ISSN: 2338-8412 e-ISSN : 2716-4411

Ekombis Review – Jurnal Ilmiah Ekonomi dan Bisnis
Available online at : https://jurnal.unived.ac.id/index.php/er/index
DOI: https://doi.org/10.37676/ekombis.v14i3

Understanding Risky Credit Behavior In Paylater Usage: The Interplay Of Financial Literacy, Impulsive Buying, And Self-Control

Thania Kusmalinda [1]; Setiyo Purwanto [2]
[1,2]) Faculty of Economy Business, Universitas Paramadina, Jakarta, Indonesia
Email: [1] [1] thania.kusmalinda@students.paramadina.ac.id ;[2] setiyo.purwanto@paramadina.ac.id

How to Cite :
Kusmalinda, T., Purwanto, S. (2026). Understanding Risky Credit Behavior In Paylater Usage: The Interplay Of Financial Literacy, Impulsive Buying, And Self-Control. EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis, 14(3). DOI: https://doi.org/10.37676/ekombis.v14i3

ARTICLE HISTORY
Received [19 January 2026]
Revised [12 July 2026]
Accepted [16 July 2026]

KEYWORDS
Financial Literacy, Impulse Purchases, Risk Credit Behavior, Self-Control, PayLater Users in Jakarta.

ABSTRACT

The rapid growth of PayLater services in the metropolitan city of Jakarta increases consumers exposure to the dynamics of consumptive financing. Financial literacy inequality and impulse buying tendencies have the potential to cause risky credit behavior in PayLater users. This research was conducted in 2025 using a quantitative method, using a measured questionnaire consisting of variables of financial literacy, impulse purchase, risky credit behavior, and self- control. Data analysis used Partial Least Squares Structural Equation Modeling (PLS-SEM) to test the structural relationships and moderation effects. The PayLater user population in the DKI Jakarta area is aged 18-45 years old with a purposive sample of 456 respondents who are actively using PayLater in the last six months. The results showed that financial literacy had a negative effect on impulse purchases (β = -0.28, $p < 0.01$). Impulse purchases were positively associated with risky credit behavior ($\beta = 0.34$, $p < 0.001$). Self-control acts as a moderation variable in the relationship between impulsive purchasing and risky credit behavior (interaction β = -0.12, $p < 0.05$), so that increased self-control weakens the impact of impulsivity on credit risk. Overall, financial literacy can suppress risk through reduced impulsivity, while self-control reinforces the benefits of literacy. These findings have practical implications for the PayLater platform, financial institutions, and financial literacy programs in Jakarta, in the form of higher financial literacy reducing impulsivity to purchase; impulsive buying increases risky credit behavior; self-control suppresses the impulsive effect on credit risk; financial literacy programs and increased self-control can reduce the level of credit risk in PayLater users.

INTRODUCTION

Various innovations in digital financial services have changed the way Indonesians access financing, one of which is Buy Now Pay Later (BNPL). BNPL services allow consumers to purchase products now and pay later through installment schemes, often on more flexible terms than traditional credit, (Kurniawan, 2021). In metropolitan cities like Jakarta, BNPL has grown rapidly, crossing two main channels: BNPL provided by banking institutions and BNPL provided by non-bank fintech. The attached data shows the dynamics of the number of debtors (entities), the number of contracts, and the value of the remaining debit balance in the period from November 2023 to December 2024, with significant shifts between the DKI Jakarta, Banten, and national areas. As the number of debtors and contracts increases, so does consumer exposure to paylater-based credit, so credit risk becomes the main focus, (Budiman, 2023).

Understanding In the BNPL banking picture, the level of Non-Performing Financing (NPF) is relatively high compared to non-bank BNPL in the same period. The NPF rate in banking BNPL peaked at around 5.54% in December 2024, while non-bank BNPL showed a lower NPF rate, around 2.80%. These differences indicate a variation in the risk profile between BNPL provider channels, which may be influenced by underwriting practices, risk management, liquidity needs, and the characteristics of customer portfolios. This raises questions about how consumer behavior factors, particularly financial literacy and impulsive purchasing tendencies, as well as self-control abilities, moderate the relationship between BNPL use and risky credit behavior, (Waliszewski, 2023); (Chen, 2024).

The context of Indonesia, especially Jakarta, adds to the complexity of this phenomenon. Jakarta as a major economic hub and digital consumer in Indonesia presents significant opportunities for BNPL penetration, but also increases exposure to household financial risks if financial literacy is low and purchasing impulsivity is high. Paylater-based financing tends to accelerate the accumulation of consumptive debt if it is not balanced by the quality of financial literacy and adequate self-control, (S. Singh, 2024). Thus, the BNPL phenomenon in Jakarta raises an urgent need to understand the mechanisms by which financial literacy changes impulse buying behavior patterns, how impulsive buying contributes to risky credit behavior, and how self-control can moderate these relationships in the context of PayLater use, (Lee, 2023); (Investor, 2025).

This research is rooted in several structural realities: first, the proliferation of BNPL as a relatively accessible means of consumptive financing can increase the burden of household debt if balanced by low financial literacy, (Molina-García, 2023). Second, the variation in NPF levels between banks and non-banks BNPL requires an in-depth understanding of the factors that affect credit risk in each channel, including the quality of underwriting, risk policies, and user consumption behavior. Third, financial literacy has been identified as a key factor in increasing the use of responsible finance, but empirical evidence in Indonesia, especially related to BNPL, is still very limited. Fourth, this study highlights the role of behavioral psychology through self-control variables as a moderator that can strengthen or weaken the impact of impulsive buying on credit risk, (K. Singh, 2025). By presenting a comprehensive overview of the relationship between financial literacy, impulse purchases, self-control, and risky credit behavior among PayLater users in Jakarta, this study provides theoretical and practical contributions for academics, regulators, BNPL platforms (banking and non-bank), and financial institutions. This is also reflected in the need for more targeted financial literacy policies and intervention programs to increase self-control over risky consumption behavior. The attached data shows that the NPF of banking BNPL is quite high (for example, around 5.54% in December 2024), (Investor, 2025) which demands attention from stakeholders regarding risk management practices, financial education for users, and improved product transparency. This research will produce practical insights on how financial literacy and self-control skills can be pillars in reducing the risk of bad

credit in BNPL users, with policy implications for supervisory authorities (e.g. OJK), BNPL industry players, and national financial literacy programs, (Bai, 2023).

