



RESEARCH PAPER

Perceived DEBT and actual DEBT: Evidence from buy now pay later users

Yashika Gupta, Jaanvi, Sapna, Shivani Mahajan

Global school of finance and accounting, Chandigarh university, Mohali, Punjab, India

Article Information

Received: 09 November 2025
 Revised: 29 January 2026
 Accepted: 26 February 2026
 Available online: 28 February 2026

Keywords:

Buy Now Pay Later (BNPL),
 Perceived debt,
 Consumer debt,
 Financial behavior,
 Digital credit,
 Financial literacy

Abstract

Buy Now Pay Later (BNPL) services have become one of the fastest-growing digital credit products in modern consumer finance. These services allow consumers to purchase goods immediately and pay for them in installments over time. While BNPL is often marketed as an interest-free and convenient payment method, it may influence how consumers perceive their financial obligations. The objective of this research paper is to examine the difference between perceived debt and actual debt among BNPL users using secondary data from reports, academic literature, and financial statistics. The findings suggest that BNPL users often underestimate their total financial liabilities because the debt is divided into small installments, creating the perception of affordability. However, actual debt levels may increase due to multiple simultaneous loans, missed payments, and additional credit usage. The study highlights behavioral, psychological, and financial factors that contribute to the gap between perceived and actual debt and provides implications for consumers, financial institutions, and policymakers.

©2026 ijrei.com. All rights reserved

1. Introduction

The blistering development of digital financial technologies has changed the consumer pattern of accessing and using credit considerably. Financial technology innovations have in the recent years brought forth new forms of payment that are more convenient and flexible to the consumers. The Buy Now Pay Later (BNPL) model is one of the most prominent changes in this field. BNPL gives consumers the opportunity to buy items or services and to pay them in installments over a short term at a small amount [1]. It is a highly popular payment method that is used in online shopping websites and retail outlets and is easily available at the checkout line. BNPL services are provided as marketed as easy and interest-free as compared to regular credit cards, a factor that has allowed them to take off rapidly among consumers [3]. BNPL services have become very popular in the global markets, especially among the younger population and those who shop online regularly. Numerous fintech firms and digital payment processors have collaborated with online

stores to present BNPL as an easy way of paying. Subsequently, buyers are able to make purchases at a very fast rate without paying the entire amount at once [4]. The ease of approval and low credit checks also render BNPL to be available to those who might not be eligible to obtain traditional credit products. Through such characteristics, BNPL has emerged as a good alternative to many customers in need of short-term financial freedom. In spite of this, the popularity of BNPL has caused concern among researchers, financial institutions, and policymakers [6]. The first is the fact that it might affect the debt level and financial trends of consumers. With the payments being separated into smaller user portions, consumers can consider purchases cheaper than they can be. Consumers usually pay attention to the little amount of payments at a certain period of time rather than overall cost of the product. This psychological impact has the capability of decreasing the perceived cost of spending money on the purchases and may motivate customers to buy that they would have avoided making the purchases in case they had to pay the entire cost now [7].

Corresponding author: Yashika Gupta
 Email Address: me.yashika2006@gmail.com
<https://doi.org/10.36037/IJREI.2026.10103>

This scenario usually brings out a gap between perceived debt and real debt. Perceived debt is the financial obligation that consumers feel that they have and this is normally determined by the installment payments that consumers observe during purchases [8]. Conversely, actual debt is the overall financial obligations of the consumers in all sources of credit including numerous BNPL transactions, credit card, and other loans. Due to the characteristics of BNPL transactions made in various platforms at the same time, consumers can become unaware of their overall outstanding. The perceived amount of debt can therefore be considerably less than the actual amount of debt. The other reason behind this gap is the fact that consumers can easily make several transactions using BNPL. Most BNPL services will enable users to make multiple installments plans simultaneously without fully assessing their current commitments [9]. In cases where consumers have to handle multiple installment payments on various purchases, there is a challenge of having a clear understanding of the accumulated amount of debt. Such ignorance may result in unnecessary spending and delays in payments as well as financial pressures. Moreover, behavioral and psychological consequences are also significant influencing factors to the consumer perceptions of debt. The marketing tactics applied by BNPL providers are usually focused on affordability, flexibility, and convenience. These strategies can alter the decision-making process of consumers and lead to increased spending because they emphasize small amounts of payment instead of the overall price of the purchase [10]. In the long run this trend can lead to a steady buildup of debt which the consumers might not realize until it becomes hard to pay their debts.

