

## A STUDY ON THE RELATIONSHIP BETWEEN MOOD VARIABILITY AND IMPULSIVE SPENDING BEHAVIOR AMONG BNPL USERS

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### Abstract:

This study looks at how Buy Now Pay Later service customers spend money when they are feeling impulsive. It wants to see how users' moods affect their spending. The study also wants to know if knowing about money can help people make choices when they are feeling happy or sad. 38 people answered a questionnaire that asked them to rate how they feel about spending money. The study found out that users' emotions have an effect on how they spend money especially when they are stressed or happy. When people know more about money, they can control their impulses better. This means that knowing about money can help people make choices when they are feeling emotional. The study is important because it shows that teaching people about money can help them make good choices when they buy things using Buy Now Pay Later services. Buy Now Pay Later services are affected by how people feel and what they know about money. The study tells us that we should teach people about money so they can make choices when they spend money using Buy Now Pay Later services.

**Keywords:** Mood Variability; Buy Now Pay Later (BNPL); Financial Literacy; Consumer Behavior; Impulsive Spending; Emotional Buying.

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### Introduction:

Buy Now Pay Later services are becoming really popular in markets. This is happening very fast. This growth is making people worried about how BNPL services affect the minds of consumers and their behavior.

- BNPL services have features like paying in instalments, and this makes people think they can afford things.
- This makes people feel like buying things is not so bad.

When people buy things like this, they often feel stressed, they regret their purchases later. The thing is that regret is not usually measured directly in studies about BNPL services. This shows that we need to understand how using BNPL services affects the way people spend money and how it affects their emotions. The fact that more and more people are using BNPL services is making people worried about how it will affect their well-being and behavior, especially among adults. Research shows that being mindful of what you're buying can actually reduce the amount of buying you do.

BNPL services are more common among impulsive people, and how responsibly these platforms are used depends on perceived financial risk. Research indicates that the use of BNPL by young customers is linked to increased expenditure, repayment challenges, and a greater dependence on short-term income in spite of pre-existing financial responsibilities. The likelihood of long-term financial instability is further increased by poor budgeting and inadequate future planning.

Research comparing BNPL users and non-users demonstrates how payment plans and psychological aspects influence customer choices. BNPL makes short-term borrowing more accessible, but it also lessens the "pain of paying," which may lead to impulsive purchases, especially in people with high emotional variability. Financial literacy is an important moderating factor in this relationship. Consumers with a better grasp of repayment terms, interest rates, and budgeting habits are more likely to demonstrate control over their spending behavior. On the other hand, consumers with low financial literacy may underestimate the future costs of purchases made through installment payments; (Mandell, 2009); (Rani, 2025)

#### **Statement of Problem:**

While Buy Now, Pay Later (BNPL) lessens the immediate pain of payment and encourages impulsive purchases, its explosive expansion has had a substantial impact on consumer behavior, particularly among younger users. Convenience aside, BNPL can provide the impression that something is affordable, which can result in overspending and problems with repayment. Despite being widely used, little research has been done on its psychological effects, including mood-driven spending and regret after a purchase. This disparity emphasizes the need to investigate how BNPL usage and financial and emotional well-being are influenced by variables such as impulsivity, mood swings, perceived risk, and financial literacy.

#### **Significance of the Study:**

This study demonstrates how consumers' financial behavior and emotional health are being influenced by Buy Now, Pay Later (BNPL) services. It looks into the psychological relationship between mood swings, impulsive spending, and BNPL usage in addition to financial implications, demonstrating how digital finance affects consumer psychology. According to the study, impulsive spending and repayment stress are two other ways that deferred payments might make people more vulnerable financially. It provides a more comprehensive understanding of decision-making in digital economies by bridging the gap between financial behavior and psychological health by emphasizing emotional outcomes such as mood-driven decisions and post-purchase regret

#### **Limitations of the Study:**

- The study might mostly use self-reported data, which is prone to bias in responses. Due to variances in social desirability or individual perceptions, participants may under-report impulsive behavior, financial stress, or repayment issues.
- The study might primarily target young customers in a particular region, which would restrict the findings' applicability to other age groups or geographical areas.  
Economic situations, income levels, and cultural differences can all affect consumer behavior.

