



## **Reframing Debt in Buy Now Pay Later (BNPL) Schemes: A Phenomenological Study of Generation Z Consumers**

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### **Abstract**

*Received: 11 February 2026*

*Revised: 29 March 2026*

*Accepted: 1 April 2026*

*Published online: 1 April 2026*

The rapid development of financial technology has accelerated the adoption of Buy Now Pay Later (BNPL) services as a key digital financing alternative among Generation Z. While its ease of access, flexible payment schemes, and seamless digital processes enhance convenience, BNPL also reshapes how consumers perceive debt and manage personal finances. This study aims to explore the meaning of debt in BNPL usage among Generation Z using a phenomenological approach, addressing the limited qualitative insights in prior research dominated by quantitative methods. This study employs a qualitative phenomenological design, with data collected through in-depth interviews with Generation Z BNPL users in Indonesia. The data were analysed using thematic analysis to identify patterns of meaning derived from participants' lived experiences. The findings indicate that Generation Z tends to interpret BNPL debt not as a conventional financial obligation, but as a practical and flexible payment method. Repeated usage fosters the normalization of debt within a digital lifestyle and creates an illusion of financial control due to the emphasis on small instalment amounts. However, this perception also introduces potential financial risks and psychological pressure as obligations accumulate. This study concludes that BNPL debt represents a socially constructed meaning shaped by subjective experiences, social interactions, and the digital consumption context. The findings contribute to the development of behavioural accounting literature and provide practical implications for strengthening digital financial literacy and consumer protection policies targeting Generation Z.

**Keywords:** Buy Now Pay Later, Debt, Generation Z, Behavioural Accounting, Phenomenology

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## INTRODUCTION

The rapid development of financial technology (fintech) over the past decade has significantly transformed the way individuals conduct economic transactions, particularly among younger generations. One of the most prominent innovations is the Buy Now Pay Later (BNPL) service, a payment scheme that allows consumers to acquire goods or services immediately while deferring payments to a later period without relying on conventional credit cards. This scheme is widely perceived as a more accessible financing alternative, especially for Generation Z, who are typically at an early stage of their careers and financial literacy development (Sarifuddin, 2025).



*Figure 1. Distribution of Buy Now Pay Later (BNPL) Service Usage in Indonesia, 2025*

The adoption of BNPL among Generation Z has increased alongside the rapid expansion of e-commerce platforms and digital wallets in Indonesia. BNPL has evolved beyond a mere payment instrument, shaping consumption patterns and influencing how consumers perceive debt. The ease of access, instant approval processes, and the persuasive narrative of “buy now, pay later” encourage its use for non-essential consumption. This phenomenon contributes to the rise of impulsive and consumptive behaviour, as well as a shift in debt perception from a long-term financial obligation to a normalized component of a digital lifestyle (Ananda & Pramesthi, 2025).

From a phenomenological perspective (Hidayatullah dkk., 2026), subjective experience plays a crucial role in understanding how debt is constructed and interpreted in BNPL practices. In this context, debt is no longer merely perceived as a financial burden but is reframed as a flexible payment option with minimal perceived risk. Emerging qualitative findings suggest that repeated BNPL usage may lead to financial pressure, reduced control over personal financial management, and tension between perceived convenience and actual repayment obligations.

Existing international literature highlights the association between BNPL usage and financial risk behaviour among students and young consumers. Most studies adopt a quantitative approach, emphasizing factors such as financial literacy, risk perception, and social influences, including peer pressure, Fear of Missing Out (FoMO), and materialism (Nguyen & Pham, 2024) (Candra & Amrizal, 2022). While these studies provide valuable

insights into the determinants of BNPL usage, they tend to conceptualize debt primarily as an economic variable or financial risk indicator.

Previous research on BNPL among Generation Z has largely focused on technology adoption, impulsive buying behaviour, and measurable financial impacts. Although some qualitative studies have identified psychological and social drivers, there remains a lack of in-depth exploration (Candra, Lestari, dkk., 2025) of how consumers construct and interpret the meaning of BNPL debt in their everyday lives. This indicates a clear research gap in understanding debt as a subjective and socially constructed experience.

Addressing this gap, the present study offers novelty by employing a phenomenological approach to explore the lived experiences and subjective meanings of BNPL debt among Generation Z consumers. This approach positions debt not merely as a financial instrument or economic consequence, but as a socially constructed meaning shaped by individual experiences, values, and interpretations.