Considering the active development of BNPL services and their possible consequences on financial behavior, it is necessary to find out how consumers perceive and cope with such demands [12]. The gap between the perceived and actual debt is of great implication on financial literacy, responsible borrowing and consumer protection. This gap can be understood to guide researchers, financial institutions, and policymakers to develop strategies that would encourage responsible digital credit consumption.

Thus, the paper will seek to identify the connection between perceived debt and actual debt among BNPL users using secondary data based on existing research articles, financial reports, and statistical publications. Investigating both the behavioral and financial side of BNPL usage, the study aims at illustrating the threats of misconception of debt and offering an understanding of how consumers can become better when making financial decisions [14].

2. Conceptual Background

2.1 Buy Now Pay Later (BNPL)

Buy Now Pay Later (BNPL) is a short-term credit service that enables customers to shop and settle the bills in a number of installments later on. Consumers pay in small payments that are usually made within a few weeks or months as opposed to paying the total price of the product at the time of purchase. BNPL services in the majority of situations provide interest-

free installments provided that the payments are made on time. Nevertheless, overdue payments can impose an extra charge or a fine depending on the service provider.

BNPL has an overall easy and fast application process over conventional credit systems. All a consumer typically requires is simple personal and financial data to receive authorization and the procedure can be carried out quickly and automatically on the online checkout. The Consumer Financial Protection Bureau states that such a simplified approval system renders BNPL available to a broad group of consumers, including those that cannot be approved of by other types of credit cards or bank loans. The financial technology (fintech) companies tend to offer BNPL services and integrate them directly into online shopping platforms and retail checkout systems. Once the clients arrive at the stage of payment when purchasing something online, they can choose BNPL as a payment service. Once this option is selected, the payment is broken down into installments in form of four equivalent payments during a number of weeks. The initial payment is normally paid at the point of purchase whereas the other installments are automatically withdrawn by the bank account or card of the consumer on a specific date.

The attractiveness and ease of BNPL have been a key ingredient in its rapid expansion throughout the markets in the world. BNPL is very popular among the consumers since they can pay short-term cash flows and still do what they want to buy. Also, with BNPL, retailers gain the advantage of improving sales and influencing consumers to spend beyond their usual restraint when using other methods of payment.

2.2 Perceived Debt

Perceived debt is the amount of financial liability that a consumer feels that he or she owes at a given moment in time. It is the personal interpretation of debt as opposed to the actual sum of all obligations. Psychological factors, personal financial consciousness and the manner in which payment systems render financial obligations tends to affect perceived debt. Consumers might feel that they are paying less than the true amount when the amount of payment is in manageable or small amounts. Perceived debt can also be minimized in the context of Buy Now Pay Later (BNPL) services since consumers focus on the small amounts of installments rather than on the actual price of the purchase. In the process of making the payment in sizable portions, the total cost might feel less important. The perception is capable of enabling the consumers to feel more at ease to make purchases even in instances where the consumers are adding up to their financial burdens. Consequently, the apparent debt load can be low despite the growing amount of debt.

2.3 Actual Debt

Actual debt is the amount of financial liabilities that a consumer owes in all the sources of credit. This covers credit card obligations, personal loan obligations, bank loan obligations and Buy Now Pay Later (BNPL) installment payments. Contrary to the perceived debt, actual debt is the total and objective amount, which has not been paid.

It will take account of all balances regardless of the division and manner in which the payments are scheduled. Under BNPL systems, the aggregate of all ongoing installment plans is added to the real debt of the consumer. Users who take many BNPL loans at the same time have their financial liability escalated.

A study conducted by the Consumer Financial Protection Bureau suggests that the balances in BNPL users tend to be larger on other accounts. This implies that they are likely to have more debt on their books than they actually think.

3. Literature Review

During the past quarter-century, the topic about consumer credit behavior was widely researched, and the effect of new financial technologies on spending and borrowing behavior was examined. As digital finance and e-commerce develop, Buy Now Pay Later (BNPL) services have become an attractive alternative to the traditional credit systems. The research on BNPL is primarily centered on consumer behavior, financial vulnerability, accumulating debt, and psychological perceptions of credit. Several investigations point out that even though BNPL is convenient and flexible, it can also promote spending and increase amounts of consumer debt.