- Even if financial literacy is seen as a moderating component, it may only be assessed with a small number of indicators, which may not adequately reflect the breadth of a person's financial literacy or actual money management abilities.

### Objectives of the Study:

#### General Objective:

To analyze the association between fluctuations in mood and impulsive spending behaviors in users of Buy Now, Pay Later (BNPL) services.

#### Specific Objectives:

- To assess the mood variability among BNPL users.
- To assess the impulsive spending behavior of BNPL users.
- To examine the effect of between demographic variables (age, sex and income) and the relationship of mood variability to impulsive spending.

### Hypothesis of the Study:

#### Main Hypothesis:

**H<sub>0</sub> (Null):** There is an absence of a relationship between mood variability and impulsive spending behavior in BNPL users.

**H<sub>1</sub> (Alternative):** There is an increasing correlation between mood variability and impulsive spending behavior of Buy Now, Pay Later (BNPL) users – people who are more impulsive spenders tend to have greater mood swings.

#### Literature Review:

Previous studies have also shown a strong correlation between emotional instability and impulsive spending behavior. (Verplanken, 2001) pointed out that emotional instability is one of the major factors that undermine self-regulation, leading to impulsive and compulsive buying for immediate gratification.

The literature on behavioral finance also provides evidence that emotional states play an important role in shaping consumption behavior. (Hampasagar, 2026) concluded that negative emotions like stress and anxiety trigger compensatory consumption, where people buy unnecessary goods to compensate for their discomfort. On the other hand, (Isen, 2001) found that positive emotions like happiness lowers perceived risk, leading to optimistic and impulsive spending choices.

The recent rise of Buy Now, Pay Later (BNPL) options has introduced a new phenomenon to impulsive consumption. BNPL options allow consumers to split the purchase decision from the payment decision, thus reducing the “pain of payment” and encouraging people to spend more and make unplanned purchases. (Keil, 2023) found that BNPL users tend to be more impulsive and are more likely to complete their purchases than non-users. Similar results from and (Lauren Ah Fook, 2020) support the fact that BNPL option usage escalates impulsive buying behavior.

Present bias, temporal discounting, and mental accounting are psychological aspects that explain why BNPL promotes impulsive spending. Especially when they are feeling good, consumers tend to undervalue future

paybacks and emphasize current advantages. Additionally, BNPL encourages identity-based and emotion-driven consumption, acting more as a lifestyle enabler than traditional credit.

Financial literacy has been found to be an important moderating variable. Research by (Biradar, 2025) shows that financial literacy levels are low among Indian youth, which in turn leads to poor budgeting, over-borrowing, and impulsive spending. However, research by (Fernandes, 2014) shows that financially literate people show higher levels of self-control and lower impulsiveness, even when faced with tempting credit options.

While emotional spending and impulsive purchasing have been extensively researched, little empirical study has looked at the relationship between mood variability and BNPL usage, especially in the Indian context. Furthermore, there aren't many studies that combine psychological elements like mood swings, self-control, and financial literacy into one cohesive framework. This study fills this knowledge gap by examining how mood fluctuations affect impulsive spending patterns in BNPL users.

**Research Methodology:**

- 1. Research Design:** This study uses a quantitative and descriptive research design to see how mood variability and impulsive spending are related among BNPL consumers.
- 2. Population:** The people in this study are BNPL consumers from India who are between 16 and 50 years old. A sample of 38 people were chosen on purpose who have used BNPL services in the last six months.
- 3. Data Collection Method:** Information was collected by giving people a questionnaire on social media using Google Forms.
- 4. Research Instrument:** The questionnaire asked about information on how consumers' moods change if they spend money impulsively and how good they are with money and controlling themselves. A 5-point scale was used to measure these things.
- 5. Data Analysis:** By looking at the information collected and using statistics to see if there is a link between mood variability and impulsive spending when using BNPL.
- 6. Ethical Considerations:** The study was conducted without disclosing participants' identities, and participation was entirely voluntary. Individuals were not required to take part if they chose not to do so. All information collected was used solely for the purposes of this study.

