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DRIVERS OF BUY NOW PAY LATER (BNPL) ADOPTION IN EMERGING MARKETS: A QUALITATIVE EXPLORATION OF SHOPEE PAYLATER USERS IN BOGOR CITY, INDONESIA

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Abstract

This study investigates the factors driving the adoption of Shopee PayLater, a "buy now, pay later" fintech service, among residents of Bogor City, Indonesia. Using a qualitative approach, data were collected through semi-structured interviews with 13 active users across sub-districts within Bogor. Thematic analysis revealed four key factors: ease of process, promotional incentives, installment flexibility, and product variety. These findings align with existing literature on fintech adoption, emphasizing convenience and accessibility, while also highlighting the unique influence of promotional strategies in price-sensitive emerging markets. The study contributes to understanding consumer behavior in emerging fintech markets and offers practical insights for policymakers and fintech developers to enhance financial inclusion while mitigating risks associated with potential over-indebtedness.

Keywords: Fintech, Shopee PayLater, consumer behavior, financial inclusion, qualitative study

INTRODUCTION

The rapid growth of financial technology (fintech) has revolutionized global financial services, with Indonesia emerging as a pivotal market (kateryna.sh, 2024). Among fintech innovations, "buy now, pay later" (BNPL) platforms like Shopee PayLater have gained significant prominence, offering accessible credit without the stringent requirements of traditional banking (CompassWay, 2023).

Shopee PayLater, seamlessly integrated into Indonesia's leading e-commerce platform, enables deferred payments with minimal interest, appealing particularly to underserved populations seeking flexible payment solutions (Illing, 2024). This aligns with the global surge in BNPL adoption, which has seen BNPL payments grow by 13.7% to surpass $560 billion in 2025 (Globe Newswire, 2025), catering to a growing demand for flexible and accessible payment options, especially in regions with limited access to traditional credit mechanisms (Cornelli et al., 2023). The future of payments is rapidly evolving, driven by innovations and a changing landscape (Braze.com, 2025).

Despite its burgeoning popularity, research specifically exploring BNPL adoption in non-urban Indonesian contexts remains limited. Bogor City, a mid-sized urban center in West Java, exemplifies a community that is rapidly transitioning toward digital financial services but remains underrepresented in academic discourse regarding specific BNPL platforms like Shopee PayLater.

This study addresses this critical gap by asking: What factors influence Bogor residents to adopt Shopee PayLater? The findings aim not only to inform fintech developers on optimizing their services for greater financial inclusion but also to provide crucial insights for policymakers regarding potential risks like impulsive purchasing and over-indebtedness that accompany rapid BNPL growth (Lugt & Stuijfzand, 2023).

METHOD

A qualitative approach was employed, with data collected through semi-structured interviews to gain in-depth insights into user experiences and perceptions. Thirteen active Shopee PayLater users, aged 20–45, were purposively selected from three different sub-districts within Bogor City (e.g., Bogor Utara, Bogor Barat, Tanah Sareal). Interviews focused on understanding their usage patterns, perceived benefits and challenges encountered with the service. Thematic analysis was conducted using NVivo software, following Braun and Clarke's (2006) framework: data familiarization, code generation, theme identification, review of themes, defining and naming themes, and producing the report. Ethical clearance was obtained, and participant anonymity was meticulously maintained throughout the study.

RESULTS

The qualitative data revealed four interconnected factors driving the adoption of Shopee PayLater among Bogor residents:

- Ease of Process: Participants consistently highlighted the streamlined and user-friendly registration and approval process. This involved simple steps like KTP (Indonesian identity card) upload and facial verification, leading to instant credit approval. One user enthusiastically noted, "It's faster than bank loans without paperwork, just a few clicks" (Participant 3). This ease of access significantly lowers the barrier to entry, particularly for those unfamiliar with traditional credit applications (Waliszewski et al., 2024).
- Promotional Incentives: Discounts and free shipping campaigns, particularly during major e-commerce sales events (e.g., 9.9 Sale, 11.11 Sale), emerged as significant motivators. Participants actively sought out and utilized Shopee PayLater specifically for these benefits. "I use PayLater mainly for promos; the discounts are too good to miss," explained Participant 7. These incentives directly impact consumer behavior in a price-sensitive market, making purchases more appealing and affordable (Braze.com, 2025).
- Installment Flexibility: Users highly appreciated the option to split payments over various periods, ranging from 1 to 12 months. This flexibility allows consumers to manage their budgets more effectively, especially for larger purchases. A student, for instance, stated, "I bought a laptop by paying monthly from my allowance" (Participant 9), demonstrating how BNPL facilitates access to essential goods otherwise difficult to acquire with immediate cash (Larrimore et al., 2024; Waliszewski et al., 2024).
- Product Variety: The extensive inventory available on Shopee, spanning from electronics to daily essentials, significantly reduced the need for physical shopping. This vast array of products, coupled with the integrated BNPL option, created a compelling ecosystem for users. As Participant 5 articulated, "Everything I need is on Shopee. So, why go elsewhere?" This convenience

fosters a sense of loyalty and dependence on the platform for diverse purchasing needs (Xavier, 2024).