Initial studies of consumer credit focused on the fact that the availability of credit results in greater consumption, though at the same time it may cause financial stress. Research conducted by Dynan and Kohn (2007) on the trend in household debt revealed that the more products in the credit market are available, the more consumers borrow money. They proposed that, under conditions of easier and quicker access to borrowing, people will not anticipate the future financial cost of their consumption choices. It is a concept that is relevant to learn more about the modern means of credit, such as BNPL, which streamlines the process of borrowing and paying.

On the same note, Agarwal, Skiba and Tobacman (2009) analyzed borrowing behavior among the consumers and noted that people tend to borrow short-term credit products when they are constrained in terms of liquidity. The research concluded that a ready availability of short-term credit can be used to assist consumers to meet their short-term financial requirements, however, excessive usage can push the general level of debts. This study is a significant basis in the interpretation of the mechanism of BNPL as a contemporary version of short-term credit.

Credit availability to consumers was also changed by the advancement of digital financial technology. The study by Philippon (2016) traced the development of financial technology and emphasized that the innovations in fintech can lower transaction costs and enhance financial access. Nevertheless, the paper also recorded that online credit systems are likely to promote prompt borrowing since most of the traditional barriers linked to the process of loan approval are eliminated. Consequently, consumers can assume a faster pace of taking financial commitments than otherwise.

As BNPL systems appeared, scientists started researching the effect of installment-based payment systems on consumer buying behavior. Among the first empirical researches on BNPL transactions, Guttman-Kenney, Firth, and Gathergood

(2022) carried out their study. They have discovered that the use of BNPL is more prevalent in young consumers and those who do not have access to conventional credit products. Another finding of the study is that a significant number of consumers use BNPLs to buy through credit cards or other credit products, which may introduce a series of layers of debt obligations. The study by Di Maggio, Williams, and Katz (2022) also examined the monetary attributes of BNPL customers. They found that BNPL users have lower liquid assets and also more prone to revolvers in their credit card balance than non-users. It can be implied that BNPL customers could be already limited in finances, prior to the usage of installment-based payment systems. The researchers concluded that BNPL could be used to supplement, and not instead of other types of credit.

Baker, Farrokhnia, Meyer, Pagel, and Yannelis (2023) also made another valuable contribution to the literature by investigating the connection between financial fragility and the use of BNPL. In their study, they have discovered that families experiencing an unstable income, a low level of savings, or greater financial stress tend to turn to BNPL services. Based on their results, BNPL has the potential to work as a short-term coping tool to consumers who have financial problems. Although this can be used to control short-term costs, a recurring use of BNPL can cause the risk of accumulating debt over the long term. The psychological dimension of the usage of BNPL has also been done using consumer behavior studies. Prelec and Loewenstein (1998) brought in the idea of the pain of paying; this theory explicates the psychological ill-feelings that consumers feel upon the payment. According to their theory the more payment systems postpone or separate payments the less they will cause psychological pressure to spend. This idea is closely applicable to the BNPL services due to the fact that installments decrease the financial strain of purchases. Consequently, the consumers will experience reduced resistance in their spending decisions.

Based on this theory, Soman (2001) examined the effect that payment modes have on consumer spending. The study proved that people will be willing to pay more when the payment does not come immediately or when it is uncoupled with the decision to purchase. Under the condition that people do not realize the full cost of purchase in the moment, the financial consequences of the spending are more likely to underestimated. BNPL services implement this concept by breaking down payments into smaller amounts that can make the payments appear smaller.

The current investigations have also been aimed at the effect of BNPL on impulse buying and consumption habits. Singh and Sahni (2024) tested the connection between BNPL services and online shopping. Their studies revealed that installment payments make consumers buy impulsively as the lower costs of the payments make them think that they can afford the commodity. The research paper came to the conclusion that the use of BNPL services can lead to a significant improvement in the frequency and overall purchases among electronic sellers.

On the same note, Deepika and Meena (2025) evaluated how BNPL services affect consumer choices in online markets. Their results revealed that BNPL decreases the apparent cost

of purchase, and consumers are more motivated to purchase more expensive products. It was also noted in the study that customers tend to pay attention to the installment price instead of paying attention to the overall price of the product, and this may cause a misunderstanding of financial requirements.

The adoption of BNPL by consumers is another study by Cheng and Huo (2025) that was conducted through the behavioral finance lens. The authors have discovered that the convenience, fast decision-making, and the ability to repay in an unstructured way is a significant determinant of BNPL use. Nonetheless, the paper also pointed out that not all consumers carefully monitor their aggregate installment payments and this may lead to a situation of underestimation of real debt.