Although the literature on financial literacy and consumptive behavior has developed, there is a lack of empirical studies that explicitly combine financial literacy, impulse buying, self-control, and risky credit behavior specifically in the context of BNPL in Indonesia, especially in Jakarta. Some of the things that are considered in the research include the limitations of BNPL studies in Indonesia. Most previous studies have focused on the adoption of financial technology or the adoption of digital payments in general, while mapping of risk factors specific to BNPL, especially in the context of banking vs. non-banks, has been minimal. The link between financial literacy and risky credit behavior in BNPL. Although financial literacy is recognized as a driver of responsible use of financial products, empirical evidence on how financial literacy affects impulse buying tendencies and how this implicates specific risky credit behavior on PayLater is lacking. Then the role of impulse buying and self-control mediation, (Xiao, 2024). Much of the consumer behaviour literature suggests that impulsive buying increases credit risk, but studies examining the extent to which self-control can moderate such relationships in the context of BNPL have not been widely studied, particularly in the Indonesian market which has unique consumption culture dynamics. Comparison of BNPL provider channels, where the attached data shows the difference in NPF level between BNPL provided by banks versus non-banks. However, there has been no study that has discussed in detail how the characteristics of the provider's channel affect the relationship between financial literacy, impulsive buying, self-control, and risky credit behavior in PayLater users in Jakarta. The limitation of data across time, where table 1 provides an idea that the snapshot of the Nov-23 ~ Dec-24 period with a geographical focus on DKI Jakarta, Banten, and the national provides a broader longitudinal analysis to understand long-term trends as well as external factors that have the potential to influence each other between variables.

Table 1. Banking and Non-Banking Paylater Users
Buy Now Pay Later (BNPL) – Perbankan

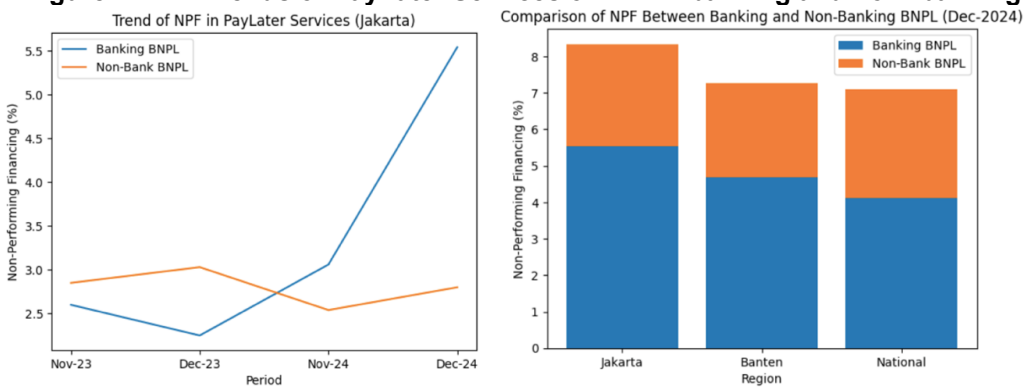
	Nov-23	Dec-23	Nov-24	Dec-24
Jumlah Debitur (entitas)				
DKI Jakarta	1,875,441	1,874,821	2,517,731	2,430,519
Banten	1,025,984	1,050,585	1,567,751	1,535,815
Nasional	2,901,425	2,925,406	4,085,482	3,966,334
Jumlah Kontrak				
DKI Jakarta	1,958,634	1,948,069	2,744,085	2,641,410
Banten	1,060,715	1,083,554	1,701,940	1,659,513
Nasional	3,019,349	3,031,623	4,446,025	4,300,923
Nominal Baki Debet (Miliar Rp)				
DKI Jakarta	2,519.33	2,517.64	3,314.33	3,348.26
Banten	1,188.37	1,213.54	1,762.82	1,795.99
Nasional	3,707.70	3,731.18	5,077.15	5,144.25
Non Performing Financing (%)				
DKI Jakarta	2.60%	2.25%	3.06%	5.54%
Banten	2.26%	1.94%	2.76%	4.69%
Nasional	2.26%	1.97%	2.50%	4.12%

Buy Now Pay Later (BNPL) - Non Perbankan

	Nov-23	Dec-23	Nov-24	Dec-24
Jumlah Debitur (entitas)				
DKI Jakarta	1,120,586	1,141,997	1,399,478	1,406,881
Banten	752,470	772,805	1,045,544	1,059,631
Nasional	1,873,056	1,914,802	2,445,022	2,466,512
Jumlah Rekening				
DKI Jakarta	1,212,989	1,236,907	1,492,796	1,497,805
Banten	809,817	831,887	1,102,620	1,114,558
Nasional	2,022,806	2,068,794	2,595,416	2,612,363
Nominal Baki Debet (Miliar Rp)				
DKI Jakarta	836.14	836.30	1,058.38	1,084.16
Banten	418.38	442.74	558.17	571.62
Nasional	1,254.52	1,279.04	1,616.55	1,655.77
Non Performing Financing (%)				
DKI Jakarta	2.85%	3.03%	2.54%	2.80%
Banten	2.78%	2.60%	2.37%	2.57%
Nasional	3.02%	3.04%	2.70%	2.99%

Figure 1. The attached describes the comparison of BNPL-Banking and BNPL-Non-Banking in terms of the number of debtors (entities), the number of contracts, and the nominal debit balance (belonging to Rp) in the DKI Jakarta, Banten, national areas, and the Non Performing Financing (%) indicator for the period November 2023 to December 2024. In particular, the data shows an increasing trend in the number of debtors and contracts across both BNPL channels, with clear variations between banking and non-bank channels in portfolio size and NPF rates.