DISCUSSION

The findings of this study largely align with prior research emphasizing the critical roles of convenience and affordability in fintech adoption (Fanny et al., 2020; Hisny, 2022). The "ease of process" and "installment flexibility" found in this study directly underscore the importance of accessibility and manageable payment options. However, this research uniquely highlights the profound influence of promotional strategies as a critical driver in Indonesia's price-sensitive emerging market.

Unlike assumptions about urban users who might prioritize higher credit limits, participants in Bogor City, reflective of smaller city dynamics, consistently prioritized installment flexibility and promotional savings over large credit lines, reflecting the realities of income volatility and budgeting in these regions (Almenberg et al., 2020). Cultural backgrounds also significantly affect financial behaviors and literacy, influencing BNPL adoption across various regions (Wafula & Wafula, 2022; Pide.org.pk, 2015).

Notably, while Shopee PayLater's inherent ease of use undeniably enhances financial accessibility, it simultaneously raises significant concerns about impulsive spending and potential debt accumulation (Lugt & Stuijfzand, 2023). This echoes warnings from existing literature (Jumaizah, 2020) and broad market analyses (Lugt & Stuijfzand, 2023). The convenience of BNPL has been shown to lead to consumers spending more than initially intended, and about 30% of users experienced issues managing their BNPL spending, often resulting in missed payments and late fees (Lugt & Stuijfzand, 2023).

Furthermore, the rapid growth of BNPL in emerging markets, driven by technological advancements and shifting consumer preferences, also brings forth a heightened need for regulatory scrutiny (Oxford Law Blogs, 2024). Concerns over consumer protection and the potential for debt accumulation among vulnerable populations have led to increased global regulatory oversight (Oxford Law Blogs, 2024). Therefore, robust regulatory measures, such as transparent interest and fee disclosures, clear terms and conditions, and comprehensive financial literacy programs, are strongly recommended to safeguard users and ensure responsible growth of BNPL services (Lugt & Stuijfzand, 2023; Brewer & Arber, 2025; Wang, 2025).

While BNPL is seen as a means to foster financial inclusion, it also raises questions about the implications of targeting financially precarious individuals (Illing, 2024). Stakeholders, including fintech firms and policymakers, must balance the potential for financial inclusion with robust consumer protection mechanisms to foster trust and ensure long-term viability (Chargeflow.io, 2024; LinkedIn, 2025). Technology-driven risks, such as data privacy and security breaches, also present a complex layer of challenges for the BNPL market (World Economic Forum, 2025).

Conclusion

This study underscores the pivotal role of convenience (ease of process and product variety), promotional incentives, and installment flexibility in driving Shopee PayLater adoption among residents of Bogor City. While BNPL services effectively bridge financial gaps and offer vital access to goods and services, particularly in emerging markets (Foster, 2022), stakeholders must actively balance innovation with stringent consumer protection.

The findings suggest that a nuanced understanding of regional consumer behavior, especially the emphasis on promotions and flexible payment terms in areas like Bogor, is crucial for effective market penetration (Waliszewski et al., 2024; Waliszewski et al., 2024). The BNPL market is expected to reach USD 45 Billion by 2033, indicating significant future growth (DataPinnacle, 2025; DataInsightsMarket, 2025; Research and Markets, 2024; Nimble AppGenie, 2025).

Practical Implications:

- For Fintech Firms: Integrate mandatory, user-friendly education modules on responsible borrowing, clear cost disclosures, and debt management directly within BNPL platforms (Song, 2023). Focus on localized promotional strategies that resonate with specific regional consumer behaviors.
- For Policymakers: Enforce greater transparency in interest rates, late payment penalties, and comprehensive loan terms (Wang, 2025). Implement and strengthen financial literacy programs specifically targeting BNPL users, especially in non-urban areas, to mitigate risks of over-indebtedness (Lugt & Stuijfzand, 2023). Consider standardized consumer protection frameworks across BNPL providers to ensure fairness and reduce consumer confusion.

Future Research Directions:

Future research could explore the long-term debt patterns and financial well-being of BNPL users in emerging markets, moving beyond initial adoption drivers. Cross-regional comparisons within Indonesia, or with other emerging economies, could offer valuable insights into the varying cultural, economic, and regulatory impacts on BNPL adoption and its societal implications (Credence Research, 2025; GLOBAL STATE OF, 2022; Stellar Market Research, 2020). Investigating the effectiveness of different financial literacy interventions tailored for BNPL users would also be highly beneficial. The evolving landscape of consumer behavior will continue to shape the future of BNPL services (McKinsey, 2021; McKinsey & Company, 2023).

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