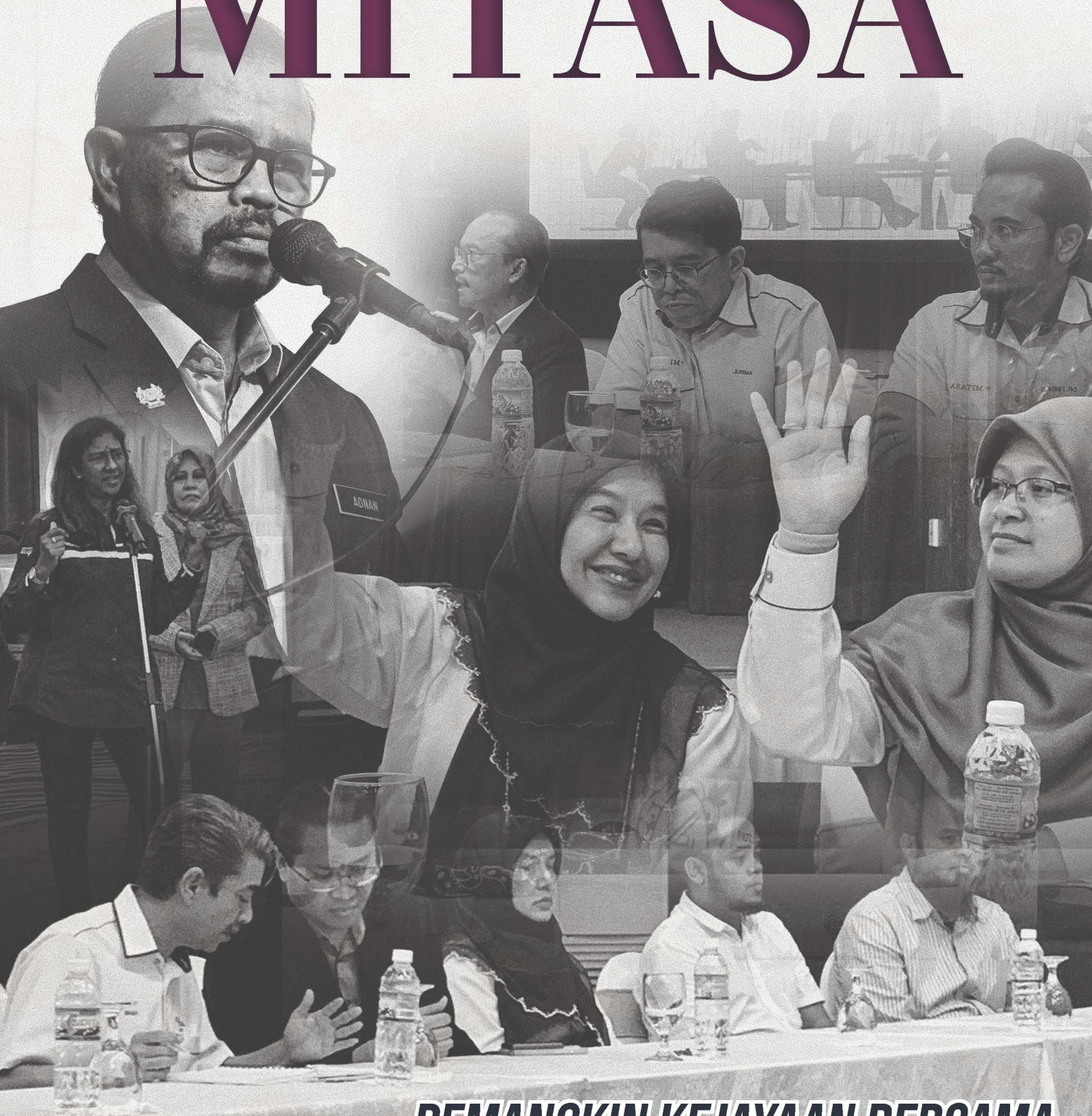


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Convenience at a Cost: Examining the Dark Side of BNPL in Malaysia