Figure 1. NFL Trends of PayLater Services on BNPL banking and non- banking

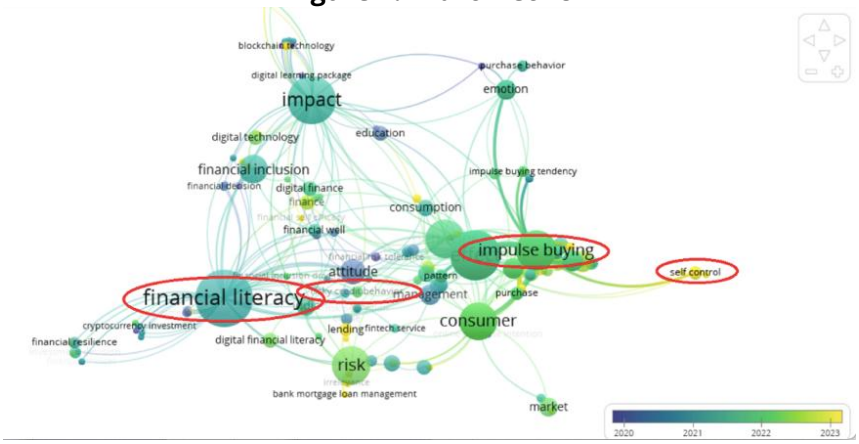


Source: (Investor, 2025)

This phenomenon underscores the need for a more targeted study of how financial literacy and consumer behavior factors interact with the risk structure of BNPL, as well as how self-control mediates these relationships in the context of using PayLater in Jakarta, (Budiman, 2023). Against this background, this study contributes to the academic literature by presenting an analytical framework that links financial literacy, impulsive buying, and self-control to risky

credit behavior under the framework of BNPL. In practical terms, the findings of the study can serve as a reference for regulators, bank and non-bank BNPL industry players, as well as national financial literacy programs to design effective interventions in increasing literacy, reducing risky consumption behaviors, and reducing NPF levels among PayLater users in Indonesia, especially in the Jakarta metropolitan area, (Akin, 2024).

Figure 2. Bibliometric



Source: Vos Viewer

LITERATURE REVIEW

Relevant theories and relationships between variables

This theoretical framework identifies the main theories relevant to the research variables, namely financial literacy, impulse purchase, risky credit behavior, and self-control. In this framework, these theories are used to explain the mechanism of influence between variables as well as the basis of the research hypothesis.

Financial literacy is defined as the ability of individuals to understand basic financial concepts, make informed financial decisions, and manage financial resources effectively, (Koskelainen, 2023). Financial literacy encompasses the knowledge, skills, and attitudes that enable a person to plan, manage, save, invest, and avoid risky financial behaviors. In the literature, financial literacy contributes to better financial planning, increased control over consumption, as well as reduced reliance on risky credit, (Krajčík, 2023). Financial literacy plays a key antecedent for rational financial behavior. The higher financial literacy, the more likely an individual is to be able to evaluate the true cost of using a credit product such as BNPL and refrain from impulse buying behavior. In general, financial literacy is associated with healthier debt management, reduced credit risk, and improved ability to assess the benefits and costs of using financial products, (Aryan, 2024). Financial literacy theory is closely related to rational financial decision frameworks and risk behavior. With better knowledge, individuals are better able to compare costs, calculate future payment costs, and mitigate the effects of cognitive biases that trigger risky decision-making, (Lone, 2024). Conceptually, financial literacy can be mediated against the impact of behavioral factors on credit use, as individual debtors tend to be more proactive in debt management (e.g., avoiding arrears, maintaining debt-to-income ratios), (G, 2024).

Impulse buying is a sudden act of purchase without prior planning, often triggered by external stimuli (promos, product design, store atmosphere) and internal factors (emotions, momentary desires), (Yassin, 2023). The S-O-R (Stimulus-Organism-Response) model is often used to explain impulse purchases: external stimuli (BNPL promos, attractive paylater interfaces) affect the internal state of the consumer (organism) which then results in a response in the form

of impulse buying, (Legros, 2024). Impulse buying theoretically increases the probability of consumptive debt accumulation and risky credit behavior. When impulsivity takes hold, individuals tend to delay evaluating the total cost of future debt. Financial literacy functions as a protective factor that can suppress the level of impulsivity; More literate individuals tend to have better long-term cost and consequences evaluation habits, (Juanim, 2024). Consumer behavior theory and financial literacy are in line with the concept of present bias in financial behavior, (Xue, 2024); (Wang, 2024). Impulse buying is often triggered by a preference for current gratification, and financial literacy along with self-management skills can reduce the impact of present bias on financing decisions, (Nyrhinen, 2024).

Risky credit behavior includes actions that increase the probability of payment default, excess debt obligations, and non-performing financing (NPF). Psychological factors, consumption behavior, and financial management skills play a role in shaping a person's credit risk profile, (Purwanto, Perkasa, & Abadi, 2023); (Degtyareva, 2023). In the financial behavior literature, credit decisions are influenced not only by economic factors, but also by risk perception, preferences for current consumption, and self-control. Impulse buying increase the tendency to take on debt for consumptive financing, thus potentially increasing risky credit behavior, (Zhou, 2024). Financial literacy allows for a more accurate evaluation of costs and benefits, so that it can theoretically reduce the tendency to become entangled in unnecessary consumptive debt, (Sabri, 2024). Self-control plays a role in regulating impulsive impulses; The stronger the self-control, the less influence impulsive buying has on credit risk. Financial risk theory frameworks often combine cognitive elements (financial knowledge) and behavioral characteristics (self-control). Behavioral finance theory emphasizes that credit behavior is not solely driven by income, but also by cognitive bias and self-control capacity, (Nyrhinen, 2024).

