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Buy Now Pay Later (BNPL): Opportunities and Risks for Consumers

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Abstract-- Buy Now Pay Later (BNPL) has emerged as one of the most transformative innovations in consumer finance over the past decade, fundamentally altering how individuals manage short-term credit and purchasing decisions. This paper provides a comprehensive examination of the BNPL ecosystem, analyzing its structural mechanisms, growth trajectory, consumer benefits, and the significant financial and systemic risks it poses. Drawing on data from the Consumer Financial Protection Bureau (CFPB), Federal Reserve surveys, Morgan Stanley research, and peer-reviewed literature, this study maps the dual nature of BNPL as both a vehicle for financial inclusion and a potential accelerant of consumer indebtedness. The global BNPL market reached approximately \$340 billion in gross merchandise volume in 2024, with 380 million users worldwide and strong projected growth toward \$80 billion in provider revenue by 2033. Simultaneously, research indicates that 34 to 41 percent of users miss at least one payment, and subprime borrowers account for a disproportionate share of BNPL originations. The paper further examines the evolving regulatory landscape — including the CFPB's May 2024 interpretive rule classifying BNPL under credit card regulations, its subsequent rescission in 2025 under a new administration, and the emerging role of FICO in incorporating BNPL data into credit scoring. The study concludes with evidence-based policy recommendations and a framework for responsible BNPL use by consumers.

Keywords-- Buy Now Pay Later, BNPL, consumer credit, financial inclusion, fintech, debt accumulation, installment loans, digital payments, consumer protection, CFPB regulation

I. INTRODUCTION

The global payments landscape has undergone a profound structural transformation in the digital era, and few innovations exemplify this shift as clearly as Buy Now Pay Later (BNPL) financing. Initially a fringe feature offered by Scandinavian fintech startups such as Klarna, BNPL has evolved into a mainstream financial instrument with hundreds of millions of users across North America, Europe, Asia-Pacific, and emerging markets. Defined at its core as a short-term, point-of-sale installment loan — typically four equal payments spread over six weeks at zero interest — BNPL occupies a unique space that blurs the boundary between traditional consumer credit and contemporary e-commerce payment infrastructure.

The appeal of BNPL is multifaceted. For consumers, particularly younger demographics who have historically shown reluctance toward conventional credit cards, BNPL offers immediacy, simplicity, and the psychological comfort of structured payments without the specter of revolving interest. For merchants, BNPL drives measurable increases in average order value, reduces cart abandonment, and attracts a customer segment otherwise excluded by credit barriers. For BNPL providers — Affirm, Klarna, Afterpay, Sezzle, Zip, and others — the business model is anchored in merchant fees, late charges, and increasingly, the monetization of granular consumer spending data.

Yet this rapid growth has not been without consequence. Concerns over debt accumulation, opaque fee structures, predatory targeting of financially vulnerable populations, and the absence of standardized credit reporting have drawn the attention of policymakers, academics, and consumer advocates worldwide. The Consumer Financial Protection Bureau (CFPB), the Federal Reserve, and the Richmond and Kansas City Federal Reserve Banks have each published detailed analyses of BNPL's market dynamics and consumer impact. Their findings reveal a nuanced picture: BNPL is simultaneously expanding credit access for underserved populations and creating new vectors of financial strain for those least equipped to manage them.

This paper systematically analyzes the BNPL phenomenon across five dimensions: (1) market structure and growth; (2) consumer opportunities and use-case diversity; (3) financial and behavioral risks; (4) regulatory evolution; and (5) policy recommendations. The objective is to contribute to the scholarly discourse on embedded finance and consumer financial well-being, particularly as BNPL transitions from a niche checkout feature to a pervasive element of household credit infrastructure.

II. BACKGROUND AND HISTORICAL CONTEXT

2.1 Origins of Installment Credit

The conceptual foundations of BNPL are not novel. Layaway programs, popularized in the United States during the Great Depression of the 1930s, allowed consumers to reserve merchandise by making incremental payments prior to taking possession — the inverse of the modern BNPL model, where possession precedes full payment.



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Hire purchase arrangements, widely used in post-war Britain, similarly structured consumer durables acquisition through periodic installments. The distinguishing feature of contemporary BNPL is its digital instantaneity: approval decisions are rendered in seconds, embedded seamlessly within e-commerce checkout flows, and accessible through smartphone applications, requiring nothing more than a bank account or debit card.

