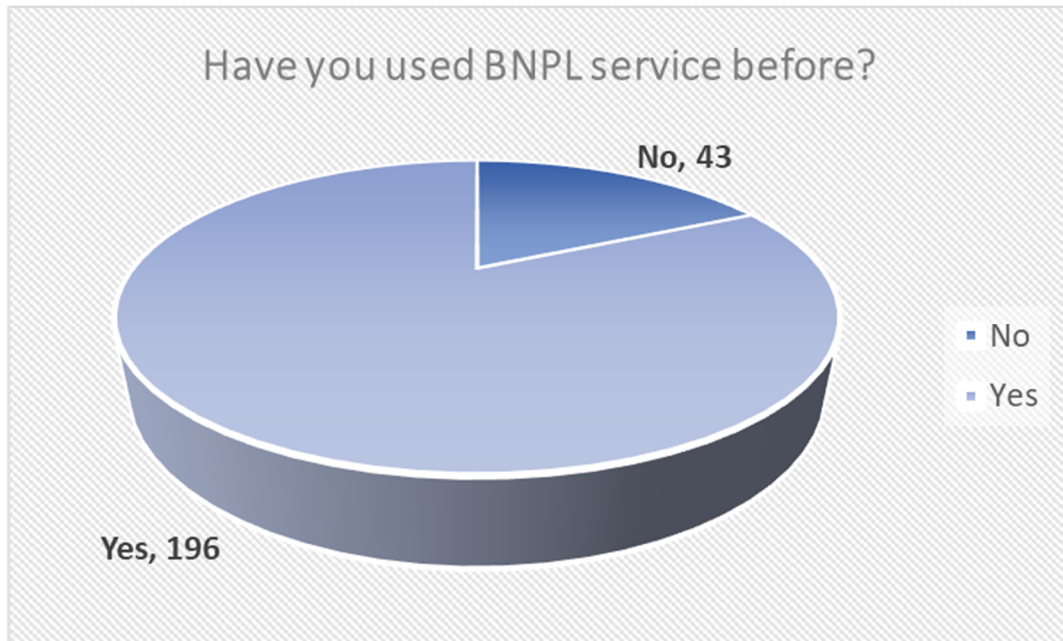


Table 4.1.4 Usage of BNPL

Have you ever used BNPL before?	Frequency	Percentage
No	43	17.99%
Yes	196	82.01%
TOTAL	239	100%

Source: Developed for the research

Based on the filter question in Figure 4.1 and Table 4.1.4, there are 196 respondents, constituting 82.01%, had utilized BNPL previously. Non using BNPL but aware of it, 43 of the 239 total respondents have not previously used BNPL in their routine. This section will be divided into two segments: one for BNPL users and another for non-BNPL users.

4.1.2 BNPL users analysis

Figure 4.1.2 Reasons for Choosing BNPL

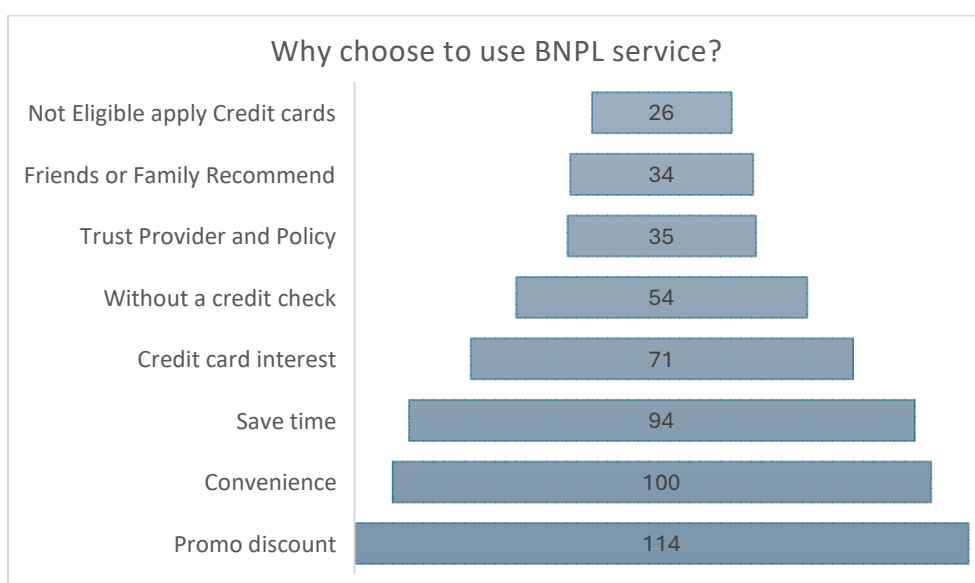


Table 4.1.5 Reasons for Choosing BNPL

Why would they choose to use BNPL ?	Frequency	Percentage
Not Eligible apply Credit cards	26	4.92%
Friends or Family Recommend	34	6.44%
Trust Provider and Policy	35	6.63%
Without a credit check	54	10.23%
Credit card interest	71	13.45%
Save time	94	17.80%
Convenience	100	18.94%
Promo discount	114	21.59%
TOTAL	528	100.00%

Source: Developed for the research

As Table 4.1.5 shown the most common reason people choose to use BNPL is to get promotional discounts (21.6%), like vouchers or rebates from sites like Shopee or Grab. This shows that students are more likely to utilize the service to take advantage of cheap prices. User experience is a key motivator, with convenience (18.9%) and time savings (17.8%) accounting for nearly 37% of overall motivation. This demonstrates that students place a high importance on the payment process's simplicity, seamlessness, and quickness. BNPL simplifies documentation and provides fast approval where some BNPL providers require only a MyKad to apply, making the process easier than with standard credit cards or personal loans.

Some students use BNPL to get around the problems and costs of traditional financing from the Table 4.1.5 there are 13.5% of respondents are not willing to paying with credit card interest. Besides, 10.2% prefer to use BNPL service as they are not having a credit check. Many university students can't get traditional credit cards since they have rigorous conditions, like a minimum yearly salary of RM24,000 (Hong Leong Bank, n.d.). The data shows that only 4.9% of people said they couldn't get a credit card shows that most customers aren't just "credit constrained" but really prefer BNPL for its functional and promotional benefits.

Figure 4.1.3 Sectors of BNPL Usage

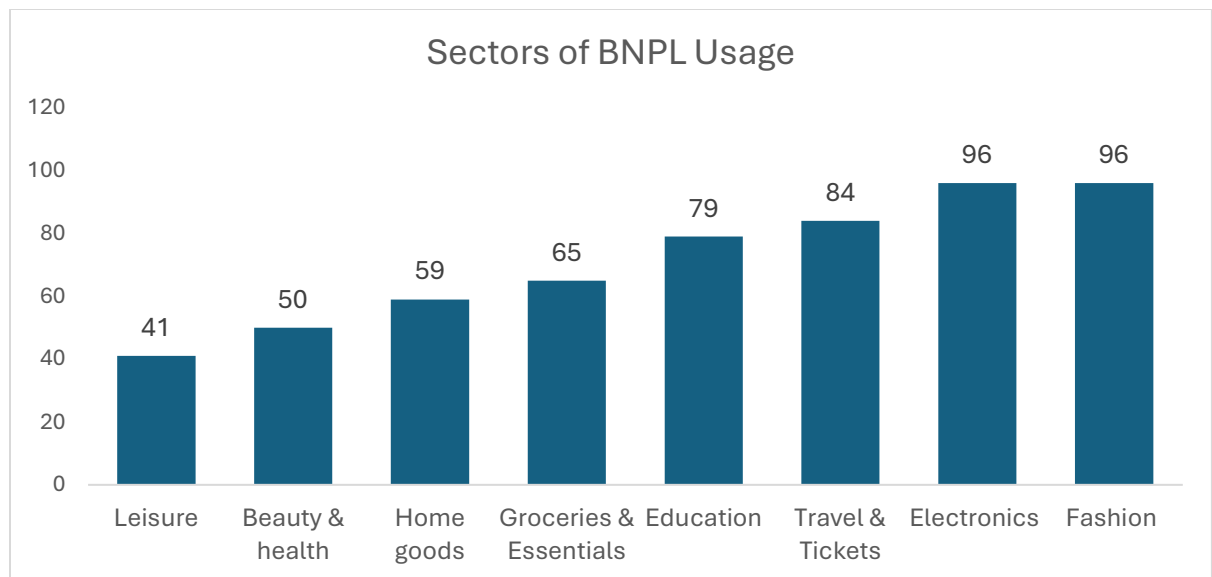


Table 4.1.6 Sectors of BNPL Usage

Sectors (BNPL user)	Frequency	Percentage
Leisure	41	7.19%
Beauty & health	50	8.77%

Home goods	59	10.35%
Groceries & Essentials	65	11.40%
Education	79	13.86%
Travel & Tickets	84	14.74%
Electronics	96	16.84%
Fashion	96	16.84%
TOTAL	570	100.00%

Source: Developed for the research

According to Table 4.1.6 The main categories for BNPL usage (n= 196 active BNPL users) show a pattern of both strategic usage and financial stress. The highest category for BNPL usage are both fashion and electronics, at 16.8%. This shows that students rely on BNPL service to finance higher-value items, for examples, gadgets and laptops, necessary for academic work and personal use. Besides they also balance their lifestyle by spending on appearance and clothing.

