

The Buy Now Pay Later (BNPL) Phenomenon Among Young People, Benefit or Time Bomb

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ARTICLE INFO

Keywords: Buy Now Pay Later, Digital Consumer Behavior, Paylater Credit Risk

Received : 5 December

Revised : 23 January

Accepted : 23 February

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ABSTRACT

Amidst the euphoria of the digital era, paylater has become a prominent financial phenomenon by changing the way people shop. It is possible that this useful and easy-to-use feature is very attractive to the public. The concept of shopping first and paying later (Buy Now Pay Later / BNPL) has changed the way people buy goods, especially through e-Commerce and online travel platforms such as Shopee, Tokopedia, Lazada, BliBli, Traveloka and Tiket.com. Quoted from (Ramadhani, 2025) BNPL is still concentrated on the island of Java, especially in Jabodetabek with a portion of 31.71%, there is still a lot of room to grow in other areas. In terms of users, the younger generation (Gen Z and Millennials) are still dominant as BNPL debtors. In detail, millennials with a birth range of 1981-1996 dominate by 48.27%. Then gen-Z who were born between 1997-2012 were recorded at 39.94%. The rest of generation X born in 1965-1980 contributed 11.35%. Behind the perceived convenience, there are many challenges that can affect the Indonesian economy. According to data collected by PEFINDO Credit Bureau (IdScore), until November 2024, BNPL facilities grew by 24.53% annually (year-on-year/yoy), with a total credit portfolio value reaching IDR 35.14 trillion with 3.21% of the total being non-performing loans or around 1.15 trillion not yet paid by consumers. According to the Kompas daily news article in (2023) (Gandhawangi, 2023) entitled "Don't Be Lulled by Paylater", paylater can cause excessive shopping addiction. Young people are the main victims of this trait. Who is not lulled by the one-click feature and can shop as much as they want without thinking about payment. This phenomenon is part of social change in the economic sector, where traditional payments are replaced by digital payments that can be made after purchase. Therefore, it is important to examine these changes to find the best way to mitigate their negative impact

INTRODUCTION

With the advancement of technology, everything is considered easier. There are many payment systems and financial services that are considered to make it easier for people to shop in today's digital era. Although bank credit cards still exist, the payment system now does not only depend on them. Especially with the emergence of financial technology (fintech). Quoted from (Upitra.ac.id, 2024) Bank Indonesia describes fintech as the implementation of technology in the financial system that can affect financial stability. Meanwhile, the Financial Services Authority (OJK) describes fintech as an innovation produced by technology in the financial services industry. Therefore, the goal of fintech is to change the way consumers view their financial status. Until the emergence of the paylater feature, a modern payment product first launched by Kredivo in 2016. This was followed by e-commerce and online travel platforms, including Tokopedia, Shopee and Traveloka. Currently, fintech is increasingly well-known thanks to the paylater feature which allows people to buy goods and services in installments without having to have a credit card. The presence of fintech makes it easier for people to make transactions, including for credit management. The paylater feature is increasingly enjoyed because it allows payments to be made later after the purchase or known as Buy Now Pay Later (BNPL). This means that paylater has the advantage of providing convenience to consumers, because it only requires a gadget, internet and does not require a card to make transactions. In a study conducted by (Sari et al., 2023) it was found that the paylater feature is widely used by teenagers, especially students. Behind its usefulness, there is an impact that is likely to affect the economy in Indonesia, namely consumer behavior. This consumer behavior greatly influences the mentality of people who cannot distinguish between needs and wants, which will ultimately affect economic conditions (Soviati, 2022).

LITERATURE REVIEW

1. *E-Commerce*

According to (Kotler et al., 2012) an online store is an online channel that can be accessed via a computer, used by merchants in running their business and collecting information from consumers via a computer. This process begins by providing information to consumers to help them in decision making. (Wong, 2010) defines electronic commerce as the process of buying, selling and marketing goods and services through electronic systems such as radio, television and computer networks or the internet. Meanwhile, the definition of e-commerce according to (Riswandi, 2019) is a dynamic set of economic, business applications and processes that connect companies, consumers and certain communities through electronic transactions and trade in goods, services and information carried out electronically. Thus it can be concluded that e-commerce is a system for buying and selling goods and services through electronic media that provides easy transactions for both sellers and buyers.

2. *PayLater in Indonesia*

One of the digital financing services that consumers can use is Paylater. With this service, customers can buy goods and then pay for them within 30 days or pay in installments over a certain period of time. (Info.populix.co, 2023) The Populix Unveiling Indonesia's Financial Evolution: Fintech Lending & Paylater Adoption report in October 2023 shows that Shopee PayLater is the payment service with the highest brand awareness. Compared to other paylaters, 89% of respondents know the brand. Shopee PayLater is the most widely used and most popular. Of the 45% of people who answered that they had used paylater, 77% said that they had enjoyed Shopee PayLater services. GoPay Later is in second place, known by 50% of those who answered, followed by Kredivo at 38%, and Akulaku PayLater at 36%. On the other hand, with a smaller proportion, people know Traveloka PayLater 27%, Home Credit 16%, Indodana PayLater 13%, Atome 5%, and others.

