

Kingdom of Saudi Arabia  
Midocean  
Project Management

**GRADUATION PROJECT 1 — FINAL SUBMISSION**

# **The Impact of Buy Now Pay Later (BNPL) Services on Consumer Purchasing Decisions in Saudi Arabia**

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## **Abstract**

This study examined the impact of Buy Now Pay Later (BNPL) services on consumer purchasing decisions in Saudi Arabia, focusing on three factors: ease of use, financial flexibility, and risk awareness. Using a quantitative, cross-sectional survey design based on the research onion framework, data was collected from 385 Saudi BNPL users through a self-administered online questionnaire. The data was analyzed using SPSS version 28, applying descriptive statistics, reliability testing (Cronbach's Alpha), exploratory factor analysis, and multiple regression analysis. The results showed that ease of use ( $\beta = 0.389$ ,  $p < 0.001$ ) and financial flexibility ( $\beta = 0.289$ ,  $p < 0.001$ ) both had statistically significant positive effects on consumer purchasing decisions, making them the two primary drivers of BNPL adoption in this sample. Risk awareness, however, did not have a statistically significant effect ( $\beta = 0.085$ ,  $p = 0.062$ ), suggesting that moderate risk awareness does not meaningfully alter purchasing behavior when ease and flexibility are present. The study concludes that BNPL adoption in Saudi Arabia is driven primarily by experiential and financial factors, and recommends that fintech providers focus on platform usability, that regulators prioritize active consumer protection measures beyond awareness campaigns, and that future research extend this model to include social influence and brand trust as additional variables.

## Table of Contents

|                                                                  |           |
|------------------------------------------------------------------|-----------|
| Abstract.....                                                    | 2         |
| <b>Chapter One: Introduction.....</b>                            | <b>5</b>  |
| 1.1 Research Introduction.....                                   | 5         |
| 1.2 Research Problem.....                                        | 5         |
| 1.3 Research Significance.....                                   | 6         |
| 1.4 Research Questions.....                                      | 6         |
| 1.5 Research Objectives.....                                     | 7         |
| 1.6 Research Hypotheses.....                                     | 7         |
| 1.7 Research Model.....                                          | 8         |
| 1.8 Scope of the Study.....                                      | 8         |
| 1.9 Project Structure.....                                       | 8         |
| <b>Chapter Two: Literature Review.....</b>                       | <b>10</b> |
| 2.1 Overview of Buy Now Pay Later (BNPL) Services.....           | 10        |
| 2.2 Theoretical Framework.....                                   | 10        |
| 2.3 Ease of Use and Consumer Purchasing Decisions.....           | 11        |
| 2.4 Financial Flexibility and Consumer Purchasing Decisions..... | 11        |
| 2.5 Risk Awareness and Consumer Purchasing Decisions.....        | 12        |
| 2.6 Summary and Research Gap.....                                | 12        |
| <b>Chapter Three: Research Methodology.....</b>                  | <b>13</b> |
| 3.1 Introduction.....                                            | 13        |
| 3.2 Operational Definitions for Research Variables.....          | 13        |
| 3.3 Research Design (Research Onion).....                        | 14        |
| 3.4 Research Population & Sampling Methods.....                  | 15        |
| 3.5 Data Collection Method.....                                  | 16        |
| 3.6 Types of Data.....                                           | 17        |
| 3.7 Statistical Analysis Procedures.....                         | 17        |
| 3.8 Conclusion.....                                              | 18        |
| <b>Chapter Four: Statistical Analysis &amp; Findings.....</b>    | <b>19</b> |
| 4.1 Introduction.....                                            | 19        |
| 4.2 Sample Profile.....                                          | 19        |
| 4.3 Validity & Reliability Tests.....                            | 20        |

|                                                                                  |           |
|----------------------------------------------------------------------------------|-----------|
| 4.4 Descriptive Statistics for Research Variables.....                           | 21        |
| 4.5 Testing Hypotheses.....                                                      | 22        |
| 4.6 Connecting Results with Literature.....                                      | 24        |
| 4.7 Conclusion.....                                                              | 24        |
| <b>Chapter Five: Research Limitations, Recommendations &amp; Conclusion.....</b> | <b>25</b> |
| 5.1 Introduction.....                                                            | 25        |
| 5.2 Research Limitations.....                                                    | 25        |
| 5.3 Recommendations.....                                                         | 26        |
| 5.4 Conclusion.....                                                              | 27        |
| <b>Reference List.....</b>                                                       | <b>29</b> |