The next most popular categories were travel and tickets (14.74%) and education (13.86%), implying that students rely on BNPL for transportation, travel-related purchases, and education-related expenses such as tuition or learning materials. Groceries and basics had 65 responses (11.40%), followed by home goods (10.35%) and beauty and health (8.77%). Leisure e.g., entertainment, recreational activities, received the fewest responses (7.19%).

The problem statement states that Malaysian students bear "financial burdens due to tuition fees and other necessary expenditures." The fact that Education (13.86%) is a top-tier category demonstrates that students aren't simply using BNPL for pleasure; they're utilizing it to close a financing shortfall in education. Fashion (16.84%) and Travel (14.74%) together make up more than 31% of total usage. This has a clear connection to "Peer Influence" and "Social Norms." A lot of students are using debt to keep up a specific lifestyle or social appearance, which supports that psychological fulfillment is more important than being cautious with money.

Figure 4.1.4 Average BNPL instalment

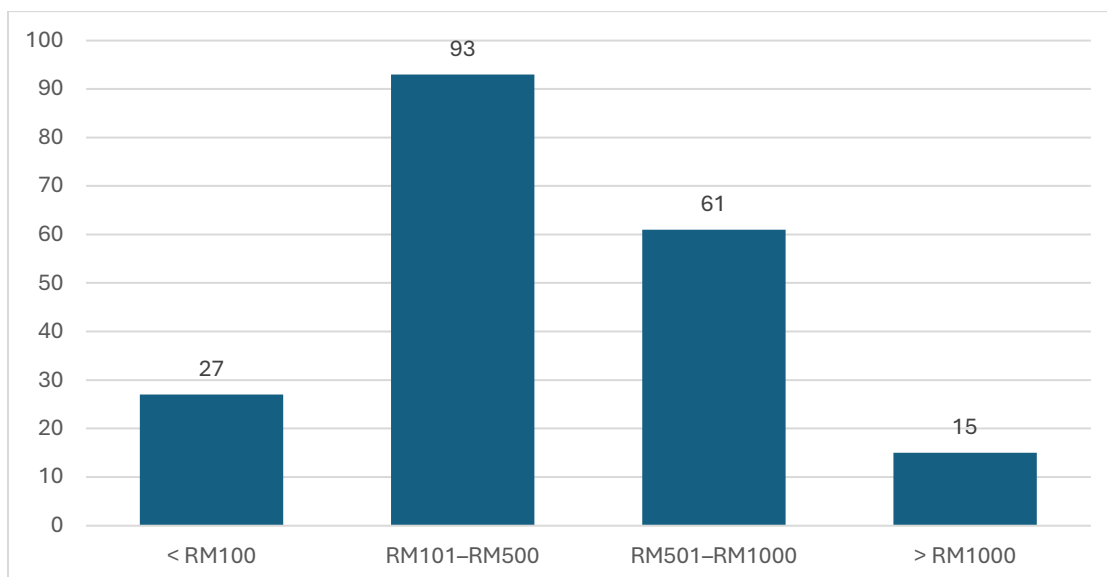


Table 4.1.7 Average BNPL Instalment Amount per Transaction

What is the average BNPL instalment amount you commit to (per transaction)?	Count	Percentage
< RM100	27	13.78%
RM101–RM500	93	47.45%
RM501–RM1000	61	31.12%
> RM1000	15	7.65%

Source: Developed for the research

The table 4.1.7 data show that nearly half of BNPL transactions fell into the mid-range group. The majority of responders (47.45%) commit to instalments ranging from RM 101 to RM 500 each transaction. A significant percentage of respondents (31.12%) conduct high-value purchases ranging from RM 501 to RM 1000. Meanwhile, small-ticket purchases which is less than RM 100 account for 13.78% of usage, while high-value sales over RM 1000 make up the smallest category at 7.65%.

The large percentage of transactions in the RM 501 - RM 1000 category (31.12%) is significantly related to your prior discovery that Electronics (16.84%) is the highest spending industry. Students are most likely using BNPL to buy mid-range electronics such as phones, tablets, and accessories, putting their transaction values into this higher category. Only 13.78% of transactions are below RM 100. This shows that students do not generally use BNPL for basic, daily necessities (such as an RM 20 lunch). They are using it to gain purchasing power for products that they may not be able to acquire right away.

Figure 4.1.5 Usage of BNPL Providers

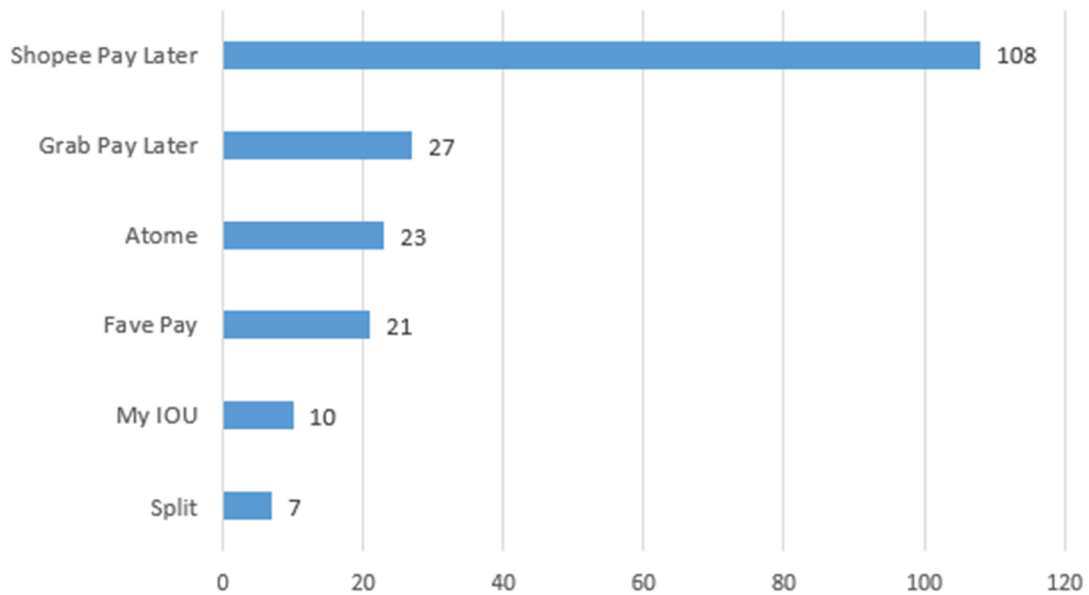


Table 4.1.8 Usage of BNPL Providers

Which BNPL providers have you used?	Count	Percentage
Split	7	3.57%
My IOU	10	5.10%
Fave Pay	21	10.71%
Atome	23	11.73%
Grab Pay Later	27	13.78%
Shopee Pay Later	108	55.10%

Source: Developed for the research

Table 4.1.8 displays the distribution of BNPL providers utilized by respondents (n = 196 BNPL users). The majority of users reported using Shopee Pay Later, with 55.10% reporting experience with this service. This points out Shopee Pay Later's outstanding position among university students, which is most likely owing to its great integration with a popular e-commerce site. Grab PayLater (13.78%) and Atome (11.73%) lag far behind. Fave Pay accounts for 10.71% while smaller suppliers such as My IOU (5.10%) and Split (3.57%) concentrate to a specific sector of the market.

The dominance of Shopee PayLater (55.10%) is significant. Shopee PayLater is not an independent app; rather, it is integrated directly into an e-commerce platform's shopping cart. Compare this to Grab PayLater (13.78%). Grab is commonly used for transportation and food delivery, while Shopee is used for retail products. According Table 4.1.2 shows that 21.68% of students are aware of BNPL through "Checkout Pages." Shopee PayLater proves that point-of-sale marketing is the most effective driver of student debt.

4.1.3 Non-BNPL users analysis

Most of the people who took part in this study use Buy Now, Pay Later services, however a significant number of people do not. Out of the 239 people that answered, 43 stated that they don't currently used any BNPL services.