2.2 The Modern BNPL Ecosystem

The modern BNPL industry coalesced in the mid-2010s with the rise of Klarna (founded in Sweden in 2005), Afterpay (Australia, 2014), and Affirm (United States, 2012). These providers pioneered the merchant-facing B2B2C model: BNPL companies partner directly with online and offline retailers, integrating their financing tools into merchant checkout systems and bearing the credit risk themselves. Revenue accrues primarily from merchant discount rates — fees charged to retailers for driving incremental sales — along with late fees from consumers and, in some cases, interest charges on longer-term installment products.

The BNPL landscape expanded dramatically during the COVID-19 pandemic, as lockdowns accelerated e-commerce adoption and consumers sought flexible payment solutions amid economic uncertainty. Between 2019 and 2021, the six largest U.S. BNPL providers collectively saw origination volumes surge at double-digit rates annually, according to CFPB data. Major financial institutions, including PayPal, Visa, Mastercard, and Apple, subsequently introduced their own BNPL products,

signaling the format's integration into mainstream financial infrastructure.

III. GLOBAL MARKET OVERVIEW AND GROWTH
 TRAJECTORY

3.1 Market Size and Scale

The BNPL market has demonstrated extraordinary growth across multiple dimensions. In terms of gross merchandise volume (GMV), the global BNPL market reached approximately \$340 billion in 2024, with year-over-year growth in double digits. Provider revenue — the income earned by BNPL companies themselves — was estimated at \$44.89 billion in 2025, projected to reach \$54.56 billion by 2026. Long-term forecasts from Grand View Research, Precedence Research, and Straits Research variously project provider revenue to reach between \$80 billion and \$435 billion by 2033–2034, with compound annual growth rates (CAGR) ranging from 14% to over 30%, depending on methodology and scope.

User adoption is equally striking. Global BNPL users numbered approximately 380 million in 2024, with projections targeting 670 million by 2028. In the United States alone, 86.5 million Americans used BNPL services during 2024, while a Federal Reserve survey estimated that 15 percent of U.S. adults — over 38 million people — used BNPL at least once that year. During the 2024 holiday shopping season, American consumers spent \$18.2 billion via BNPL, illustrating the format's growing role in high-volume retail periods.

Table 1: Key BNPL Market Metrics (2023–2025)

Metric	2023	2024	2025 (Est.)
Global GMV	~\$300B	~\$340B	~\$560B
Global Users	~310M	~380M	~430M
U.S. Users	~79M	~86.5M	~91.5M
BNPL % of U.S. e-commerce	~4%	~6%	~7%
Avg. BNPL Loan Size (U.S.)	\$130	\$135	~\$140
Provider Revenue (Global)	~\$35B	~\$40B	~\$44.9B
Charge-off Rate (U.S.)	1.83%	~1.8%	~2.0%

Sources: CFPB (2025), Morgan Stanley (2025), ChargeFlow (2026), Digital Silk (2026)



3.2 Geographic Distribution

North America commands the largest share of the global BNPL market, accounting for approximately 29–56% depending on measurement methodology (GMV versus provider revenue). The United States leads in absolute dollar terms, while Europe — particularly the Nordic countries, the United Kingdom, Germany, and the Netherlands — exhibits some of the highest per-capita BNPL adoption rates. The Asia-Pacific region, led by Australia, Sweden's export of Klarna, and rapidly growing markets in India and Southeast Asia, represents the fastest-growing geography.

The online channel dominates BNPL transactions, capturing approximately 55–66% of all BNPL volume in 2024. The electronics segment held the largest vertical share at approximately 36%, followed by fashion and apparel at 15.5% CAGR — the fastest-growing category. Notably, BNPL usage for everyday essentials such as groceries has increased since the inflationary surge of 2021–2022, signaling a qualitative shift in how consumers use the product: from large, discretionary purchases to routine expenditures, a trend that carries distinct implications for debt risk.

IV. CONSUMER OPPORTUNITIES: THE CASE FOR BNPL

4.1 Democratization of Short-Term Credit

One of the most frequently cited benefits of BNPL is its role in expanding access to credit for populations historically excluded from or underserved by conventional financial systems. Traditional credit cards require creditworthiness assessment, often disadvantaging young adults, recent immigrants, gig economy workers, and individuals with thin or damaged credit histories. BNPL providers typically conduct only a "soft" credit inquiry that does not affect the applicant's credit score, and approval rates are generally higher than those for credit cards. CFPB data showed that across six major providers, approval rates reached 78 percent of applications in 2021, up from 67 percent in 2020.