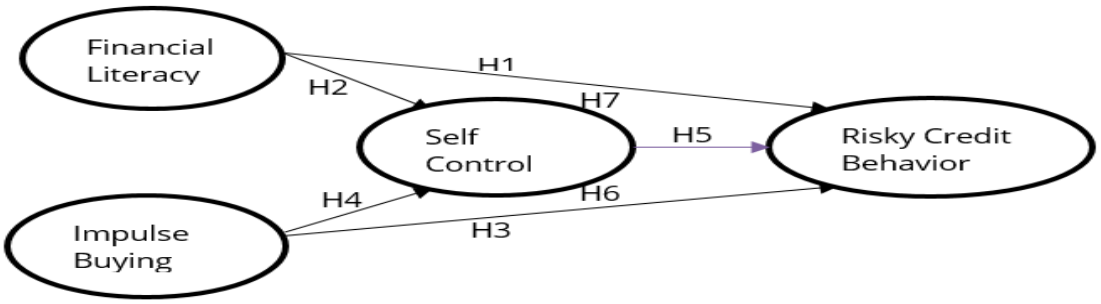
Self-control is the ability to delay gratification, control impulses, and choose actions that suit long-term goals. Theoretically, self-control is often viewed as a limited cognitive resource of self-control in (Zhang, 2025) ego depletion model. Within the framework of self-regulation, self-control is related to the ability to refrain from impulsive behavior and maintain consistency between short-term and long-term goals. Self-control mediated the relationship between impulse buying and risky credit behavior. Individuals with strong self-control tend to be better able to resist impulsive impulses to buy impulsively, so the impact on credit risk is reduced, (Chen, 2024). Self-control is also related to financial literacy conceptually: individuals who are more skilled in self-management tend to implement financial knowledge more consistently, so financial literacy can strengthen the effectiveness of self-control in managing debt. The dual-process theory Kahnemany and the self-control model Baumeister emphasize the difference between fast/implicit processes and slow/analytical processes, (Baumeister, Vohs, & Tice, 2007); (Kamble, 2024). Self-control also becomes the capacity of the process to control the impulsive response of the implicit process. In the context of BNPL, this capability helps individuals assess the real cost and long-term impact of using paylater.

Theoretical Integration for BNPL and PayLater

Present bias theory and hyperbolic discounting explains how consumers tend to prioritize satisfaction now over future costs, so BNPL can facilitate consumptive financing behavior, (Laibson, 1996); (Rohde, 2010); (Filippini, 2024). Self-control serves as a mitigation mechanism against such biases, (Elliehausen, 2010); (Duan, 2025). Architectural choice theory nudge, Thaler & Sunstein indicates that BNPL product design can modulate consumer behavior, (Vissing-jorgensen, 2002); (Aryan, 2024). The theoretical relationship is not directly, but relevant to the context of BNPL. Financial literacy and self-control can mediate responses to the design. The dual-process model and financial literacy can explain that although BNPL offers ease of access, individuals with good financial literacy and self-control tend to make more informed and less impulsive decisions, (Ltifi, 2025).

Theoretically, this framework combines financial literacy and self-control with the dynamics of consumptive behavior in the context of BNPL, so as to enrich the literature on financial literacy and financial behavior by emphasizing the role of self-control moderation on credit risk. In practical terms, the findings based on this theoretical framework can help policy makers and BNPL (banking and non-bank) industry players in designing more targeted financial literacy programs for BNPL users. Optimize BNPL product interface design to minimize the opportunity for impulse purchases. Develop interventions that improve consumer self-control through education, cost alerts, or debt management features. Assess regulatory needs related to fee disclosure, payment deadlines, and consumer protection to reduce NPF on BNPL. Based on the theoretical foundation above, financial literacy is expected to reduce impulse purchases, which in turn decreases risky credit behavior, (Nakashima, 2024). Self-control acts as a mediates that strengthens the effect of financial literacy on impulsive control and weakens the relationship between impulsive buying and credit risk. This series of theories allows for comprehensive hypothesis testing in the context of PayLater in Jakarta, as well as contributing to the literature on financial behavior and financial literacy in Indonesia, (Lone, 2024).

Figure 3. Research Conceptual Framework



Hypotheses:
H1: Financial literacy affect risky credit behavior
H2: Financial literacy affect self-control
H3: Impulse buying positively affects risky credit behavior
H4: Impulse buying negatively affects self-control
H5: Self-control negatively affects risky credit behavior
H6: Self-control mediates the relationship between financial literacy and risky credit behavior
H7: Self-control mediates the relationship between impulse buying and risky credit behavior..

METHODS

Metode This study pays attention to ethical aspects by obtaining informed consent, maintaining the confidentiality of respondent data, and only using data for academic purposes. The research stages are carried out in a structured and systematic manner from the process of preparing and validating instruments, surveys and data collection in DKI Jakarta, data processing and statistical tests, analysis of results, discussion, and drawing conclusions as well as the preparation of recommendations and publication of research results. The quantitative methodology is designed to test the influence of financial literacy and impulse purchases on risky credit behavior with self-control as a mediating variable in PayLater users in Jakarta. The research roadmap includes, Preparation of literature-based research instruments and expert validation. Primary data collection through online and offline surveys. This research activity was carried out in the DKI Jakarta area, which is the center for the growth of PayLater service users in Indonesia.

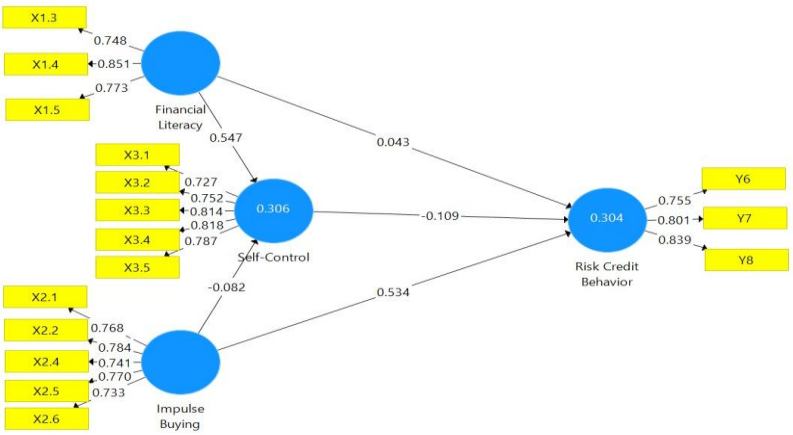
The implementation of the research is scheduled from January 2025 to July 2025, including the preparation stage, data collection, analysis, and report writing. The population was taken from all active PayLater users in DKI Jakarta aged 18–45 years, and the sampling was determined by purposive sampling technique, namely respondents who have used PayLater at least once in the last 3~6 months and exclusion (duplicate entries, inconsistent responses). The calculation of the number of samples is based on the calculation of the minimum need for SEM analysis with a margin of error of 5%, the target sample is at least 400 respondents.