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Buy Now, Pay Later (BNPL) is a deferred payment option with zero-interest installments that gained popularity after the COVID-19 pandemic. The concept of BNPL plays a crucial role in e-commerce purchasing decisions by enabling customers to defer payment until the following month. A more convenient way to purchase expensive goods without the struggle of saving money is to make it a viable alternative. As of December 2024, 12 BNPL providers have successfully operated in Malaysia, including four shariah-compliant BNPL providers. The three major BNPL schemes in Malaysia include Shopee PayLater, PayLater by Atome, and Grab. Based on sources from the Consumer Credit Oversight Board Task Force (CCOB), the majority of the group adopts BNPL as the payment option, which is particularly beneficial for

low-income groups that lack access to other sources of personal financing.

BNPL offers the flexibility of credit without the perceived burden of credit cards. As long as users repay on time, there are likely to be no interest charges (Larrimore et al., 2025). However, the repayment also depends on the plan type. Most of the schemes charge interest for repayment due in six months or more. Behind the convenience of BNPL schemes lie serious and often overlooked financial risks. Many consumers are trapped by the ease of splitting payment without realizing that it can foster poor spending habits. They will grow increasingly dependent on short-term credit. Deferred payment options offered by BNPL schemes indirectly encourage impulse consumption (Gerrans et al., 2021). Consumers will be attracted to buy

nonessential items beyond their financial capacity. They may fall into cycles of late payments, hidden charges, and credit dependency. Thus, while BNPL offers the illusion of affordability, it also has negative impacts that lead to rising debt, impulsive consumption, and inadequate regulation.

BNPL schemes incentivise consumers to exceed their financial means. The quick approval and the small but cumulative limits influence this. Without proper financial discipline, consumers may find themselves juggling multiple BNPL commitments across different platforms. This habit can lead to the accumulation of hidden debt. When this situation remains uncontrolled, it will have negative impacts on consumers, including missed payments and increased financial strain. Individuals may experience heightened financial

stress as they struggle to meet overlapping obligations. This circumstance not only affects their financial stability but also their mental well-being. The Credit Counselling and Debt Management Agency (AKPK) has reported a rise in BNPL-related financial distress among Malaysian consumers. This growing trend highlights the urgent need for enhanced financial literacy and stricter regulatory measures to curb excessive BNPL use in Malaysia.

Furthermore, BNPL schemes encourage nonessential spending, especially in lifestyle categories, such as fashion and gadgets. The psychological effect of “pain of paying” is reduced when payment is deferred. This will create bad habits that lead to impulse buying. The influence of social media and peer pressure implies a ‘buy now’ mindset. If left uncontrolled, it will normalize debt as a

lifestyle rather than a financial tool. BNPL is often used for wants rather than needs. The lack of financial literacy among consumers will lead to the misuse of it and cause the individual to suffer in the future.

While BNPL undoubtedly presents several negative impacts for consumers, it also serves as a positive indicator of Malaysia’s growing digital economy. The increasing use of BNPL reflects greater consumer participation in online markets, as well as the rise of financial innovations that cater to modern purchasing preferences. However, without regulation and financial education, this growth could lead to long-term instability and consumer vulnerability. Therefore, the government, regulatory bodies, and industry players must develop clear guidelines and enhance consumer awareness to ensure that Malaysians benefit from BNPL’s convenience

without compromising their financial well-being.

In conclusion, BNPL reflects a remarkable innovation in the modern financial landscape, offering consumers greater flexibility and convenience in managing their purchases. However, this also carries hidden dangers that can spiral into financial distress. The high tendency to overspend through deferred payments may create an illusion of affordability while gradually eroding financial discipline. Without proper control, consumers may find themselves burdened with multiple installment commitments and unmanageable debts. Therefore, while BNPL has the potential to enhance financial inclusion, it must be approached with awareness, responsibility, and robust regulatory oversight to prevent its benefits from becoming a source of long-term financial strain.

PERFECTION IS NOT ATTAINABLE.

**BUT IF WE CHASE PERFECTION,
WE CAN CHASE**

EXCELLENCE.