This accessibility has a measurable financial inclusion dimension. BNPL enables consumers who might otherwise resort to high-cost alternatives — payday loans, pawn shops, or high-interest personal credit — to access goods and services through a structured, interest-free mechanism when used responsibly. Research published in an economic review by the Federal Reserve Bank of Kansas City notes that BNPL can reduce credit exclusion and provide a more dignified credit experience for consumers who have experienced discrimination or rejection within the traditional banking system.

4.2 Interest-Free Financing and Cost Transparency

The standard BNPL "pay-in-four" structure — four installments over six weeks at zero interest — represents a genuinely cost-effective short-term financing option when compared to revolving credit card debt. With U.S. revolving credit card balances reaching \$1.23 trillion and average annual percentage rates frequently exceeding 20 percent, a consumer who carries a balance on traditional credit incurs substantial interest charges. The BNPL model, by contrast, transfers credit risk to the merchant (via merchant fees) rather than the consumer, allowing the end-user to finance a purchase at no explicit cost provided all installments are met on schedule.

This cost structure also promotes transparency in a way traditional revolving credit does not. Because BNPL loans are closed-end — fixed installments, fixed amounts, fixed timeline — consumers have a clear and predictable repayment schedule. There is no ambiguity about minimum payments, compound interest, or teaser rates expiring, as commonly encountered with credit card products.

4.3 Cash Flow Management and Budgeting

Millennial consumers, in particular, have adopted BNPL as a deliberate budgeting tool. Rather than depleting savings or carrying credit card debt, many users employ BNPL to smooth cash flows across a monthly cycle — deferring payment on a necessary purchase until payday or aligning installments with income receipt dates. This behavior reflects a sophisticated, if fragile, approach to household financial management that BNPL enables with minimal friction.

Research in Malaysia, published in the *International Journal of Research and Innovation in Social Science* (2025), found that financially literate millennial users effectively incorporated BNPL repayments into their financial plans, utilizing the flexibility without experiencing financial distress. The product, in this context, functions more as a payment scheduling tool than a debt instrument — a distinction that has important implications for consumer education and regulation design.

4.4 Credit Building Potential

An emerging opportunity within the BNPL ecosystem is the potential for responsible BNPL use to build or improve consumer credit scores. Historically, most BNPL providers did not report payment history to the three major credit bureaus (Equifax, Experian, TransUnion), meaning neither positive nor negative repayment behavior was factored into FICO scores. This changed meaningfully in 2024–2025. Affirm began reporting all BNPL transactions to Experian in April 2024 and TransUnion in May 2024.



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Sezzle's "Sezzle Up" program, which allows consumers to opt in to credit reporting, demonstrated an average 20-point credit score improvement within four months for users with scores below 600. FICO announced the incorporation of BNPL data into its new scoring models in June 2025, potentially creating a formal pathway for BNPL to serve as a credit-building instrument.

V. CONSUMER RISKS AND FINANCIAL VULNERABILITIES

5.1 Debt Accumulation and Over-Extension

The primary consumer risk associated with BNPL is the facilitation of debt accumulation beyond what borrowers can sustainably manage. The frictionless nature of BNPL — instant approvals, seamless checkout integration, minimal cognitive engagement with credit terms — reduces what behavioral economists call "pain of payment," the psychological inhibitor that typically moderates discretionary spending. When purchasing costs are broken into small, incremental installments, consumers systematically underestimate the aggregate financial commitment they are assuming.

This mechanism is particularly dangerous when consumers simultaneously hold multiple BNPL commitments across several providers. Because BNPL loans have historically not been reported to credit bureaus, no single lender — including other BNPL providers — has visibility into a consumer's full BNPL debt load. A consumer might carry four concurrent BNPL plans with Klarna, Afterpay, Affirm, and Zip without triggering any affordability check, as each provider conducts only a soft inquiry and has no insight into the others.

The Richmond Federal Reserve Bank identified this as a "phantom debt" risk, noting that invisible BNPL obligations can impair a borrower's ability to meet non-BNPL debt obligations — mortgage payments, auto loans, credit cards — without the broader financial system having awareness of the exposure. As of Q3 2024, U.S. household debt totaled \$17.9 trillion; BNPL remains small relative to this figure, but the Richmond Fed notes that its lower lending standards and non-reporting status make it a potential entry point for systemic risk if usage continues to scale.