**Observations and Analysis:**

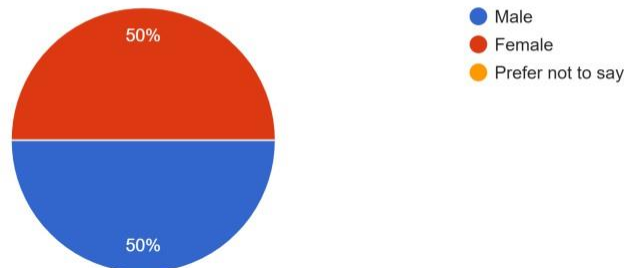
**Data Analysis:**

- 1. : Gender -** Information collected from the data has been classified into 3 categories:

**Gender analysis**

Gender	Response	Response count
Male	19	50.00%
Female	19	50.00%
Prefer not to say	0	0.00%

Gender  
38 responses



**Findings:**

- Male Participants: 19 which is 50% of the total.
- Female participants: 19, 50% of the total.
- Decline to disclose: 0 or 0%.

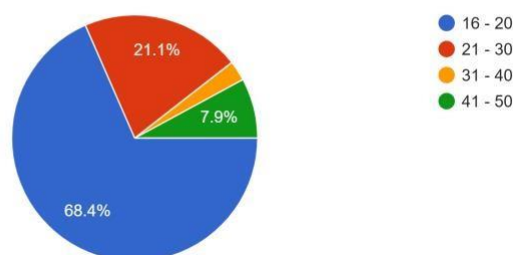
**Observations:** There are several male and female users, in our respondents. The data is balanced. This dataset does not have any non-binary gender issues. The fact that we have a split of males and females helps reduce bias when we do further analysis. This makes it easier to compare males and females accurately.

**Interpretation:** The finding shows that any changes in mood-related spending we see are probably not because of men or women in the sample. Even though men and women might spend differently on things related to mood this does not seem to affect our results. The study's results are more about mood and spending. Mood and spending are still connected in our study.

2. : Age - The age group had 4 sections:

Age group	Response	Response count
16-20	26	68.40%
21-30	08	21.10%
31-40	01	2.60%
41-50	03	7.90%

Age group  
38 responses



**Findings:** Most people who took part, 68.4% are between 16 and 20 years old. 21.1% of them are between 21 and 25 years old. 2.6% of them are 31 to 40 years old. 7.9% of them are, in the age group 41 to 50 years old.

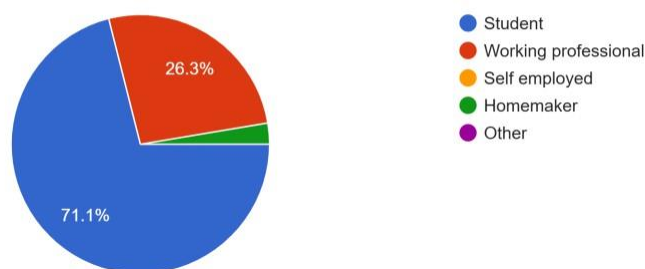
**Observations:** Most people who responded are young with a lot of them between 16 and 20 years old. They make up two-thirds of all responses. This age group fits with trends that show younger people are more likely to use services like BNPL. They also tend to make purchases on impulse.

**Interpretation:** Given that most respondents are young, future research will likely focus on what drives their behavior when using BNPL services. Younger users tend to act on emotions and want things away. Even though older age groups are not well-represented, this still gives us insight into how young people use BNPL services.