The research instrument was in the form of a structured questionnaire consisting of four main parts, namely financial literacy, impulsive purchase, self-control, risky credit behavior where each indicator was measured using a 10-point Likert scale (1 = strongly disagree, 10 = strongly agree) to increase sensitivity and variation in responses. The data analysis was carried out using SmartPLS *(Partial Least Squares Structural Equation Modeling)* to test the validity of the construct and the validity of the discriminant through Average Variance Extracted (AVE) and loading factor. Reliability test through Cronbach's Alpha and Composite Reliability. Direct effect indirect effect test between variables and indirect effects and mediation using bootstrapping. Test the goodness of fit of the model through R-square, Q-square, and SRMR. Sobel test, to test the significance of the effect of self-control mediation.

RESULTS

The measurement model was evaluated to assess construct reliability and convergent validity prior to testing the structural relationships. Reliability was examined using Cronbach's Alpha, rho_A, and Composite Reliability (CR), while convergent validity was assessed through Average Variance Extracted (AVE).

Figure 4. Bootstrapping Research Model Construct Test Results



Source: Smart-PLS

Table 2. Construct Reliability and Validity Test Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial literacy	0.702	0.712	0.834	0.627
Impulse buying	0.817	0.820	0.872	0.577
Risky credit behavior	0.716	0.722	0.841	0.639
Self-Control	0.839	0.839	0.886	0.609

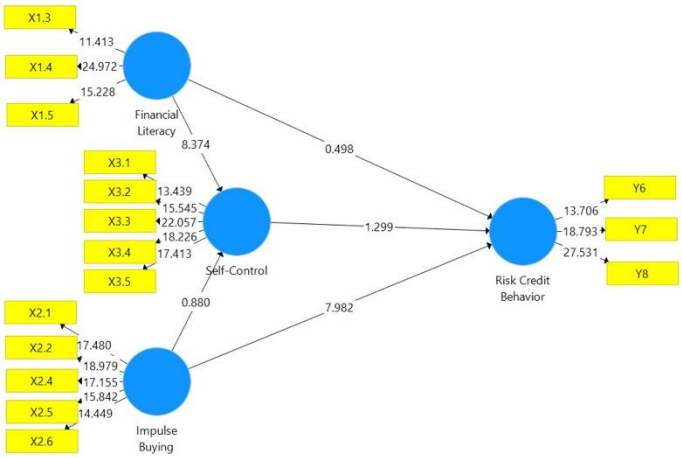
Source: Data processing result by Smart-PLS, 2025

As presented in Table 2, all constructs demonstrate satisfactory internal consistency. Cronbach's Alpha values range from 0.720 to 0.839, exceeding the recommended threshold of 0.70, indicating acceptable reliability. Similarly, Composite Reliability values vary between 0.834 to 0.886, confirming strong construct reliability. Convergent validity is also supported, as all AVE values exceed the minimum criterion of 0.50. Specifically, financial literacy (AVE = 0.627), impulse buying (AVE = 0.577), risky credit behavior (AVE = 0.639), and self-control (AVE = 0.609) indicate that each construct explains more than 50% of the variance of its indicators. These results confirm that the measurement model meets the reliability and convergent validity requirements and is suitable for further structural model analysis.

Structural Model and Direct Effects

The structural model was assessed using bootstrapping procedures in PLS-SEM to examine the hypothesized relationships among constructs. The significance of path coefficients was evaluated based on t-statistics and p-values. To examine the mediating role of self-control, indirect effects were tested using bootstrapping.

Figure 5. Bootstrapping Research Model Construct Test Results



Source: Smart-PLS

Table 3. Direct Effect Test Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Financial literacy -> Risky credit behavior	0.043	0.035	0.087	0.498	0.618
Financial literacy -> Self Control	0.547	0.548	0.065	8.374	0.000
Impulse buying -> Risky credit behavior	0.534	0.537	0.067	7.982	0.000
Impulse buying -> Self Control	-0.082	-0.094	0.093	0.880	0.379
Self Control -> Risky credit behavior	-0.109	-0.105	0.084	1.299	0.195

Source: Data processing result by Smart-PLS, 2025

Financial Literacy and Risky Credit Behavior

The direct effect of financial literacy on risky credit behavior is positive but statistically insignificant (β = 0.043, t = 0.087, p = 0.618). This result indicates that financial literacy does not have a direct influence on risky credit behavior among PayLater users in Jakarta. Consequently, Hypothesis H1 is not supported.

Financial Literacy and Self-Control

Financial literacy exhibits a strong and positive effect on self-control (β = 0.547, t = 8.374, p < 0.001). This finding suggests that individuals with higher levels of financial literacy tend to demonstrate greater self-control in managing their financial decisions. Thus, Hypothesis H2 (financial literacy enhances self-control) is empirically supported.

Impulse Buying and Risky Credit Behavior

Impulse buying has a significant and positive effect on risky credit behavior (β = 0.534, t = 7.982, p < 0.001). This result confirms that higher impulsive purchasing tendencies substantially increase the likelihood of engaging in risky credit behavior when using PayLater services. Therefore, Hypothesis H3 is supported.

Impulse Buying and Self-Control

The relationship between impulse buying and self-control is negative but statistically insignificant (β = −0.082, t = 0.880, p = 0.379). This indicates that impulsive buying behavior does not significantly reduce self-control among PayLater users. As a result, Hypothesis H4 is not supported.

Self-Control and Risky Credit Behavior

The direct effect of self-control on risky credit behavior is also negative but not statistically significant (β = −0.109, t = 1.299, p = 0.195). This finding suggests that self-control alone does not directly reduce risky credit behavior in the context of PayLater usage. Hence, Hypothesis H5 is not supported.

Indirect Effects and Mediation Analysis

The mediating role of self-control, indirect effects were tested result on below Table 4.

Table 4. Indirect Effect Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Financial literacy -> Self Control -> Risky credit behavior	-0.060	-0.057	0.047	1.276	0.202
Impulse buying -> Self Control -> Risky credit behavior	0.009	0.008	0.014	0.616	0.538

Source: Data processing result by Smart-PLS, 2025

The indirect effect of financial literacy on risky credit behavior through self-control is negative but insignificant (β = −0.060, t = 1.276, p = 0.202). This result indicates that self-control does not mediate the relationship between financial literacy and risky credit behavior. Hence, Hypothesis H6 is not supported.