Figure 4.1.6 Factors That Might Trigger Adoption for Non-BNPL Users

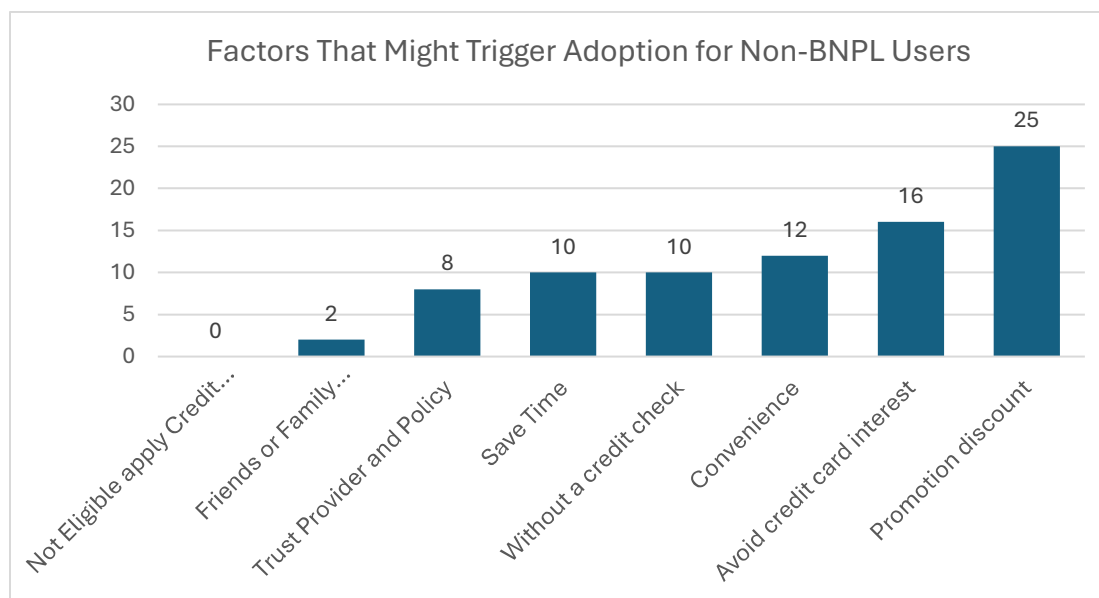


Table 4.1.9 Factors That Might Trigger Adoption for Non-BNPL Users

What situation willing to use? (Non-BNPL User)	Frequency	Percentage
Not Eligible apply Credit cards	0	0.00%
Friends or Family Recommend	2	2.41%
Trust Provider and Policy	8	9.64%
Save Time	10	12.05%
Without a credit check	10	12.05%

Convenience	12	14.46%
Avoid credit card interest	16	19.28%
Promotion discount	25	30.12%
TOTAL	83	100%

Source: Developed for the research

According to Table 4.1.9, financial incentives are the most powerful motivator for non-users. "Promotion / Discount" is the most often reported reason, accounting for 30.12% of all responses. This implies that, even among students who are unwilling to use debt, the attractiveness of a financial deal or voucher is still the most powerful potential driver of adoption. Avoid credit card interest is the second most significant factor, at 19.28%. This demonstrates a financially moderate approach. These students would only use BNPL if it helped them save money elsewhere for example, by replacing interest credit card debt with interest-free BNPL.

Unlike active users, who were significantly impacted by social media and checkout pages, non-users are virtually resistant to social influence. Only 2% thought a friend's recommendation would work. 0% respondent picked "Not eligible for credit cards" demonstrates that non-users are not excluded from the financial system. They most likely have access to cash, debit, or credit cards. They are choosing not to use BNPL because they do not require it, not because they cannot obtain other financing.

Figure 4.1.7 Preferred Sectors for Potential BNPL Adoption (Non-Users)

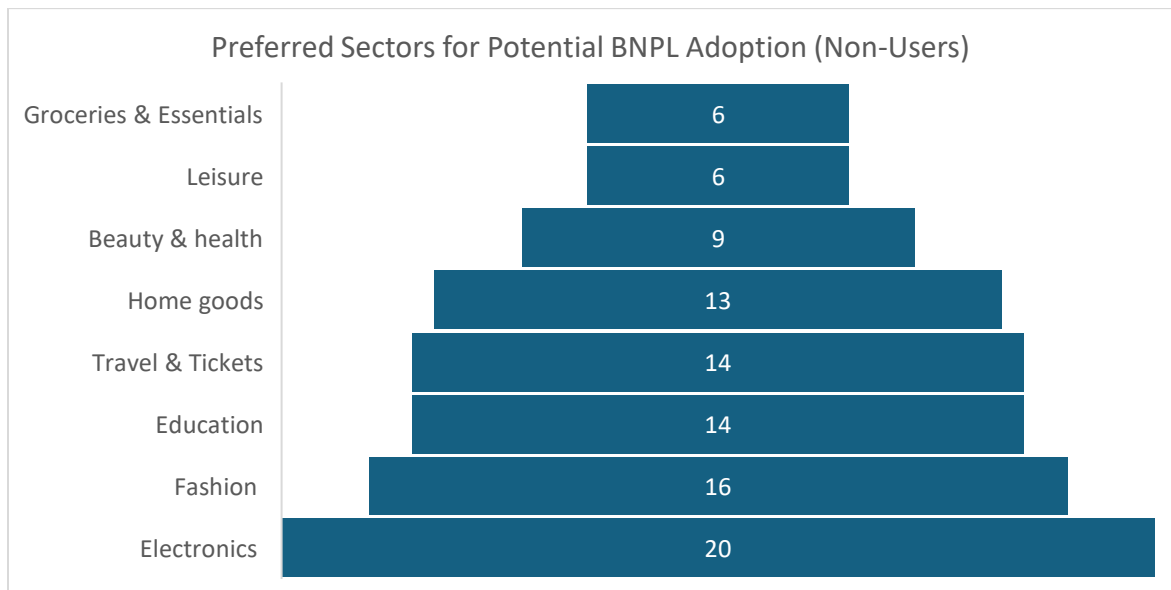


Table 4.1.10 Preferred Sectors for Potential BNPL Adoption (Non-Users)

Sectors (Non- BNPL user)	Frequency	Percentage
Groceries & Essentials	6	6.12%
Leisure	6	6.12%
Beauty & health	9	9.18%
Home goods	13	13.27%
Travel & Tickets	14	14.29%
Education	14	14.29%
Fashion	16	16.33%
Electronics	20	20.41%
TOTAL	98	100.00%

Source: Developed for the research

The electronics category had the most responses (20.41%), demonstrating that even among non-users, BNPL is more appealing for higher-value items. This is followed by fashion, which received 16 responses (16.33%), indicating that apparel and accessories are another significant sector in which non-users may investigate BNPL.

Both education-related expenses and travel & tickets received 14 responses (14.29%), indicating that some non-users may see BNPL as a way to manage larger, more irregular expenses such as course fees, learning materials, travel, or transportation costs. Home goods drew 13 replies (13.27%), while beauty and health received 9 (9.18%). Groceries and needs and leisure were the least frequently listed sectors, each receiving 6 replies (6.12%), showing a reduced interest in using BNPL for daily requirements or enjoyable activities.

Active Users Table 4.1.10 their usage was evenly distributed between Electronics (16.8%) and Fashion (16.8%). They treat both "wants" and "needs" equally. Non-Users from Table 4.1.10 preferred Electronics (20.41%) over Fashion (16.33%). This shows that Non-users are "practical" They are more likely to utilize debt for productive assets than for lifestyle assets.

Figure 4.1.8 Reasons for Not Using BNPL Services

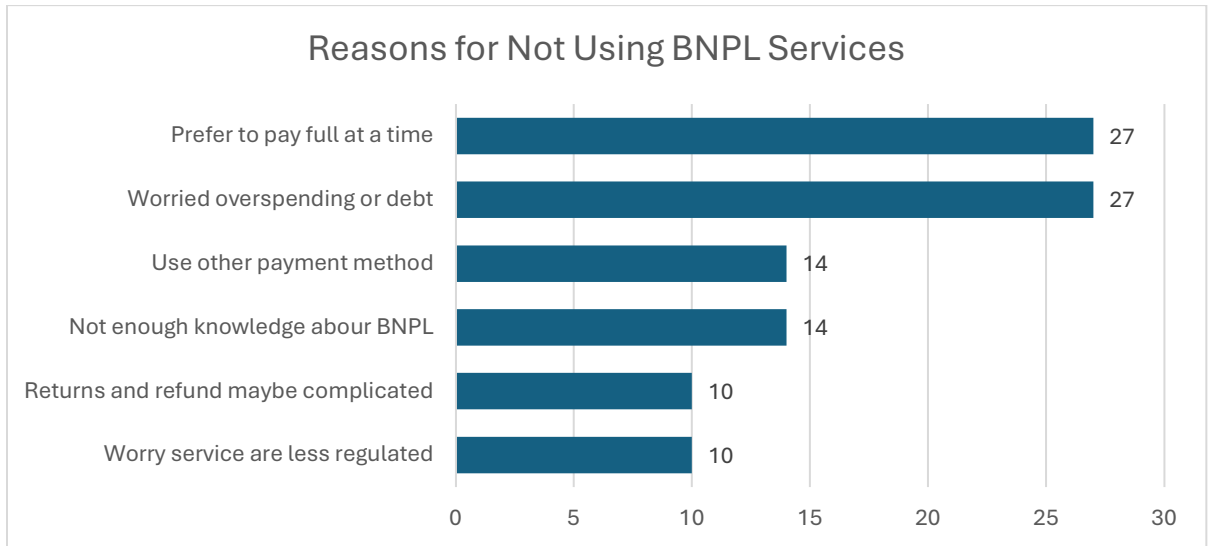


Table 4.1.11 Reasons for Not Using BNPL Services

Non-BNPL User why not using BNPL	Frequency	Percentage
Worry service are less regulated	10	9.80%
Returns and refund maybe complicated	10	9.80%
Not enough knowledge about BNPL	14	13.73%
Use other payment method	14	13.73%
Worried overspending or debt	27	26.47%
Prefer to pay full at a time	27	26.47%
TOTAL	102	100.00%

Source: Developed for the research

The statistics from Table 4.11 show that financial discipline and risk aversion are the two most significant hurdles to adoption. The top causes, tied at 26.47% each, are "prefer to pay in full at once" and "concern about overspending or debt." These two factors account for more than 52% of all opposition, demonstrating a strong preference for fast settlement and a conscious concern of future financial responsibilities.

