

MK012_2506

CONSUMER ACCEPTANCE AMONG MALAYSIAN IN BUY
NOW, PAY LATER (BNPL) SERVICES: INTEGRATING
PERCEIVED TRUST AND PERCEIVED RISK WITH TPB
MODEL

BY

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A final year project submitted in partial fulfillment of the
requirement for the degree of

BACHELOR OF MARKETING (HONS)

UNIVERSITI TUNKU ABDUL RAHMAN

TEH HONG PIOW FACULTY OF BUSINESS AND
FINANCE
DEPARTMENT OF MARKETING

APRIL 2026

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ACKNOWLEDGEMENT

Firstly, our deepest appreciation goes to all the survey respondents for their time and willingness to share their insights, without which this study could not have been completed.

Furthermore, we would like to express our deepest appreciation to our Final Year Project supervisor, Dr. Sim Jia Jia, for her invaluable guidance, continuous support, and immense patience throughout this research journey. Her mentorship not only kept us on track but also inspired us to produce our best work.

We would also like to express our sincere gratitude to our examiner, Dr. Gengswari, for her insightful suggestions, objective opinions, and constructive critiques provided us with fresh perspectives that greatly elevated the standard of our final report.

Finally, we wish to acknowledge and thank Universiti Tunku Abdul Rahman (UTAR) for providing the academic platform, resources, and opportunity to conduct this research.

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LIST OF ABBREVIATIONS

ATT	Attitude
AVE	Average Variance Extracted
BNPL	Buy Now, Pay Later
CCA	Consumer Credit Act
CR	Composite Reliability
INT	Intention to Use
PBC	Perceived Behavioural Control
PLS-SEM	Partial Least Squares Structural Equation Modelling
PR	Perceived Risk
PT	Perceived Trust
SEM	Structural Equation Modelling
SN	Subjective Norm
TPB	Theory of Planned Behaviour
UTAR	Universiti Tunku Abdul Rahman
VIF	Variance Inflation Factor

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Preface

This research examines the rapid growth of digital marketing and changing consumer behaviour in Malaysia. Buy Now, Pay Later (BNPL) has evolved into a major force in social commerce, reshaping spending patterns. While its convenience is clear, the psychological factors driving its adoption require deeper analysis. BNPL reduces purchase hesitation by offering immediate gratification, increasing conversion rates. However, concerns such as debt and trust in financial systems remain underexplored. To address this gap, this study applies the Theory of Planned Behaviour and extends it with Perceived Trust and Perceived Risk to better understand consumer behaviour. Its relevance is further supported by the introduction of the Consumer Credit Act 2025, highlighting the need for responsible financial practices.

Abstract

Buy Now Pay Later services are becoming increasingly popular in Malaysia. This widespread adoption, along with the timely introduction of the Consumer Credit Act (CCA) 2025, highlights the need for a deeper understanding of the factors that drive consumer behaviour. The objective of this study is to investigate the factors influencing Malaysian intention to use BNPL services in the background of CCA. The conceptual framework for this study was developed using an expanded Theory of Planned Behaviour. Furthermore, Attitude, Subjective Norm, Perceived Behavioural Control, Perceived Trust, and Perceived Risk are the independent variables in this study. These independent variables are utilised to assess whether they significantly influence the intention to use BNPL.

SmartPLS software was adopted to analyse the data. This study gathered a total of 405 valid participants. The findings and results show that Attitude, Subjective Norm, Perceived Behavioural Control, and Perceived Trust significantly and positively influence the intention to use BNPL. Meanwhile, Perceived Risk was found to have a significant negative influence on the intention to use BNPL.

Ultimately, the research bridges a critical literature gap in a newly regulated market, offering actionable insights for BNPL providers, digital marketers, and policymakers. The findings indicate that stakeholders should prioritise transparent, trust-building strategies and responsible financial education to encourage sustainable consumer adoption.

Keywords: digital credit adoption, perceived trust, perceived risk, intention to use, Malaysia

Subject area: HF5410-5417.5 Marketing. Distribution of product.

CHAPTER 1: RESEARCH OVERVIEW

1.0 Introduction

This study aims to determine factors that influence Malaysians intention to use Buy Now Pay Later services. This chapter will discuss the overview of this study, including the research background, the objectives of the research, and its significance.

1.1 Research Background

In recent years, digital technology has transformed Malaysia's financial services landscape. Financial technology innovations, driven by widespread smartphone adoption, fast internet connectivity, and supportive regulatory frameworks are reshaping how consumers make payments (Abdullah & Hisamudin, 2024). In this changing ecosystem, alternative credit solutions like Buy Now, Pay Later (BNPL) have gained significant popularity. According to Halim et al. (2024), there is a 35% increase in BNPL usage in Malaysia in 2024, indicating a growing consumer preference for flexible payment options. The Central Bank of Malaysia (2025) further revealed that, as of 2024, 45% of Malaysian consumers had used BNPL services, primarily because of accessibility and ease of use. These adoption patterns reflect a cultural shift that embraces digital convenience and normalises financial tools like BNPL (Podin et al., 2025). A significant portion of BNPL users belongs to the B40 group (Shereen, n.d.).

BNPL functions as a short-term credit facility that enables consumers to purchase goods or services and repay the cash in prearranged installments. It is a new type of credit that enables users to use a mobile app to make purchases (Powell et al., 2023). The most common structure, known as "pay in four" or "four in six," divides payments into four equal interest-free installments (Hayashi & Routh, 2025). Timely payments do not incur interest, while late payments may result in fees depending on provider policies (Kumar & Nayak, 2024). This model offers consumers immediate purchasing power with deferred repayment, combining

convenience with financial flexibility (Srivastava et al., n.d.). It also simplifies loan processing, expands access to short-term credit, and reduces the psychological pain of payment during checkout (Simiyu et al., 2025). BNPL is highly integrated into digital and social commerce ecosystems, offering a more user-friendly and one-click purchasing experience BNPL is highly integrated into digital and social commerce ecosystems, offering a more user-friendly and one-click purchasing experience (A. Kumar et al., 2024). Although initially dominant in e-commerce, BNPL has rapidly expanded into physical retail and service sectors such as travel and healthcare (Cheng & Huo, 2025; Hayashi & Routh, 2025). In Malaysia, major platforms like Shopee and Lazada have integrated BNPL into their payment systems, either through partnerships with providers or through in-house solutions (Anand & Ram, 2023).

While BNPL is frequently criticised for encouraging impulsive retail spending, it also serves as a financial safety net for Malaysians facing sudden emergencies (Bin et al., 2025). Today, numerous sectors are increasingly adopting BNPL as a payment option to help consumers manage unexpected expenses. Major electrical retailers in Malaysia, such as Senheng and Harvey Norman, heavily feature BNPL options for goods like fridges, washing machines and ovens. This gives families access to essential goods they otherwise couldn't afford (Senheng, 2026; Harvey Norman, 2026). Additionally, a recent study highlights that Malaysian university students are increasingly adopting BNPL to manage limited allowances and address both educational and daily expenses (Tan et al., 2026). Therefore, studying BNPL adoption is crucial as it is no longer merely a financial tool for lifestyle consumption, but a necessary alternative tool that provides Malaysian consumers with greater financial flexibility.

1.2 Research problem

Buy Now, Pay Later (BNPL) services have rapidly expanded in Malaysia, primarily due to its short-term financial flexibility. However, BNPL remained unregulated for a long time, raising concerns about consumer protection, overspending, and potential debt accumulation. Until 21 July 2025, Malaysian Parliament finally passed the Consumer Credit Bill 2025, BNPL services will now be governed under the Consumer Credit Act (CCA) (HHQ, 2025). This act introduces new compliance requirements, including licensing, disclosure, and creditworthiness assessments (Chua, 2026). This regulatory shift represents a significant turning point in shaping

consumer perceptions and acceptance of BNPL services, making it a timely and important area of research.

While numerous studies have investigated the factors affecting consumer intention to use BNPL services, there has been a lack of attention to the obstacles in the Malaysian context (Chamuditha & Colombage, 2025; Abdelbary, 2023; Raj et al., 2024). The limited studies on BNPL conducted in Malaysia have primarily applied the Unified Theory of Acceptance and Use of Technology (UTAUT) and the Technology Acceptance Model (TAM) frameworks (Tang et al., 2025; Jing et al., 2024; Soong et al., 2024). Therefore, this study investigates Malaysian consumers' acceptance of BNPL services by extending the Theory of Planned Behaviour (TPB) framework with trust and perceived risk. This study aims to fill the existing gap in the literature while offering insights that enhance academic knowledge and provide actionable strategies to support BNPL adoption in Malaysia.

One important factor is consumers' attitudes toward them. Previous studies indicate that many Malaysian consumers view BNPL as a practical tool for short-term financial flexibility (Song et al., 2025). However, this is often accompanied by worries about misleading or unfair practices (Ahmad et al., 2025). BNPL is also criticised as its mechanisms can trigger impulsive buying, particularly among millennials, leading to potential financial strain (Nik Azmi et al., 2024). Notably, the past studies were conducted in an unregulated environment where issues of transparency and consumer protection were not adequately addressed. The impact of new regulations on attitude is still unknown. This creates a gap in knowledge about how consumers establish their behavioural intentions within this newly regulated financial environment. Therefore, addressing this gap is crucial as attitudes directly influence consumer acceptance of BNPL services.

Additionally, studies confirm that intentions to use financial technology services are significantly influenced by social pressures or expectations from peers, family, and the community (Xie et al., 2021). In Malaysia, this influence is particularly strong as financial decisions are guided not only by individual preferences but also by collective approval (Loke, 2024). There are many news reports and public discussions about overdue BNPL balances and concerns over financial debt, which may add social expectations to borrow more carefully

(Bernama, 2025; Bernama, 2025; Ramesh, 2025). BNPL now formally regulated under the Consumer Credit Act (CCA), it may gain greater legitimacy and social acceptance, as regulation signals that it is safe and recognised by the government. However, how these evolving social pressures and expectations influence Malaysians' intentions to use BNPL is unknown. Therefore, this presents a significant gap that needs to be studied.

Perceived behavioural control (PBC) is another critical factor influencing BNPL adoption, representing how easy or difficult consumers believe it is to use the service. Historically, BNPL's rapid growth in Malaysia was driven by its instant-approval process, enabling consumers to make purchases without the delays of traditional credit checks, which gave consumers a high sense of control (Deshmukh, 2025). However, the introduction of the CCA fundamentally disrupts this ease. The act now mandates strict creditworthiness and affordability assessments before a user can be approved (HHQ, 2025). In a population where one in three individuals has low financial literacy, the introduction of new regulatory hurdles and complex legal terms creates significant obstacles (AKPK, 2018). Instead of feeling empowered, consumers may now face confusing sign-ups, lower credit limits, or rejections. Therefore, understanding how this new regulatory friction affects Malaysians perceived behavioural control over BNPL is important.