Similarly, the indirect effect of impulse buying on risky credit behavior via self-control is positive but statistically insignificant (β = 0.009, t = 0.616, p = 0.538). This finding suggests that self-control does not function as a mediating mechanism between impulse buying and risky

credit behavior. Based on these results, Hypothesis H7, which proposed a mediating role of self-control, is not supported.

Coefficient of Determination (R^2)

The explanatory power of the structural model was evaluated using the coefficient of determination (R^2).

Table 5. Determination Test Results

	R Square	R Square Adjusted
Risky credit behavior	0.304	0.290
Self Control	0.306	0.297

Source: Data processing result by Smart-PLS, 2025

The R^2 value for risky credit behavior is 0.304 (adjusted R^2 = 0.290), indicating that financial literacy, impulse buying, and self-control collectively explain approximately 30.4% of the variance in risky credit behavior. This level of explanatory power can be considered moderate within behavioral finance and consumer behavior research. Meanwhile, self-control has an R^2 value of 0.306 (adjusted R^2 = 0.297), suggesting that financial literacy and impulse buying explain about 30.6% of the variance in self-control. Overall, these results indicate that the model has adequate explanatory power for understanding risky credit behavior and self-control among PayLater users in Jakarta.

DISCUSSION

This study investigates the relationships among financial literacy, impulse buying, self-control, and risky credit behavior in the context of PayLater usage in Jakarta. The findings provide nuanced insights into how cognitive and behavioral factors interact within Buy Now Pay Later (BNPL) environments in an emerging market setting. Notably, the results reveal that impulse buying is the primary driver of risky credit behavior, while financial literacy and self-control play more complex and indirect roles than traditionally assumed, (Budiman, 2023).

Contrary to conventional expectations in financial literacy literature, financial literacy does not directly reduce risky credit behavior among PayLater users. This finding suggests the presence of a knowledge–behavior gap, where possessing financial knowledge does not automatically translate into prudent financial behavior. In highly frictionless digital credit environments such as PayLater platforms, financial decisions are often made rapidly, reducing the opportunity for deliberate cognitive evaluation. This result aligns with behavioral finance theories emphasizing that decision-making under time pressure and convenience is frequently dominated by automatic, intuitive processes rather than analytical reasoning. Even financially literate individuals may underestimate future repayment burdens when credit is embedded seamlessly into consumption experiences. As such, financial literacy alone may be insufficient to counteract behavioral biases such as present bias and overconfidence in managing future obligations. However, financial literacy significantly enhances self-control, indicating that financial knowledge contributes to an individual's capacity for behavioral regulation. This finding supports the argument that financial literacy functions as an enabling resource rather than a direct behavioral determinant. Individuals with higher financial literacy appear better equipped to develop self-regulatory skills, although these skills may not always be activated in PayLater usage contexts, (Aryan, 2024).

Impulse buying emerges as the most robust and consistent predictor of risky credit behavior. This finding reinforces prior consumer behavior research that identifies impulsivity as a key antecedent of excessive credit use and repayment difficulties. In the PayLater context, impulsive purchasing is amplified by platform design features such as instant approval, deferred

payment framing, and promotional cues that emphasize affordability over long-term cost. The strong positive association between impulse buying and risky credit behavior highlights that BNPL services effectively lower the psychological barrier to credit consumption. Consumers may perceive PayLater as an extension of purchasing rather than borrowing, thereby disconnecting consumption decisions from future financial consequences. This mechanism is particularly salient in urban consumer environments like Jakarta, where digital shopping intensity and promotional exposure are high. These findings suggest that risky credit behavior in BNPL is driven less by financial ignorance and more by behavioral susceptibility to impulsive consumption, reinforcing the need to integrate behavioral controls into digital credit systems, (Ahmadova, 2024).

Although self-control is theoretically expected to mitigate impulsive behavior and financial risk, the results show that self-control neither directly reduces risky credit behavior nor mediates the relationship between impulse buying and credit risk. This finding challenges traditional self-regulation models when applied to digital credit environments. One plausible explanation lies in the concept of ego depletion and situational override, where self-control resources are undermined by persistent external stimuli. PayLater platforms continuously expose users to promotions, reminders, and simplified repayment options, which may erode the effectiveness of self-control even among individuals with strong regulatory capacity. Additionally, the immediacy and convenience of BNPL transactions may shift financial decisions from conscious deliberation to automatic responses, as described in dual-process theory. In such contexts, self-control may fail to intervene in real time, rendering it ineffective as a behavioral safeguard against impulsive credit use. This finding suggests that relying on individual self-control as a primary risk-mitigation mechanism may be insufficient in fintech-driven credit markets, (K. Singh, 2025).

The findings contribute to the behavioral finance literature by demonstrating that risk in BNPL usage is predominantly behavioral rather than cognitive. While financial literacy enhances self-control, neither factor independently prevents risky credit behavior in PayLater usage. Instead, impulsive buying behavior operates as the critical transmission mechanism through which credit risk materializes. This study extends existing research by highlighting the limitations of traditional financial literacy frameworks in explaining consumer behavior within embedded digital credit systems. The results suggest that behavioral interventions must go beyond education and target the structural features of BNPL platforms that encourage impulsive consumption. Furthermore, the absence of a mediating effect of self-control underscores the importance of contextual and environmental factors in shaping financial behavior, particularly in emerging markets where digital finance adoption is rapid and regulatory frameworks are still evolving.

CONCLUSION

This study examines the interplay between financial literacy, impulse buying, self-control, and risky credit behavior in the context of PayLater usage in Jakarta. Drawing on behavioral finance and consumer behavior theories, the findings offer important insights into the mechanisms underlying credit risk in Buy Now Pay Later (BNPL) services within an emerging market setting. The results indicate that impulse buying is the dominant driver of risky credit behavior among PayLater users. Individuals with higher impulsive purchasing tendencies are significantly more likely to engage in credit behaviors that increase repayment risk. This finding underscores the behavioral nature of credit risk in BNPL environments, where consumption decisions are often decoupled from the perception of borrowing.

Financial literacy, while enhancing self-control, does not directly reduce risky credit behavior. This highlights a critical knowledge–behavior gap, suggesting that financial knowledge alone is insufficient to counteract impulsive tendencies in highly frictionless digital credit

systems. Similarly, self-control neither directly mitigates risky credit behavior nor mediates the relationship between impulse buying and credit risk, indicating that individual self-regulatory capacity may be overridden by contextual and technological factors embedded in PayLater platforms.