Secondary hurdles include "Use other payment method" and "Lack of knowledge about BNPL," which both rank at 13.73%. This shows that for some, the barrier is simply a habit of using cash or credit cards, or a lack of understanding of how the service operates. Operational considerations, such as "Returns/refunds" and "Regulation," rank last with 9.80% each, showing that logistical or legal constraints are less of a deterrent than personal financial values.

Figure 4.1.9 Hypothetical Instalment Amounts for Non-BNPL Users

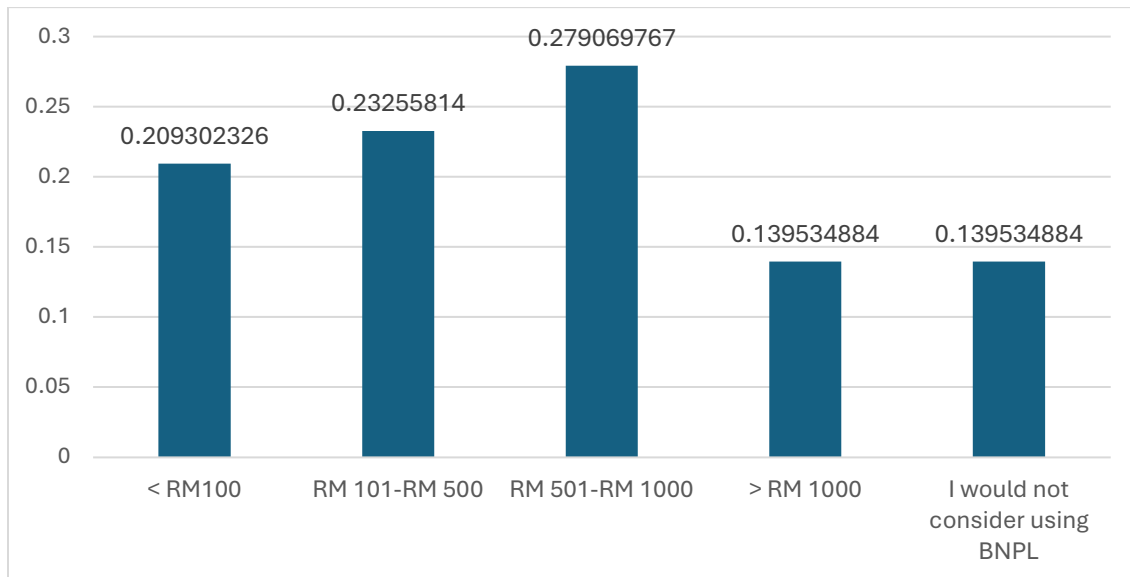


Table 4.1. 12 Hypothetical Instalment Amounts for Non-BNPL Users

Amount Range (RM)	Count	Percentage
< RM100	9	20.93%
RM 101-RM 500	10	23.26%
RM 501-RM 1000	12	27.91%
> RM 1000	6	13.95%
I would not consider using BNPL	6	13.95%

Source: Developed for the research

According to the table 4.1. 12, non-users would mostly be using BNPL for mid-to-high-value transactions if they were to adopt it. With 27.91% of the respondents, the most popular range is between RM 501 and RM 1000. This shows consistent with the earlier discovery that non-users are most interested in buying electronics. The second most frequent range is between RM 101 and RM 500 (23.26%), with small-ticket transactions under RM 100 coming in second (20.93%). Importantly, "I would not consider using BNPL" was mentioned clearly by 13.95% of respondents. This reflects the sample's "hard-resistant" core, which declines to use the service regardless of the magnitude of the transaction.

4.2 Factor Analysis

4.2.1 Validity Test

Table 4.2.1 Correlation of each variables

	PBC1	PBC2	PBC3			
PBC1	1					
PBC2	0.117354	1				
PBC3	0.321641	0.099141	1			
	ATB1	ATB2	ATB3	ATB4		
ATB1	1					
ATB2	0.197018	1				
ATB3	0.269022	0.154417	1			
ATB4	0.249775	0.306591	0.121348	1		
	SI1	SI2	SI3	SI4		
SI1	1					
SI2	0.226119	1				
SI3	0.528717	0.247381	1			
SI4	0.490815	0.343769	0.512442	1		
	FL1	FL2	FL3	FL4	FL5	FL6
FL1	1					
FL2	0.320561	1				
FL3	0.488534	0.455972	1			
FL4	0.416569	0.177313	0.32954	1		
FL5	0.115809	0.165124	0.124478	0.035767	1	
FL6	0.149319	-0.06133	0.115515	0.313986	0.042829	1
	ITU1	ITU2	ITU3			
ITU1	1					
ITU2	0.010856	1				
ITU3	0.204561	0.152705	1			

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

Source: Developed for the research

Before proceeding on to hypothesis testing, this analysis is for confirming that the survey questions for each variable (financial literacy, social influence, etc.) are consistent with one another.

The inner consistency of the Social Influence concept is moderate to strong. As shown by the correlation between SI3 and SI1 ($r = 0.528$) and SI4 and SI3 ($r = 0.512$). This implies that the responders consistently understood these questions. The Financial Literacy construct generates inconsistent results. FL6 raises concerns, but items FL1,

FL2, and FL3 demonstrate positive correlations (FL3 and FL1: $r = 0.488$). FL6 has very weak connections with other items and a negative correlation ($r = -0.061$) with FL2. The intention to use is significantly weak. The correlation between ITU1 and ITU2 is exceedingly low ($r = 0.010$), as is the correlation between ITU2 and ITU3 ($r = 0.152$). Perceived Behavioral Control (PBC) and Attitude Toward Behavior (ATB). These constructs have modest to moderate positive relationships. For example, PBC3 and PBC1 have a correlation coefficient of 0.321.

Table 4.2.2 Reliability, Cronbach Alpha, Mean and Standard Deviation

Variable	Cronbach's Alpha	Mean	Std. dev.
ATB	0.53	3.47	0.02
ATB1	0.42	3.49	0.59
ATB2	0.45	3.41	0.56
ATB3	0.50	3.53	0.53
ATB4	0.44	3.47	0.57
FL	0.63	3.52	0.02
FL1	0.52	3.52	0.57
FL2	0.59	3.44	0.55
FL3	0.51	3.58	0.52
FL4	0.57	3.45	0.58
FL5	0.66	3.51	0.52
FL6	0.65	3.61	0.55
PBC	0.39	3.57	0.04
PBC1	0.18	3.66	0.49
PBC2	0.48	3.46	0.55
PBC3	0.21	3.59	0.58
SI	0.72	3.34	0.07
SI1	0.64	3.43	0.67
SI2	0.75	3.33	0.65
SI3	0.63	3.32	0.84
SI4	0.60	3.30	0.73
ITU	0.30	3.52	0.36
ITU 1	0.26	3.45	0.64
ITU 2	0.34	3.32	0.74
ITU 3	0.02	3.37	0.72

Source: Developed for the research

A Cronbach Alpha of 0.70 or higher was considered acceptable. Results between 0.60 and 0.69 may be acceptable, whereas values below 0.60 indicate poor internal consistency.

With an alpha of 0.72, the variable Social Influence (SI) had the highest consistency. This is higher than the typical threshold points of 0.70. The score of 0.63 for Financial Literacy (FL) is within the acceptable range (0.60–0.70). This suggests that the questions accurately reflect the students' financial literacy. The commonly recognized cutoff point of 0.60 was not met by ATB (0.53), PBC (0.39), or Intention to Use (0.30).

All factors have mean scores that fall between 3.34 and 3.57. Perceived Behavioral Control the highest mean rating (PBC = 3.57). This suggests that respondents feel well in control of their financial choices and BNPL usage. Social Influence had the lowest mean (SI = 3.34), but the most reliable factor as it have highest alpha.

The degree of variation in the responses is measured by the Standard Deviation (SD). ATB (0.02), PBC (0.04), and Financial Literacy (0.02) all have very low SD values. This shows that nearly every student provided responses that were quite similar, closely clustered around the mean. Compared to the others, Intention to Use had a much larger SD of 0.36.

Table 4.2.3 Collinearity Statistics (VIF)

Variable	Variance inflation factor (VIF)		
	ITU 1	ITU 2	ITU 3
ATB1	1.47	1.46	1.46
ATB2	1.3	1.3	1.3
ATB3	1.3	1.3	1.3
ATB4	1.29	1.29	1.29
FL1	1.55	1.55	1.56
FL2	1.72	1.72	1.71
FL3	1.94	1.93	1.93
FL4	1.72	1.69	1.7
FL5	1.21	1.21	1.21
FL6	1.21	1.2	1.2
PBC1	1.31	1.3	1.31
PBC2	1.31	1.31	1.31
PBC3	1.34	1.33	1.34
SI1	1.76	1.75	1.75
SI2	1.3	1.28	1.28
SI3	1.95	1.94	1.94

SI4	1.79	1.79	1.78
Mean VIF	1.5	1.49	1.49

Source: Developed for the research

While a more stringent academic level is below 5.0, the usual guideline for VIF analysis is that a number below 10 indicates acceptable multicollinearity (Hair et al., 2010). The VIF values for every variable fall between 1.21 and 1.95, as Table 4.2 xx illustrates. Item SI3 has the highest reported VIF (1.95), which is still much below the conservative cutoff point of 5.0. Moreover, the mean VIF for the entire model is 1.50.

