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Buy Now, Pay Later: Drivers and Challenges in Increasing Adoption

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Abstract

Buy Now Pay Later has become an innovative solution that offers consumers credit flexibility and purchasing convenience. This paper examines the positive and negative aspects of BNPL services, revealing their dual nature in today's digital economy. The research analyses how BNPL enhances financial accessibility, potentially leading to over-indebtedness and trust concerns. This study combines academic and industry data to examine BNPL's enablers and constraints. The analysis evaluates benefits across all stakeholders - from consumers to policymakers - while emphasising the critical role of transparency, consumer education, and regulatory frameworks in promoting sustainable industry growth. Concrete policy suggestions for managing over-indebtedness and developing public confidence are outlined, as well as the general concerns related to the BNPL phenomenon in terms of the effects on financial inclusion and the stimulation of spending. While analysing the features of BNPL, this paper gives recommendations that can contribute to the development of proper strategies to maintain the balance of innovation and regulation in the sector. The findings, in turn, provide evidence for further practical multi-stakeholder cooperation to maximise the positive effects that BNPL can bring and the possible solutions for overcoming the observed challenges, making this financial tool efficient, safe and effective in today's digital economy.

Keywords: Consumer Awareness, Financial Flexibility, Financial Inclusion, Over-Indebtedness, Risk Management