Based on this background, the research questions are: (1) how do Generation Z consumers interpret debt within the BNPL scheme, and (2) how does their BNPL usage experience shape perceptions of financial responsibility and financial risk? Accordingly, this study aims to explore and understand the meaning of debt in BNPL usage among Generation Z, including how they interpret financial responsibility, risk, and long-term implications.

Theoretically, this study contributes to the development of behavioural accounting literature by providing insights into the construction of debt meaning in the digital financial era (Candra, 2023). Practically, the findings are expected to support the enhancement of financial literacy, inform consumer education strategies, and contribute to the development of more effective BNPL consumer protection policies aligned with the behavioural characteristics of Generation Z.

## **LITERATURE REVIEW**

### **A. Buy Now Pay Later (BNPL) as a Digital Financing Innovation**

Buy Now Pay Later (BNPL) represents a financial technology (fintech) innovation that enables consumers to obtain goods or services immediately while deferring payment through instalment schemes. Its rapid growth is closely linked to the expansion of digital payment systems and e-commerce, offering key features such as fast approval processes, minimal requirements, and access to credit without conventional credit cards, making it particularly attractive to younger consumers.

Despite its convenience, BNPL also poses risks, including the potential accumulation of debt and weak financial management. Studies indicate that BNPL stimulates consumptive behaviour, especially among younger users, as instalment payments are perceived as affordable while the total financial obligation remains less visible (Ishak dkk., 2025). Consequently, BNPL is often perceived not as debt, but merely as a payment method.

Conceptually, BNPL can be categorized as an unsecured short-term financing mechanism fully operated through digital systems (Candra, Azzahra, dkk., 2025). The entire process from application to repayment is conducted electronically, enhancing transaction efficiency while simultaneously increasing the risk of excessive consumption if not supported by adequate financial literacy (Widiawati dkk., 2024).

### **B. Regulation and Characteristics of BNPL in Indonesia**

In Indonesia, BNPL services are regulated and supervised by the Otoritas Jasa Keuangan (OJK) (Candra, 2023). BNPL is formally recognized as a digital financing innovation under Financial Services Authority Regulation No. 32 of 2025 concerning BNPL operations. This regulation aims to provide legal certainty, strengthen governance, and mitigate risks associated with the rapid growth of digital financing (Mediatama, 2025).

The regulation stipulates that BNPL services may only be provided by licensed commercial banks and financing companies approved by OJK. BNPL is defined as unsecured, non-cash financing for the purchase of goods and/or services with deferred payment mechanisms and specified credit limits, fully executed through electronic systems. The regulation also emphasizes prudential principles and consumer protection.

Furthermore, BNPL providers are required to disclose financing information transparently, including fees, late payment penalties, and default consequences. This measure aims to prevent harmful financing practices, particularly for vulnerable groups such as Generation Z.

### **C. The Impact of BNPL on Consumer Behaviour**

Existing studies indicate that BNPL usage significantly influences consumer behaviour. Systematic literature reviews show that BNPL services, such as Shopee PayLater, contribute to increased impulsive and consumptive purchasing, particularly among younger consumers. The ease of access and deferred payment mechanisms encourage purchases without adequate financial planning (Adhani dkk., 2025) (Saputri dkk., 2025).

Beyond impulsive buying, BNPL may also affect personal financial stability. Consumers often face difficulties managing multiple concurrent instalments, highlighting that BNPL not only drives consumption but also introduces short- and medium-term financial risks.

### **D. BNPL Adoption among Generation Z**

Generation Z, characterized by high digital engagement, shows a strong preference for fast, practical, and integrated financial services. BNPL aligns well with this digital-oriented lifestyle, making it widely adopted among this cohort.

Qualitative studies reveal that BNPL adoption is influenced by psychological factors such as instant gratification and Fear of Missing Out (FoMO), as well as social influences. Despite its convenience, BNPL usage may lead to post-purchase regret and repayment difficulties, ultimately affecting individual financial well-being.

### **E. Financial Literacy and BNPL Debt Risk**

Literasi Financial literacy refers to an individual's ability to understand and apply financial concepts in decision-making. In the BNPL context, low financial literacy may lead to a lack of awareness regarding long-term implications, including debt accumulation and additional costs.

Quantitative studies show that financial literacy significantly affects BNPL usage, where individuals with lower literacy levels tend to use BNPL impulsively without considering repayment capacity (Khoirunisa dkk., 2025) (Sholehah dkk., 2026). This highlights the critical role of financial literacy in mitigating digital debt risks.