METHODOLOGY

This study uses a qualitative phenomenological approach. According to (Creswell, 2016), qualitative research is a way to see and understand the meaning that is considered to come from social or humanitarian problems. Phenomenology is an approach through phenomena, such as the appearance of everything that appears in our lives, the way we experience something, and the meaning that we can take from our experiences. The focus of phenomenology's attention is not only the phenomena experienced directly, but also the conscious experience of the first person who experiences it (Kuswarno, 2009).

The phenomenon of social change behavior experienced by young people as a result of the presence of the new e-commerce paylater feature. Furthermore, young people were interviewed to study the effects and social changes caused by this feature. Shopee PayLater, Gopay PayLater, Kredivo, Akulaku PayLater, and others are examples of PayLater applications that were observed. In this study, researchers created their own interview questions without looking at other researchers. The subjects of the study were teenagers aged 18 to 23 years who had ID cards and liked to shop online.

Primary and secondary data were used in this study. Primary data was obtained directly from research subjects through WhatsApp interviews. Meanwhile, secondary data came from third parties, such as user data on e-commerce application features. This study uses a theoretical approach, namely a strategy or approach used by researchers to develop, test, or apply theories in research and collect several concepts and then analyze them. This technique collects various types of relevant theories and data, then analyzes and reaches detailed conclusions that help researchers explain the social changes that occur in the consumption actions of people who shop at e-commerce.

RESULTS AND DISCUSSION

According to observations and findings, paylater users feel very helped by this feature. They are not only happy to be able to pay for their purchases later, but they also appreciate the many discounts or promos available by using paylater. The informant has been using paylater since 2021 and has never experienced payment problems. However, he experienced a change in the way he shops. An informant said that the more discounts, the more tempted he was to shop, and he preferred to use paylater because the payment was faster and easier. The difference between using this feature before and after is very clear. Now almost 5 times a month shopping online, not just 3 times. The informant knows that consumer behavior is a negative impact of paylater, but he thinks it doesn't affect him too much if he is able to pay before the deadline. If paylater users do not pay by the deadline, they will usually increase the interest by 5% every day. This is a new phenomenon for society. Several articles discuss this phenomenon and regret that features that have many benefits are not used as well as possible. Many people still do not pay their paylater payments on time, which causes the bill to become more expensive because of the interest. As a result, they are very worried because they find terror from the eagle's eyes.

Rapid and desired social change is one of the characteristics of paylater. Although they are not aware of the negative effects, society accepts and supports this change because it is considered beneficial to them. Consumptive behavior and addiction to paylater require concrete solutions. Based on the results of observations and interviews, paylater users are quite aware of the negative consequences, but they cannot decide to shop. Therefore, the solution offered is to set limits or restrictions on the number of transactions that can be made by paylater each month. For example, each paylater account can set a limit on the number of transactions twice each month, so that users cannot use paylater excessively. Because this solution will certainly produce positive and negative responses, synergy is needed from various parties including:

1. *Government*; Supporting through the creation of fair policies that limit transaction limits without stopping the growth of the digital economy
2. *Fintech Association*; Creating guidelines for its members so that BNPL services remain responsible and do not overdo it in providing limits, encouraging more transparent reporting on the number of defaulting users and the level of sustainability of the BNPL business model and developing a safer BNPL business model, such as working with banks to assess the creditworthiness of users
3. *Financial Services Authority (OJK)*; Conducting digital financial literacy campaigns, especially those related to the risks and benefits of BNPL and ensuring that fintech follows the principle of prudence, such as verifying users' ability to pay before setting limits
4. *Influencers*; Creating content on social media about how to use BNPL wisely, including the risks of excessive debt, informing young people about the importance of personal financial management and acting as ambassadors or education partners to emphasize healthy BNPL usage limits.

5. *Individuals (User Community)*; using BNPL with limits that are in accordance with their ability to pay, not for excessive consumptive needs, using educational sources to understand the BNPL scheme and its associated risks and conveying the wishes of regulators and fintech companies to create a more sustainable BNPL ecosystem.

Social change communication is closely related to the solutions offered above. Communication is very important to produce messages that can be accepted and understood by the public. This solution can include theories of social change communication. Social learning theory and social change theory are two examples. Social learning theory is used when disseminating information about the restrictions and negative effects of paylater addiction. This is done so that people can imitate and learn from people they think are influential. Therefore, the role played by famous people is very important to disseminate this information. Then, the alignment of social change makes people uncomfortable because they have to change again. Therefore, the application of social change theory is very important in planning concrete actions to prevent culture shock.

CONCLUSION AND RECOMMENDATION

It is undeniable that the nature of paylater benefits society. However, who would have thought that this feature also endangers addiction. One of the negative effects of this nature is consumptive behavior, which has a significant impact on people's mentality. Restrictions on the use of the paylater feature can solve this problem. Every party involved, including the Government, Fintech Association, Financial Services Authority, Influencers and User Community, must work together. Everyone must have control over all their actions. As a result, changing one's perspective is essential to solving this problem.

FURTHER STUDY

This research still has limitations, so further research is needed related to the topic of The Buy Now Pay Later (BNPL) Phenomenon Among Young People, Benefit or Time Bomb in order to perfect this research and add insight for readers.

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