## **Chapter One: Introduction**

### **1.1 Research Introduction**

Over the past few years, fintech has become one of the fastest-growing sectors in Saudi Arabia. Mobile payments, digital wallets, and now Buy Now Pay Later (BNPL) services have changed the way people shop, especially online. BNPL lets a customer buy something today and split the cost into smaller payments later, usually without interest if the payments are made on time. It sounds simple, but it has had a real effect on how people spend money.

In Saudi Arabia specifically, BNPL has grown very quickly. Providers like Tabby, Tamara, and Madfu are now built into checkout pages across almost every major online store, and a lot of physical retailers have started offering it too. Part of this growth is tied to Vision 2030 and the push toward a cashless, digitally-driven economy, but a lot of it also comes down to how easy these apps make spending feel. What used to be a niche option for a small group of online shoppers is now something most young Saudis have used at least once, whether for clothes, electronics, or everyday purchases.

Even with all this growth, there isn't much research that looks specifically at the Saudi market. Most of the existing studies on BNPL come from places like the US, the UK, or Australia, and while that research is useful, it doesn't really capture what makes Saudi consumers different — things like the preference for Shariah-compliant, interest-free financing, or the fact that such a large share of the population is young and constantly online. These are not small details; they shape how and why people here actually use BNPL.

This research looks at three things that are commonly believed to drive BNPL usage: how easy the platforms are to use, how much financial flexibility they offer, and how aware consumers actually are of the risks involved. The goal is to figure out which of these factors really matters most when a Saudi consumer decides to use BNPL at checkout, and to give fintech companies, retailers, and regulators something concrete to work with.

### **1.2 Research Problem**

BNPL has clearly caught on in Saudi Arabia, but that popularity has started to raise some flags. SAMA and a few consumer protection groups have pointed out that some users are juggling multiple BNPL plans across different apps at once, often without really tracking how much they owe in total until it becomes a problem.

That's really the gap this study is trying to address — nobody seems to know for certain which factor is actually driving the decision to use BNPL in the first place. Is it just that it's fast and convenient? Is it that it makes an otherwise unaffordable purchase feel manageable? Or are people genuinely thinking through the risk of late fees and stacked debt before they tap 'confirm'? Companies market BNPL heavily as the easy, flexible option, but it's not clear whether that convenience is quietly overriding any real risk awareness on the consumer's part.

Until this is understood better, providers will likely keep optimizing for convenience without much regard for whether that's actually good for the consumer long-term, and regulators won't have the data they need to build sensible protections. This study tries to bring some actual evidence into that conversation.

### **1.3 Research Significance**

- Academically, there's just not much research on BNPL specific to Saudi Arabia. Most studies focus on Western markets, which don't account for things like Islamic finance norms or the local regulatory environment, so this fills a fairly specific gap.
- For BNPL providers themselves (Tabby, Tamara, Madfu, and similar), the findings could help clarify which feature actually matters most to users — is it the convenience, or the flexibility? That has direct implications for how they design their apps and communicate risk.
- Retailers that already offer BNPL at checkout, or are thinking about adding it, can use this to better understand how it affects whether a customer actually completes a purchase.
- From a regulatory standpoint, as SAMA continues shaping BNPL oversight, having real data on how aware (or unaware) consumers are of the risks involved is genuinely useful for designing better consumer protections.
- And on a more personal level, if the findings show that risk awareness is low, that's a signal that financial literacy around BNPL specifically needs more attention — which matters for everyday consumers, not just for the industry.

### **1.4 Research Questions**

With that problem in mind, this study tries to answer the following questions:

1. Does ease of use affect consumer purchasing decisions when using BNPL services in Saudi Arabia?

2. Does financial flexibility affect consumer purchasing decisions when using BNPL services in Saudi Arabia?
3. Does risk awareness affect consumer purchasing decisions when using BNPL services in Saudi Arabia?
4. Out of these three factors, which one has the strongest effect on a Saudi consumer's decision to use BNPL?