### **F. Psychological and Social Influence Perspectives in BNPL Usage**

In addition to financial literacy, BNPL usage is shaped by psychological and social factors. Fear of Missing Out (FoMO), consumptive tendencies, and social pressure from peers and social media significantly influence usage decisions. Empirical studies in Indonesia confirm that these factors affect the intensity of BNPL usage among Generation Z students (Noor & Fatihat, 2025).

Despite the growing body of BNPL research, most studies rely on quantitative approaches or literature reviews, with limited exploration of how Generation Z subjectively interprets debt through lived experiences. Therefore, a phenomenological approach is necessary to understand how individuals construct the meaning of debt, risk, and financial responsibility in their everyday lives. This approach addresses the existing research gap by

emphasizing subjective experiences and social meaning-making processes (Tisyia & Tasrim, 2025).



*Figure 2. Conceptual Framework of Debt Meaning in the Buy Now Pay Later (BNPL) Scheme among Generation Z*

This study is grounded in a conceptual framework that views the meaning of debt in the Buy Now Pay Later (BNPL) scheme as the result of interactions among user experience, Generation Z characteristics, and social–digital influences. The ease of access, “low instalment” narratives, and integration of BNPL within digital platforms contribute to the reframing of debt as a practical and low-risk payment method.

Within this framework, repeated use of BNPL fosters the normalization of debt in the everyday lives of Generation Z. The perception of small instalment amounts creates an illusion of financial control, which ultimately shapes how consumers interpret financial responsibility and debt-related risks.

This conceptual framework serves as the foundation for the phenomenological analysis, enabling the interpretation of participants’ subjective experiences in constructing the meaning of BNPL-related debt.

## **METHOD**

This study employs a qualitative method (Candra dkk., 2024) with a phenomenological approach to explore how Generation Z consumers construct the meaning of debt within the Buy Now Pay Later (BNPL) scheme. Rather than examining causal relationships, this study focuses on interpreting individuals’ lived experiences, perceptions, and subjective understandings of BNPL usage in everyday financial practices. The phenomenological approach enables an in-depth exploration of how debt is experienced and interpreted within a digital financial context.

The research participants consist of Generation Z consumers residing in Jakarta who have used BNPL services. Participants were selected using purposive sampling based on the following criteria: (1) aged 18–26 years, (2) residing in Indonesia, (3) having used BNPL within the last six months, and (4) accessing BNPL through e-commerce platforms or fintech applications.

Jakarta was selected as the research setting due to its high penetration of digital financial services, e-commerce usage, and BNPL adoption, making it a relevant context for examining debt perception within an urban digital lifestyle. Data collection was conducted online between January and February 2026 to ensure accessibility and participant convenience.

The study utilizes both primary and secondary data. Primary data were obtained through in-depth, semi-structured interviews, allowing flexibility for participants to share their experiences while maintaining a focused line of inquiry (Candra, Azzahra, dkk., 2025). All interviews were conducted in Indonesian, audio-recorded with informed consent, and transcribed verbatim for analysis. Secondary data, including academic literature and reports on BNPL, consumer behavior, and Generation Z, were used to support contextual interpretation.

Data were analyzed using thematic analysis, following a systematic process of data familiarization, initial coding, category development, and theme identification to capture patterns of meaning related to BNPL debt perception.

To ensure trustworthiness, the study applied member checking by validating interpretations with participants, along with maintaining a clear audit trail of the research process. Credibility was further strengthened by grounding findings in empirical data. Ethical considerations were strictly observed, including informed consent, confidentiality of participants' identities, and the use of data solely for academic purposes.

## **RESULT AND DISCUSSION**

### **Profile of Informants and BNPL Usage Experience**

This study involved Generation Z consumers aged 19–25 who actively use BNPL services through e-commerce and fintech platforms. Informants consisted of university students and early-career workers with relatively limited and unstable income. BNPL is used for both essential needs and discretionary consumption such as fashion and electronic products. Frequent usage indicates that BNPL has become embedded in their routine financial transactions.

Repeated exposure to BNPL shapes informants' perception of debt. Rather than being viewed as a long-term financial obligation to be avoided, debt is increasingly perceived as a common and acceptable payment mechanism within the digital ecosystem. This context provides the foundation for understanding the emerging themes of debt meaning.

### **BNPL Debt as a Payment Method**

Findings show that most informants do not perceive BNPL as “debt” in the conventional sense, but rather as a practical and flexible payment method. BNPL is often equated with other cashless instruments such as digital wallets or bank transfers. The absence of immediate payment, rapid approval processes, and interface designs emphasizing instalment options reduce users' awareness of debt status.