Beyond the original model of TPB, perceived trust and perceived risk are also crucial. The issue of data leakage in Malaysia is a significant issue. A recent cybersecurity report by GreatRise IT Consulting (2024) ranks Malaysia 8th globally for cybersecurity breaches, with 76% of Malaysians having experienced online or phone scams. These figures indicate widespread issues about unauthorised access, misuse of personal data, and vulnerability to cybercrime. These concerns are particularly acute in sectors involving financial transactions, such as e-wallets and online banking, where trust in digital platforms is closely linked to perceptions of data security (Badiozaman et al., 2024). The high incidence rate has heightened public sensitivity towards sharing personal information online, as the issue has become increasingly common. Since BNPL services function entirely online and require users to provide sensitive personal and financial data, potential users may be reluctant to use BNPL services due to a lack of trust in the reliability and security practices of BNPL providers. Therefore, resolving trust issues is essential to achieving BNPL's full potential in Malaysia.

According to Ryu (2018), consumers assess the value of Fintech services against perceived risks. If they view the potential for financial loss as too high, they are less likely to adopt the technology. For BNPL services, concerns about potential financial loss have become a significant barrier. Recently, discussions about "hidden charges" with BNPL include potential late fees and interest charges for missed payments are rising as some providers' terms are unclear or require thorough consumer scrutiny (Zhong, 2018; Aminuddin, 2025; AKPK, 2025). Additionally, recent criticisms also suggest that certain promotional strategies of BNPL intentionally obscure important terms and conditions, leading to consumer confusion and unexpected costs (Rakshith, 2025). This lack of clear fee structures and terms could make users feel uncertain about the true cost and worry about hidden costs. Ultimately, consumers will not use BNPL platforms as people tend to avoid financial products that lack transparency and predictability (O'Brien et al., 2024). Therefore, it is important to increase understanding about how consumers's perceived risk will influence BNPL usage.

1.3 Research Objectives

1.3.1 General Objective

The objective is to examine Malaysian consumers' acceptance of BNPL by incorporating perceived trust and perceived risk into the Theory of Planned Behaviour.

1.3.2 Specific Objectives

- To investigate the influence of Attitude on Malaysian consumers' intention to use BNPL services.
- To investigate the influence of Subjective Norms on Malaysian consumers' intention to use BNPL services.
- To investigate the influence of Perceived Behavioral Control on Malaysian consumers' intention to use BNPL services.
- To investigate the influence of Perceived Trust on Malaysian consumers' intention to use BNPL services.
- To investigate the influence of Perceived Risk on Malaysian consumers' intention to use BNPL services.

1.4 Research Questions

1. Does attitude influence consumer acceptance among Malaysians in BNPL?
2. Does subjective norm influence consumer acceptance among Malaysians in BNPL?
3. Does perceived behavioral control influence consumer acceptance among Malaysians in BNPL?
4. Does perceived trust influence consumer acceptance among Malaysians in BNPL?
5. Does perceived risk influence consumer acceptance among Malaysians in BNPL?

1.5 Research Significance

1.5.1 Theoretical Significance

Incorporating perceived trust and perceived risk to the context of TPB, this study examining the degree to which consumers in Malaysia adopt BNPL services, contribute significantly to the academic knowledge. While the original TPB model effectively explains the adoption of digital payment methods, incorporating perceived trust and perceived risk can offer a more detailed and comprehensive understanding of BNPL adoption in emerging economies like Malaysia. By doing this, the research offers deeper insights into the psychological and risk-related factors that influence consumer intentions. Additionally, while previous studies primarily focus on unregulated markets, this research pioneers the examination of consumer behaviour within Malaysia's newly regulated environment under the Consumer Credit Act (CCA) 2025, delivering more timely and relevant findings compared to prior research. This theoretical offers a robust framework for future studies exploring digital finance adoption in similar contexts.

1.5.2 Practical Significance

On the practical side BNPL providers, retailers, fintech innovators, and legislators can all benefit from the findings. For BNPL providers, they can gain insights into key consumer concerns in adopting BNPL, enabling them to design safer, more user-friendly, and transparent financial solutions. These practices help in building long-term relationships and promoting sustainable industry growth. For consumers, the study improves their understanding of BNPL

and provides meaningful insights into how their own attitudes, social pressures, perceived behavioural control in managing finances, and concerns about trust and risk shape their decision to use BNPL. With this awareness, consumers can make more confident, responsible, and informed choices when using BNPL. For policymakers, the results can inform whether the newly implemented Consumer Credit Act (CCA) has effectively addressed key barriers such as transparency, consumer protection, and consumer trust. They can also draw on these insights to further improve the regulations to better safeguard consumer interests and ensure BNPL contributes positively to financial inclusion without worsening debt risks.

1.6 Conclusion

The research background, research problem, and objectives of the study of BNPL adoption in Malaysia have been introduced in this chapter.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

In this chapter, the relevant literature and theoretical perspectives related to this study were summarised. This section establishes the groundwork for developing the research framework and hypotheses that guide current study by reviewing previous findings.

2.1 Underlying Theory

2.1.1 Theory Planned Behaviour (TPB)

The Theory of Planned Behaviour (TPB) is a widely used psychological model that explains how an individual's beliefs influence their actions. It was developed by Ajzen in 1991. It builds upon the Theory of Reasoned Action (TRA) by adding the element of perceived behavioural control. According to TPB, a person's behaviour is mainly determined by their intention to perform that behaviour. This intention is shaped by three main factors: attitude, subjective norms, and perceived behavioural control (Ajzen, 1991). Attitude refers to a personal evaluation of the behaviour, subjective norm refers to perceived social pressure to engage or not engage in that behaviour; and perceived behavioural control refers to how easy or challenging it is believed to be to carry out the behaviour (Ajzen, 1991).

The TPB has been extensively used in numerous fields to understand and predict a wide range of behaviors, including consumer behavior. Existing literature has frequently employed TPB to examine consumer behavioural intentions in various digital contexts such as online shopping (Zhang & Chen, 2023), mobile payment adoption (Usman et al., 2025), and fintech usage (G. S. & Shetty, 2025). In this study, TPB serves as the underlying theoretical framework to examine Malaysian's intention to use BNPL services, incorporating additional constructs perceived risk and perceived trust. These additions aim to capture the complex nature of digital financial decision-making in modern consumer environments. Understanding the drivers of adoption helps financial technology companies create effective strategies to attract and retain customers, ultimately enhancing organisational performance and market penetration (Irimia-Diéguez et al., 2023; Baharuddin et al., 2023).

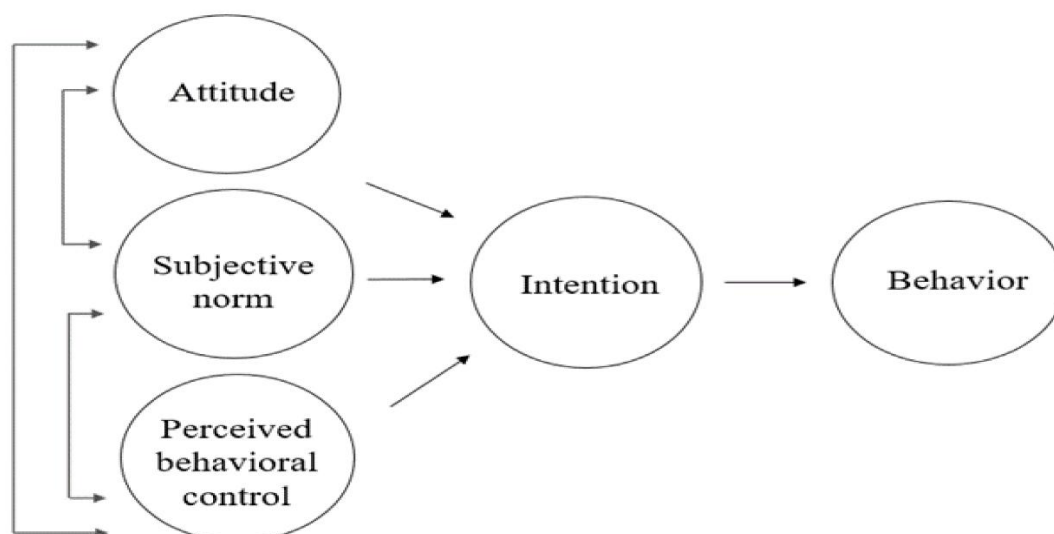


Figure 2.1: TPB Framework

2.1.2 Background of BNPL service

BNPL is a financial service that allows consumers to make purchases immediately while deferring payment. This usually involves splitting the entire expense over a predetermined time period in interest-free installments (Kenney et al., 2022). BNPL services are provided by financial technology companies and are commonly available both online and in physical stores, serving as an alternative to standard credit cards and bank loans (Gerrans et al., 2021). Customers find this payment method appealing because it reduces the immediate psychological pain of paying at checkout. In Malaysia, popular BNPL services include Grab PayLater, Atome, and SPayLater by Shopee.

2.2 Review of Variables

2.2.1 Attitude

Attitude refers to the degree to which a person has a favourable or unfavourable evaluation toward an object, behaviour, or issue. Attitudes are formed from behavioural beliefs, which link the behaviour to certain outcomes or attributes (Ajzen, 1991). The core of attitude involves an evaluative judgment that guides an individual's perceptions, decisions, and actions across various contexts, including consumer behaviour and technology adoption (Eagly & Chaiken, 2007). In the context of fintech, attitude reflects a user's overall evaluation of

adopting and using digital financial services based on their prior perceptions and experiences (Jiwasiddi et al., 2019). A positive attitude indicates that the user believes fintech services are beneficial, convenient, and trustworthy, which then increases their intention to adopt and continue using these services (Tat Huei et al., 2018).

2.2.2 Subjective Norms

Subjective norms refer to the perceived social pressure to perform or not perform a particular behaviour. They are influenced by normative beliefs about whether significant others like friends, family, or society at large approve or disapprove of the behaviour, combined with the person's motivation to comply with those referents (Ajzen, 1991). Individuals often look to peers for validation when adopting new technologies, making subjective norms a key factor in their decision-making process (Lee & Wan, 2010). In terms of digital payment adoption, subjective norms have been shown to be particularly influential as people often rely on their social environment for cues on what behaviours are deemed acceptable or advantageous. (Bermeo-Giraldo et al., 2023). The perceived usage among peers, the pervasive influence of digital marketing, and the endorsements by social media influencers can collectively normalise BNPL usage. This normalisation leads young consumers to perceive BNPL as a smart, acceptable, and even expected financial choice within their social circles (Nisa et al., 2025). In this context, exposure to recommendations or usage by significant others can establish perceived norms around behaviours such as adopting BNPL services.

2.2.3 Perceived Behavioural Control

Perceived behavioral control reflects how strongly people believe they can successfully perform a specific behaviour. And this idea is closely tied to self-efficacy (Ajzen & Fishbein, 1980). This connection makes PBC useful for understanding behaviour in situations with new technologies, where confidence and the perceived ease or difficulty of performing an action become critical factors (Mandal et al., 2024). When people feel they have a high level of control, they are more likely to act on their intentions, especially when they expect positive results. Earlier studies by Averill (1973) and Schepers and Wetzels (2006) suggest that perceived behavioral control functions similarly to an individual's ability to control their behavioral, psychological, and physical reactions, all of which influence decision-making. For instance,

Terry and O’Leary (1995) found that a person's belief in their ability to control their behaviour remained a strong predictor of their intentions, even when considering factors like personal attitudes and social pressure.