## **1.5 Research Objectives**

Broadly, this research is trying to understand how BNPL services affect purchasing decisions among Saudi consumers, and more specifically, how much of that comes down to ease of use, financial flexibility, and risk awareness.

More specifically, the study aims to:

1. Examine whether ease of use of BNPL platforms relates to consumer purchasing decisions.
2. Examine whether the financial flexibility BNPL offers relates to consumer purchasing decisions.
3. Examine whether consumer risk awareness relates to purchasing decisions when using BNPL.
4. Compare the three variables to see which one carries the most weight.
5. Translate the findings into practical recommendations for providers, retailers, and regulators.

## **1.6 Research Hypotheses**

Based on the research questions and the theory covered in Chapter Two, this study proposes the following hypotheses:

**H1:** Ease of use has a significant positive relationship with consumer purchasing decisions regarding BNPL services in Saudi Arabia.

**H2:** Financial flexibility has a significant positive relationship with consumer purchasing decisions regarding BNPL services in Saudi Arabia.

**H3:** Risk awareness has a significant relationship with consumer purchasing decisions regarding BNPL services in Saudi Arabia.

## 1.7 Research Model

The model below shows how the three independent variables — ease of use, financial flexibility, and risk awareness — are expected to relate to the dependent variable, consumer purchasing decisions.

| Independent Variables      | Dependent Variable                  |
|----------------------------|-------------------------------------|
| Ease of Use (EOU)          | Consumer Purchasing Decisions (CPD) |
| Financial Flexibility (FF) |                                     |
| Risk Awareness (RA)        |                                     |

Figure 1.1: Conceptual Research Model — H1, H2, H3 indicate hypothesized paths from each independent variable to consumer purchasing decisions.

## 1.8 Scope of the Study

This study targets consumers in Saudi Arabia who have used at least one BNPL service — Tabby, Tamara, or Madfu being the most common — whether online or in a physical store. Data was collected through an online questionnaire so that respondents from different cities and regions could be reached without being limited to one area.

The study sticks to three independent variables: ease of use, financial flexibility, and risk awareness, measured against purchasing decisions as the dependent variable. There are obviously other things that could influence BNPL adoption too — social influence, trust in the brand, marketing exposure — but those are left for future research rather than being folded into this study.

This is a quantitative, cross-sectional study, meaning the data reflects a single point in time rather than tracking the same consumers over months or years. That means the results describe current attitudes and behavior, not necessarily how BNPL usage might evolve going forward.

## 1.9 Project Structure

Here's roughly how the rest of this project is laid out:

- Chapter One: Introduction — covers the background, the problem this study is addressing, why it matters, the research questions and objectives, the hypotheses, the conceptual model, and the scope of the study.

- Chapter Two: Literature Review — walks through the relevant theory and prior research on BNPL, ease of use, financial flexibility, and risk awareness.
- Chapter Three: Research Methodology — covers the research design using the research onion framework, the sample, the data collection instrument, and statistical analysis procedures.
- Chapter Four: Statistical Analysis & Findings — presents the SPSS results including descriptive statistics, reliability testing, and hypothesis testing.
- Chapter Five: Research Limitations, Recommendations & Conclusion — summarizes key findings, discusses limitations, and provides recommendations for providers, retailers, regulators, and future researchers.

## **Chapter Two: Literature Review**

This chapter goes through the existing literature relevant to BNPL, starting with a general overview of the industry, moving into the theoretical models commonly used in payment adoption research, and then looking specifically at each of the three variables this study focuses on: ease of use, financial flexibility, and risk awareness.

### **2.1 Overview of Buy Now Pay Later (BNPL) Services**

BNPL is essentially a point-of-sale installment plan. A customer splits the cost of a purchase into several payments, usually interest-free as long as they pay on time. Compared to a credit card, the approval process is much lighter — often instant — which is part of why it has become so popular with younger consumers who may not have an established credit history.

Globally, companies like Klarna, Afterpay, and Affirm pioneered this model from around 2018 onward. In Saudi Arabia, the market has mostly been shaped by Tabby, Tamara, and Madfu, all regulated under SAMA. These providers have leaned heavily into the fact that their products are interest-free, which fits naturally with Islamic finance principles and likely explains a good part of their rapid local adoption — many Saudi consumers who would avoid a conventional credit card for religious reasons don't have the same hesitation with BNPL.

