

The Impact of Buy Now Pay Later (BNPL) Payment Methods on Impulsive Buying Behavior: The Moderating Role of Financial Literacy in the Context of E-Commerce Platforms in Sri Lanka

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With the rapid adoption of Buy Now Pay Later (BNPL) payment methods in Sri Lanka's e-commerce sector, this study examines their impact on impulsive buying behavior, focusing on the moderating role of financial literacy. While BNPL services provide financial flexibility and convenience, they also encourage impulsive spending by lowering perceived financial barriers. However, the extent to which financial literacy mitigates these tendencies remains underexplored, particularly in emerging economies. Grounded in the Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM), this study investigates the behavioral drivers behind BNPL adoption and impulsive buying tendencies. It also considers Sri Lanka's unique socio-economic and cultural factors that influence consumer behavior. The findings provide insights for policymakers, e-commerce platforms, and financial institutions to promote responsible BNPL usage and financial education initiatives.

This study adopts a deductive approach and an explanatory research design, drawing from TPB and TAM frameworks. Data were collected through a structured questionnaire administered to 385 respondents who had used BNPL services for online purchases within the past six months. Convenience sampling was used, and statistical analyses—including correlation and regression—were conducted using SPSS. Descriptive statistics, reliability analysis, and multiple regression techniques were employed to examine the relationships between BNPL usage, impulsive buying behavior, and financial literacy.

The results confirm a significant positive relationship between BNPL payment methods and impulsive buying behavior. Consumers who frequently use BNPL services exhibit higher impulsive buying tendencies

due to reduced perceived financial barriers, immediate gratification, and ease of deferred payments. Promotional offers, seamless checkout experiences, and psychological perceptions of affordability further drive this behavior. However, financial literacy moderates this relationship, with financially literate consumers demonstrating better control over their purchases and a heightened awareness of the long-term financial implications of BNPL usage. While financial literacy does not entirely eliminate impulsive buying tendencies, it significantly reduces their frequency and intensity. The study also highlights Sri Lanka-specific socio-economic factors, such as limited credit card penetration, varying levels of financial education, and cultural attitudes toward debt, which shape consumer behavior differently from developed markets.

The study is subject to several limitations. The reliance on convenience sampling may introduce bias and limit the generalizability of findings. Additionally, the cross-sectional design prevents tracking long-term behavioral changes. Self-reported data may lead to response bias, as participants could overstate or understate their financial behaviors. Moreover, the study does not consider external macroeconomic factors, such as inflation, interest rates, or financial regulations, which could impact BNPL adoption and impulsive buying behavior.

Theoretically, this study contributes to the BNPL and consumer behavior literature by integrating financial literacy as a moderating factor. Practically, the findings provide actionable insights for policymakers, e-commerce platforms, and financial institutions. To mitigate impulsive buying behavior, financial education initiatives should be integrated into digital financial services. BNPL providers should ensure transparent marketing strategies, helping consumers make informed purchasing decisions. Businesses can develop targeted consumer protection policies to encourage responsible BNPL usage while maintaining a balance between consumer spending and financial well-being. Future studies should employ probability sampling with a larger, more diverse sample to enhance generalizability. Additionally, longitudinal research would provide insights into how regulatory changes, technological advancements, and evolving consumer preferences influence BNPL adoption and impulsive buying trends over time. Exploring cross-cultural variations in BNPL usage could further enrich the understanding of its impact on consumer behavior globally.

Keywords: *Buy Now Pay Later (BNPL), Consumer Behavior, E-Commerce Platforms, Financial Literacy, Impulsive Buying Behavior, Sri Lanka*