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Consumer acceptance among Malaysian in Buy Now, Pay Later (BNPL) Services: Integrating Perceived Trust and Perceived Risk with TPB model

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Introduction

In recent years, the rapid advancement of digital technology has transformed Malaysia's financial services landscape. Financial technology innovations, driven by widespread smartphone adoption, fast internet connectivity, and supportive regulatory frameworks, are reshaping how consumers make payments (Abdullah & Hisamudin, 2024). Within this evolving ecosystem, alternative credit solutions such as Buy Now, Pay Later (BNPL) have gained notable traction. BNPL operates as a short-term credit facility that enables consumers to purchase goods or services and repay in fixed installments. It represents a new form of credit, allowing

users to make purchases using a mobile app, either online or at physical stores (Powell et al., 2023). The most common structure, known as "pay in four" or "four in six," divides payments into four equal interest-free installments (Hayashi & Routh, 2025). Timely payments do not incur interest, while late payments may result in fees depending on provider policies (Kumar & Nayak, 2024). This model offers consumers immediate purchasing power with deferred repayment, combining convenience with financial flexibility (Srivastava et al., n.d.).

Hypotheses Development

Fig. 1 shows the conceptual framework of the study. It indicates the link between the five hypotheses and the purchase intention towards BNPL adoption in Malaysia. The theories that are utilized in this research are the Theory of Planned Behavior (TPB). The extended model consists of five independent variables: three are originally from TPB (Ajzen, 1991), and two others are known as perceived trust and perceived risk.

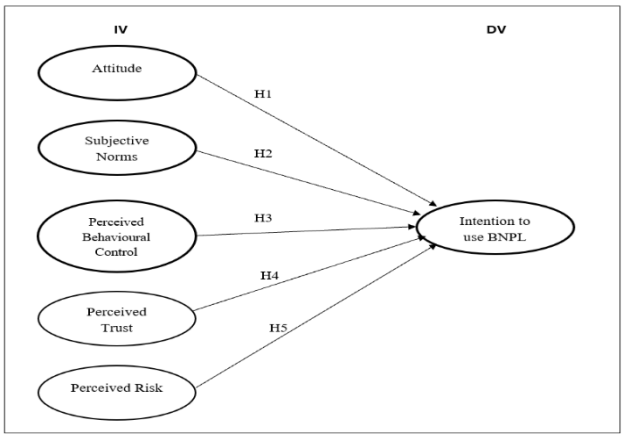


Fig 1: Conceptual framework of the study.

H1: There is a positive relationship between ATT and IU towards BNPL adoption in Malaysia.

H2: There is a positive relationship between SN and IU towards BNPL adoption in Malaysia.

H3: There is a positive relationship between PBC and IU towards BNPL adoption in Malaysia.

H4: There is a positive relationship between PT and IU towards BNPL adoption in Malaysia.

H5: There is a positive relationship between PR and IU towards BNPL adoption in Malaysia.

Research Methodology

A non-probability sampling technique, specifically the snowball sampling method, was employed in this study due to its effectiveness in rapidly generating a sufficient sample size

and facilitating the collection of relevant data. Data was collected over an eight-week period through a self-administered online questionnaire, yielding a total of 405 responses from online consumers. The questionnaire consisted of two sections: the first section captured demographic information, summarized in Table I; the second section contained items measured on a five-point Likert scale, assessing participants' adoption intentions toward BNPL. All measurement items were adapted from previously validated instruments and were modified to suit the specific context of BNPL.

TABLE I. DEMOGRAPHIC PROFILE SUMMARY

Demographic Variables	Category	Frequency	Percentage (%)
Gender	Male	130	67.9
	Female	275	32.1
Age	18 – 27	328	81.0
	28 – 37	65	16.0
	38 – 47	11	2.7
	48 – 57	1	0.2
Occupation	Student	269	66.4
	Self-Employed	11	2.7
	Employed	118	29.1
	Unemployed	7	1.7

Results

Table II presents the results of the reliability and validity assessment. The composite reliability (CR) values for all constructs are above the minimum acceptable threshold of 0.6 (Hair et al., 2018), demonstrating adequate internal consistency. Additionally, the outer loadings of all indicators exceed the benchmark of 0.708 (Hair et al., 2018), supporting strong indicator reliability. The average variance extracted (AVE) values, ranging from 0.780 to 0.893, surpassed the recommended cutoff of 0.5, thereby confirming the model's convergent validity.