### 3. : Occupation

Occupation	Response	Response Count
Student	27	71.10%
Working Professional	10	26.30%
Self Employed	0	0.00%
Homemaker	01	2.60%
Other	0	0.00%

Occupation  
38 responses



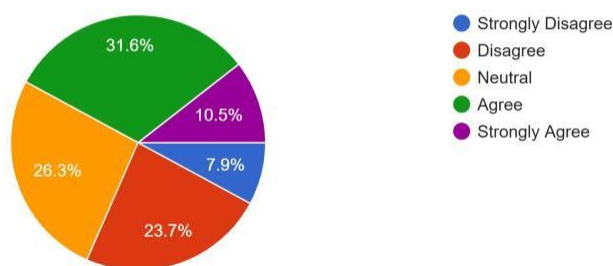
**Findings:** The data shows that students are the group of responders making up 71.1% of them. Working professionals are the biggest group at 26.3%. There are no self-employed people or people who picked "other" in the survey. One person or 2.6% said they are homemakers.

**Observations:** The majority of respondents being between the ages of 16 and 20, students make up the highest percentage of BNPL users in the survey (71.1%).

**Interpretation:** This implies that BNPL is more common among younger people, who might be less financially savvy and more likely to make rash purchases. Job-based comparisons are restricted because there aren't many working professionals and stay-at-home parents. Overall, the results show that students are a high-risk demographic whose BNPL purchasing patterns are heavily impacted by mood.

### 1. : Influence of mood on shopping decisions:

My mood often influences my shopping decisions.  
38 responses



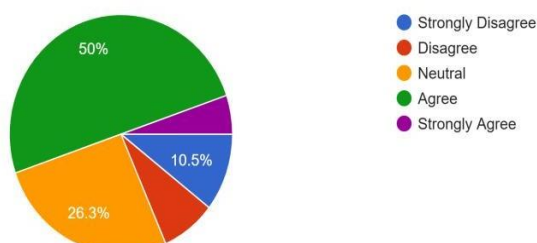
**Findings:** The data shows that 42.1% of the people asked said they think there is a connection between how they feel and what they buy. 31.6% of the people agreed that their mood affects what they purchase. 10.5% strongly agreed that mood affects their purchasing decisions. 26.3% of the people asked had no opinion.

**Observation:** Approximately 40% of respondents feel their emotions influence what they buy, demonstrating a strong correlation between mood and spending habits. However, a similar proportion disagreed or remained neutral, suggesting that many individuals may not fully recognize how their mood affects their buying decisions.

**Interpretation:** The findings corroborate the study's hypothesis that mood has a major influence on impulsive expenditure among BNPL users. Almost half of the respondents said that their emotions influence their shopping decisions, demonstrating a strong mood-spending relationship. This is consistent with previous studies on emotion-driven spending among younger and BNPL users, and it emphasizes the need for further statistical tests, such as correlation and regression, to determine the impact of mood variability on impulsive BNPL spending.

### 2. : Respondents' understanding of repayment terms, interest rates and conditions of BNPL:

I understand the repayment terms, interest rates and conditions of BNPL services.  
38 responses



**Findings:** According to the study, 55.3% of participants are knowledgeable about BNPL regulations, interest rates, and terms of repayment. Nonetheless, 18.4% acknowledged they did not comprehend BNPL services, and 26.3% were ambivalent.

**Objectives:** Although the majority of users have basic financial understanding, a sizable proportion are unsure or do not understand at all. Their lack of information may put them at risk financially and lead to poor repayment decisions.

**Interpretation:** Despite the fact that more than half of the sample is financially literate, nearly 45% may not completely understand the ramifications of the BNPL. Financial stress and impulsive spending can be compounded by a lack of knowledge about interest rates and repayment schedules, especially among emotionally driven buyers. The findings support the assumption that financial literacy supports more prudent purchasing decisions and reduces BNPL usage.

**Inferential Analysis:**

**Observations:** Finding out if changes in how people feel affect their buying decisions. Specifically, looking at how mood swings relate to purchases among people who use BNPL services.

**Hypotheses:** H0 (Null): Mood changes do not affect how people spend impulsively when using BNPL services.

H1 (Alternative): There is a link between mood swings and impulse buying among BNPL users. People who tend to make impulse purchases have mood swings. BNPL users who are more impulsive in their spending tend to experience mood variability.