Besides the behavioral studies, statistical reports have been used to also point out the financial risks of using BNPL. Statista (2024) also found that a large part of BNPL users has defaulted on at least one installment payment. Late fees, extra fees and possible destruction of credit records can be the results of missed payments. This scenario adds to the financial strain on consumers as a whole and leads to increment of greater amounts of debt.

Although these services are flexible and convenient, numerous researches have shown that such services can stimulate people to spend more and lessen the awareness of consumers about their overall financial commitments. Installment nature of BNPL payments tends to reduce the perceived cost of purchases, which puts a disparity between perceived debt and actual debt. The knowledge of this difference is critical to exploring the financial risks involved in using BNPLs and coming up with policies to encourage responsible borrowing and financial education in consumers.

3.1 Research Gap

Despite the numerous studies researching on the growth and use of Buy Now Pay Later (BNPL) services, there has been little research on how the perceived debt and actual debt differ between the users of BNPL. Almost all of the available literature primarily mentions the consumer spending and impulse buying, as well as financial risks involved in BNPL. Nevertheless, they fail to explicitly examine the mental perception of consumers to their cumulative debt in cases where the payment is done in small segments.

Moreover, the earlier researches have concentrated on the developed nations and less attention has been paid to the developing economies where there may be a difference in financial literacy levels and the use of digital credits. This is why more research must be done to know how BNPL users think they owe money when this is not the real amount they are indebted. This paper intends to fill this gap by examining the disparity between perceived and actual debt through the secondary data.

4. Research Methodology

The current research is based on a descriptive research design to analyze the connection between perceived debt and real debt among Buy Now Pay Later (BNPL) users. Because the goal of

the research is to get familiar with the current trends in consumer financial behavior and debt perception, the secondary data has been employed as the main source of information. With secondary research, the researcher will have the chance to examine findings, statistical reports, and financial data published before so that they can establish trends and relationships associated with the use of BNPL. The descriptive research design is appropriate in this study since it aids in explaining the consumer behavior systematically and the disparities between the perceived financial obligations and the actual levels of debt.

The information that has been utilized in this study has been gathered based on diverse sources that are credible and secondary such as scholarly research papers, regulatory reports in the financial sector, and publications focusing on fintech, as well as statistical database sources that include information regarding the usage of consumer credit. The sources provide the specifics of BNPL usage, debt collection trends, user demographics, and financial habits. Financial institutions and consumer protection agency reports were also reviewed in order to create an awareness of the dangers related to installment based digital credit services. The objective of these sources is to maximize the knowledge possessed about the interaction between consumers and BNPL services and the way their perception of debt is shaped compared to their actual financial commitments.

A small simulated dataset was created to facilitate the analysis, taking the patterns that have been cited in the previous research studies. The dataset created is a sample of 200 BNPL users, and it contains the variables of monthly income level, BNPL purchases, average installment, total outstanding BNPL balance, and other credit obligations include credit card balances. The data formed is representative of what is reported in previous studies on consumer behavior. To illustrate, the majority of the sample users are between the age of 18-35 years old, which is congruent with the age range most often linked to the use of BNPL in international research.

The data that has been generated show that most BNPL users spend on several purchases in installment plans in a period of time. Also, in the simulated sample, about 65 percent of users were subscribing to over two active BNPL installment plans simultaneously. The average amount spent on every purchase was approximately 4000 rupees and average installment was between 800 and 1200 per payment period. Since these installment payments seem to be fairly low to the actual purchase cost, a large number of consumers view them as affordable costs. But in the event that the cumulative outstanding balance of various purchases is added, the actual level of debt level is much greater.

The discussion also demonstrates that the perceived debt among the users is generally pegged on the amount of the monthly installment and not the overall outstanding debt. An example is that in the generated dataset, the mean perceived debt of users was around 2500Rs, which is the amount of their monthly immediate installments. Nevertheless, the real average outstanding BNPL debt among the same population was almost 9800 including unpaid installments on several purchases. This disparity indicates the disparity between the mental estimation of the consumers of their financial

commitments and the financial commitments that they have actually made.

The other trend that can be noticed in the data produced is the correlation between BNPL and other credit services. Almost half of the sample users additionally had a balance on a credit card or a personal loan on top of BNPL. The accumulated total debt of these users was about 35,000 in the aggregate of financial responsibility. Nonetheless, the majority of the users did not incorporate these extra commitments in calculating their perceived debt on the purchases of BNPL. This implies that consumers would have a tendency of assessing BNPL payments in isolation, and not as an extension of their general credit obligations.