Overall, the findings suggest that risky credit behavior in PayLater usage is shaped less by deficiencies in financial knowledge and more by behavioral biases and platform design characteristics that facilitate impulsive consumption. This study contributes to the literature by demonstrating the limitations of traditional financial literacy and self-control frameworks when applied to digital credit products, emphasizing the need for behaviorally informed approaches to credit risk management.

Based on the empirical findings, several policy and managerial recommendations can be proposed to mitigate risky credit behavior associated with PayLater usage. Regulatory authorities should complement financial literacy initiatives with behaviorally oriented policy interventions. Standard financial education programs, while necessary, are insufficient in isolation. Policymakers may consider implementing regulatory guidelines that enhance transparency and introduce friction in PayLater transactions, such as (i) Mandatory standardized disclosure of total outstanding PayLater obligations across platforms, (ii) Clear presentation of cumulative repayment amounts and future payment schedules at the point of purchase, (iii) Cooling-off periods or confirmation delays for PayLater transactions exceeding certain thresholds. Additionally, regulators may explore behavioral risk indicators such as frequent impulsive transactions or rapid accumulation of PayLater contracts as supplementary inputs in consumer protection frameworks and credit risk monitoring.

PayLater providers, both banking and non-bank, should integrate behavioral risk management into platform design. Given the strong role of impulse buying in driving risky credit behavior, providers are encouraged to implement real-time alerts that inform users of their total PayLater exposure before transaction confirmation, introduce soft friction mechanisms, such as reflective prompts or repayment impact simulations, to discourage impulsive credit use, Develop user dashboards that visualize credit utilization trends and repayment capacity over time. These measures can help align consumer behavior with long-term financial sustainability while reducing non-performing financing (NPF) risks.

Financial literacy programs should move beyond knowledge dissemination and incorporate behavioral skill development. Educational initiatives may be redesigned to emphasize, recognition of impulsive consumption triggers in digital environments, practical budgeting strategies tailored to BNPL usage, training in delayed gratification and decision-making under digital convenience. Such programs are likely to be more effective when combined with digital tools and platform-level interventions that reinforce responsible credit behavior.

Despite its contributions, this study has several limitations. First, the cross-sectional design limits causal inference and does not capture changes in behavior over time. Future studies may employ longitudinal or experimental designs to examine how PayLater usage patterns evolve and how behavioral interventions influence credit risk. Second, this study focuses on users in Jakarta; extending the analysis to other regions or conducting cross-country comparisons would enhance generalizability. Third, future research may incorporate platform-level variables such as interface design, promotional intensity, and algorithmic credit scoring to further explain behavioral risk in BNPL usage. In conclusion, this study highlights that managing credit risk in PayLater services requires a shift from purely educational approaches toward integrated behavioral and structural interventions. By addressing impulsive consumption tendencies and embedding behavioral safeguards within digital credit platforms, policymakers and industry stakeholders can promote more sustainable PayLater usage and reduce systemic credit risk in rapidly digitalizing economies such as Indonesia.

LIMITATION

The Jakarta context provides a unique setting characterized by high digital adoption, dense promotional exposure, and increasing household credit reliance. The findings indicate that PayLater users in Jakarta may possess adequate financial knowledge but remain vulnerable to impulsive consumption due to platform design and urban consumption culture. This insight helps explain why rising BNPL adoption has been accompanied by increasing non-performing financing (NPF), particularly in banking-based BNPL. It suggests that credit risk management should incorporate behavioral diagnostics rather than relying solely on income-based or knowledge-based assessments.

From a practical perspective, BNPL providers should integrate behaviorally informed design features, such as real-time spending alerts and repayment simulations, friction-enhancing mechanisms before transaction confirmation, transparent disclosure of cumulative PayLater obligations. For policymakers and regulators, the findings imply that financial literacy programs must be complemented by behavioral nudges and regulatory safeguards. Regulatory interventions could include standardized cost disclosures, cooling-off periods, and limits on impulsive credit activation..

REFERENCES

Ahmadova, E. (2024). Analysis of the impulsive buyer behavior: empirical evidences from Azerbaijan. Journal of Islamic Marketing, 15(2), 314–337. https://doi.org/10.1108/JIMA-10-2022-0271

Akin, I. (2024). Behavioral finance impacts on US stock market volatility: An analysis of market anomalies. Behavioural Public Policy. https://doi.org/10.1017/bpp.2024.13

Aryan, L. A. (2024). How digital financial literacy impacts financial behavior in Jordanian millennial generation. International Journal of Data and Network Science, 8(1), 117–124. https://doi.org/10.5267/j.ijdns.2023.10.011

Bai, R. (2023). Impact of financial literacy, mental budgeting and self control on financial wellbeing: Mediating impact of investment decision making. Plos One, 18(11). https://doi.org/10.1371/journal.pone.0294466

Baumeister, Roy F., Vohs, Kathleen D., & Tice, Dianne M. (2007). The Strength Model of. 16(6), 351–355.

Budiman, C. (2023). The effect of paylater on purchase decision and continuance intention in generation Z at GoFood application. E3s Web of Conferences, Vol. 426. https://doi.org/10.1051/e3sconf/202342601084

Chen, F. (2024). Financial knowledge and responsible credit card behavior: exploring mediators and moderators. International Journal of Bank Marketing, 42(5), 1092–1113. https://doi.org/10.1108/IJBM-07-2023-0404

Degtyareva, K. (2023). Analyzing Credit Card Defaulters: A Comparative Study Using Kohonen Maps, Neural Networks, and Decision Trees. Proceeding International Conference on Information Technology and Computing 2023 Icitcom 2023, pp. 152–157. https://doi.org/10.1109/ICITCOM60176.2023.10442729

Duan, X. (2025). Mental simulation and compulsive buying: a multiple mediation model through impulse buying and self-control. Frontiers in Psychology, 16. https://doi.org/10.3389/fpsyg.2025.1507031

Elliehausen, Gregory. (2010). Implications of Behavioral Research for the Use and Regulation of Consumer Credit Products.