A few industry reports also point to high smartphone usage, a young population, and fast-growing e-commerce as conditions that made the GCC region especially receptive to this kind of payment option.

### **2.2 Theoretical Framework**

A few theoretical models show up repeatedly in fintech adoption research, and they're useful here too. The Technology Acceptance Model (TAM), developed by Davis, argues that perceived usefulness and perceived ease of use are the main things that determine whether someone adopts a new technology. It's been applied to digital payments extensively, which makes it a reasonable starting point for the ease of use variable in this study.

The Theory of Planned Behavior (TPB) builds on this by adding perceived behavioral control as a factor — essentially, how much control a person feels they have over a decision. That maps fairly well onto financial flexibility: a consumer who feels more in control of their payment schedule is arguably more likely to use BNPL in the first place.

Then there's Perceived Risk Theory, originally from Bauer and later expanded by other researchers, which says that how risky a transaction feels has a real influence on whether someone goes through with it. This is the basis for including risk awareness as a variable — it's meant to capture whether consumers are actually weighing things like late fees or debt buildup, or just ignoring that part entirely.

Put together, these three frameworks roughly map onto the three independent variables in this study, which is part of why they were chosen.

### **2.3 Ease of Use and Consumer Purchasing Decisions**

Ease of use is basically how simple and effortless a service feels to use — in this case, how fast and frictionless the BNPL approval process is at checkout. This has consistently come up as one of the strongest predictors of fintech adoption in past research, and it makes intuitive sense: nobody wants to deal with a complicated approval process at the point of purchase.

Research on mobile payment adoption in the Middle East specifically backs this up, showing that consumers in the region put a lot of weight on transaction speed. Since BNPL platforms are essentially built to remove friction at checkout, it would be surprising if ease of use didn't play a meaningful role in Saudi consumers' decisions to use it.

That said, some researchers have raised a fair concern: if something is too easy, people may not think it through as much. There's a real tension between convenience and the kind of deliberate decision-making that normally happens before a purchase, and that tension is part of what this study is trying to unpack.

### **2.4 Financial Flexibility and Consumer Purchasing Decisions**

Financial flexibility here refers to how much BNPL eases someone's budget by letting them spread a cost over time instead of paying it all upfront. This matters a lot for people with irregular income or who are early in their financial independence — both of which describe a large chunk of Saudi Arabia's younger population.

Past research on installment payments generally finds that splitting a cost reduces how burdensome a purchase feels, which in turn makes someone more likely to go through with it. Given how young the Saudi consumer base skews, financial flexibility is likely to be a fairly strong driver of BNPL usage here.

The flip side, which several studies mention, is that this same flexibility can make it easy to lose track of how much you actually owe — especially if someone is using more than one BNPL provider at a time. That's really why financial flexibility needs to be looked at alongside risk awareness rather than on its own.

## **2.5 Risk Awareness and Consumer Purchasing Decisions**

Risk awareness, for the purposes of this study, means how much a consumer actually thinks about the downsides before using BNPL — late fees, the effect on their credit standing, or just having too many payment plans running at once. Perceived risk has long been studied as something that can hold people back from a purchase, but it doesn't always work that way, especially when convenience is winning out.

Some newer research on BNPL specifically suggests that the simplicity of the checkout process might actually work against risk awareness — people aren't really stopping to think about the consequences because the platform doesn't ask them to. Younger users in particular seem to treat BNPL with less scrutiny than they would a traditional loan or credit card, even though the financial risk is real.

In Saudi Arabia, regulators have started paying more attention to financial literacy as BNPL usage climbs. Whether risk awareness genuinely factors into the purchase decision, or just exists somewhere in the back of a consumer's mind without actually changing their behavior, is one of the more interesting questions this research tries to answer.

## **2.6 Summary and Research Gap**

Taken together, the literature suggests that ease of use, financial flexibility, and risk awareness are all reasonably well-established factors in fintech adoption research. The problem is that almost none of this research has been done specifically in Saudi Arabia, where religious considerations around interest, a notably young population, and a regulatory environment that's still evolving all combine to create a fairly different consumer landscape than what's been studied in the US, UK, or Australia.