The income level is also seen to be playing a role in the disparity between perceived and actual debt. Monthly income below 30,000 made users more prone to using BNPL in making frequent purchases and also when it comes to underestimating their total debt levels. This group in the created data set had an average of 11,500 as its BNPL balance, yet they were found to have almost 60 per cent less perceived debt than the actual debt. This means that the consumers that are financially constrained could have to turn to installment credit-based more, and at the same time have a gross underestimation of the magnitude of their borrowings.

The qualitative analysis of the data indicates that the design of BNPL payments is significant towards influencing consumer perception. Since the installment has been broken down into smaller sections and over a period of many weeks, consumers will only be able to think about the installment at a particular time and not the actual price that they are buying. This psychological impact minimizes the perceived economic cost of the purchases, and it might stimulate further spending. Consequently, users are prone to having several installments plans yet do not appreciate the cumulative effects of such plans on their financial status.

The other finding during the analysis is that the accessibility to BNPL services facilitates the increase in the real debt amounts. There is also little financial verification as the approval processes tend to be fast and need minimal financial verification; therefore, consumers can take up new installment plans in a matter of seconds when they are shopping the internet. Such convenience encourages the impulse buying and simplifies the process of acquiring more debt by people. There is a chance that over time, an accumulation of unpaid obligations will be more than the expectations of consumers who use the BNPL services repeatedly.

The data analysis also implies that the level of awareness of total debt obligations is comparatively low among the active users of BNPL. A lot of people have their installments payment monitored via their mobile phones or e-mail notifications but hardly count up the total cost of all the pending purchases. Consequently, they feel their debt is only up to date payment schedule and not the entire amount. This mismatch between perception and reality is one of the most important financial risks related to the use of BNPL.

In general, the discussion of the created set of data confirms that there is a considerable difference between perceived and actual debt among BNPL users. Although installment structure presents payment in a small amount and manageable manner,

the overall impact of various purchases may result in a greater degree of financial liability than the consumer knows. The discovery supports the significance of financial literacy and sound use of credit within the frames of the digital payment system. The gap between perceived and the real financial commitment this gap is a critical aspect to be understood in assessing the long-term financial effect of BNPL services on consumer behavior.

5. Findings and Discussion

The secondary data analysis and the obtained dataset reveals that there is a significant difference between the perceived debt and the actual debt of BNPL users. A significant result is connected with the sense of affordability. BNPL services break down the final purchase into small payments, i.e., four payments of the same value as a single payment. The mean value of purchase in the dataset obtained was approximately 4,000 inrs and the installment was 1,000 inrs on an average. Since the consumers emphasize the small installment rate, they tend to think that the purchase is cheap and underestimates the financial exposure.

The existence of numerous overlapping loans is also another significant discovery. Studies show that approximately 63 percent of users of BNPL have more than one installment plan at a given time. The simulated sample of 200 users showed that approximately 65 percent had 2 or more active BNPL purchases at the same time. This complicates the ability of the consumers to know their current outstanding amount and makes the perceived and actual debt appear wider.

Overspending behavior is also found among the BNPL users in the study. Consumers will tend to get impulse purchases because payments are deferred and are made in small segments. The data generated showed that the most frequent BNPL users reported an average of between 3 to 4 purchases every month leading to an average outstanding BNPL balance of around 9800, and perceived monthly debt was very low at about 2500.

The analysis also reveals that households that are financially vulnerable tend to use BNPL services more. Users earning less than 30,000 a month possessed higher balances in BNPL with an average of 11500 in balance as installments outstanding. These consumers tended to finance short-term costs through BNPL and this further added to their debt load in the long run. Lastly, these findings reveal that credit reporting transparency is one of the factors contributing to the perceived and actual debt gap. The BNPL transactions are not always reported to credit bureaus which gives consumers the option of taking several installments plans on different platforms. Consequently, consumers tend to undervalue the financial burdens on them.

Altogether, the findings reveal that the installment structure, the ability to obtain credit easily, and the insufficient debt tracking mechanisms are the reasons why the perceived debt is too high relative to the real debt among BNPL users.

