EVOLUSI DEKAD
DEWAN LATIHAN MARA ke UITM
1956-2026

UNIVERSITI TEKNOLOGI MARA®

RONA TINTA

EDISI 2026



BUY NOW, PAY LATER: THE IMPLICATIONS OF FINANCING NON-NECESSITY CONSUMPTION

Azila Binti Sahrim, Masrul Hayati Binti Kamarulzaman, Nurain Farahana Binti Zainal Abidin, Asiah Ali, Asma' Rashidah Binti Idris, Zuliana Zoolkefli & Ahmad Farouk Bin Zulkifli

Introduction

Buy Now, Pay Later (BNPL) has developed rapidly as an alternative form of consumer credit. It allows consumers to obtain goods or services immediately while dividing the purchase price into several payments with lowest or no interest charges, over a specified period. This feature makes BNPL appears cheaper and more accessible compared to conventional credit products (*Cornelli et al. 2023*).

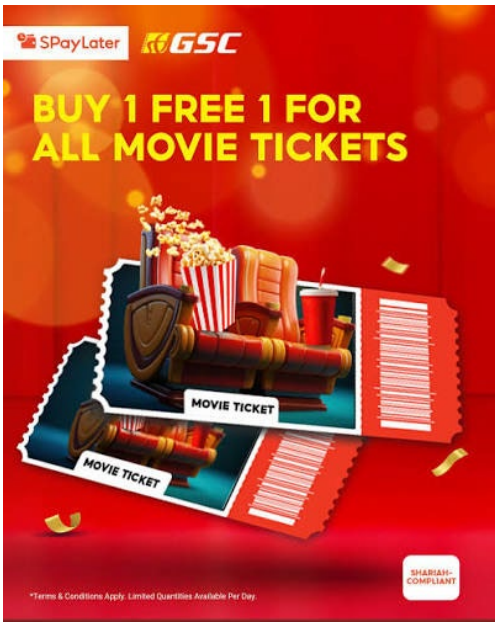
In Malaysia, the latest figures announced by Ministry of Finance (MOF) provide a useful starting point when we discussed about BNPL. According to a statement from MOF, at the end of the first quarter of 2026, Malaysia had 8 million active BNPL account holders with outstanding balances reached RM5.3 billion, compared to RM4.9 billion at the end of 2025. The overdue amount was RM181 million, equivalent to 3.4% of the outstanding balance. Around 40% of BNPL users were aged 30 and below. BNPL was commonly used for lower-value purchases such as food, groceries, transport and services, with an average transaction value below RM100. At the same time, total BNPL debt represented approximately 0.3% of Malaysia's household debt at the end of 2025 (*Bernama, 2026*).

From the statistics, we can see the increasing accessibility of BNPL has changed the relationship between consumer credit and daily consumption. Consumers could purchase relatively inexpensive products or services that previously would have been paid for immediately and at full amount. This development becomes particularly important when BNPL is used for non-necessity products and services, such as fashion, entertainment, restaurant meals or cinema tickets. BNPL can provide financial flexibility; however, its convenience can also weaken the psychological constraint created by paying the full price at the point of purchase. Therefore, the central issue is not whether BNPL is inherently beneficial or harmful. Its effects depend substantially on what consumers finance, their repayment capacity and whether repeated use changes their spending behavior.

Using BNPL for Non-Necessity Products and Services

The implications of BNPL become problematic when it finances non-necessity products and services. Consider using BNPL to purchase a cinema ticket, watching a movie is a short-lived form of consumption. Once the movie ends, the economic utility of the purchased service has largely been consumed, yet the consumer may continue making payments afterwards. This creates a mismatch between the duration of consumption and the duration of the financial obligation. Financing a durable product, such as home appliances, may be rational when the product provides benefits throughout or beyond the repayment period. Financing a two-hour movie produces a different situation. The consumer may still be paying for last month's entertainment while simultaneously financing new entertainment this month.

More importantly, BNPL can alter perceptions of affordability. A consumer deciding whether to spend RM80 on cinema tickets, food and related entertainment may reconsider the purchase when RM80 must leave the bank account immediately. If the same expenditure is presented as four payments of RM20, the immediate financial sacrifice appears smaller even though the total expenditure remains RM80. This reduced payment may encourage discretionary purchases that would otherwise be postponed or avoided (*Maesen & Ang, 2025*).



Picture 1: Promotion Poster from GSC Official Facebook Account

Repeated use of BNPL on non-necessity products and services could leads to a financial problem in the future. Suppose a consumer finances cinema visits, clothing, meals and entertainment subscriptions simultaneously. Each transaction may be manageable individually, but their repayment schedules overlap. The relevant financial question therefore shifts from "Can I afford this instalment?" to "Can I afford all existing and future instalments together?" The OECD identifies over-indebtedness, limited understanding of BNPL arrangements and aggressive marketing that can encourage impulse purchasing as important consumer risks, including concerns raised in Malaysia (*OECD, 2024*).

This does not mean BNPL should never finance entertainment. A consumer with stable income, sufficient savings and deliberate budgeting may rationally use an interest-free BNPL facility to manage cash flow. The stronger concern arises when BNPL transforms inability to pay now into a perception of affordability. These concepts are not equivalent. If a consumer needs credit to repeatedly purchase low-cost discretionary experiences, the financing arrangement may be masking a mismatch between consumption preferences and disposable income.

Conclusion

BNPL provides genuine benefits through convenience, payment flexibility, accessibility and potentially interest-free short-term financing. For consumers who understand the repayment terms and maintain sufficient cash flow, it can function as a very useful financial-management instrument. Yet the same characteristics that make BNPL attractive also generate its major risks. Easy access, small instalments and low immediate payment requirements can encourage additional spending, overlapping debts and financial overextension (*DeHaan et al., 2024*).

Using BNPL for non-necessity products and services deserves particular analysis. Financing cinema tickets illustrates the problem clearly because the consumption experience may end long before the repayment obligation does. Repeated reliance on BNPL for entertainment and other discretionary purchases, can normalise debt-financed consumption and weaken consumers' assessment of what they can actually afford. BNPL should be evaluated as credit rather than merely as a convenient payment method. The question is not whether the instalment is affordable today, but whether the total purchase is justified within the consumer's available disposable income. Thus, it is crucial to ensure consumers aware and understand the risks of using BNPL for non-necessity products and services so that they could use BNPL wisely.

References

Cornelli, G., Gambacorta, L. and Pancotto, L. (2023). 'Buy now, pay later: a cross-country analysis', BIS Quarterly Review, December. Bank for International Settlements.

DeHaan, E., Kim, J., Lourie, B. and Zhu, C. (2024). 'Buy Now Pay (Pain?) Later', Management Science.

Organisation for Economic Co-operation and Development (OECD) (2024). Consumer Finance Risk Monitor. OECD Publishing.

Bernama. (2026, January 27th). BNPL loans reach RM4.9 bln as at Dec 31, 2025 – MoF. Bernama.

Maesen, S., & Ang, D. (2025). Buy now, pay later: Impact of instalment payments on customer purchases. Journal of Marketing, 89(3), 13–35. https://doi.org/10.1177/00222429241282414