The VIF results from Table 4.2.3 multicollinearity is not an issue in the regression models, and the estimated relationships between attitude (ATB), perceived behavioral control (PBC), social influence (SI), financial literacy (FL), and intention to use BNPL (ITU). The result can be confidently interpreted from a multicollinearity perspective.

4.3 Inferential Analysis

4.3.1 BNPL users

Table 4.3.1 Covariance of variables

	<i>PBC</i>	<i>ATB</i>	<i>SI</i>	<i>FL</i>	<i>ITU</i>
PBC	0.1304				
ATB	0.0669	0.1307			
SI	0.0804	0.0955	0.2864		
FL	0.0576	0.0538	0.0622	0.0868	
ITU	0.0782	0.0994	0.2081	0.0676	0.3016

Source: Developed for the research

The results show that all independent variables (PBC, ATB, SI, and FL) have a positive correlation with the dependent variable, Intention to Use (ITU). Notably, Social

Influence has the largest covariance with Intention to Use (0.208), indicating that it has the strongest directional effect on adoption behavior among the variables evaluated.

Table4.3.2 Pearson Correlation of PBC, ATB, SI, FL, ITU

	<i>PBC</i>	<i>ATB</i>	<i>SI</i>	<i>FL</i>	<i>ITU</i>
<i>PBC</i>	1				
<i>ATB</i>	0.512218	1			
<i>SI</i>	0.416172	0.493682	1		
<i>FL</i>	0.541724	0.505482	0.394726	1	
<i>ITU</i>	0.394511	0.500754	0.708077	0.417821	1

Source: Developed for the research

The Pearson Correlation matrix assesses the significance and direction of the linear connection between the independent variables (PBC, ATB, Social Influence, Financial Literacy) and the dependent variable (Intention to Use).

Social Influence and Intention to Use ,the strongest relationship. The study finds a high positive correlation between Social Influence (SI) and Intention to Use (ITU), with a value of 0.708. This implies that peer pressure, social trends, and external recommendations are the most important factors driving BNPL use among Malaysian university students. As social influence increases, so does the intention to use BNPL. This outcome is consistent with the Descriptive Analysis (Section 4.1), which determined that Social Media was the most common channel of awareness.

Attitude and Intention to Use Attitude (ATB) has a moderate positive relationship with intention to use ($r = 0.5$). This suggests that students who perceive BNPL positively are moderately more likely to use the service.

Financial Literacy (FL) has a moderately positive connection with Intention to Use ($r = 0.417$). This challenges the assumption that "higher literacy leads to avoidance." Instead, it appears that students with greater levels of financial knowledge are also using the program.

Perceived Behavioral Control (PBC) had the poorest, but still positive, correlate with intention to use ($r = 0.394$). This means that social pressure overcomes a student's confidence in their capacity to regulate technology or payments.

Table 4.3.3 Multiple Linear Regression

<i>Regression Statistics</i>	
Multiple R	0.7348
R Square	0.5399
Adjusted R Square	0.5303
Standard Error	0.3773
Observations	196.0000

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4.0000	31.9159	7.9790	56.0389	0.0000
Residual	191.0000	27.1952	0.1424		
Total	195.0000	59.1111			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-0.1864	0.3505	-0.5318	0.5955	-0.8778	0.5050	-0.8778	0.5050
PBC	0.0291	0.0952	0.3056	0.7602	-0.1588	0.2170	-0.1588	0.2170
ATB	0.2297	0.0963	2.3850	0.0181	0.0397	0.4196	0.0397	0.4196
SI	0.6015	0.0598	10.0587	0.0000	0.4835	0.7194	0.4835	0.7194
FL	0.1858	0.1156	1.6073	0.1096	-0.0422	0.4138	-0.0422	0.4138

Source: Developed for the research

According to Table 4.3.3 the R-Square value is 0.5399, indicating that 53.99% of the variation in students' intention to use BNPL services can be explained by PBC, ATB, SI, and FL. This is considered as a strong impact size, indicating that the model is reliable and successfully captures the main adoption factor.

At a significance level of 0.000 ($p < 0.001$), the ANOVA table shows an F-value of 56.0389. The regression model is statistically significant because the p-value is significantly below the threshold of 0.05. This indicates that the intention of Malaysian university students to use BNPL services can be accurately predicted by the combination of independent variables.

For PBC → ITU, the path coefficient is 0.029. This shows how the independent variable PBC affects the dependent variable ITU. Because of the small but positive value, ITU will rise by 0.029 units for every unit increase in PBC, all other things being equal.

For ATB → ITU, the path coefficient is 0.230. This demonstrates how attitudes regarding BNPL affect the intention to use BNPL. Since this value is positive, ITU will rise by 0.230 units for every unit increase in ATB while keeping all other factors equal.

SI → ITU has a path coefficient of 0.602. This demonstrates how social influence affects the intention to use BNPL. Keeping all other factors equal, a one-unit increase in SI will result in a 0.602 unit increase in ITU due to the positive and relatively large coefficient.

For FL → ITU, the path coefficient is 0.186. This shows how financial literacy affects the intention to use BNPL. Keeping all other factors equal, the positive value indicates that an increase of one unit in FL will result in an increase of 0.186 units in ITU.

Based on these coefficients, Multiple Linear Regression Equation:

$$Y = -0.1864 + 0.0291(\text{PBC}) + 0.2297(\text{ATB}) + 0.6015(\text{SI}) + 0.1858(\text{FL}) +$$

Y = Intention to Use BNPL

X1 = Perceived Behavioral Control (PBC)

X2 = Attitude Toward Behaviour (ATB)

X3 = Social Influence (SI)

X4 = Financial Literacy (FL)

4.3.2 Non-BNPL user

Figure 4.3. Non BNPL user Intention

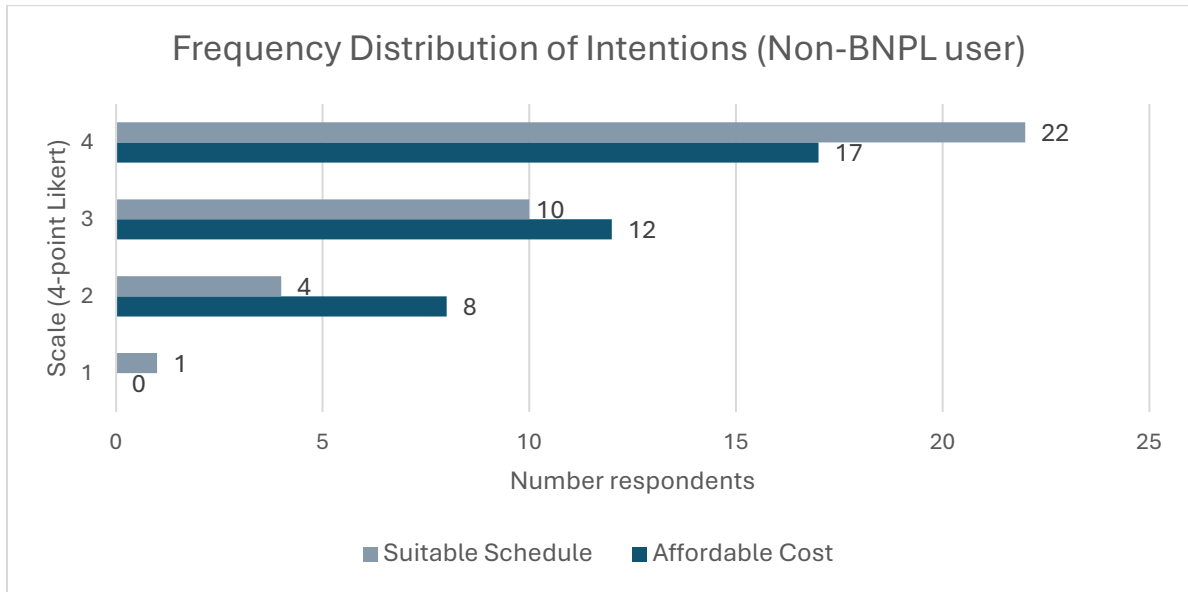


Table 4.3.4 Non BNPL user Intention (Frequency)

Scale	Cost (Frequency)	Percentage	Schedule (Frequency)	Percentage
1 (Strongly Disagree)	0	0.00%	1	2.70%
2 (Disagree)	8	21.62%	4	10.81%
3 (Agree)	12	32.43%	10	27.03%
4 (Strongly Agree)	17	45.95%	22	59.46%
Total	37	100%	37	100%

(1=Strongly Disagree, 2= Disagree, 3= Agree, 4=Strongly Agree)

Source: Developed for the research

Table 4.3.5 Non BNPL user Intention (mean, median, mode, standard deviation)

	Affordable Cost	Suitable Schedule
Mean	3.24	3.43
Median	3.00	4.00
Mode	4.00	4.00
Standard Deviation	0.80	0.80

Source: Developed for the research

Among non-users, intention to use BNPL was measured with two 4-point Likert (1=Strongly Disagree to 4=Strongly Agree). According to Table 4.3.4, the overall responses were mostly favorable, indicating a high probability of future adoption under the ideal conditions.