2.2.4 Perceived Trust

Perceived trust refers to a person’s assessment of the trustworthiness of another party, often based on incomplete information, to achieve outcomes that would otherwise be impossible (Xiao & Wu, 2020). In a digital setting, trust is defined as having belief in individuals, procedures, and technology to establish a safe online environment, with a focus on transparency, privacy, and data security (Julija Saveljeva & Volkova, 2025). Adoption of digital financial services relies heavily on trust. While BNPL services improve financial accessibility, they also raise trust-related concerns. (Andrian Gaju, 2025). Perceived trust also particularly critical for first-time users or consumers in markets where digital payment solutions are still developing and trust in fintech is relatively low (Kanojia & Lal, 2020).

2.2.5 Perceived Risk

Perceived risk refers to personal belief that there is a chance of experiencing a loss while trying to achieve a certain goal (Nedumkallel et al., 2020). Prior research implies that perceived technological risk may have a deterrent effect on consumer adoption and usage of technology as consumers fear losses related to information, pocketbook and time costs and even social standing. It shows how uncertain a customer is when using a company's services (Kim et al., 2025). Similarly, Snoj et al. (2004) describes perceived risk as the uncertainty that leads to possible negative outcomes. In the field of consumer psychology, risk is often divided into two categories: objective risk, which reflects an individual's overall attitude toward taking risks, and subjective risk, which depends on how a person evaluates the likelihood and severity of potential negative outcomes (Li et al., 2020). Perceived risk often stems from concerns about poor service performance and can lead to feelings of regret or dissatisfaction. It shaping how consumers behave and make decisions (Ju et al., 2025). However, the perceived risk can be identified as a broad concept that covers financial, performance, social, psychological, and bodily risks, highlighting the fact that customers assess possible losses in each of these areas when making decisions about what to buy (Kaplan, 1974).

2.2.6 Intention to Use BNPL

One type of behavioral intention is the desire to use BNPL. Ajzen (1991) describes behavioural intention as the motivational elements that drive a person's decision to engage in a specific behaviour. It is considered the most immediate and significant predictor of actual behaviour. This implies that a person's desire to use BNPL can result in concrete actions, like enrolling in a BNPL service or choosing it as a method of payment while making a transaction. Additionally, studies have shown that positive attitudes toward BNPL, when it is viewed as convenient and flexible, increase the intention to use these services (Osman et al., 2024b). Overall, the literature review highlights that the intention to use BNPL is a complex construct shaped by various underlying influences.

2.3 Conceptual Framework

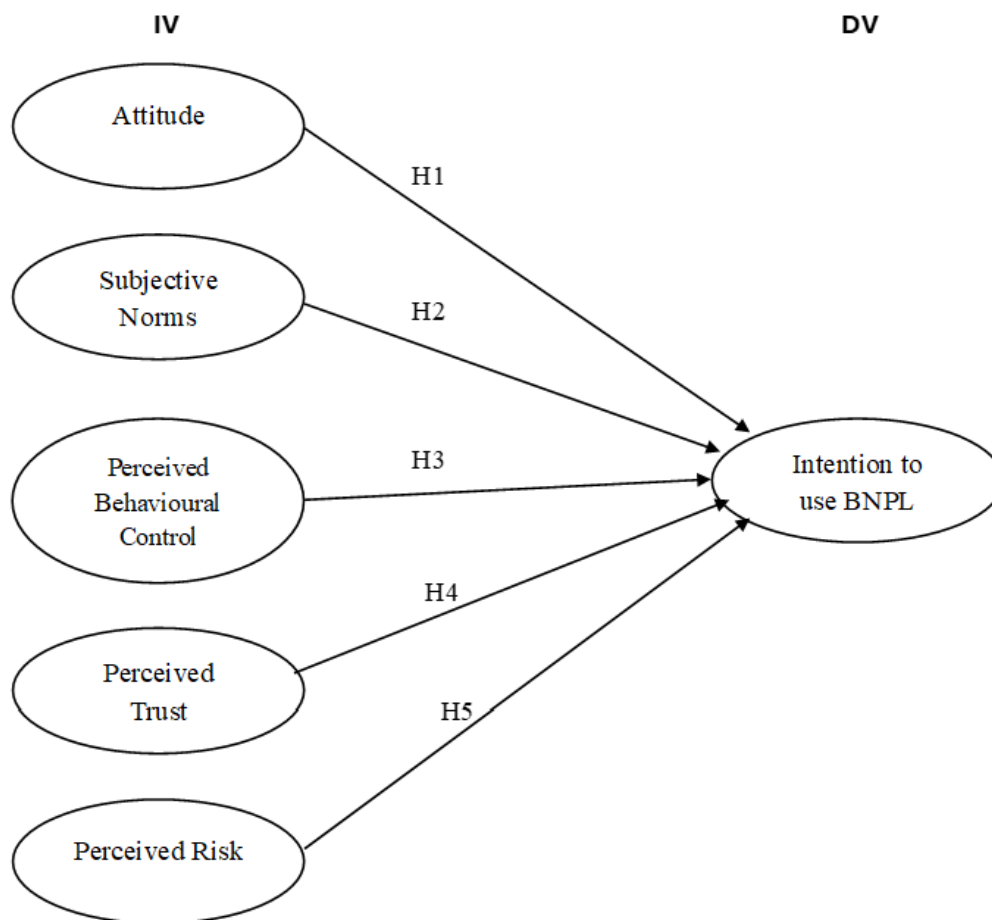


Figure 2.3: Conceptual Framework

2.4 Hypotheses Development

2.4.1 Relationship between Attitude and intention to use BNPL

According to the research, the intention to use Buy Now, Pay Later (BNPL) services is strongly influenced by attitudes. Consumers frequently develop highly positive attitudes towards BNPL services is because of the perceived convenience, flexibility, and lack of immediate financial pressure. Notably, many young consumers consider BNPL to be a budgeting tool rather than a form of debt, which further boosts their favourable perceptions. (Relja et al., 2023). Experimental research shows that participants are prefer to use BNPL over credit cards, with most believing others view it as a good choice (Ackert et al., 2024). People are more likely to participate in a behaviour when they develop a favourable attitude toward it (Ajzen, 2020). Therefore, the hypothesis proposed is

H1: Attitude positively influences the intention to use BNPL.

2.4.2 Relationship between Subjective Norms and intention to use BNPL

Prior studies have found subjective norms to significantly impact the intention to use Buy Now Pay Later services. This suggests that people's perceptions of other people's attitudes toward BNPL would have an impact on their decisions to accept BNPL (Hidayat et al., 2024; Raj et al., 2023). When important persons in a person's social circle actively utilise or have a positive opinion of digital payments, it generates social pressure to follow suit (Shuhaiber et al., 2023). A recent study in Sarawak confirmed subjective norms as a predictor of BNPL adoption intentions among youth (Ting et al., 2025). Similarly, another study found that social influence, a construct conceptually aligned with subjective norms, also positively affects Malaysian intention to use BNPL (Jing et al., 2024). Given the consistent findings across local and international contexts, subjective norms are anticipated to positively impact Malaysians' willingness to use BNPL services. The hypothesis proposed is

H2: Subjective Norms positively influences the intention to use BNPL.

2.4.3 Relationship between Perceived Behavioural Control and intention to use BNPL

Perceived Behavioural Control describes the extent to which individuals feel they have control over their actions. This perception is shaped by factors such as personal beliefs, confidence,

past experiences, and external conditions (Osman et al., 2024). People are typically more inclined to act when they have a greater sense of control, especially when it comes to making consumer decisions like selecting payment options (Vu et al., 2023). Individuals who feel more capable of managing BNPL services are more likely to adopt them. Studies focusing on students also show a clear connection between perceived behavioural control and digital payment usage (Usman et al., 2025). Elements such as financial knowledge, accessibility, and a clear understanding of repayment terms all contribute to this sense of control. When these factors are present, individuals are more likely to feel confident and show stronger intentions to use BNPL services (Hui et al., 2025). For example, when BNPL platforms are easy to use and provide clear information, adoption tends to increase (Hegawan et al., 2023). However, if the system is complicated or users are concerned about lack financial understanding, their sense of control weakens, which reduces their willingness to use those services (Hidayat et al., 2024). The hypothesis proposed is

H3: Perceived Behavioural Control positively influences the intention to use BNPL.

2.4.4 Relationship between Perceived Trust and intention to use BNPL

Multiple studies confirm that perceived trust is an important factor in users' inclination to use BNPL platforms. Users are more likely to adopt BNPL when they feel the platform is dependable and secure, regardless of country or demographic group (Raj et al., 2023; Thien et al., 2024). Research in Malaysia has also shown that platform trust positively influences borrowing intentions, which subsequently affects actual usage behaviour (Pertiwi et al., 2025). Strong security of data, privacy protections, and open communication about data handling are important for building perceived trust, which in turn boosts adoption. Given the important role of trust in influencing consumer decisions within financial technology environments, it is reasonable to anticipate a positive relationship between perceived trust and the intention to use BNPL services. The fourth hypothesis stated is

H4: Perceived Trust positively influences the intention to use BNPL services.

2.4.5 Relationship between Perceived Risk and intention to use BNPL

Perceived risk is the feeling of uncertainty and concern that people often associate with using new technology (Thakur & Srivastava, 2014). Prior research implies that perceived technological risk may have a deterrent effect on consumer technology adoption and use as consumers fear losses related to information, pocketbook and time costs and even social standing (Kaur & Arora, 2022; Roh et al., 2023). This feeling can make consumers hesitant to adopt new tools or platforms, especially when they fear the possibility of losing personal data, money, time, or even damaging their social reputation (Raj et al., 2024). Namahoot and Jantasri (2022) found that a higher sense of perceived risk lowers individuals' willingness to use cashless payment methods. BNPL users who fail to make payments on time may face extra charges, such as late fees or penalties from different providers. Without automatic repayment settings, it becomes easier to miss deadlines, leading to added financial stress. This means that the users may have their outstanding loan transferred to collection agencies and reported to credit bureaus if they significantly miss payments, which could lower their credit score (Hayashi & Routh, 2025). The user may become more cautious when using BNPL services because of these possible consequences, which raise their perceived risk of losing money. Therefore, the hypothesis proposed is

H5: Perceived Risk negatively influences the intention to use BNPL.

2.5 Conclusion

Thus, chapter 2 thoroughly reviewed the existing studies, developing a conceptual framework and formulating necessary research hypotheses.

CHAPTER 3: METHODOLOGY

3.0 Introduction

This chapter outlines the quantitative and descriptive approaches for studying BNPL adoption. It details the sampling of 384 adults via judgmental sampling, data collection using structured questionnaires, construct measurement scales, and the proposed statistical analysis using SmartPLS software to evaluate the measurement and structural models.