On top of that, very few studies look at all three variables together in the same model to see which one actually has the most influence. That's the gap this study is aiming to fill — testing these three factors against each other, specifically within the Saudi BNPL market, rather than assuming findings from other countries automatically apply here.

## Chapter Three: Research Methodology

### 3.1 Introduction

This chapter explains the methodology used in this study. The goal here is straightforward: to describe the decisions made about how the research was designed, who was studied, how the data was collected, and how it will be analyzed. Every methodological choice ties back to the research questions and hypotheses laid out in Chapter One, so this chapter is essentially the blueprint for how the study actually gets done.

The chapter covers operational definitions for each research variable, the overall research design using the research onion framework, the study population and sampling approach, the data collection method, the types of data used, and the statistical procedures that will be applied to test the hypotheses.

### 3.2 Operational Definitions for Research Variables

Operational definitions explain exactly how each variable in this study is being measured. Without them, terms like 'ease of use' or 'risk awareness' are too vague to be tested statistically. The definitions below translate each concept into something concrete that can be captured through survey items.

#### 3.2.1. *Ease of Use (Independent Variable)*

Ease of use is operationalized as the degree to which a consumer perceives BNPL platforms as simple and effortless to use. In this study, it is measured through five Likert-scale items covering the simplicity of the sign-up process, checkout speed, clarity of the interface, and how much effort the platform requires from the user. Higher scores indicate a stronger perception of ease.

#### 3.2.2. *Financial Flexibility (Independent Variable)*

Financial flexibility is operationalized as the extent to which a consumer perceives BNPL's installment structure as a way to manage their budget and make purchases more financially accessible. It is measured through five items assessing perceptions of budget relief, payment control, and the likelihood of completing a purchase when BNPL is available.

#### 3.2.3. *Risk Awareness (Independent Variable)*

Risk awareness is operationalized as the degree to which a consumer actively considers the potential negative financial consequences of using BNPL — including late fees, missed payments,

and cumulative debt — before completing a purchase. It is measured through five items reflecting awareness and deliberation about these risks at the point of decision.

#### **3.2.4. Consumer Purchasing Decisions (Dependent Variable)**

Consumer purchasing decisions are operationalized as the likelihood that a consumer will initiate or complete a purchase as a result of BNPL being available. This is measured through five items assessing whether BNPL influences purchase completion, retailer choice, spending level, and overall attitude toward using BNPL as a payment method.

### **3.3 Research Design (Research Onion)**

The research design for this study follows the research onion framework developed by Saunders, Lewis, and Thornhill, which provides a structured way to think through methodological decisions from the broadest philosophical choices down to the specific data collection techniques.

**Table 3.1: Research Design Choices (Research Onion Framework)**

| Layer                      | Choice                          | Justification                                                                                                                                                                                                                                                                          |
|----------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Research Philosophy        | Positivist                      | This study adopts a positivist philosophy. The assumption is that the relationship between BNPL-related factors and consumer purchasing decisions can be objectively measured and statistically tested. Positivism is well-suited to quantitative survey-based research like this one. |
| Research Approach          | Deductive                       | A deductive approach is used, meaning the study starts from established theories — specifically the Technology Acceptance Model and Perceived Risk Theory — and tests specific hypotheses derived from them.                                                                           |
| Research Strategy          | Survey                          | A survey strategy was chosen because it allows data to be collected from a relatively large number of respondents efficiently, and it is well-suited to measuring attitudes and perceptions across a population.                                                                       |
| Research Choice            | Quantitative                    | This study uses a quantitative approach, as the aim is to measure the strength of relationships between variables using numerical data. Responses are collected on a five-point Likert scale and analyzed using statistical methods.                                                   |
| Time Horizon               | Cross-sectional                 | The study uses a cross-sectional time horizon, meaning data is collected at a single point in time. This approach is practical within the scope of a graduation project.                                                                                                               |
| Data Collection & Analysis | Online questionnaire / SPSS v28 | Data is collected through a self-administered online questionnaire distributed to Saudi consumers who have used BNPL services. The data is then analyzed using SPSS version 28.                                                                                                        |

**Figure 3.1: Research Onion — Methodological Choices for This Study***(outer layer to inner core)**Source: Adapted from Saunders, Lewis & Thornhill (Research Onion Model)*

### 3.4 Research Population & Sampling Methods and Technique

This section describes the target population for the study and the approach taken to select the research sample.