The mean score for Affordable Cost was 3.24. The majority of respondents shows agreement (32.43%) or strong agreement (45.95%). Only 21.62% disagreed and none strongly disagreed Which can see that current non-users are waiting for terms that fit their personal financial flow rather than being fundamentally against the service.

Support from Table 4.3.4 the Suitable Schedule was considerably greater, with 27.03% agreeing and 59.46% strongly agreeing, compared to just 10.81% disagreeing and 2.70% strongly disagreeing. Obtaining a mean of 3.43. Repayment flexibility is a slightly more significant than affordability. According to the Suitable Schedule factor saw an even higher positive response rate. This suggests that non-users are mainly waiting for terms that meet their cash-flow and payment timing needs rather than being against BNPL per overall.

4.4 Conclusion

A total of 239 people participated in part of the questionnaire survey for this study. The study utilized Microsoft Excel and Stata software to perform a thorough analysis of the data gathered from the questionnaire and the respondents' demographics. We used multiple linear regression analysis and reliability tests (Cronbach's Alpha, Correlation, and VIF) to confirm the construct's reliability and the importance of each indicator. In order to identify the limitations and finalize the conclusion as a summary, the results will be carried over to the following chapter.

CHAPTER 5 DISCUSSION AND CONCLUSION

5.0 Introduction

The findings from Chapter 4 will be reviewed and summarized in this section. This section examines the relationship between the five independent variables, and the dependent variable in the study. Additionally, the study's limitations, theoretical implications, managerial implications, summary of findings, and recommendations will all be clearly stated and written.

5.1 Summary of Statistical Analyses and Major Findings

5.1.1 Descriptive Analysis

This study used a questionnaire survey with a total of 239 respondents, with 51.88% being female and 48.12% being male. The study's geographical focus is Malaysia, with a specially on university students from both public and private universities. The respondents are majority (60.67%) falling between the ages of 21 and 23, followed by the 18 to 20 age group (21.34%).

In this survey, all of the respondents are from Generation Z. The majority individuals who aware of Buy Now, Pay Later (BNPL) services in this category have a monthly spending budget of RM1,001-RM1,500 (36.82%). The data suggests that "Promo Discounts" (21.59%) is the primary motivator of adoption, closely followed by "Convenience" (18.94%). This shows that Generation Z students are more attentive to commercial incentives and efficiency than to financial necessity.

The survey discovered that the majority of respondents learned about these services through social media (33.19%) and checkout page features. Fashion and electronics are the two most popular categories, with lifestyle and need. Shopee PayLater is the most popular BNPL service among respondents, accounting for 55.10%.

Table 5.1 Summary Results for discussions of Major Findings

Independent Variable	Unstandardized Coefficients (Beta)	t-Statistic	P-value (Sig.)	Result
(Constant)	-0.1864	-0.5318	0.5955	-
Attitude Towards Behavior(ATB)	0.2297	2.385	0.0181	Significant
Perceived Behavioral Control (PBC)	0.0291	0.3056	0.7602	Not Significant
Social Influence (SI)	0.6015	10.0587	0	Significant
Financial Literacy (FL)	0.1858	1.6073	0.1096	Not Significant

Source: Developed for the research

5.1.2 There is a significant relationship between Attitude Towards Behavior and the intention to use BNPL service among Malaysia universities students

The attitude towards BNPL demonstrates a significant beneficial influence on the intention to utilize BNPL. The coefficient ($\beta = 0.2297$) signifies that a one-unit increase in favorable attitude correlates with a 0.23unit rise in intention to use, while adjusting for other variables. The p-value of 0.0181 ($p < 0.05$) indicates that this effect is statistically significant.

This indicates that students who view BNPL as advantageous, convenient, economical, or beneficial are more inclined to utilize it. In comparison to Social Influence, the impact of Attitude is significantly weaker, approximately one-third of the SI coefficient. Consequently, although individual assessment of BNPL holds significance, it is less influential than the social context in determining intention. This theoretically confirms the Theory of Planned Behavior's statement that attitude toward behavior is a fundamental predictor of intention.

Consequently, H1 is significant, and the findings verify that good attitudes toward BNPL considerably and positively affect the willingness of students to utilize the service, but this effect is less evident than that of Social Influence.

5.1.3 There is no significant relationship between Perceived Behavior Control and the intention to use BNPL service among Malaysia universities students

The standardized coefficient for PBC was positive but very small ($\beta = 0.029$), and the p-value of 0.7602 shows that this effect is not statistically significant at the 0.05 level. In other words, the differences in how much control students assume that they have overusing BNPL do not explain why some students want to use BNPL more than others.

This indicates that a student's trust in their own capacity to utilize BNPL, access the application, or finalize the transaction is not a primary factor influencing adoption. One possible reason is the way BNPL works. Most of the BNPL services in this study, like Shopee Pay Later and Grab Pay Later, are fully integrated into well-known e-commerce and mobile platforms. You only need to click a few times at checkout. For university students in Generation Z, who are already very used to shopping online and paying with their phones, the perceived difficulty or ease of using BNPL is very low and pretty much the same for everyone. Overall, this finding suggests that efforts to influence BNPL adoption among Malaysian university students may be less successful if they solely concentrate on enhancing self-efficacy.

Therefore, H2 is not supported, and the null hypothesis is accepted in this study. The results suggest that in the case of BNPL adoption among university students, Perceived Behavioural Control is not a key determinant of intention, maybe because the technology itself is simple, accessible.

5.1.4 There is a significant relationship between Social Influence and the intention to use BNPL services among Malaysia universities students.

Social Influence positively predicts intention to use BNPL, with a coefficient of $\beta = 0.6015$ and p-value of 0.000. This p-value is significantly lower than the frequently

accepted alpha level of 0.05, meeting Hair et al.'s (2019) criteria. High beta value (0.6015) indicates a strong positive relationship between SI and intention to use BNPL. This means that when Social Influence increases by one unit, the students' intention to use BNPL increases by approximately 0.60 units, holding other variables constant.

This finding suggests that BNPL adoption among Malaysian university students is mainly socially motivated. The more students believe that important persons (such as friends, family members, classmates, or social media influencers) support or use BNPL, the more likely they are to want to use it themselves. In a highly connected digital environment where BNPL is routinely advertised on social media and included in prominent e-commerce platforms, students are continually exposed to social cues that normalize BNPL use. As a result, acceptance of BNPL can be viewed as a sort of social spread, in which behavior spreads via peer networks and online forums.

H3 is supported, and Social Influence emerges as the strongest predictor of intention to use BNPL in this study. This suggests that peer pressure and social norms play a crucial role in explaining why BNPL usage continues to grow among university students

5.1.5 There is no significant relationship between Financial Literacy and the intention to use BNPL services among Malaysia universities students.

Financial literacy shows a positive but non-significant coefficient ($\beta = 0.1858$, p-value = 0.1096). This p-value is more than 0.05, hence it does not match the significance level advised by Hair et al. (2019). This suggests that, whereas FL is positively connected with intention at the bivariate level, it loses significance when combined with Attitude, Social Influence, and Perceived Behavioural Control in the regression model.

Financially knowledgeable students are neither less nor more likely to intend to utilize BNPL when other psychological factors are considered. Even if a student knows topics like interest, fees, payback schedules, and debt risk, it does not statistically predict whether they will use BNPL when social pressure and positive impressions of BNPL are high. One possible explanation is that even though respondents have knowledge about finance but mostly make their rely on others when purchasing. Decisions might be based on sales, convenience, and the opinions of friends and social media. This means that at the time of the decision, rational financial factors are less important than emotional and situational ones.

Although financial literacy is often assumed to protect young people from risky financial products, the current findings suggest that knowledge alone may not be sufficient to counteract the appeal of BNPL, especially when it is combined with promotions, convenience, and strong peer endorsement.

In this study, H4 is not supported, and the null hypothesis cannot be rejected. The implication for practice is that simply increasing financial literacy may not significantly affect BNPL intention. Unless interventions also address social norms, marketing exposure and emotional factors that drive toward BNPL usage.

5.2 Implications of the Study

This study's findings are useful for two groups: policymakers/practitioners who manage the financial ecosystem (Managerial Implications) and researchers interested in consumer behavior theories (Theoretical Implications).