3.1 Research Design

3.1.1 Quantitative Research

Quantitative research is a methodical strategy that examines social phenomena and correlations between variables using numerical data and statistical techniques (Creswell, 2012). The term "quantitative" refers to the collection of information based on quantities or amounts, then presented in a numeric form such as statistics, percentages, and graphs, and often analysed using statistical software (Mohajan, 2020). Its goal is to measure attitudes, opinions, behaviours, and other specified variables, enabling the generalisation of findings from a broader sample

population (Ghanad, 2023). It is particularly effective for handling large datasets and provides clear, objective measures. Therefore, this research method was utilised to quantify perceptions and behaviours regarding BNPL usage.

3.1.2 Descriptive Research

Descriptive research focuses on accurately describing characteristics and behaviours without establishing causality (Bulbulia et al., 2019). According to Rashid et al. (2021), this design relies on data from larger populations that can be analysed to generate insights and recommendations. In order to identify key factors impacting BNPL adoption and to provide a clear foundation for understanding the reasons and obstacles influencing its usage, surveys are conducted to gather data from Malaysian customers. Therefore, a descriptive research design will be used to examine consumer acceptance of BNPL services among Malaysians.

3.2 Sampling Design

3.2.1 Target population

According to Whaley (2024), target population is a particular group of people upon which a study or product will focus because they have common aspects. In Malaysia, the population is approximately 26,656,579 with the citizens aged 18 years and above constituting the population with eligibility to participate in undertaking this study. A recent report by CCOB shows that there are about 6.5 million active BNPL users as of July 2025 in Malaysia. Thus, the target population of this research is Malaysian consumers who are either current or potential users of BNPL services. This is because these people have the highest tendency to engage in online shopping and use forms of digital payments (Lim et al., 2016). This group is believed to be suitable since their attitudes and perceptions influence the development and sustainability of BNPL services in Malaysia greatly.

3.2.2 Sampling Frame

A sampling frame is a specific set of people selected from a population to engage in a study (Mweshi & Sakyi, 2020). The sampling frame for this study included Malaysian persons aged 18 and up who know BNPL services. To ensure data integrity, a screening question was

included at the beginning of the questionnaire to validate participants acquaintance with BNPL, ensuring that only those who met the eligibility criteria proceeded to the full survey.

3.2.3 Sample Size

This study focuses on present and potential BNPL users in Malaysia's adult population. According to data from the Malaysian Department of Statistics (2025), there are roughly 26.8 million people aged 18 and up. To estimate the proper sample size for this given population, the Krejcie and Morgan (1970) table was used. According to their specified standards, a sample of 384 respondents is adequate to achieve representativeness for a population of this size. As a result, this study has set a minimum goal for 384 participants to ensure statistical validity.

3.2.4 Sampling Technique

Non-probability sampling was used in this study. It encompasses approaches to data collection that do not employ a full probability-based design (Forster, 2001). This process is associated with random selection of units which is quite an effective, efficient, and cost-effective method of collecting data mainly because it does not need a complete frame of the sampling process (Etikan, 2017). This study specifically employs judgmental sampling to select respondents who are relevant and capable of providing meaningful insights into BNPL services. The judgmental sampling is based on the personal decision of the investigator regarding the selection of the most relevant respondents to the objectives of the research (Etikan, 2017). In this study, a screening criterion was established whereby only Malaysian adults aged 18 and above, who have heard before BNPL services, were eligible to participate. Consistent with the Age of Majority Act 1971 and the Contracts Act 1950, which define the legal age of majority in Malaysia as 18, the inclusion of participants was restricted to legal adults.

3.3 Data Collection Method

3.3.1 Questionnaire Design

To collect data relevant to the research goals, a structured questionnaire was created and separated into two major portions. Section A collects demographic information such as gender, age, and education level to profile responses, which is preceded by screening questions to

guarantee that only qualified participants are included. Section B assesses the research variables using constructs drawn from prior studies. A 5-point Likert scale is used to quantify these factors, with respondents indicating their level of agreement ranging from "1 (Strongly Disagree)" to "5 (Strongly Agree)."

3.3.2 Pre-Test

To ensure the reliability and accuracy of the data collection tool, a pre-test of the questionnaire was administered before the actual pilot study. The preliminary draft was distributed to three experienced Marketing lecturers at UTAR. The objective of this pre-test was to identify any potential issues related to sentence ambiguity, technical jargon, and overall layout. The feedback provided by these academicians was systematically reviewed, and necessary adjustments were made to refine the questionnaire.

3.3.3 Pilot Test

Pilot test was conducted to determine and fix all possible problems with the questionnaire before its delivery, it was followed by a pilot study. According to Whitehead et al. (2015), at least thirty of the participants are required to participate in such a study. A pilot test was conducted prior to the actual survey to determine the effectiveness of the questionnaire as regards clarity and reliability of the study. In this way, it made the instrument well-structured and easily understandable by the subjects, which facilitated the data collection accuracy. The pilot test assessed the reliability of the survey items based on Cronbach alpha, and the alpha value of 0.60 or more indicates that the survey items have reasonable internal consistency (Taherdoost, 2017).

Table 3.1

Pilot Test Result

Variables	No. of Item	Cronbach's alpha Value	Result
ATT	3	0.880	Good Reliability
SN	3	0.900	Good Reliability
PBC	3	0.779	Good Reliability
PT	4	0.869	Good Reliability
PR	4	0.903	Good Reliability
DV	3	0.889	Good Reliability

3.4 Construct Measurement

3.4.1 Nominal Scale

Data can be categorised using the nominal scale into discrete groups or categories without using any sort of natural ranking or order. In this study, section A includes demographic questions such as gender, education level, and previous usage of BNPL services, all of which are measured on a nominal scale.

3.4.2 Ordinal Scale

The ordinal scale is used to classify variables into ordered groups; the intervals between categories are not always equal or known, but the order indicates a ranking or hierarchy. In this study, respondents' age is measured using an ordinal scale. The age variable is categorised into ordered ranges (e.g., "Below 20," "21–30," "31–40," "41–50," and "Above 50").

3.4.3 Interval Scale

According to Brown (2021), items monitored in an interval scale not only show the order of items but also exhibit an equivalent difference between every point on the scale. In the research, the results indicated a definite difference between all the characteristics on interval scale. Part B of the questionnaire used a 5-point Likert scale with the strongest association denoted by 5

(strongly agree) to the weakest association denoted by 1 (strongly disagree). The response options were made equally spaced such that there were the same intervals between one level of agreement and the other.

3.4.4 Origins construct

Construct	Measurement Items	Sources
1. Attitude	1. It would be a fantastic idea to use BNPL services. 2. I would have positive feelings toward BNPL services. 3. I should use BNPL services as opposed to other services.	(Raj et al., 2023)
2. Subjective Norms	1. People who are important to me would recommend the use of BNPL. 2. People who are important to me find the use of BNPL beneficial. 3. People who are important to me see the use of BNPL as a good idea.	(Luna et al., 2023)
3. Perceived Behavioural Control	1. I will be able to use BNPL services 2. Adopting BNPL services is entirely within my control 3. I have the resources, knowledge, and ability to adopt BNPL services	(Taylor & Todd, 1995); (Yang et al., 2017)
4. Trust	1. I think that BNPL will keep its promises and commitments 2. BNPL is trustworthy 3. I would consider BNPL to be honest 4. I think that BNPL is responsible	(Khan & Abideen, 2023)
5. Perceived Risk	1. Using BNPL service involves more financial risk 2. I think using BNPL service puts my privacy at risk 3. There are too many uncertainties with BNPL services	(Wu & Wang, 2005); (Senyo & Osabutey, 2020)

3.5 Data Processing

3.5.1 Data Checking

Data checking involves verifying the accuracy and completeness of the collected data (Barchard et al., 2019). In this study, the questionnaire was administered through Google Forms, where the mandatory response option was applied to minimise missing values and ensure completeness. This is to guarantee that the information gathered is returned in a comprehensive and trustworthy manner.

3.5.2 Data Editing

According to Habibzadeh (2017), data editing involves methodically examining the dataset to guarantee accuracy and consistency, is a crucial step after data collection. It refers to the process of examining collected data, such as those obtained from surveys, to identify and correct errors with the support of appropriate software tools (Petrakos et al., 2004). According to Pallant (2020), data editing involves detecting inconsistencies, errors, or outliers and making necessary adjustments to improve the overall quality, accuracy, and adequacy of the dataset. This process is vital for preventing incomplete or inconsistent responses, particularly those with missing values, as such issues are considered unfinished and can compromise the reliability of subsequent analysis.

3.5.3 Data Cleaning

To ensure high-quality and trustworthy data for analysis, data cleaning is the process of fixing and eliminating corrupted, incomplete, incorrectly formatted, or redundant data (Bhattacharjee, 2013). Proper data cleaning practices, such as addressing missing values, fixing typographical errors in text fields are essential as they directly influence the validity and accuracy of research findings (Sharifnia et al., 2025).

3.6 Proposed Data Analysis Tools

3.6.1 Descriptive Analysis

Descriptive analysis involves summarising and organising data to reveal and identify patterns and trends. This process typically uses descriptive statistics such as measures of central tendency like mean, median and mode, measures of dispersion such as range, standard deviation, and interquartile range (Kaur et al., 2018). Graphical representations like histograms, bar charts, and box plots will be used to make the data more understandable and accessible (Cooksey, 2020). This step provides a clear understanding of the dataset and ensures data accuracy before conducting further inferential analysis. Descriptive analysis will be used in this study to compile and display the general patterns of questionnaire responses as well as the demographic profile of respondents.

3.6.2 Inferential data analysis

Inferential analysis is a statistical method applied to sample data to test hypotheses and draw conclusions that can be generalized to the larger population (McDermid, 2021; Delaney, 2011). By analyzing patterns, trends, and relationships within the sample, inferential analysis allows researchers to make predictions and assess the likelihood that observed effects reflect true relationships in the broader population. These aspects of the data influence the statistical significance of the inferential analysis used to test relationships among variables (Andereck, 2011). In this study, inferential analysis will be conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM).

3.6.2.1 SmartPLS Software

SmartPLS is specialized software designed for conducting partial least squares structural equation modelling (PLS-SEM). Initially conceptualized in the late 1990s, it has since undergone continuous refinement, resulting in multiple updated versions over time (Nallaluthan et al., 2024). Emphasizing user-friendliness, the software was primarily developed to meet the needs of practitioners and researchers seeking to apply the PLS-SEM technique in their studies (Hair et al., 2021).

3.6.2.2 Bootstrapping

Ringle et al. (2024) highlighted that bootstrapping is a nonparametric procedure that allows testing the statistical significance of various PLS-SEM results such path coefficients, Cronbach's alpha, and R^2 values. This analysis uses bootstrapping and includes confidence intervals, regression coefficients, and path coefficients. This method allows researchers to evaluate statistical estimates' dependability without depending on the normalcy assumption (Streukens & Leroi-Werelds, 2016). In this study, we will apply bootstrapping in PLS-SEM to assess the significance of the hypothesized relationships and to enhance the robustness of the results.

3.6.3 Measurement Model Assessment

The evaluation of the measurement model is the first step in the PLS-SEM analysis process. The measurement model outlines the connection between each individual indicator and latent constructs (Hair et al., 2020).

