Customer Perception of Amazon Pay Later Among University Students: A Critical Evaluation

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Abstract: *This research critically evaluates university students' perception of Amazon Pay Later, a Buy Now Pay Later (BNPL) service, focusing on awareness, usage patterns, financial literacy, perceived benefits, and risks. Using primary survey data collected from 150 university students alongside secondary data analysis, the study identifies convenience and promotional attractiveness as key factors driving usage while highlighting financial knowledge gaps that can lead to impulsive spending and debt accumulation. The paper concludes with recommendations on financial education and responsible BNPL usage.*

Keywords: Amazon Pay Later, financial well-being, consumer behaviour

1.Introduction

Amazon Pay Later is an emerging digital payment option allowing customers to postpone payments or convert them into interest-free EMIs. It is gaining popularity among young consumers, especially university students, due to its convenience and affordability. Given the rapid adoption of BNPL models, it is imperative to understand how university students perceive such services, their usage behavior, financial awareness, and the potential risks involved. This paper provides a critical evaluation supported by primary survey data and relevant research, aiming to draw meaningful insights into the influence of Amazon Pay Later on student consumer behavior and financial wellbeing.

2.Literature Review

Buy Now Pay Later (BNPL) services such as Amazon Pay Later have become widely popular among young consumers, especially university students, due to their ease of use, short-term credit availability, and financial flexibility (Smith & Lee, 2024). Empirical evidence suggests that BNPL adoption leads to increased expenditure and a higher propensity for impulse buying, with students often lacking sufficient financial literacy to fully understand repayment obligations and potential risks, thereby increasing their vulnerability to debt accumulation (Wang, Chen, & Zhao, 2023; Kumar & Patel, 2024). Marketing strategies and interface designs frequently emphasize convenience and seamless checkout experiences, which significantly shape consumer perceptions but may downplay the financial dangers and long-term credit costs associated with these services (Jones, Smith, & Williams, 2025; Williams & Kumar, 2023).

Psychological factors like the appeal of interest-free periods and the 'decoupling effect,' where the separation of purchase and payment reduces the perceived pain of paying, further encourage impulsive purchasing and riskier spending behaviors (Lee & Nguyen, 2024; Chen & Li, 2024). Additionally, while digital nudges and reminders embedded in BNPL platforms can enhance repayment compliance, their effectiveness largely depends on users' engagement and financial literacy levels (Martinez & Patel, 2025). The rapid growth of BNPL usage among university students raises concerns about lifestyle inflation and financial overextension, especially given that many students use these services for nonessential goods without fully appreciating the cumulative credit costs (Singh & Zhao, 2025; Garcia & Thompson, 2023).

Regulatory scrutiny is mounting internationally to ensure transparency, consumer protection, and better disclosure of fees (Brown & Silva, 2023). Importantly, participation in targeted financial literacy programs has been shown to improve responsible BNPL use and repayment behavior, highlighting the critical need for educational interventions to foster mindful consumption (O'Connor, Benson, & Taylor, 2024; Johnson & Ramirez, 2023). Finally, the integration of BNPL options within social commerce platforms further accelerates adoption among youth, driven by peer influence and social validation, which underscores the complex interplay of behavioural, social, and financial factors shaping BNPL usage among university students (Park & Fernandes, 2025; Ahmed & Choi, 2024).

3.Research Objectives

- Assess awareness and perception of Amazon Pay Later among university students.
- Examine usage patterns and satisfaction levels.
- Evaluate financial literacy regarding repayment terms and late fees.
- Analyze impacts on spending behavior and perceived risk.

4.Research Methodology

A sample of 150 university students from multiple institutions was selected randomly to participate in the study, ensuring diversity in terms of academic disciplines, year of study, and demographic backgrounds. Data was collected using structured questionnaires that focused on various aspects such as Buy Now, Pay Later (BNPL) usage, user satisfaction, perceived benefits and risks, spending behavior, and financial awareness. The questionnaire also included items to gauge students' attitudes towards credit and their self-reported financial management skills.

The collected data were analyzed using descriptive statistics to summarize the key characteristics of the sample, including frequency distributions and measures of central tendency. Further, regression analyses were conducted to examine the relationships between students' perceptions, their BNPL usage, and awareness of financial risks, adjusting for potential confounding variables such as age, gender, and income level. This approach provided a comprehensive understanding of how these factors interact within the student population, contributing valuable insights for financial educators and policymakers aiming to promote responsible credit use among young adults.

Additionally, the study explored whether the use of BNPL services influenced the spending patterns and debt accumulation tendencies of students, highlighting the implications for their long-term financial well-being.

5.Results

5.1 Usage and Popularity

Application / Service	Percentage Using It (%)
Amazon Pay Later	34
Paytm Post Paid	41
Simpl	8
Zest Money	3
Lazypay	5

Amazon Pay Later usage ranks third among popular BNPL/paid-later services, with a significant user base that includes university students.

5.2 Purchase Categories using BNPL

Product Category	Percentage / Number of Respondents
Durable Goods	47%
Electronics	11 respondents
Fashion Wear / Clothing	20% (9 respondents)
Groceries	21% (3 respondents)
Luxury Goods	5 respondents
Home Furniture	2 respondents
Movie Tickets	8%

Students utilize Amazon Pay Later for a variety of goods, including electronics, clothing, and groceries — reflecting broad adoption.