5.2.1 Managerial Implication

Firstly, regulatory bodies should require all BNPL providers to show the full costs clearly. A lot of interfaces show small monthly payments, which can trick individuals into thinking that is the best option. To prevent this situation happening and generate more financial problems, companies should be forced to show the "Total Cost of Ownership" clearly when students are buying something. The notice should clearly state the total amount due over the entire installation period, any late fees, and the exact conditions that allow these extra charges to happen, like missed payments and so on. Regulators can help individuals to understand the real cost of their purchases by clearly showing this information before the transaction is completed. This action will be more likely to reduce from making impulsive decisions just because they see affordable monthly payments.

Following with changes in the rules, regulators, consumer groups, and BNPL providers should work together to make focused financial awareness programs. These programs need to directly deal with the psychological gap between "low monthly payments,"

which seem easy to handle, and "total debt accumulation," which can get really big when more than one plan overlaps. Using simple pictures and examples from real students, these ads should show how small, broken-up payments can quickly add up to a lot of debt, especially when combined with other obligations like rent and tuition. In addition, they also get to promote and increase the awareness of the BNPL services. The main goal is to change the way young people generally think about monthly payments: that a low monthly payment means a low total cost.

5.2.2 Theoretical Implication

As a result of studies, to support external rules education industry such as schools should work together with people in business to create programs that raise awareness. This collaboration can be talks, webinars, hands on workshops or even camp during the orientation week, as well as on student portals. Because of what the study found about how powerful social impact is, it would be very helpful to have sharing sessions led by peers where everyone talks about the pros and cons of BNPL. These programs need to go beyond giving general advice. They should clearly outline when Buy Now, Pay Later the advantages, benefits convenient like for planned, necessary purchases, and when it becomes a financial risk, like for unplanned or unnecessary purchases.

Furthermore, institutions could also take opportunities to incorporate BNPL specific themes within their formal curriculum. Study results show that knowing a lot about financial matters doesn't mean you'll make good decisions with your finances. Personal finance classes and business or social science schools should include specific lessons on how credit works. This course should teach students the practical roles of providers and merchants, the hidden costs comparable to interest, and the long-term impact of building up debt on credit scores. Students can get a real idea of their payment system in an organized school setting in responsible versus irresponsible real-life examples, instead of learning the hard way through debt or just doing what others do.

5.3 Limitations of the Study

First, the study used a sample size of 239 university students. While this fulfills the minimum statistical requirements, it is minor in comparison to Malaysia's overall student population. Furthermore, the sample demographics were significantly slanted

toward students with business and administration backgrounds (about 36%). This may have mistakenly raised baseline financial literacy scores when compared to a more varied sample of others education background such as Arts or Engineering students, thus limiting the implications of the results to the larger youth population.

Second, the study discovered that General Financial Literacy did not significantly influence adoption results. This shows that the measurement instrument placed too much emphasis on traditional financial knowledge (e.g., inflation, interest rates) rather than "Digital Financial Literacy" particularly to fintech platforms. Undiscovered behavioral elements, such as unpredictable qualities or others behavioral aspects affect judgement. There may have a greater impact on student evaluations than general financial knowledge, which this study could not capture effectively.

Third, significant methodology constraint is the low internal consistency observed for the constructs of Intention to Use (Cronbach's alpha = 0.30) and Perceived Behavioral Control (Cronbach's alpha = 0.39). These poor reliability scores shows that students' "intention" to utilize BNPL is extremely unstable and inconsistent. Which is more likely reflects the system of the service, with usage selections made instantly at the checkout page, not the action that planned to do.

Finally, this study obtained using a cross-sectional design at a certain point in time. However, responder behaviors and fintech market trends are continuously changing. Because BNPL is a relatively new and growing payment mechanism, student perceptions documented in this study may alter when rules tighten or economic situations change. A longitudinal method that follows the same students over time would give a more accurate picture of how debt accumulation practices change.

5.4 Recommendations for Future Research

As BNPL is now still new to Malaysia market, can try to expand to a larger and more diverse demographic. To address the issue of a small sample size (N=239) and unbalanced toward Business and Administration background, future research should seek a bigger, more representative sample. Researchers should broaden their focus beyond a single university or region to include students from other faculties for example, Engineering, Arts, Sciences and geographical locations including city or rural areas. Furthermore, broadening the demographic scope to include non student teenagers, young working adults would provide a more complete picture of Generation

Z's financial behavior. As they have enough purchasing power with stable financial income, plus the view of spending outside of school environment is different.

Integration of Alternative Theoretical Frameworks (such as TAM). Given that the current study found low reliability for the "Intention to Use" component within the Theory of Planned Behavior (TPB) framework, future research should consider incorporating alternative models. To better understand usage behavior, consider using the Technology Acceptance Model (TAM) or the Unified Theory of Acceptance and Use of Technology (UTAUT). Because BNPL is essentially a digital fintech product, frameworks such as TAM, focuses on "Perceived Ease of Use" and "Perceived Usefulness". Which may be more effective than TPB.

Longitudinal studies on the long-term financial consequences. This study was cross-sectional and collected data at a single point in time, therefore it could not analyze the long-term consequences of BNPL use. Future researchers should do longitudinal studies that follow the same generation of respondents over several years, for example, from their first year of university to the start of employment. A longitudinal technique is required to determine whether early adoption of BNPL causes long-term financial issues such as chronic debt accumulation, lower credit ratings, or financial suffering at maturity. This would change the research focus away from simply projecting "adoption" and toward understanding the "impact" of such adoption on financial well-being.

5.5 Conclusion

In conclusion, this research effectively presented that strong and positive social influence and attitudes towards behavior are the main factors influencing Malaysian university students' intention to use BNPL services. Compare to the moderating effects of financial literacy and perceived behavioral control. The results verify that BNPL is integrated into this group's essential and lifestyle consumption Frequently indicating cash flow problems and putting at danger for debt. Strategies must change from passive financial education to active regulatory action and focused behavioral campaigns that fight the social and psychological forces behind the impulsive economy in order to effectively address the challenge of rising young debt.

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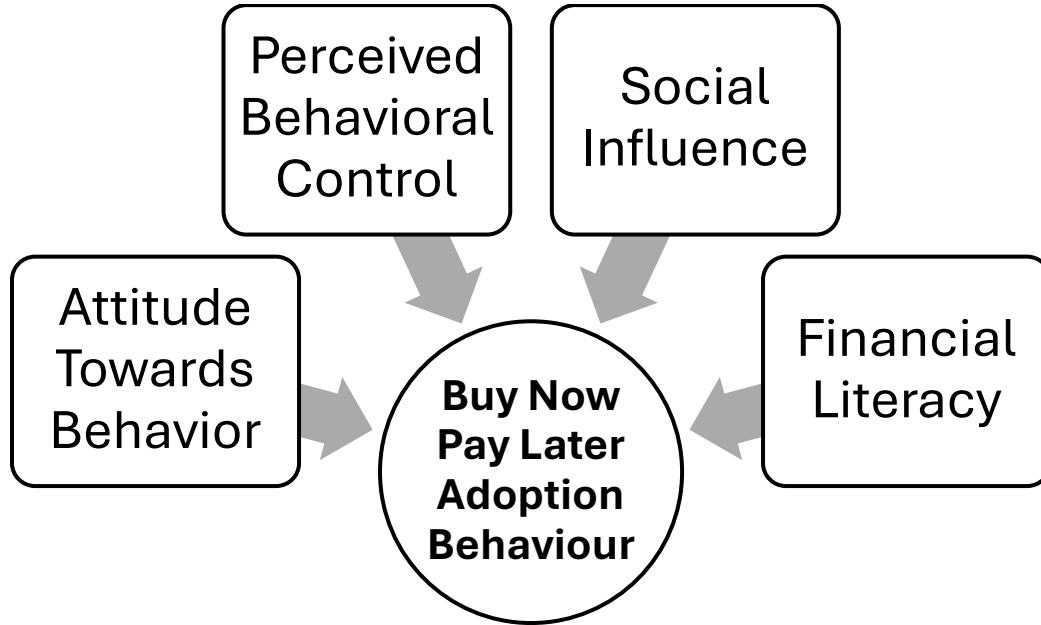
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APPENDICES

Appendix 1: Framework



Appendix 2: Questionnaire

Construct	Item Code	Measurement Item	Reference(s)
Perceived Behavioral Control (PBC)	PBC 1	I feel that using BNPL is easier than traditional payment methods.	Macro & Arifin, 2024
	PBC 2	I have the knowledge to use BNPL services effectively.	Usman&Berto, 2017; Irimia et al., 2023
	PBC 3	I have complete control over my ability to use BNPL.	Macro & Arifin, 2024
Attitude Towards Behaviour (ATB)	ATB 1	I think all information on BNPL services is transparent and easily available for users.	Koh, 2024
	ATB 2	I think the BNPL repayment process is easy and straightforward.	Koh, 2024
	ATB 3	I think the cost of using BNPL services (such as fees or charges) is affordable.	Koh, 2024

	ATB 4	I believe that by using BNPL, I will have more freedom to manage my purchases and improve my shopping experience.	Koh, 2024
Social Influence	SI 1	People around me consider it appropriate to use BNPL services for purchase transactions.	Puriwat,2021
	SI 2	My friends recommend I use BNPL services.	Jalayer,2017
	SI 3	My family thinks that I should use BNPL services.	Rahi et al., 2018
	SI 4	People who influence my behavior think that I should use BNPL services.	Jalayer,2017
Financial Literacy (FL)	FL 1	I can work effectively towards long-term financial goals.	Haws et al, 2012