3.6.3.1 Reliability Analysis

Reliability analysis involves assessing how likely it is that a system or instrument will reliably carry out its necessary tasks under particular circumstances. The goal is to estimate the probability of failures occurring and to improve the overall reliability (Jin et al., 2015). Within social sciences, Cronbach's Alpha has become one of the most common used measures of reliability as it evaluates the degree of relatedness between items within the scale and the degree to which the items together describe the same thing (Tavakol & Dennick, 2011). Essentially, it defines reliability as the ratio of the amount of shared variance (i.e. covariance) between items of the instrument and the total variance. A good instrument is said to have a high covariance among the items compared to the variance (Collins, 2007). The coefficient is between 0 and 1, and the lower values of 0.6 or less are considered as having inadequate internal consistency, whereas the range of 0.7-0.8 is usually regarded as acceptable and indicative of good reliability (Thanasegaran & Ganesh, 2009).

Despite being widely used, Cronbach's Alpha has limitations because it assumes that all indicators are equally reliable. Therefore, this study will also incorporate Composite Reliability

(CR), which is believed to be a more accurate measure of internal consistency reliability in PLS-SEM because it weights items based on their individual outer loadings (Al-Emran et al., 2018). CR values between 0.70 and 0.90 are considered satisfactory to good, while values above 0.95 may indicate problematic indicator redundancy (Bacon et al., 1995).

3.6.3.2 Validity Test

Validity testing is conducted to ascertain that a measurement instrument accurately captures the specific constructs it was designed to evaluate, distinguishing it from mere measurement consistency. In this study, convergent validity is assessed utilizing the Average Variance Extracted (AVE). According to Hair et al. (2020), an acceptable AVE threshold is 0.50 or higher, demonstrating that the latent construct accounts for a majority (over 50%) of the variance found in its related indicators.

3.6.4 Structural Model Assessment

Once the measurement model has been validated, the structural model is tested to investigate the causal links between the constructs.

3.6.4.1 Variance Inflation Factor (VIF)

Multicollinearity is tested using the Variance Inflation Factor (VIF), with values less than 5 (preferably near 3) suggesting no significant collinearity difficulties (Becker et al., 2018). The path coefficients are then tested for strength and significance using bootstrapping (Kock, 2016). The coefficients vary from -1 to +1, indicating the direction and magnitude of the correlations. The coefficient of determination (R^2) assesses the model's explanatory capacity, classified as weak (0.25), moderate (0.50), or significant (0.75). Finally, hypothesis testing is carried out using a one-tailed test with a 5% significance threshold. A link is regarded statistically significant when the p-value is less than 0.05 or the t-statistic is more than 1.645 (Kock & Hadaya, 2016).

3.6.4.2 Effect Size (f^2)

The f^2 value is utilized to evaluate the incremental contribution of each exogenous construct to the endogenous latent variable's R^2 value (Cohen, 1988). This measurement identifies the absolute strength of a specific predictor within the model. The study will adopt the widely accepted thresholds proposed by Cohen (1988), where f^2 values of 0.02, 0.15, and 0.35 are classified as indicating small, moderate, and substantial effects, respectively. Any value falling below 0.02 suggests that the exogenous construct has no relevant effect on the endogenous construct.

3.7 Conclusion

These methodological steps establish a strong foundation for the empirical data analysis presented in Chapter 4.

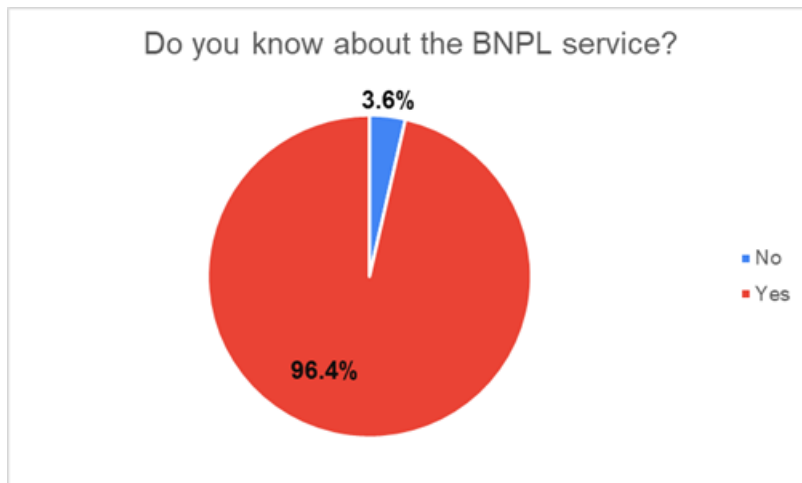
CHAPTER 4: DATA ANALYSIS

4.0 Introduction

This chapter outlines the data evaluation conducted via SmartPLS. The analysis is divided into two main phases: a descriptive summary of the demographic profiles for the 405 valid respondents, and a subsequent inferential analysis to test the established hypotheses.

4.1 Filter Question

Figure 4.1: Filter Question



According to Figure 4.1, 405 respondents (96.4%) know about the BNPL service, while 15 respondents (3.6%) do not know about BNPL services. As knowledge of BNPL services is necessary for this study, respondents who indicated that they do not know about the BNPL service were excluded from further analysis.

4.1.2 Demographic Profile

Demographic Profile	Details	Frequency	Percentage
Gender	Female	275	67.9%
	Male	130	32.1%
Age Group	18 to 27	328	81.0%
	28 to 37	65	16.0%
	38 to 47	11	2.7%
	48 to 57	1	0.2%
States	Johor	114	28.1%
	Kedah	11	2.7%
	Kelantan	10	2.5%
	Malacca	19	4.7%
	Negeri Sembilan	20	4.9%
	Pahang	22	5.4%
	Penang	50	12.3%
	Perak	70	17.3%
	Perlis	1	0.2%
	Sabah	4	1.0%
	Sarawak	7	1.7%
	Selangor	74	18.3%
	Terengganu	3	0.7%
Bachelor's degree/ Professional Qualification	Diploma	67	16.5%
	Foundation/ Pre-U	62	15.3%
	Master/ PhD	16	4.0%
	Primary or Secondary Education	16	4.0%
Employment Status	Employed	118	29.1%
	Self- employed	11	2.7%
	Student	269	66.4%
	Unemployed	7	1.7%
Frequency of Using BNPL	Frequently (monthly)	50	12.3%
	Never used	92	22.7%
	Occasionally (a few times per year)	85	21.0%
	Rarely (1 -2 times)	163	40.2%
	Very frequently (weekly or more)	15	3.7%

Figure 4.2: Gender

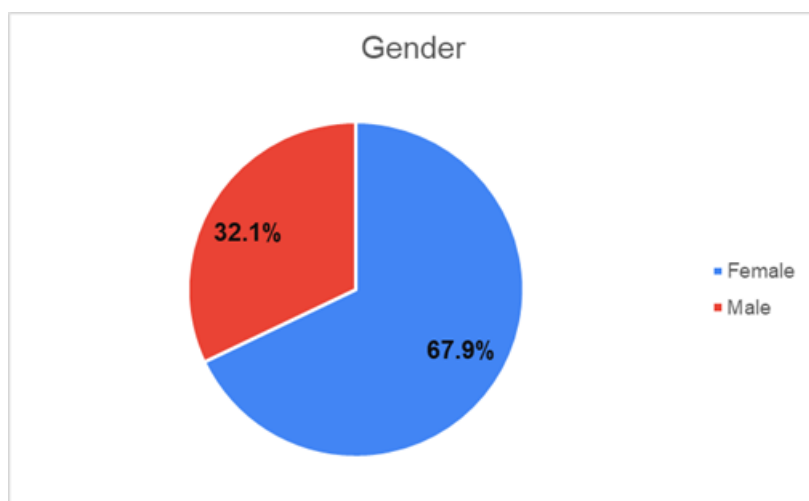


Figure 4.2 suggests that 275 respondents (67.9%) were female, while only 130 respondents (32.1%) were male. This indicates that female participants formed a larger proportion of the sample.

Figure 4.3: Age Group

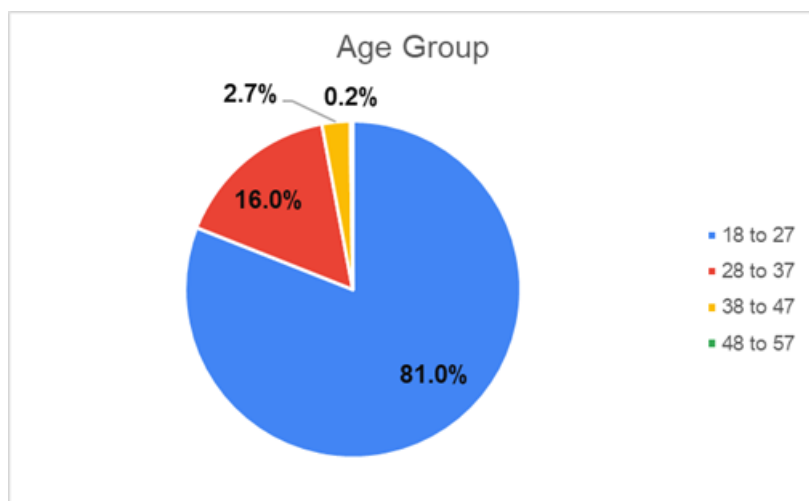
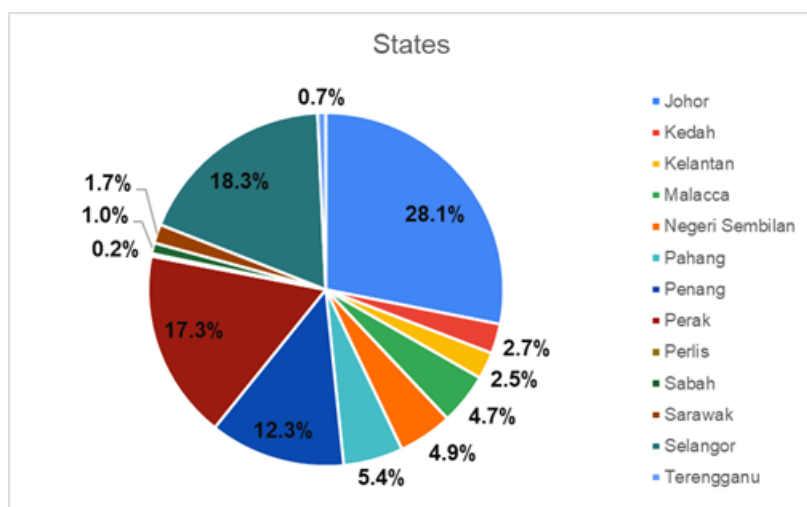


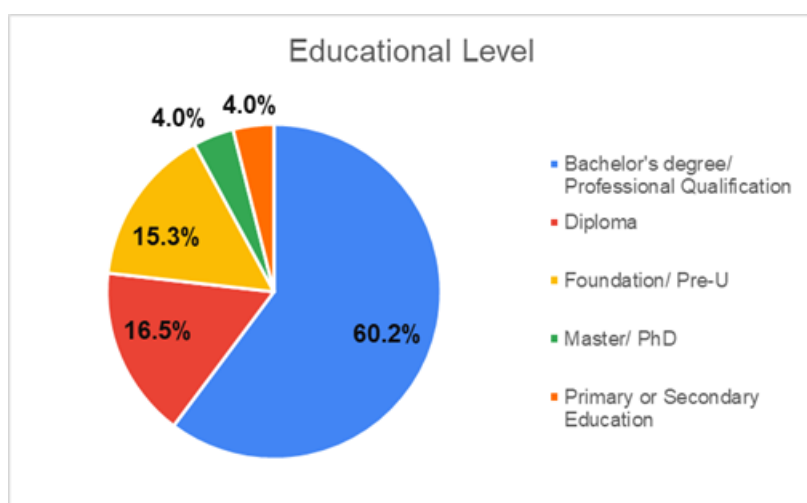
Figure 4.3 shows that the most respondents were between 18 to 27 years old, consisting of 328 respondents (81.0%). This was followed by 65 respondents (16.0%) aged 28 to 37, 11 respondents (2.7%) aged 38 to 47, and only 1 respondent (0.2%) aged 48 to 57.