TABLE II. MEASURE OF RELIABILITY AND VALIDITY

Constructs	Items	Loadings	Composite Reliability (CR)	Average Variance Extracted (AVE)
ATT	ATT1	0.897	0.886	0.813
	ATT2	0.911		
	ATT3	0.897		
SN	SN1	0.930	0.917	0.857
	SN2	0.931		
	SN3	0.916		
PBC	PBC1	0.880	0.864	0.780

	PBC2	0.884		
	PBC3	0.886		
PT	PT1	0.913	0.929	0.824
	PT2	0.904		
	PT3	0.909		
	PT4	0.905		
PR	PR1	0.947	0.969	0.893
	PR2	0.959		
	PR3	0.961		
	PR4	0.912		
IU	IU1	0.948	0.928	0.875
	IU2	0.902		
	IU3	0.955		

Structural path significance was assessed using SmartPLS 4 (Ringle et al., 2024), with bootstrapping procedures based on 5,000 subsamples to compute t-statistics. As all hypotheses were directional, a one-tailed significance test was employed. The results, organized according to the hypothesized relationships, are detailed in Table III.

TABLE III. STRUCTURAL MODEL ASSESSMENT

Path	Beta	VIF	t value	p value	Supported
H1: ATT → IU	0.337	4.486	4.163**	0.000	Yes
H2: SN → IU	0.235	3.165	3.794**	0.000	Yes
H3: PBC → IU	0.198	2.654	2.827**	0.002	Yes
H4: PT → IU	0.117	2.488	1.836**	0.033	Yes
H5: PR → IU	-0.131	1.415	2.031**	0.002	Yes

Note: * $p < 0.01$, ** $p < 0.001$ (one-tailed test)

From the analysis, attitude (ATT) ($\beta = 0.337$, $p = 0.000$), subjective norm (SN) ($\beta = 0.235$, $p = 0.000$), perceived behaviour control (PBC) ($\beta = 0.198$, $p = 0.002$), perceived trust (PT) ($\beta = 0.117$, $p = 0.033$), and perceived risk (PR) ($\beta = -0.131$, $p = 0.002$) were all found to significantly influence adoption intention (IU). As a result, hypotheses H1 through H5 were empirically supported. Collectively, SN, PBC, ATT, PT, and PR accounted for 69.8% of the variance in IU ($R^2 = 0.698$), indicating a substantial level of predictive power in the proposed model (Ringle et al., 2024).

Discussion and Implications

The H1 results demonstrate a significant positive relationship between attitude (ATT) and the intention to use BNPL services. In Malaysia, BNPL services are largely perceived positively as they offer convenient payment systems, flexible repayment options, and accessible credit, which collectively enhance consumer buying behavior and financial management among Malaysians (Mukhtar et al., 2023). To achieve this, BNPL providers ought to incorporate the main advantages smoothly into the most popular e-commerce platforms.

The findings confirm a significant positive relationship between SN and the intention to use BNPL services. This indicates that social influence plays a critical role in shaping BNPL

adoption in MalaysiaThis suggests that social acceptance and the behaviours of others can significantly influence consumers' decision-making processes regarding the use of BNPL services. In a highly connected digital society, financial behaviours are frequently influenced by peers and social media trends. When consumers observe their friends, family members, or online communities using and endorsing platforms such as SPayLater or Atome, the behaviour becomes normalised, thereby increasing their intention to adopt these services.

H3 indicates that Perceived Behavioral Control (PBC) and Intention to Use (IU) towards Buy Now, Pay Later (BNPL) services among Malaysian consumers are positively correlated. This implies that people tend to use BNPL services more when they believe that they can successfully cope with the process of paying. Such characteristics as financial literacy, previous experience, and the perception of the nature of repayment have a positive effect on developing a sense of control and, accordingly, on the readiness of users to use the services of BNPL. Moreover, the convenience and availability of BNPL systems, such as transparent details and convenient interfaces, also contribute to significantly increasing the trust and desire of the consumers to use the services. Prior to 2025, clear disclosure is now a requirement of the Consumer Credit Act (CCA), which makes the service easier to comprehend. This helps mitigate risk, makes users feel more in control and, in combination with CCC licensing, makes users trust BNPL providers more (Hong & Quek, 2025).

The findings revealed that PT positively influences intention to use BNPL. Given that BNPL involves sensitive financial data and future repayment commitments, trust is a foundational pillar for adoption. As users must provide sensitive personal data and agree to automated deductions, they rely heavily on the credibility of well-established, regulated platforms. Providers should be concerned with good service and strong data security.

H5 shows that there is a negative correlation between perceived risk and adoption intention (IU) towards Buy Now, Pay Later (BNPL) services by the Malaysian consumers. This means that consumers would have reduced intentions to use BNPL services when they believe that there is increased risk of their consumption. Particularly, financial loss issues, including the late payments, fines, and the risk of debt collection, decrease the motivation of the users to work with BNPL sites. Moreover, the possibility of ruining the credit rating because of missing payments is also another deterrent to adoption. In addition, insufficient consumer credit protection of BNPL services will reduce the level of trust experienced by users, and they will be more reluctant in the process. Consequently, the perception of risk increases, which prompts a decrease in the desire to use BNPL services. These risks can, therefore, be reduced using clear policy, time reminders and secure payment systems to ensure the uptake by users.

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Buy Now Pay Later, Theory of Planned Behaviour, perceived trust, perceived risk, intention to use, consumer behaviour, Malaysia.