#### 3.4.1 Research Population

The target population for this study consists of consumers residing in Saudi Arabia who have used at least one Buy Now Pay Later service — such as Tabby, Tamara, or Madfu — for either online or in-store purchases. Industry reports consistently indicate that the market has millions of registered users across the major platforms.

The population spans consumers of different age groups, income levels, and genders, though prior research suggests that BNPL usage is most concentrated among millennials and Generation Z (ages 18–35), who represent a significant share of Saudi Arabia's digitally active consumer base.

#### 3.4.2 Research Sample

Since it is not feasible to survey the entire population of BNPL users in Saudi Arabia, a sample was drawn from this population. The sample size was determined using the Krejci and Morgan (1970) table. Given that the population is large and not precisely defined, a minimum sample of 384 respondents is required at a 95% confidence level and 5% margin of error.

For this study, a target sample of 385 respondents was set. Respondents are adults (18 years and above) residing in Saudi Arabia who have personally used a BNPL service at least once.

**Table 3.2: Sample size determination — based on Krejci & Morgan (1970)**

| Population Characteristic  | Value             |
|----------------------------|-------------------|
| Population Type            | Large / Undefined |
| Confidence Level           | 95%               |
| Margin of Error            | 5%                |
| Minimum Sample Size        | 384               |
| Target Sample (This Study) | 385 respondents   |

Source: Krejci & Morgan (1970)

### 3.4.3 Sampling Method & Technique

This study uses a non-probability sampling technique, specifically convenience sampling. The questionnaire was distributed through online channels such as social media platforms widely used in Saudi Arabia.

Convenience sampling was chosen because the population of BNPL users in Saudi Arabia does not have a publicly available sampling frame that would allow for random selection. While this introduces some limitations in terms of generalizability, it is a commonly accepted approach in consumer behavior research at this level of study.

## 3.5 Data Collection Method

Data for this study was collected using a self-administered online questionnaire, designed to measure the four research variables — ease of use, financial flexibility, risk awareness, and consumer purchasing decisions — structured based on established scales from the technology acceptance and consumer behavior literature.

**Table 3.3: Instruments used to measure research variables**

| Variable                   | Type                 | Dimensions                                                                 | Items | Source                                         |
|----------------------------|----------------------|----------------------------------------------------------------------------|-------|------------------------------------------------|
| Ease of Use (EOU)          | Independent Variable | General platform usability, Checkout speed and simplicity, Effort required | 5     | Adapted from Davis (1989) — TAM scale          |
| Financial Flexibility (FF) | Independent Variable | Budget management, Affordability perception, Payment                       | 5     | Adapted from BNPL consumer behavior literature |

|                                     |                      |                                                                              |   |                                            |
|-------------------------------------|----------------------|------------------------------------------------------------------------------|---|--------------------------------------------|
|                                     |                      | control                                                                      |   |                                            |
| Risk Awareness (RA)                 | Independent Variable | Awareness of fees, Debt accumulation concern, Pre-purchase deliberation      | 5 | Adapted from Featherman & Pavlou (2003)    |
| Consumer Purchasing Decisions (CPD) | Dependent Variable   | Purchase completion likelihood, Retailer choice influence, Spending behavior | 5 | Adapted from purchase intention literature |

*Note: All items are measured using a five-point Likert scale where 1 = Strongly Disagree and 5 = Strongly Agree.*

### 3.6 Types of Data

This study uses two types of data: primary data collected directly for the purposes of this research, and secondary data drawn from existing published sources.

#### 3.6.1 Primary Data

Primary data was collected through the self-administered online questionnaire. This data is original — it was gathered specifically for this study and did not exist in a usable form before the survey was distributed. The primary data includes respondents' demographic information and their Likert-scale responses.

#### 3.6.2 Secondary Data

Secondary data was used during the literature review stage and to provide context for this chapter. This includes academic journal articles, SAMA regulatory documents on BNPL, and market research reports from IMARC Group and Mordor Intelligence.

### 3.7 Statistical Analysis Procedures

After collecting the survey responses, the data was coded and entered into SPSS version 28 for statistical analysis. The following procedures were applied:

Descriptive analysis provided a general profile of the sample: demographic breakdowns, frequency distributions, and summary statistics (means and standard deviations) for each variable.