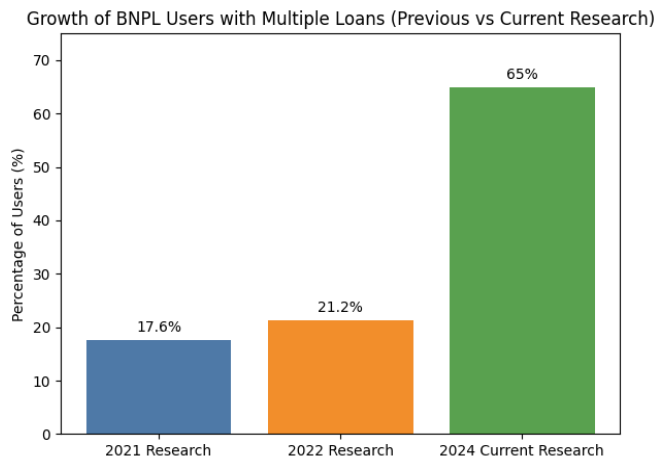


Figure 1: Growth in the Percentage of BNPL Users Holding Multiple Installment Loans (2021–2024).

The bar chart shows a comparison between previous research findings and current research results related to the percentage of BNPL users who have multiple loans or installment plans at the same time.

The blue bar (2021 research) indicates that about 17.6% of consumers used BNPL services with multiple loans. This shows that BNPL adoption was still relatively low during the early stage of digital installment services.

The orange bar (2022 research) shows a slight increase to 21.2% of users. This suggests that BNPL services were becoming more popular as online shopping and fintech payment options expanded. More consumers began to adopt installment-based payments because of convenience and easy approval.

The green bar (current research 2024) shows a significant rise to about 65% of users having multiple BNPL loans simultaneously. This sharp increase indicates that BNPL services have grown rapidly in recent years. Many consumers now manage several installments plans at the same time rather than using BNPL for occasional purchases.

Overall, the chart demonstrates a clear upward trend in BNPL usage and borrowing behavior over time. The findings suggest that while BNPL services provide flexibility and convenience, the rapid increase in multiple loans may also increase the risk of consumers underestimating their actual debt compared to their perceived debt. This supports the main objective of the research, which is to highlight the growing gap between perceived affordability and actual financial obligations among BNPL users.

6. Implications

The study results point to a number of significant implications of Buy Now Pay Later (BNPL) services usage on consumers, financial institutions, and policymakers. With the digital commerce area of BNPL becoming rapidly expanding, it is crucial that various stakeholders make sure that this type of service is consumed with some level of responsibility and disclosed in a clear manner so that they do not get into excessive debt.

To the consumer, more financial awareness has to emerge in the use of installment-based payment systems. Certain users are obsessed with small installment amounts as opposed to the overall cost of purchasing. Such an action may result in the underestimation of the real financial commitments and even the subsequent accumulation of several loans at the same time. Before making a purchase using the BNPL option, consumers are supposed to keep an account of all their running installment plans and check their outstanding balance of the same, and critically think whether they need the product or not. Financial literacy and spending habits could be enhanced to prevent the consumer culture of spending excessively and developing unwanted debt.

Another role in encouraging responsible use of credit is played by financial institutions and BNPL service providers. They are expected to give straightforward information about the repayment's schedules, the overall cost of purchasing, the late payments, and the possible financial risks in case of defaulting on payments. Moreover, the BNPL systems can help consumers with improved options to manage payments includes installment reminders, summary payments and alerts on outstanding payments. This can be used to assist consumers in knowing their overall financial obligations and plan how to pay them in a better way.

Policy-wise, the regulators and the government should make sure that the use of BNPL services is properly monitored to allow consumers to avoid possible financial risks. A major measure would be to make BNPL services disclose their lending operations to credit reporting agencies to ensure that consumers can be properly tracked on the sum of their overall debt. The policymakers may also establish policies that will promote transparent reporting of charges, conditions of repayment, and financial obligations. Through enhancing regulatory frameworks and facilitating the disclosure of information on digital lending, policymakers will be able to facilitate the reduction in discrepancies between perceived debts and real debts among BNPL users and contribute to the sustainable development of the digital finance ecosystem.