Figure 4.4: States



The largest proportion came from Johor with 114 respondents (28.1%), followed by Selangor with 74 respondents (18.3%), and Perak with 70 respondents (17.3%). Other states such as Penang (12.3%), Pahang (5.4%), Negeri Sembilan (4.9%), and Malacca (4.7%) also contributed to the sample. A smaller number of respondents came from states including Kedah (2.7%), Kelantan (2.5%), Sarawak (1.7%), Sabah (1.0%), Terengganu (0.7%), and Perlis (0.2%).

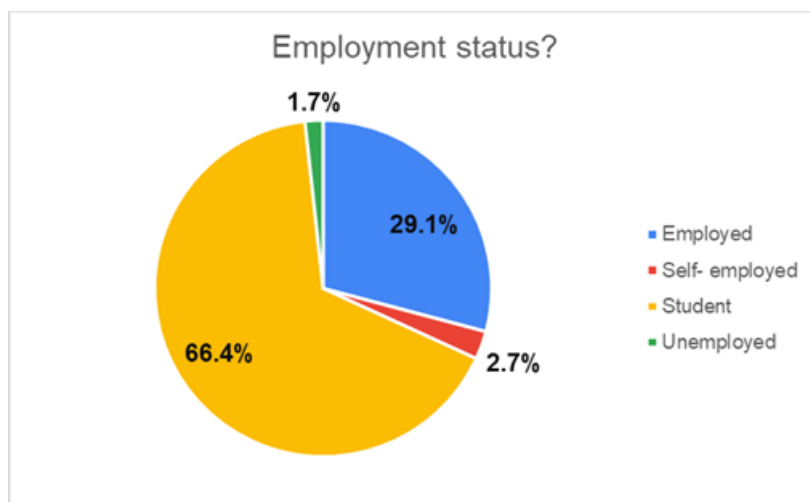
Figure 4.5: Educational Level



Regarding education level, the majority of respondents held a Bachelor's degree or professional qualification, with 244 respondents (60.2%). This was followed by 67 respondents (16.5%) had a diploma, 62 respondents (15.3%) had foundation or Pre-U qualifications. Meanwhile, 16

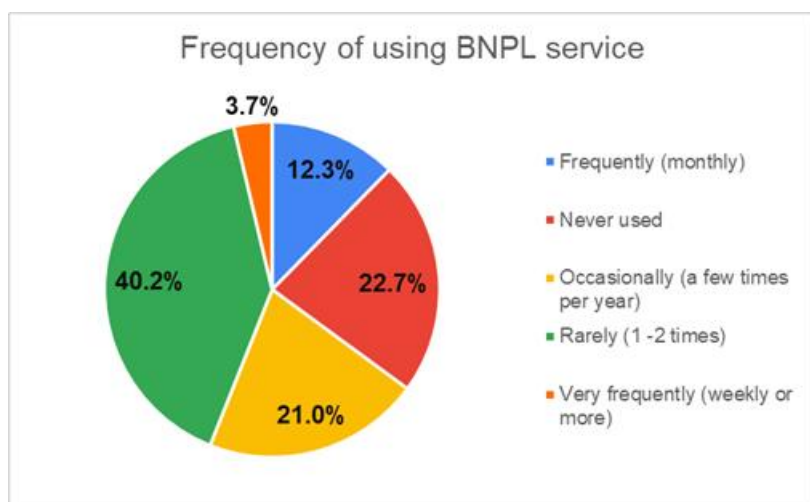
respondents (4.0%) had a Master's or PhD, and another 16 respondents (4.0%) had primary or secondary education.

Figure 4.6: Employment Status



The majority of respondents were students, accounting for 269 respondents (66.4%). This was followed by 118 respondents (29.1%) who were employed, 11 respondents (2.7%) who were self-employed, and 7 respondents (1.7%) who were unemployed. The results suggest that students formed the largest group of respondents in this study.

Figure 4.7: Frequency of Using Buy Now Pay Later (BNPL)



According to Figure 4.7, the largest group of respondents rarely used BNPL (1–2 times), accounting for 163 respondents (40.2%). This was followed by 92 respondents (22.7%) who had never used BNPL, and 85 respondents (21.0%) who used BNPL occasionally (a few times per year). Meanwhile, 50 respondents (12.3%) used BNPL frequently (monthly), and only 15 respondents (3.7%) used BNPL very frequently (weekly or more).

4.2 Inferential Analysis

4.2.1 Measurement Model Analysis

The constructs used in this research were assessed in terms of the outer loadings, alpha of Cronbach and composite reliability (CR). Table 4.5 showed that the outer loading of all items was above the recommended value, and the least loading was 0.88. This result is a testament of the trustworthiness of every measurement item and the attainment of indicator reliability. Additionally, both composite reliability and Cronbach alpha are beyond the acceptable limit of 0.70 and this reflects that the constructs have satisfactory internal consistency (Hair et al., 2023).

Furthermore, construct validity was considered in terms of convergent and discriminant validity using assessments. The convergent validity was determined through the average variance extracted (AVE). As can be seen in Table 4.5, the AVE values of all constructs are above the required minimum value of 0.50, hence showing that the constructs have adequate convergent validity (Fornell, 1981).

Table 4.2

Outer Loadings, Reliability, Validity

Items	Outer Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
ATT1 <- ATT	0.897	0.885	0.886	0.813
ATT2 <- ATT	0.911			
ATT3 <- ATT	0.897			
IU1 <- IU	0.948	0.928	0.928	0.875
IU2 <- IU	0.902			
IU3 <- IU	0.955			
PBC1 <- PBC	0.88	0.859	0.864	0.78
PBC2 <- PBC	0.884			
PBC3 <- PBC	0.886			
PR1 <- PR	0.947	0.96	0.969	0.893
PR2 <- PR	0.959			
PR3 <- PR	0.961			
PR4 <- PR	0.912			
PT1 <- PT	0.913	0.929	0.929	0.824
PT2 <- PT	0.904			
PT3 <- PT	0.909			
PT4 <- PT	0.905			
SN1 <- SN	0.93	0.917	0.917	0.857
SN2 <- SN	0.931			
SN3 <- SN	0.916			

Source: Result from Smart PLS Software.

4.2.2 Structural Model Assessment

Variance Inflation Factor (VIF) which is a standard collinearity diagnostic was used to determine the multicollinearity among the constructs. The construct VIFs on the inner (AT, PBC, PR, PT, and SN) were between 1.415 and 4.486. According to Becker et al. (2018), VIF that is less than 5, and ideally, is ushered to 3 could show that multicollinearity is not an issue of grave concern. Multicollinearity is a high level of linear interdependence of explanatory factors in a multiple regression model and it causes false outcomes of regression analyses (Kim, 2019). Since all the values in this study are below the threshold of 5, multicollinearity is not a challenge to the further analysis.

The path coefficient (β) figures provided in Table 4.3 have a value between +1 and -1 thus representing the strength and direction of the relationships between the constructs. In particular, the attitude (ATT) shows the best positive correlation with IU, showing the path coefficient of 0.337; subjective norms (SN) come next with 0.235, perceived behavioural control (PBC) with 0.198, and perceived trust (PT) with 0.117. On the contrary, PR exhibits a negative correlation with IU, and the path coefficient is negative 0.065. In general, most of the values of the path coefficient are above 0.10, which demonstrates the presence of substantive relationships in the structural model.

According to Table 4.3, all constructs have t-values more than 1.645, ranging from 1.836 to 4.163, and all p-values are less than 0.05. This pattern indicates that the relationships examined in the model are statistically significant. Significant correlations between AT ($\beta=0.337$, $p=0.000$), SN ($\beta=0.235$, $p=0.000$), PBC ($\beta=0.198$, $p=0.002$), PT ($\beta=0.117$, $p=0.033$), PR ($\beta=0.065$, $p=0.021$), and IU are thus supported by the data. The acceptance of Hypotheses 1–5 is supported by these results.

Moreover, according to Kock and Hadaya (2016), statistical significance in this study is indicated by a t-statistic greater than 1.645 and a p-value of 0.05 or below.

Table 4.3

Hypothesis Testing

	Hypothesis	VIF	Path Coefficients (β)	T statistics	P values	Evaluation
H1	ATT → IU	4.486	0.337	4.163	0	Supported
H2	PBC → IU	2.654	0.198	2.827	0.002	Supported
H3	PR → IU	1.415	-0.065	2.031	0.021	Supported
H4	PT → IU	2.488	0.117	1.836	0.033	Supported
H5	SN → IU	3.165	0.235	3.794	0	Supported

Source: Result from Smart PLS Software.

Moreover, the coefficient of determination (R^2) measures the amount of variance in Intention to Use (IU) that the independent variables included in the model explain. As per Hair et al. (2018), the predictors assessed in this paper account 69.8 percent of the variability of switching intention with a result of 0.698 in Table 4.4 that falls within the moderate to substantial band. The model, therefore, shows significant effectiveness in explaining the intention of Malaysian

customers to use BNPL services, taking into consideration the perceived trust, perceived risk, and the elements of the TPB.

Table 4.4

R² Value

	R-square
IU	0.698

Source: Result from Smart PLS Software.

Table 4.5 have showed that ATT had the greatest effect size ($f^2 = 0.084$), then SN ($f^2 = 0.058$) and PBC ($f^2 = 0.049$) as shown in the analysis. The categorization of these values as small effect sizes does not indicate that these TPB constructs are not meaningful predictors of BNPL adoption in the Malaysian setting, as all of them are greater than the minimum value of 0.02. On the other hand, the results showed no substantial effect size in PT ($f^2 = 0.018$) and PR ($f^2 = 0.010$) because they had values that were less than 0.02. Although PT and PR contributions are small, the total structural equation is quite effective, with 69.8% of variance in intention being explained. It can be inferred that the TPB constructs may be considered the main drivers of the model, whereas Trust and Risk are secondary, stabilizing influences.

Table 4.5

F² Value

Hypothesis	F² Value	Effect Size
ATT -> IU	0.084	Small
PBC -> IU	0.058	Small
PR -> IU	0.049	Small
PT -> IU	0.018	No Effect
SN -> IU	0.010	No Effect

Source: Result from Smart PLS Software.