This reflects a process of **debt reframing**, where financial obligations are reconstructed as manageable payment options. From a behavioural accounting perspective, this indicates mental accounting practices, where individuals separate financial obligations into smaller, less salient components, thereby reducing sensitivity to total debt exposure

### **Normalization of Debt in Digital Lifestyle**

The findings further reveal the normalization of debt in the daily lives of Generation Z. Repeated BNPL usage leads to instalments being perceived as routine monthly expenses, like subscriptions or operational costs. Debt is no longer considered an exceptional or emergency condition, but rather a socially accepted practice.

This normalization is reinforced by digital and social environments, where BNPL usage is commonly displayed as part of a modern lifestyle. Peer influence plays a role in shaping the

perception that BNPL is safe and normal. From a phenomenological perspective, the meaning of debt emerges through social interaction and shared experiences rather than purely rational financial evaluation.

#### Illusion of Financial Control through Small Instalments

Another key finding is the emergence of an illusion of financial control. Small instalment amounts create the perception that obligations are manageable and do not significantly burden financial conditions. Informants tend to evaluate affordability based on periodic payments rather than total accumulated liabilities.

This reflects bounded rationality in financial decision-making, where individuals rely on salient and simplified information. As a result, the risk of overcommitment increases, particularly when multiple BNPL obligations overlap, potentially disrupting financial stability.

#### **Tension between Convenience and Financial Pressure**

Despite its perceived convenience, BNPL also generates financial and psychological pressure over time. Informants reported experiencing stress, particularly when approaching payment deadlines under constrained financial conditions.

This reveals a BNPL paradox: while it provides immediate consumption convenience, it simultaneously creates latent financial stress. From a phenomenological standpoint, this tension leads to a shift in meaning—BNPL evolves from a symbol of convenience into a source of financial pressure as obligations accumulate.

The findings demonstrate that BNPL debt among Generation Z is not merely an economic phenomenon but a socially and psychologically constructed meaning shaped by digital context and lived experience. The process begins with the reframing of debt as a payment method, followed by its normalization within digital lifestyles, reinforced by perceived control through small instalments, and culminating in financial pressure due to accumulated obligations.

This layered process aligns with behavioural accounting theory, particularly mental accounting and bounded rationality, where individuals simplify financial decisions by focusing on partial information (e.g., instalment size). It also extends prior studies by showing that beyond impulsive buying, BNPL reshapes the meaning structure of debt itself, not just behaviour.

Compared to previous quantitative studies (Bahasoan dkk., 2025), that emphasize determinants such as financial literacy and social influence, this study provides deeper insight into how debt is subjectively interpreted. The findings confirm that social interaction, digital interface design, and repeated usage play critical roles in shaping perception, supporting earlier research on consumption behaviour while adding a phenomenological dimension.

From a practical perspective, the normalization and misperception of debt highlight the urgency of strengthening digital financial literacy among Generation Z. Without adequate understanding, BNPL may lead to cumulative financial risks despite its perceived affordability.

Overall, this study contributes to behavioural accounting by demonstrating that financial decision-making is not solely driven by rational calculation, but also by meaning construction processes influenced by digital environments and social context.

## **CONCLUSION AND RECOMMENDATION**

This study concludes that Generation Z interprets debt in the Buy Now Pay Later (BNPL) scheme not as a conventional financial obligation, but as a practical and flexible payment method embedded in a digital lifestyle. The ease of access, “low instalment” narratives, and application interface design contribute to a reframing of debt, where financial

obligations are perceived as manageable routine expenses. This process leads to the normalization of BNPL debt in everyday life. However, such perceptions create an illusion of control that may obscure the accumulation of financial obligations, potentially resulting in financial and psychological pressure. Theoretically, this study contributes to behavioural accounting by demonstrating that debt-related decisions are not solely driven by rational considerations but are shaped by psychological, social, and digital contextual factors. From a phenomenological perspective, the meaning of BNPL debt is constructed through subjective experiences and social interactions.

Practically, this study highlights the need to strengthen digital financial literacy among Generation Z to improve awareness of long-term financial risks associated with BNPL usage. BNPL providers are encouraged to enhance transparency regarding costs, penalties, and repayment consequences to support informed decision-making. From a policy perspective, regulators should reinforce consumer protection frameworks, particularly for younger users who are more vulnerable to digital credit exposure. For future research, it is recommended to employ quantitative or mixed-method approaches, expand the scope of participants and geographical coverage, and further examine the long-term impact of BNPL on financial behaviour.

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