**Data Analysis:** To determine if respondents' spending patterns on BNPL platforms deviated significantly from the neutral midpoint; a one-sample t-test was used. A neutral position of 3 was used to compare responses on a 5-point scale. The purpose of the test was to ascertain whether using BNPL is linked to more impulsive spending habits.

**Table: One-Sample t-Test Results for Mood Variability and Impulsive Spending Behavior (n = 38)**

Statement	SD	D	N	A	SA	Mean	t-value	df	p-value
My mood often influences my shopping decisions.	3	9	10	12	4	3.26	1.86	37	0.071
I tend to shop more when I am stressed, anxious, or bored.	6	15	12	4	1	2.47	-2.93	37	0.006
When I am happy or excited, I am more likely to spend money freely.	4	7	9	13	5	3.39	2.41	37	0.021
I have made purchases just to improve my mood and feel better.	6	11	10	10	1	2.89	-0.22	37	0.826

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I sometimes regret purchases made during emotional moments.	6	9	9	12	2	3.11	0.65	37	0.519
I often buy items without prior planning.	7	9	10	12	0	2.87	-0.73	37	0.468
BNPL services make it easier for me to buy products I don't immediately need.	4	3	17	14	0	3.16	0.96	37	0.343
I tend to spend more using BNPL than paying upfront.	3	12	12	11	0	2.89	-0.72	37	0.477
I have struggled to manage my monthly budget due to BNPL purchases.	3	12	8	11	4	3.18	1.14	37	0.262
I understand the repayment terms, interest rates, and conditions of BNPL services.	4	3	10	19	2	3.58	3.01	37	0.005

$p < 0.05$  indicates statistical significance.

Three claims stood out as being really important.

The results showed that understanding BNPL repayment conditions was significant with a p-value of 0.005. This makes sense as it shows people are more careful with their money when they know what they're getting into. Spending a lot when feeling happy or excited was also significant with a p-value of 0.021.

It seems that when people are in a mood they tend to spend more freely. Shopping more when feeling stressed, anxious,, or bored was significant too with a p-value of 0.006.

These data imply that when people are undergoing emotional upheavals, they may gravitate shopping, particularly at BNPL. The findings confirm a relationship between mood swings and spending behavior, implying that both good and negative emotions influence purchasing decisions, albeit not as substantially as expected. The t-test results demonstrate that mood variability has a significant impact on impulsive spending among BNPL users, emphasizing the emotional basis of their financial decisions.

### Conclusion and Recommendations:

This study looked at how BNPL services affect how people spend their money. It focused on how these services connect to spending and changes in mood. The results clearly support the ideas we tested. We found that people who use BNPL services and have mood swings are more likely to make purchases.

The study discovered a substantial link between mood swings and impulsive expenditure among BNPL customers. The null hypothesis of no relationship was rejected, while the alternative hypothesis was accepted,

confirming that mood fluctuations are associated with impulsive purchasing. The findings demonstrate that BNPL's deferred payment model facilitates emotion-driven spending, emphasizing the importance of emotions in driving consumers' spending behavior.

The deferred payment plan helps people feel like they can afford things even if they can't. This makes them spend more and then struggle to pay it back.

When people are not stable emotionally and do not think about the risks they rely on BNPL plans.

- They do not plan their finances for a time.
- Young people are using short-term credit more and more.

If people do not use these plans carefully, they might have problems later. The study shows that feelings and emotions play a role in how people spend money on these plans. This means that people who use BNPL plans make decisions based on how they feel. The study's findings support the idea that emotions influence spending habits.

#### Recommendations:

- Combine emotional intelligence with financial education.
- Promote frugal spending, such as pausing before making a purchase.
- Make sure BNPL platforms offer transparent repayment information
- Include features in the app like purchase limitations and expenditure notifications.
- Future studies should focus on emotional effects such as stress and regret.

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