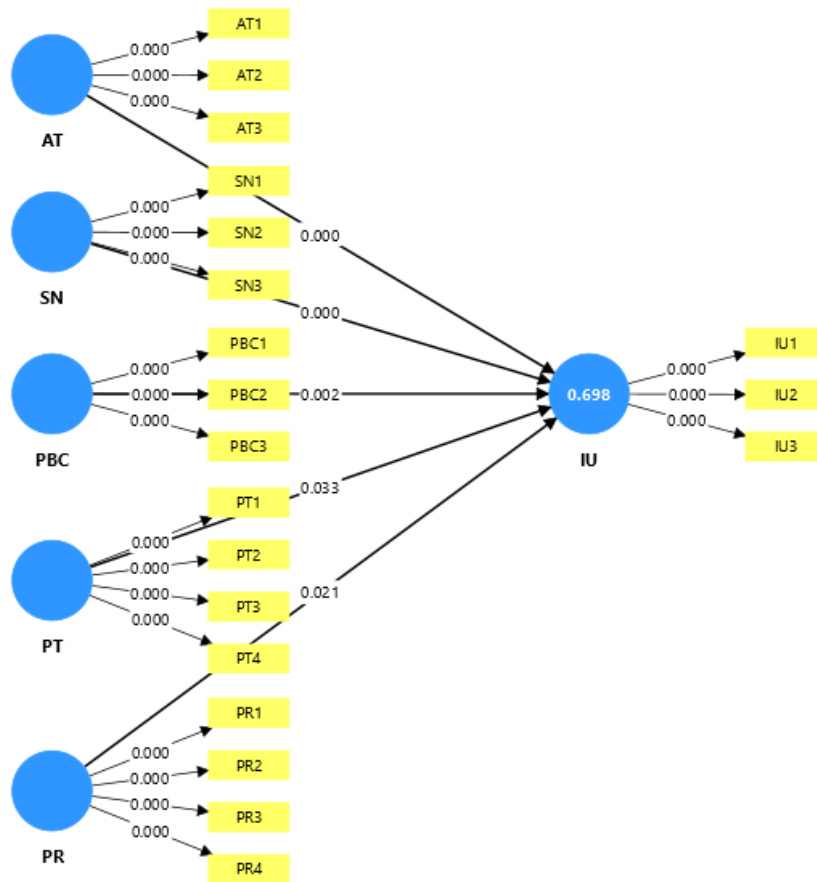


Figure 4.8 Model in Smart PLS with P values

4.3 Conclusion

This chapter presented the SmartPLS data analysis, successfully validating the research models and hypotheses. These empirical findings will serve as the foundation for Chapter 5.

CHAPTER 5: DISCUSSION AND CONCLUSION

5.0 Introduction

The findings of the statistical analysis are presented in this chapter along with a discussion of the main conclusions considering previous research. It also acknowledges the limitations of the study, explores theoretical implications and managerial implications, and provides recommendations for future research.

5.1 Summary of Statistical Analysis

Table 5.1:

	Hypothesis	Result
H1	There is a positive relationship between ATT and intention to use BNPL.	Supported
H2	There is a positive relationship between SN and intention to use BNPL.	Supported
H3	There is a positive relationship between PBC and intention to use BNPL.	Supported
H4	There is a positive relationship between PT and intention to use BNPL.	Supported
H5	There is a negative relationship between PR and intention to use BNPL.	Supported

5.2 Discussion of Major Findings

H1: There is a positive relationship between ATT and intention to use BNPL

The findings show that ATT and the intention to use BNPL services are significantly positively correlated. This result is in line with a study by Osman et al. (2024), which also demonstrated that ATT has a major impact on Malaysian consumers' intentions to use BNPL. According to Raj et al. (2023), positive attitudes towards BNPL services are key drivers for adoption. BNPL services are usually viewed favourably in Malaysia because they provide easy payment methods, adaptable repayment plans, and easily accessible credit, all of which improve

Malaysians' purchasing habits and money management (Mukhtar et al., 2023). Thus, when consumers hold more favourable perceptions toward BNPL they are more likely to adopt it.

H2: There is a positive relationship between SN and intention to use BNPL

The findings confirm a significant positive relationship between SN and the intention to use BNPL services. This indicates that social influence plays a critical role in shaping BNPL adoption in Malaysia. This result is strongly supported by several established studies, which all demonstrate that SN significantly and positively affects the intention to use BNPL in the Malaysian market (Hoo et al., 2024; Jamil & Basri, 2025; Abu Seman, 2025). This suggests that social acceptance and the behaviours of others can significantly influence consumers' decision-making processes regarding the use of BNPL services. In a highly connected digital society, financial behaviours are frequently influenced by peers and social media trends (Umakanth et al., 2025). When consumers observe their friends, family members, or online communities using and endorsing platforms such as SPayLater or Atome, the behaviour becomes normalised, thereby increasing their intention to adopt these services.

H3: There is a positive relationship between PBC and IU towards BNPL services in Malaysia.

H3 indicates that PBC and IU towards BNPL services among Malaysian consumers are positively correlated. This implies that people tend to use BNPL services more when they believe that they can successfully cope with the process of paying. Such characteristics as financial literacy, previous experience, and the perception of the nature of repayment have a positive effect on developing a sense of control and, accordingly, on the readiness of users to use the services of BNPL. Moreover, the convenience and availability of BNPL systems, such as transparent details and convenient interfaces, also contribute to significantly increasing the trust and desire of the consumers to use the services. These are similar to the previous findings (Majid, 2021; Osman et al., 2024; Usman et al., 2025) that emphasize that PBC is among the major predictors of behavioral intention in the adoption of digital payments. Prior to 2025, the BNPL services were not highly regulated, and the consumers did not know about the fees, as

well as payment terms. Clear disclosure is now a requirement of the Consumer Credit Act (CCA), which makes the service easier to comprehend. This helps mitigate risk, makes users feel more in control and, in combination with CCC licensing, makes users trust BNPL providers more (Hong & Quek, 2025).

H4: There is a positive relationship between PT and intention to use BNPL

The findings revealed that PT positively influences intention to use BNPL. Given that BNPL involves sensitive financial data and future repayment commitments, trust is a foundational pillar for adoption. The results align with a study by Thien et al. (2024), which also found that perceived trust positively influences the intention to use BNPL services. Research by Pertiwi et al. (2025) also suggests that platform trust significantly influences borrowing intention, which in turn influences the actual use of BNPL services in Indonesia and Malaysia. As users must provide sensitive personal data and agree to automated deductions, they rely heavily on the credibility of well-established, regulated platforms.

H5: There is a negative relationship between PR and IU towards BNPL services in Malaysia.

H5 shows that there is a negative correlation between PR and IU towards BNPL services by the Malaysian consumers. This means that consumers would have reduced intentions to use BNPL services when they believe that there is increased risk of their consumption. Particularly, financial loss issues, including the late payments, fines, and the risk of debt collection, decrease the motivation of the users to work with BNPL sites. Moreover, the possibility of ruining the credit rating because of missing payments is also another deterrent to adoption. In addition, insufficient consumer credit protection of BNPL services will reduce the level of trust experienced by users, and they will be more reluctant in the process. Consequently, the perception of risk increases, which prompts a decrease in the desire to use BNPL services. Such results are in line with the previous research (Namahoot and Jantasri, 2022; Kaur and Arora, 2022; Roh et al., 2023), which has emphasized perceived risk as a major obstacle to the use of BNPL services.

5.3 Research Implications

5.3.1 Theoretical Implications

The theoretical knowledge of consumer acceptance of BNPL services in Malaysia has been reinforced using the findings of this study by the extension of the TPB. This research extends the concept of the TPB by adding two new variables, i.e. perceived risk (PR) and perceived trust (PT) when it comes to predicting the intention among the consumers to utilize BNPL services. The findings show that the TPB constructs and attitude (ATT), subjective norm (SN), and perceived behavioural control (PBC) in combination with the supplementary variables of perceived risk and perceived trust are major influencers of intention to use the BNPL services among consumers. This addition enhances the suitability of TPB to the digital financial services environment by offering a more inclusive model of consumer behaviour in terms of BNPL uptake.

Additionally, this research advances current literature by contextualizing digital payment adoption within the Malaysian economy. By rigorously analyzing specific constructs namely, perceived financial threats, cognitive attitudes, and societal pressures, the study provides a holistic framework. This enables a deeper, more rigorous understanding of the underlying factors that drive a consumer's intention to utilize BNPL services.

5.3.2 Managerial Implications

The results of the structural model imply the support of all five hypotheses, thus, proving the significant effect of ATT, SN, PBC, PT, and PR on Malaysian consumers intention to use BNPL services.

One of the insights of this study in terms of demographic profile is the high number of female respondents (67.9%), which indicates female participants as one of the main drivers and also a major target group in the BNPL market in Malaysia. As a result, managers and practitioners ought to embrace gender-based approaches in order to capture and retain this large user base.

Attitude (ATT) showed that there was a high positive impact on intention ($\beta = 0.337$, $T = 4.163$, $p=0.000$), indicating that consumers with more positive perceptions of BNPL have a significant higher intention to utilize the services. The results show that the emphasis on the essential

advantages like convenience and improved shopping experience is important to develop a positive perception of the consumer. To achieve this, BNPL providers ought to incorporate the main advantages smoothly into the most popular e-commerce items in this group, specially fashion, beauty, and health.

Subjective norms (SN) had a significant impact on intention ($\beta = 0.235$, $T = 3.794$, $p=0.000$), which means that social influence originated in peers, family, and online networks impacts a decision of consumers to use BNPL. Social influence can thus be utilized by influence programs such as influencer collaboration and community initiatives that are uniquely designed to appeal to female consumers to increase the rate of adoption. Collaborating with women lifestyle, fashion, and parenting influencers on the visual platforms such as Instagram and Tik Tok can be used to normalize BNPL as an advanced budgeting instrument.

Perceived behavioural control (PBC) also played a significant positive role in intention ($\beta = 0.198$, $T = 2.827$, $p = 0.002$). This implies that customers who perceive themselves to be skilful in repayment and BNPL sites are more likely to subscribe to the service. This fact implies that to enhance perceived control, user-friendly interfaces, clear repayment guidelines, and support mechanisms must be used.

It was discovered that perceived trust (PT) had a positive impact on intention ($\beta = 0.117$, $T = 1.836$, $p = 0.033$), which proves that consumers who trust BNPL services are more likely to use them. Providers should be concerned with good service and strong data security. Open communication about the ways sensitive personal information is secured may improve trustworthiness and persuade the adoption in a market that is sensitive to cybersecurity attacks.

Lastly, there was a negative effect of perceived risk (PR) on ($\beta = -0.065$, $T = 2.031$, $p = 0.021$), meaning that the fears of financial loss or late fees or possible debt will influence non-adoption. These risks can, therefore, be reduced using clear policy, time reminders and secure payment systems to ensure the uptake by users.