Filippini, M. (2024). Sustainable finance literacy and the determinants of sustainable investing. Journal of Banking and Finance, 163. https://doi.org/10.1016/j.jbankfin.2024.107167

G, Suresh. (2024). Impact of Financial Literacy and Behavioural Biases on Investment Decision-making. Fiib Business Review, 13(1), 72–86. https://doi.org/10.1177/23197145211035481

Investor, Jumlah. (2025). SEKTOR JASA KEUANGAN DI DKI JAKARTA DAN BANTEN TERJAGA STABIL DAN TUMBUH POSITIF Jakarta , Januari 2025 .

Juanim, J. (2024). Exploring advertising stimulus, hedonic motives, and impulse buying behavior in Indonesia's digital context: demographics implications. Cogent Business and Management, 11(1). https://doi.org/10.1080/23311975.2024.2428779

Kamble, P. A. (2024). Financial Inclusion and Digital Financial Literacy: Do they Matter for Financial Well-being? Social Indicators Research, 171(3), 777–807. https://doi.org/10.1007/s11205-023-03264-w

Koskelainen, T. (2023). Financial literacy in the digital age—A research agenda. Journal of Consumer Affairs, 57(1), 507–528. https://doi.org/10.1111/joca.12510

Krajčík, V. (2023). Digital Literacy and Digital Transformation Activities of Service and Manufacturing SMEs. Journal of Tourism and Services, 14(26), 242–262. https://doi.org/10.29036/jots.v14i26.551

Kurniawan, Y. (2021). Analysis of the effect of usefulness, ease of use, and security perception on intentions to use the paylater application. Journal of Theoretical and Applied Information Technology, Vol. 99, pp. 3542–3554. Retrieved from https://www.scopus.com/inward/record.uri?partnerID=HzOxMe3b&scp=85111608446&origin=inward

Laibson, David I. (1996). HYPERBOLIC DISCOUNT FUNCTIONS, UNDERSAVING, AND SAVINGS POLICY.

Lee, S. (2023). The influence of home shopping television network impulse buying on product shortages. Journal of Operations Management, 69(7), 1100–1123. https://doi.org/10.1002/joom.1238

Legros, E. (2024). The Impact of Online Behavioral Advertising on Consumer Attitude and Impulse Buying: The Moderating Role of Privacy Concerns. Asia Marketing Journal, 26(3), 201–212. https://doi.org/10.53728/2765-6500.1638

Lone, U. M. (2024). Impact of financial literacy on financial well-being: a mediational role of financial self-efficacy. Journal of Financial Services Marketing, 29(1), 122–137. https://doi.org/10.1057/s41264-022-00183-8

Ltifi, M. (2025). Mobile ID and Impulsive Purchasing behavior, What Relationship? Control, Mediator and Moderator Effects. Journal of African Business. https://doi.org/10.1080/15228916.2025.2515307

Molina-García, A. (2023). Financial literacy in SMEs: a bibliometric analysis and a systematic literature review of an emerging research field. Review of Managerial Science, Vol. 17, pp. 787–826. https://doi.org/10.1007/s11846-022-00556-2

Nakashima, H. H. (2024). Users' trust in black-box machine learning algorithms. Revista De Gestao, 31(2), 237–250. https://doi.org/10.1108/REGE-06-2022-0100

Nyrhinen, J. (2024). Online antecedents for young consumers' impulse buying behavior. Computers in Human Behavior, 153. https://doi.org/10.1016/j.chb.2023.108129

Purwanto, Setiyo, Perkasa, Didin Hikmah, & Abadi, Ferryal. (2023). Assessment of Banking Conditions on Financial Distress During the Period of COVID-19 in Indonesia. 20, 467–474. https://doi.org/10.37394/23207.2023.20.42

Rohde, Kirsten I. M. (2010). The hyperbolic factor : A measure of time inconsistency. 125–140. https://doi.org/10.1007/s11166-010-9100-2

Sabri, M. F. (2024). Impact of financial behaviour on financial well-being: evidence among young adults in Malaysia. Journal of Financial Services Marketing, 29(3), 788–807. https://doi.org/10.1057/s41264-023-00234-8

Singh, K. (2025). Credit risks, national governance and profitability in microfinancing sector: evidence from some emerging economies of world importance. International Journal of Emerging Markets, 20(5), 2110–2131. https://doi.org/10.1108/IJOEM-04-2023-0665

Singh, S. (2024). Impulse buying and checkout donation: leveraging reparatory processes of purchase guilt. International Review on Public and Nonprofit Marketing, 21(1), 83–106. https://doi.org/10.1007/s12208-022-00363-1

Vissing-jorgensen, Annette. (2002). LIMITED ASSET MARKET PARTICIPATION AND THE ELASTICITY OF INTERTEMPORAL SUBSTITUTION.

Waliszewski, K. (2023). The role of the Lendtech sector in the consumer credit market in the context of household financial exclusion. Oeconomia Copernicana, 14(2), 609–643. https://doi.org/10.24136/oc.2023.017

Wang, Y. (2024). Analysis of users' impulse purchase behavior based on data mining for e-commerce live broadcast. Electronic Commerce Research. https://doi.org/10.1007/s10660-024-09820-x

Xiao, Y. (2024). Can social appearance anxiety promote the online impulse buying of beauty products among young females? A moderated mediation model of sense of control and perceived coronavirus stress. Current Psychology, 43(20), 18119–18132. https://doi.org/10.1007/s12144-024-05650-0

Xue, Y. (2024). How technical and situational cues affect impulse buying behavior in social commerce? Evidence from bored consumers. Frontiers in Psychology, 15. https://doi.org/10.3389/fpsyg.2024.1405189

Yassin, C. A. (2023). Understanding impulse buying: a two-faceted tale. Journal of Consumer Marketing, 40(7), 884–896. https://doi.org/10.1108/JCM-09-2020-4116

Zhang, Y. (2025). Beauty and impulse: how body image influences impulse buying. Asia Pacific Journal of Marketing and Logistics. https://doi.org/10.1108/APJML-10-2024-1511

Zhou, K. (2024). Two-Stage Credit Management for Peer-to-Peer Electricity Trading in Consortium Blockchain. IEEE Transactions on Industrial Informatics, 20(3), 3868–3879. https://doi.org/10.1109/TII.2023.3316177