5.2 Demographic Vulnerability: Generation Z and Subprime Borrowers

Research consistently identifies two particularly vulnerable consumer segments: Generation Z users and subprime borrowers. CFPB data for 2021–2022 found that borrowers with deep subprime credit scores accounted for 45 percent of BNPL originations, while subprime borrowers represented an additional 16 percent — meaning that approximately 61 percent of BNPL volume was originated by consumers with the most limited financial resilience.

This concentration of credit access at the vulnerable end of the credit spectrum is a fundamental tension within the BNPL value proposition: the populations most likely to benefit from financial inclusion are also those most exposed to the risks of financial overextension.

Among Generation Z users, research published in academic journals, including a 2025 study in the *International Journal of Research and Innovation in Social Science*, identifies a pattern of impulsive spending driven by materialistic tendencies, social media influence, and limited financial literacy. The combination of weak money management skills and high BNPL accessibility creates conditions for financial strain. *Fortune* magazine (May 2025) noted a growing consensus among experts that while Gen Z is not currently "drowning" in BNPL debt, the trajectory represents a luxury lifestyle trap enabled by frictionless credit.

5.3 Social Media Amplification and Behavioral Risk

A landmark 2026 study published in *ScienceDirect* proposed the "digital co-exposure model" to explain how BNPL and social media interact to produce compounded financial strain. The model integrates mental accounting theory with social cognitive theory, demonstrating that BNPL fosters impulsivity through frictionless credit framing while social media amplifies this through algorithmic content curation and aspiration-driven comparison loops. Together, they create a feedback mechanism that reinforces overspending and intensifies financial stress. Critically, the study concluded that the compounding effect is multiplicative rather than additive — simultaneous exposure to both stressors produces greater harm than the sum of each individually.

A 2024 Bankrate survey found that 48 percent of users made impulse purchases based on social media content, with 57 percent expressing buyer's remorse. When BNPL is embedded in the same digital environment — Instagram's "Shop" features, TikTok Shop, and algorithmically targeted BNPL promotions — the psychological barriers to unplanned spending are systematically eroded.

5.4 Fee Opacity and Consumer Misunderstanding

Despite the superficial simplicity of the pay-in-four model, consumers frequently misunderstand the specific terms and conditions of the BNPL loans they accept. A 2022 study published in *Technology Science* (released February 2025) assessed consumer comprehension of BNPL terms using simulated payment flows for Affirm and Afterpay. The findings were concerning: the majority of study participants were unable to understand some or all of the loan terms presented, including payment frequency, number of installments, and potential implications for their credit scores.



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The study concluded that BNPL services disproportionately target financially vulnerable consumers, potentially exacerbating debt cycles.

Late fees, while declining in frequency — falling from 5.2% of BNPL loans in 2022 to 4.1% in 2023 according to CFPB data — represent a meaningful additional cost for consumers who miss payments. Auto-debit requirements, which most BNPL providers impose, create risks of overdraft cascades if a consumer's linked bank account lacks sufficient funds, transforming a single missed installment into multiple bank fees across the payment chain.

5.5 Data Privacy and Identity Fraud

BNPL providers collect highly granular data on consumer purchasing behavior, product preferences, and financial circumstances, building detailed digital profiles that constitute valuable commercial assets. The CFPB has flagged data harvesting and monetization as a distinct consumer risk, noting that this data collection may threaten consumer privacy, security, and autonomy in ways that are not apparent at the point of transaction. Because BNPL approval processes rely on minimal verification, identity fraud is also an elevated risk: an individual may be unaware their identity has been used fraudulently to establish BNPL accounts, particularly given the historical absence of credit bureau reporting that would flag such activity.

VI. REGULATORY LANDSCAPE AND POLICY EVOLUTION

6.1 The CFPB's 2024 Interpretive Rule

The most consequential regulatory development in BNPL's history occurred on May 22, 2024, when the Consumer Financial Protection Bureau issued an interpretive rule classifying certain BNPL products — specifically, digital user accounts used to access pay-in-four credit — as credit card providers under the Truth in Lending Act (TILA) and Regulation Z. This classification imposed on BNPL lenders several obligations previously exclusive to credit card issuers: the requirement to provide cost-of-credit disclosures, investigate consumer billing disputes, credit refunds for returned products or cancelled services, and provide periodic billing statements.