Overall, the results show that individual attitudes (ATT, PBC, PT) and social (SN) and risk (PR) considerations are crucial determinants of BNPL adoption by Malaysian consumers. It is important to note that attitude and subjective norms turned out to be the most significant determinants, which reflects the quadruple significance of individual assessment and social influence.

5.4 Study Limitation

5.4.1 Dominance of Student Respondents

An ideal study should represent the target population proportionately to ensure the results are widely applicable. However, a significant majority of the participants in this study are students (66.4%), who typically rely on fixed allowances or part-time earnings rather than the stable income earned by the full-time workforce. Their financial decision-making and spending behaviour may differ from those of working professionals. Although the study was limited to respondents aged 18 and above to ensure legal capacity to use financial services, many participants were still students who may not yet have established a traditional credit history, such as owning credit cards. As a result, they may rely more on alternative credit options such as BNPL rather than having a clear preference for BNPL over traditional banking products. Therefore, the large proportion of student respondents may not be fully generalizable to other consumer groups, particularly full-time employees and older working professionals in Malaysia.

5.4.2 Limited Variables in the Research Model

While this study extended the traditional TPB model by integrating perceived trust and perceived risk, the research model remains focused primarily on rational and cognitive determinants of behaviour. By prioritising these factors, the model may not fully capture the complex, multifaceted nature of digital financial decision-making in Malaysia. Furthermore, while this study aligns with the timely introduction of the Consumer Credit Act (CCA) 2025, the primary scope of the research remained focused on internal psychological variables rather than external regulatory factors. As a result, the study is unable to fully assess how a consumer's understanding of new government protections directly influences their intention to adopt BNPL services.

5.5 Future Study Recommendation

5.5.1 Expand the Sample Demographics

Future research should aim to include a more balanced and representative sample of the Malaysian population. To achieve this, future researchers may adopt stratified sampling techniques, where respondents are divided into different demographic strata such as

employment status, age group, or income level, and participants are selected proportionally from each group. This method ensures that students, employed individuals, and other consumer groups are adequately represented in the sample. In addition, researchers may consider distributing questionnaires through multiple data collection channels, such as professional networking platforms (e.g., LinkedIn), workplace organisations, industry associations, or corporate email lists. Collecting responses through these platforms would increase access to working professionals and employed individuals, thereby improving the diversity and representativeness of the sample.

5.5.2 Incorporate Additional Variables

Future studies could incorporate variables such as Impulsiveness, Materialism, and Instant Gratification as independent variables or mediators to capture the emotional aspects of BNPL usage among Malaysians. Other than that, the current model primarily focuses on the "pre-purchase" intention to use BNPL. Future research could broaden the framework to include "post-purchase" variables like consumer regret, repayment stress, and continuous usage intention, to examine the long-term effects of BNPL on Malaysian economy. In addition, future research may also consider including constructs like regulatory awareness and perceived legal protection as independent variables, as regulatory policies can significantly influence consumers' perceived ease of use, accessibility, and trust toward BNPL services.

5.6 Conclusion

In conclusion, the study demonstrates that ATT, SN, PBC and PT significantly drive BNPL adoption. PR remains a critical barrier that deters consumer participation. These insights offer important guidance for BNPL providers and policymakers, highlighting the necessity of balancing user convenience with strong security measures and clear policies.

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Appendixes

Appendix 3.1 Questionnaire

Section A: Pre-Screening Questions

1. Do you know about the BNPL service?

☐ Yes

☐ No

2. Have you used the BNPL before?

☐ Yes

☐ No

Section B: Demographic Questions

1. What is your gender?

☐ Male

☐ Female

2. What is your age?

☐ 18 to 27

☐ 28 to 37

☐ 38 to 47

☐ 48 to 57

☐ 58 and above

3. Which state are you from

☐ Perlis

☐ Kedah

☐ Penang

☐ Perak

- ☐ Selangor
- ☐ Negeri Sembilan
- ☐ Malacca
- ☐ Johor
- ☐ Kelantan
- ☐ Terengganu
- ☐ Pahang
- ☐ Sabah
- ☐ Sarawak

4. What is your education level?

- ☐ Primary or Secondary Education
- ☐ Foundation/Pre-U
- ☐ Diploma
- ☐ Bachelor's degree/ Professional Qualification
- ☐ Master / PhD

5. What is your employment status?

- ☐ Employed
- ☐ Self-employed
- ☐ Unemployed
- ☐ Student
- ☐ Retired

6. How often do you use BNPL service?

- ☐ Never used
- ☐ Rarely (1–2 times)
- ☐ Occasionally (a few times per year)
- ☐ Frequently (monthly)

☐ Very frequently (weekly or more)

Section C: Attributes influencing customers' continuous intention to use BNPL services

Attitude (A)						
Indicator	Measurement Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
A1	It would be a fantastic idea to use BNPL services.	1	2	3	4	5
A2	I would have positive feelings toward BNPL services.	1	2	3	4	5
A3	Using BNPL services would be beneficial compared to other payment methods.	1	2	3	4	5
Social Norm (SN)						
SN1	People who are important to me would recommend the use of BNPL.	1	2	3	4	5
SN2	People who are important to me find the use of BNPL beneficial.	1	2	3	4	5
SN3	People who are important to me see the use of BNPL as a good idea.	1	2	3	4	5
Perceived Behavioural Control (PBC)						
PBC1	I will able to use BNPL services.	1	2	3	4	5

PBC2	Adopting BNPL services is entirely within my control.	1	2	3	4	5
PBC3	I have the resources, knowledge, and ability to adopt BNPL services.	1	2	3	4	5
Perceived Trust (PT)						
PT1	I think that BNPL will keep its promises and commitments.	1	2	3	4	5
PT2	BNPL is trustworthy.	1	2	3	4	5
PT3	I would consider BNPL to be honest.	1	2	3	4	5
PT4	I think that BNPL is responsible.	1	2	3	4	5
Perceived Risk (PR)						
PR1	I think using BNPL services put my privacy at risk.	1	2	3	4	5
PR2	Using BNPL services involves more financial risk.	1	2	3	4	5
PR3	There are too many uncertainties with BNPL services.	1	2	3	4	5
PR4	BNPL services are not adequately protected by law.	1	2	3	4	5

Intention to use (ITU)						
ITU1	I intend to use BNPL in the next 3 month.	1	2	3	4	5
ITU2	I believe that I should use BNPL in the future.	1	2	3	4	5
ITU3	I plan to use BNPL in the next 3 months.	1	2	3	4	5

Appendix 4.1 SmartPLS Results

Outer loadings - Mean, STDEV, T values, p values						Copy to Excel/Word	Copy to R
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values		
AT1 <- AT	0.897	0.896	0.012	75.455	0.000		
AT2 <- AT	0.911	0.910	0.010	88.726	0.000		
AT3 <- AT	0.897	0.896	0.013	68.101	0.000		
IU1 <- IU	0.948	0.947	0.006	152.166	0.000		
IU2 <- IU	0.902	0.901	0.011	79.697	0.000		
IU3 <- IU	0.955	0.955	0.006	173.499	0.000		
PBC1 <- PBC	0.880	0.880	0.014	64.032	0.000		
PBC2 <- PBC	0.884	0.882	0.019	46.141	0.000		
PBC3 <- PBC	0.886	0.884	0.017	52.973	0.000		
PR1 <- PR	0.947	0.947	0.008	125.308	0.000		
PR2 <- PR	0.959	0.959	0.004	253.135	0.000		
PR3 <- PR	0.961	0.961	0.003	281.222	0.000		
PR4 <- PR	0.912	0.912	0.010	90.872	0.000		
PT1 <- PT	0.913	0.912	0.010	89.650	0.000		
PT2 <- PT	0.904	0.903	0.011	80.247	0.000		
PT3 <- PT	0.909	0.909	0.013	71.048	0.000		
PT4 <- PT	0.905	0.904	0.013	69.675	0.000		
SN1 <- SN	0.930	0.929	0.008	119.872	0.000		
SN2 <- SN	0.931	0.931	0.008	118.004	0.000		
SN3 <- SN	0.916	0.916	0.010	90.821	0.000		

Cronbach's alpha - Mean, STDEV, T values, p values						Copy to Excel/Word	Copy to R
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values		
AT	0.885	0.883	0.014	62.900	0.000		
IU	0.928	0.927	0.009	109.155	0.000		
PBC	0.859	0.858	0.020	41.960	0.000		
PR	0.960	0.960	0.003	310.504	0.000		
PT	0.929	0.928	0.009	104.849	0.000		
SN	0.917	0.916	0.009	97.103	0.000		

Composite reliability (rho_a) - Mean, STDEV, T values, p values						Copy to Excel/Word	Copy to R
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values		
AT	0.886	0.885	0.014	64.709	0.000		
IU	0.928	0.927	0.009	109.039	0.000		
PBC	0.864	0.864	0.018	47.330	0.000		
PR	0.969	0.970	0.005	201.338	0.000		
PT	0.929	0.929	0.009	109.206	0.000		
SN	0.917	0.917	0.009	99.253	0.000		

Consumer acceptance among Malaysian in Buy Now, Pay Later (BNPL) Services: Integrating Perceived Trust and Perceived Risk with TPB model

Average variance extracted (AVE) - Mean, STDEV, T values, p values						Copy to Excel/Word	Copy to R
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values		
AT	0.813	0.811	0.018	44.333	0.000		
IU	0.875	0.874	0.013	68.530	0.000		
PBC	0.780	0.778	0.025	31.242	0.000		
PR	0.893	0.893	0.007	121.460	0.000		
PT	0.824	0.823	0.018	46.237	0.000		
SN	0.857	0.856	0.014	62.394	0.000		

Inner model collinearity statistics (VIF) - Confidence intervals						Copy to Excel/Word	Copy to R
	Original sample (O)	Sample mean (M)	5.0%	95.0%			
AT -> IU	4.486	4.594	3.745	5.549			
PBC -> IU	2.654	2.729	2.186	3.377			
PR -> IU	1.415	1.433	1.309	1.574			
PT -> IU	2.488	2.580	2.029	3.286			
SN -> IU	3.165	3.226	2.643	3.917			

Path coefficients - Mean, STDEV, T values, p values						Copy to Excel/Word	Copy to R
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values		
AT -> IU	0.337	0.331	0.081	4.163	0.000		
PBC -> IU	0.198	0.199	0.070	2.827	0.002		
PR -> IU	-0.065	-0.065	0.032	2.031	0.021		
PT -> IU	0.117	0.121	0.064	1.836	0.033		
SN -> IU	0.235	0.234	0.062	3.794	0.000		

R-square - Mean, STDEV, T values, p values						Copy to Excel/Word	Copy to R
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values		
IU	0.698	0.703	0.043	16.157	0.000		

f-square - Mean, STDEV, T values, p values						Copy to Excel/Word	Copy to R
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values		
AT -> IU	0.084	0.089	0.047	1.798	0.036		
PBC -> IU	0.049	0.057	0.037	1.308	0.096		
PR -> IU	0.010	0.012	0.010	0.934	0.175		
PT -> IU	0.018	0.024	0.021	0.865	0.194		
SN -> IU	0.058	0.064	0.035	1.658	0.049		

Source: Developed for the research