5.3 Purchase Values via BNPL

Purchase Value (INR)	Percentage of Respondents (%)
Less than 20,000	5.8
20,001 - 40,000	55.07
40,001 - 60,000	24.63
Above 60,001	14.50

Majority transactions fall between ₹20,001 and ₹40,000, indicating meaningful financial engagement.

5.4 Perception & Behavioral Trends

Metric	Percentage (%)
Convenience perceived as key factor	78
Ease of use	85
Financial flexibility	70
Fully aware of repayment terms and late fees	45
Increased impulsive buying reported	40
Concerned about debt accumulation	30
Feel adequately informed for repayment management	25

While users appreciate the convenience, a gap in understanding repayment terms and financial risks remains significant.

5.5 BNPL Usage Among Demographics

Demographic Group	BNPL Usage Proportion (%)
Employed/Businessmen	Higher than students
Students	Approximately 60 (30 out of 50 surveyed)
Unemployed	Lower than students and employed

Students are notable BNPL users, highlighting the importance of focused studies in this cohort.

6.Discussion

6.1. Perception of Convenience and Benefits

University students generally perceive Amazon Pay Later as a highly convenient and flexible financing option. They appreciate the ease of use, quick approval processes, and the ability to make purchases without an immediate outflow of

cash. The added appeal of promotional offers and discounts further enhances the attractiveness of buy now, pay later (BNPL) services, especially for students who are budget conscious. This ease and added purchasing power enable students to access products or experiences that may otherwise have been postponed.

6.2. Awareness and Understanding of Financial Terms

Despite the general positive attitude, the data highlights a significant gap in students' understanding of repayment terms and the potential consequences of late payments. Nearly half of the participants are not fully aware of associated late fees or interest charges, leaving them vulnerable to unexpected financial burdens. This lack of awareness points to a critical informatory deficit that could translate into unplanned debt accumulation and stress.

6.3. Spending Behavior and Financial Literacy

The research uncovers a direct link between increased impulsive spending and lower financial literacy among students who use Amazon Pay Later. Many respondents admitted to making more spontaneous purchases due to the delayed payment feature, often without careful budget consideration. This tendency is more prevalent among those with limited knowledge of financial management and responsible credit use, signaling an urgent need for targeted financial education among the student population.

6.4. Risks and Recommendations

While BNPL platforms like Amazon Pay Later promote financial inclusion by lowering the threshold for accessing credit, they also present a risk of fostering unsustainable spending patterns among students. The tension between accessibility and risk exposure underscores the necessity for robust awareness campaigns and financial literacy programs. Addressing these gaps through education and transparent communication of terms can empower students to make informed financial decisions and protect themselves from adverse consequences associated with uninformed or impulsive BNPL usage.

7.Recommendations

To effectively mitigate the financial risks associated with Buy Now, Pay Later (BNPL) usage among university students and promote responsible credit behavior, a multi-pronged approach comprising education, communication, monitoring, and ongoing research is essential.

7.1. Financial Education and Awareness:

Financial education workshops tailored specifically for university students can play a crucial role in increasing awareness of how BNPL schemes like Amazon Pay Later function, including the potential financial risks involved. These workshops aim to enhance students' financial literacy and empower them to make informed decisions while managing credit responsibly. By focusing on practical knowledge about repayment terms, budgeting, and risk management, such programs can mitigate impulsive borrowing and promote healthier spending behavior.

7.2. Clearer Communication and User Interface Improvements:

To address misunderstandings around repayment terms, clearer and more transparent communication should be integrated into the Amazon Pay Later platform interface. This could include simplified loan summaries, upfront disclosures of fees and penalties, and prominently displayed due dates. Improved clarity and ease of access to information would help users better understand their obligations and reduce the likelihood of late or missed payments.

7.3. Payment Monitoring and Alerts:

Introducing monitoring systems with automatic alerts can serve as early warning mechanisms to prevent overdue payments and escalating debt. Notifications reminding users of upcoming due dates, outstanding balances, or approaching credit limits encourage timely repayment behavior and help avoid financial penalties. Proactive alerts are especially vital for students who may struggle to keep track of multiple payment obligations.

7.4. Further Research and Longitudinal Studies:

Expanding research efforts to cover a broader demographic and implementing longitudinal studies can provide deeper insights into BNPL usage patterns and their long-term financial consequences. Such studies would help policymakers and service providers tailor interventions more effectively and ensure the safe and sustainable use of BNPL services among young consumers.

8.Conclusion

Amazon Pay Later enjoys significant popularity among university students due to its user-friendly features, flexible payment options, and promotional benefits. However, critical deficits in financial literacy and understanding of repayment obligations contribute to impulsive purchasing and potential debt accumulation. To mitigate adverse outcomes, collaborative efforts from educational institutions, financial literacy programs, and Amazon to enhance transparent communication and user education are essential. Future research with larger samples and longitudinal tracking will enhance understanding of BNPL's long-term financial effects on students.

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