The CFPB framed this rule as leveling the playing field between BNPL and traditional credit card providers, extending to BNPL consumers the same baseline protections that credit card users had long enjoyed. The rule was notable for what it did not require: it explicitly exempted BNPL from Regulation Z's subpart G obligations, which include ability-to-pay assessments, limits on penalty fees, and rate-increase reevaluation requirements. The Financial Technology Association challenged the rule in the U.S. District Court for the District of Columbia, alleging that the CFPB had exceeded its statutory authority.

6.2 Regulatory Rollback Under the Trump Administration (2025)

In a significant reversal, the CFPB signaled in a March 26, 2025 court filing its intention to rescind the May 2024 interpretive rule, consistent with the lighter regulatory posture of the incoming Trump administration. This development effectively removed the credit card-equivalent protections that had been extended to BNPL consumers, returning the industry to a largely self-regulatory framework in the United States. The rollback has been criticized by consumer advocates who argue that it leaves financially vulnerable BNPL users — the subprime and deep subprime borrowers who constitute the majority of originations — without the protections afforded to comparable credit users.

6.3 State-Level Regulation and International Approaches

In the absence of comprehensive federal regulation, state-level oversight has partially filled the gap. New York has moved to require BNPL providers to implement policies and procedures related to accurate credit reporting. At the international level, regulators have taken a more proactive approach: the United Kingdom's Financial Conduct Authority has been working toward bringing BNPL under its consumer credit regulatory perimeter, Australia's Treasury has proposed reforms to subject BNPL to responsible lending obligations, and the European Union's Consumer Credit Directive (2023) has been interpreted by member states as partially applicable to BNPL products.

6.4 Credit Bureau Reporting and FICO Integration

The gradual integration of BNPL payment history into mainstream credit infrastructure represents a structurally important development. FICO's announcement in June 2025 that its new scoring models would incorporate BNPL data marked a watershed moment, with the potential to transform BNPL from a credit score-neutral instrument into a mechanism that can meaningfully build — or damage — consumer creditworthiness. Affirm's early reporting partnerships with Experian and TransUnion, and Sezzle's opt-in reporting program with all three bureaus, position responsible users to benefit from documented repayment histories. Conversely, providers such as Klarna and Zip, which had more limited reporting strategies as of late 2024, may face regulatory and competitive pressure to expand bureau reporting across all products.

VII. DISCUSSION: RECONCILING OPPORTUNITY AND RISK

7.1 The Financial Inclusion Paradox

The central tension in BNPL's consumer impact can be described as a financial inclusion paradox: the same design features that make BNPL valuable for underserved populations — low barriers to entry, minimal credit



requirements, frictionless digital integration — are the features that most effectively enable financial harm. A product designed to be accessible inherently cannot simultaneously impose robust safeguards without compromising its accessibility. This is not a failure specific to BNPL but a fundamental challenge in the design of consumer credit for financially heterogeneous populations.

The academic literature, including research from the Federal Reserve Bank of Kansas City and peer-reviewed studies on BNPL in developing and developed market contexts, supports a nuanced interpretation: BNPL can be genuinely beneficial for financially literate, disciplined consumers who use it as a cash flow management tool, and genuinely harmful for financially vulnerable consumers who use it as a substitute for income they do not have. Differentiating between these use patterns in real time, without invasive means-testing that would defeat the product's accessibility, is a design challenge that neither the industry nor regulators have fully resolved.

7.2 The Phantom Debt Problem

The "phantom debt" phenomenon — BNPL obligations that are invisible to the broader credit system — represents perhaps the most systemically significant risk associated with BNPL at scale. Unlike credit card debt, which is aggregated and visible to all creditors through bureau reporting, BNPL debt accumulates silently. A consumer who has reached their functional credit limit across three or four BNPL providers simultaneously may appear creditworthy to each individual provider, to their mortgage lender, and to their employer or landlord. The absence of consolidated visibility makes debt management decisions by both consumers and creditors less informed.

The Richmond Fed's assessment that BNPL's current systemic risk is limited — given its small size relative to \$17.9 trillion in total U.S. household debt — should not be read as an absence of risk but as a function of current scale. If BNPL continues its projected growth trajectory and achieves penetration of 8–10% of e-commerce transactions in major markets, the phantom debt effect could become macroeconomically significant, particularly in an economic downturn that simultaneously impairs income and triggers repayment failures across millions of concurrent BNPL plans.