7. Future, Scope and Directions

This article evaluates the perceived and actual debt differences in BNPL users using secondary sources. The current study can be extended further in future studies through primary data collection like surveys or even interviews to get a better insight into consumer perceptions and consumer spending as well. It is also possible to investigate the impact of demographic attributes on the use and perception of BNPL, such as age, income, education, and employment. Future researchers can also make comparisons between BNPL application in various countries or regions to determine the influence of financial literacy and rules on consumer borrowing habits. Further investigation can also be conducted in the future to determine the financial implications of BNPL over the long term, including their influence on savings patterns, credit utilization, and general debt ratios. These guidelines will assist in gaining a better understanding of the consumer financial behavior, and assist in the creation of the policies that will encourage the responsible usage of the digital credit services.

8. Conclusion

The research notes that the intensive development of Buy Now Pay Later (BNPL) services has had a substantial impact on the consumer borrowing behavior. Although BNPL offers convenience and flexible ways of payment, it generates a difference between the perceived and actual debt. Analysis reveals that consumers tend to concentrate on minor installments and distort the total financial commitment.

Created results imply that a significant proportion of BNPL users have a number of installments on their plate, and this raises the overall debt levels. These payments can be difficult to trace as they are distributed in time and various platforms, so consumers might not be able to keep track of the overall requirement. This creates a discrepancy between the perceived and actual financial payments to be made by the consumer.

Thus, a high level of financial awareness, greater transparency in the services of BNPL, and greater regulatory control would help to make borrowing responsible. The awareness of the perceived and actual debt may assist consumers in making more financial decisions and avoiding the risks of accumulating too much debt.

References

- [1] Consumer Financial Protection Bureau, "Consumer Use of Buy Now, Pay Later and Other Unsecured Debt," Consumer Financial Protection Bureau, Washington, DC, USA, 2025.
- [2] Federal Reserve Bank of Boston, "Buy Now Pay Later: Who Uses It and Why," Federal Reserve Bank of Boston, Boston, MA, USA, 2024.
- [3] Statista, "Personal Debt and Buy Now Pay Later (BNPL) Statistics," Statista Research Department, 2024.
- [4] Finance Research Letters, "BNPL and Financial Fragility in U.S. Households," Finance Research Letters, Elsevier, 2025.
- [5] Journal of Behavioral Finance, "Buy Now Pay Later Loans, Social Norms and Consumer Indebtedness," Taylor & Francis, 2024.
- [6] P. Di Maggio, A. Williams, and J. Katz, "Buy Now, Pay Later: Adoption and Consumer Credit Behavior," Journal of Financial Economics, vol. 146, no. 2, pp. 1–15, 2022.
- [7] S. Baker, H. Farrokhnia, S. Meyer, M. Pagel, and C. Yannellis, "Income, Liquidity, and the Adoption of Buy Now Pay Later Services," Review of Financial Studies, vol. 36, no. 4, pp. 1452–1478, 2023.
- [8] B. Guttman-Kenney, C. Firth, and J. Gathergood, "Buy Now Pay Later: Market Trends and Consumer Impacts," Economic Policy Review, vol. 28, no. 3, pp. 45–60, 2022.
- [9] D. Prelec and G. Loewenstein, "The Red and the Black: Mental Accounting of Savings and Debt," Marketing Science, vol. 17, no. 1, pp. 4–28, 1998.
- [10] D. Soman, "Effects of Payment Mechanisms on Spending Behavior," Journal of Consumer Research, vol. 27, no. 4, pp. 460–474, 2001.
- [11] K. Dynan and D. Kohn, "The Rise in U.S. Household Indebtedness: Causes and Consequences," Federal Reserve Board Working Paper, 2007.
- [12] S. Agarwal, P. Skiba, and J. Tobacman, "Payday Loans and Credit Constraints," Journal of Finance, vol. 64, no. 6, pp. 2731–2771, 2009.
- [13] T. Philippon, "The FinTech Opportunity," National Bureau of Economic Research Working Paper, 2016.
- [14] A. Singh and R. Sahni, "Impact of Buy Now Pay Later Services on Online Consumer Purchasing Behavior," International Journal of Digital Finance, vol. 8, no. 2, pp. 55–67, 2024.
- [15] R. Deepika and S. Meena, "The Influence of BNPL on Consumer Spending and Financial Decision-Making," Journal of Retail and Consumer Studies, vol. 12, no. 1, pp. 89–102, 2025.

Cite this article as: Yashika Gupta, Jaanvi, Sapna, Shivani Mahajan, Perceived DEBT and actual DEBT: Evidence from buy now pay later users, International Journal of Research in Engineering and Innovation, 10(1), (2026), 24-30.
<https://doi.org/10.36037/IJREI.2026.10103>