	FL 2	I know how to limit my expenses to stay within my budget.	Haws et al, 2012
	FL 3	I am responsible when it comes to how much I spend using BNPL.	Haws et al, 2012
	FL 4	I am able to resist unnecessary BNPL purchases to achieve my budget goals.	Haws et al, 2012
	FL 5	I carefully consider my needs before making BNPL purchases.	Haws et al, 2012
	FL6	I closely monitor my spending behavior when using BNPL services.	Haws et al, 2012
Intention to use BNPL	ITU 1	I would like to use BNPL if the cost is affordable for me.	Soong et al., 2024
	ITU 2	I would like to use BNPL if the installment schedule is suitable for me.	Soong et al., 2024

	ITU 3	I intend to continue using BNPL services for my future purchases.	Abed & Alkadi, 2024
	ITU 4	I intend to increase the amount I commit spend per BNPL transaction.	Rahi et al., 2018
	ITU 5	I intend to increase the number of purchases I make using BNPL.	Rahi et al., 2018

Appendix 3: Survey Microsoft Form

The Behaviour of University Students on Buy Now Pay Later (BNPL) ☺

I am a final year student from Universiti Tunku Abdul Rahman (UTAR) conducting a supervised final year research study entitled "Behaviour of University Students on Buy Now Pay Later (BNPL)". This study aims to investigate the behaviour of using BNPL services among university students in Malaysia. This study is approved by the UTAR Scientific and Ethical Review Committee, Ref No.: XXX

We appreciate your time in completing this questionnaire, which will take approximately 5 to 10 minutes. Your responses will be kept strictly confidential, and only aggregated results will be shared.

If you have any questions or concerns about this survey, you can contact me at zining28@utar.my. Your participation is highly valuable and greatly appreciated.

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Informed Consent

Please be informed that in accordance with Personal Data Protection Act 2010 ("PDPA") which came into force on 15 November 2013, Universiti Tunku Abdul Rahman ("UTAR") is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

Voluntary participation You understand that participation in this study is voluntary and that if you decide not to participate, you will experience no penalty or loss of benefits to which you would otherwise be entitled. If you decide to participate, you may subsequently change your mind about being in the study, and may stop participating at any time.

Confidentiality All information you have provided will be kept confidential by the principal investigator and the research team and will not be made available to the public unless disclosure is required by law.

Disclosure Data and information obtained from this study will not identify you individually. The data may be given to the sponsor and/or regulatory authorities and may be published or be reused for research purposes not detailed within this consent form. However, your identity will not be disclosed. The original records will be reviewed by the principal investigator and the research team, the UTAR Scientific and Ethical Review Committee, the sponsor and regulatory authorities for the purpose of verifying research procedures and/or data.

Informed consent I have read and understand the information above. I voluntarily consent and offer to take part in this study. I will not hold UTAR or the research team responsible for any consequences and/or liability whatsoever arising from my participation in this study.

Do you voluntarily agree to participate in this survey? *

- Yes
 No

Have you heard of BNPL (Buy Now Pay Later) services? *

- Yes
 No

University Type *

- Public University in Malaysia
- Private University in Malaysia
- University outside of Malaysia

Area of study *

- Education (e.g., preschool teachers, education science)
- Arts and humanities (e.g., languages)
- Social sciences, journalism and information (e.g., economics, sociology, culture studies)
- Business, administration and law (e.g., accounting, audit, banking & finance, taxation, insurance, marketing, secretarial)
- Natural sciences, mathematics and statistics (e.g., biological, environment, physical sciences, math & statistics)
- Information and communication technologies (e.g., software engineering, computer science)
- Engineering, manufacturing and construction (e.g., electricity and energy, civil engineering, food processing, architecture, building & construction, surveying)
- Agriculture, forestry, fisheries and veterinary
- Health and welfare (e.g., dental, medicine, nursing, therapy, pharmacy, social work & counselling)
- Services (e.g., domestic services, hair & beauty, hotel, sports, travel & tourism)
- Other

Level of Study *

- Foundation
- Diploma
- Bachelor's Degree
- Postgraduate

Age *

- 18-20
- 21-23
- 24-26
- 27+

Gender *

- Male
- Female

Nationality *

- Malaysian
- Non-Malaysian

Student Status *

- Full Time
- Part Time

Monthly Spending Expenses (Personal Expenses; e.g., accommodation rent, groceries, transportation, utilities, entertainment) *

- <RM500
 - RM500 - RM1000
 - RM1001 - RM1500
 - RM1501 - RM2000
 - >RM2000
-

Where have you seen or heard about BNPL? (Select up to 2) *

Please select at most 2 options.

- Social Media (eg: Instagram, Facebook, TikTok)
- Recommendations from friends/family
- Online articles
- At checkout page on shopping platforms
- Influencers/Content creators
- Other

What do you know about BNPL? (Select all that apply) *

- Allowing customers to pay for items in interest-free installments.
- BNPL provides short-term loans that break large purchases into smaller, interest-free installments.
- BNPL loans may be cheaper than other types of loans, but they are less secure.
- 3 groups involved in a BNPL transaction: a customer, a merchant, and a financial services provider
- BNPL providers require minimal personal information from customers.
- Small percentages are charged for each transaction.

Have you used a Buy Now Pay Later (BNPL) service before? *

- Yes
- No

Why are you not using BNPL? (Select Up to 3) *

Please select at most 3 options.

- I do not know enough about BNPL services.
- I am worried about overspending or debt.
- I prefer to pay in full at the time of purchase.
- I use other payment methods (e.g., credit card installment, debit card, cash).
- I worry that BNPL services are less regulated than other financing options.
- Returns and refunds may be complicated
- Other

If you were to use BNPL, what would be your reasons? (Select up to 3) *

Please select at most 3 options.

- Convenience
- Save Time
- Promotional discounts
- Can borrow without a credit check.
- To avoid credit card interest
- To avoid paying the full amount.
- Trust in the BNPL provider.
- Recommendation from friends or family.
- Other

Which types of purchases would make you want to try a BNPL service? (Select up to 3)

Please select at most 3 options.

- Electronics (phones, laptops)
- Fashion (clothes, shoes)
- Travel & Tickets
- Groceries & Essentials
- Education
- Leisure
- Beauty & health products
- Home goods (furniture, decorations)
- Other

What is the average BNPL instalment amount you commit to (per transaction)? *

- < RM100
- RM101–RM500
- RM501–RM1000
- > RM1000

Which BNPL providers have you used? *

- Grab Pay Later
- Shopee Pay Later
- Atome
- My IDU
- Fave Pay
- Split

If you were to use BNPL, for what purchase amount would you consider using it? *

- < RM100
- RM 101- RM 500
- RM 501- RM 1000
- > RM 1000
- I would not consider using BNPL

I would like to use BNPL if the cost is affordable for me. *

1	2	3	4
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Strongly Disagree

Strongly Agree

I would like to use BNPL if the installment schedule is suitable for me. *

1	2	3	4
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Strongly Disagree

Strongly Agree

Perceived Behavioral Control

I feel that using BNPL is easier than traditional payment methods. *

Strongly Disagree Strongly Agree

I have the knowledge to use BNPL services effectively. *

Strongly Disagree Strongly Agree

I have complete control over my ability to use BNPL. *

Strongly Disagree Strongly Agree

Attitude towards BNPL

I think all information on BNPL services is transparent and easily available for users. *

Strongly Disagree Strongly Agree

I think the BNPL repayment process is easy and straightforward. *

Strongly Disagree Strongly Agree

I think the cost of using BNPL services (such as fees or charges) is affordable. *

Strongly Disagree Strongly Agree

I believe that by using BNPL, I will have more freedom to manage my purchases and improve my shopping experience. *

Strongly Disagree Strongly Agree

Social influence

People around me consider it appropriate to use BNPL services for purchase transactions. *

Strongly Disagree Strongly Agree

My friends recommend I use BNPL services. *

Strongly Disagree Strongly Agree

My family think that I should use BNPL services. *

Strongly Disagree Strongly Agree

People who influence my behavior think that I should use BNPL services. *

Strongly Disagree Strongly Agree

Intention to use BNPL

I intend to continue using BNPL services for my future purchases. *

Strongly Disagree Strongly Agree

I intend to increase the amount I commit spend per BNPL transaction. *

Strongly Disagree Strongly Agree

I intend to increase the number of purchases I make using BNPL. *

Strongly Disagree Strongly Agree

Financial Literacy

I can work effectively towards long-term financial goals. *

Strongly Disagree Strongly Agree

I know how to limit my expenses to stay within my budget. *

Strongly Disagree Strongly Agree

I am responsible when it comes to how much I spend using BNPL. *

Strongly Disagree Strongly Agree

I am able to resist unnecessary BNPL purchases to achieve my budget goals. *

Strongly Disagree Strongly Agree

I carefully consider my needs before making BNPL purchases. *

Strongly Disagree Strongly Agree

I closely monitor my spending behavior when using BNPL services. *

Strongly Disagree Strongly Agree

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