VIII. POLICY RECOMMENDATIONS AND CONSUMER GUIDANCE

8.1 Regulatory Recommendations

Based on the evidence reviewed, this paper advances the following regulatory recommendations:

- **Mandatory credit bureau reporting:** All BNPL providers should be required to report payment history — both positive and negative — to at least one national credit bureau. This addresses the phantom debt problem while simultaneously enabling responsible BNPL use to contribute to credit building. Opt-out rather than opt-in mechanics would maximize reporting coverage.
- **Aggregate affordability assessment:** Regulators should require BNPL providers to either conduct affordability assessments incorporating all known BNPL obligations or participate in a shared-inquiry infrastructure that allows soft-pull visibility into a consumer's concurrent BNPL commitments across providers.
- **Standardized fee and term disclosures:** BNPL providers should be required to present all material terms — late fees, auto-debit implications, consequences for missed payments, and whether the product will affect credit scores — in standardized, plain-language format at the point of application, not buried in terms of service.
- **Consumer cooling-off period:** Particularly for BNPL purchases above a defined threshold (e.g., \$250), a 24-hour cooling-off notification — a post-approval reminder of payment obligations — could reduce impulse-driven overcommitment without eliminating purchase capability.
- **Data privacy standards:** BNPL providers should be subject to express limitations on the secondary use and monetization of consumer spending data, with clear disclosure of data use at onboarding.

8.2 Industry Recommendations

The BNPL industry itself can adopt practices that reduce consumer harm without materially impairing business models:

- **Proactive credit bureau reporting across all BNPL products,** not just longer-term installment products, ensures that consumers' repayment histories — for better or worse — are accurately reflected in their credit profiles.
- **Real-time exposure dashboards,** allowing consumers to see their aggregate BNPL commitments across all products from a single provider, reduce the risk of inadvertent overextension.
- **Financial literacy integration at the point of BNPL application —** brief, mandatory educational prompts on repayment obligations, late fee consequences, and debt management — can meaningfully improve consumer decision-making, particularly for first-time users.



8.3 Consumer Guidance Framework

For individual consumers, the following framework supports responsible BNPL use:

- Treat BNPL as credit, not income: BNPL defers payment; it does not eliminate the financial obligation. Purchase decisions should be premised on the certainty of having the full purchase price available within the repayment window.
- Limit concurrent commitments: Holding multiple BNPL plans simultaneously dramatically increases repayment risk. Consumers should maintain visibility into their total outstanding BNPL obligations across all providers.
- Avoid BNPL for recurring essentials: Using BNPL for groceries, utilities, or other recurring expenditures signals a structural cash flow deficit that BNPL cannot resolve and will likely compound over time.
- Understand auto-debit implications: Most BNPL providers require automatic bank account deductions. Consumers should ensure sufficient account balances at each installment date to avoid overdraft fees and cascade failures.
- Monitor credit score impacts: As bureau reporting expands, consumers should ensure that any BNPL opt-in reporting is reflected accurately in their credit profiles and promptly dispute any errors.

IX. CONCLUSION

Buy Now Pay Later has irrevocably altered the consumer credit landscape. Its rapid ascent from a niche checkout feature to a \$340 billion global market reflects genuine consumer demand for flexible, low-barrier financing that incumbent credit products have failed to fully satisfy. For financially disciplined users, BNPL offers real and measurable benefits: interest-free financing, improved cash flow management, and an emerging pathway to credit score improvement. For financially vulnerable users — subprime borrowers, financially illiterate youth, and consumers already living at the margins of their budgets — BNPL amplifies existing risks through mechanisms that are, by design, optimized for frictionlessness over protection.

The regulatory environment surrounding BNPL remains in flux. The CFPB's 2024 rule, its 2025 rescission, and the broader international trend toward subject-matter-specific BNPL regulation reflect the genuine difficulty of applying established consumer credit frameworks to a product that is functionally a short-term loan but structurally embedded in the retail experience.

The integration of BNPL into credit bureau reporting and FICO scoring models represents the most structurally significant development of the current period: it has the potential to make BNPL both more accountable and more valuable, but only if applied universally and transparently.

The scholarly and policy agenda for BNPL is substantial. Future research should examine the longitudinal financial outcomes of BNPL users across credit score spectrums, the effectiveness of disclosure requirements in reducing consumer misunderstanding, the macroeconomic implications of scaled phantom debt, and the differential impact of social media exposure on BNPL-driven consumption. As BNPL continues its trajectory toward 670 million users and hundreds of billions in transaction volume, the stakes of getting its governance right — for consumers, for financial stability, and for the integrity of the credit system — will only increase.

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