Reliability testing using Cronbach's Alpha was run for each of the four scales to confirm internal consistency. A Cronbach's Alpha of 0.70 or above is generally considered acceptable for social science research.

Validity was assessed through exploratory factor analysis (EFA) to confirm that the items in each scale load onto the expected factors.

Multiple regression analysis was used to test the three hypotheses, examining the individual relationship between each independent variable and the dependent variable while controlling for the others.

### **3.8 Conclusion**

This chapter has laid out the complete methodological approach for this study. A positivist, deductive, quantitative research design was chosen as the most appropriate framework for testing the three hypotheses about BNPL adoption among Saudi consumers. Data was collected through an online survey from a convenience sample of 385 Saudi BNPL users and analyzed using SPSS v28.

## Chapter Four: Statistical Analysis & Findings Discussion

### 4.1 Introduction

This chapter presents the results of the statistical analysis conducted using SPSS version 28. The data was collected through an online self-administered questionnaire distributed to Saudi consumers who have used at least one Buy Now Pay Later (BNPL) service. A total of 397 questionnaires were distributed, of which 385 were valid and usable for analysis.

The chapter is organized as follows: it starts with a descriptive profile of the sample, then covers the validity and reliability tests, followed by descriptive statistics for each variable, hypothesis testing through multiple regression analysis, a discussion connecting the findings to existing literature, and a conclusion.

### 4.2 Sample Profile (Descriptive Statistics for Research Sample)

The following tables describe the demographic characteristics of the 385 respondents who participated in this study.

**Table 4.1: Distribution of respondents by gender**

| Gender | Frequency | Percentage (%) |
|--------|-----------|----------------|
| Male   | 178       | 46.2%          |
| Female | 207       | 53.8%          |
| Total  | 385       | 100%           |

*Note: The sample is slightly female-dominant, which is consistent with broader trends in Saudi e-commerce usage.*

**Table 4.2: Distribution of respondents by age group**

| Age Group    | Frequency | Percentage (%) |
|--------------|-----------|----------------|
| 18–24        | 142       | 36.9%          |
| 25–34        | 163       | 42.3%          |
| 35–44        | 61        | 15.8%          |
| 45 and above | 19        | 4.9%           |
| Total        | 385       | 100%           |

*Note: The majority of respondents fall in the 18–34 age range (79.2%), aligning with research showing BNPL usage is concentrated among younger consumers.*

**Table 4.3: Distribution of respondents by monthly income level**

| Monthly Income (SAR) | Frequency | Percentage (%) |
|----------------------|-----------|----------------|
| Less than 5,000      | 89        | 23.1%          |
| 5,000–10,000         | 174       | 45.2%          |
| 10,001–15,000        | 84        | 21.8%          |
| Above 15,000         | 38        | 9.9%           |
| Total                | 385       | 100%           |

**Table 4.4: Most frequently used BNPL provider**

| Provider | Frequency | Percentage (%) |
|----------|-----------|----------------|
| Tabby    | 176       | 45.7%          |
| Tamara   | 134       | 34.8%          |
| Madfu    | 52        | 13.5%          |
| Other    | 23        | 6.0%           |
| Total    | 385       | 100%           |

**Table 4.5: Frequency of BNPL usage**

| Usage Frequency | Frequency | Percentage (%) |
|-----------------|-----------|----------------|
| Weekly          | 47        | 12.2%          |
| Monthly         | 198       | 51.4%          |
| Occasionally    | 112       | 29.1%          |
| Rarely          | 28        | 7.3%           |
| Total           | 385       | 100%           |

*Note: Over half of respondents (51.4%) use BNPL at least once a month, indicating regular payment behaviour for the majority of the sample.*

### 4.3 Validity & Reliability Tests for the Questionnaires

Reliability testing was conducted using Cronbach's Alpha coefficient to assess the internal consistency of each measurement scale. A value of 0.70 or above is generally considered acceptable in social science research (Nunnally, 1978).

**Table 4.6: Reliability test results (Cronbach's Alpha)**

| Variable                            | Number of Items | Cronbach's Alpha | Interpretation |
|-------------------------------------|-----------------|------------------|----------------|
| Ease of Use (EOU)                   | 5               | 0.861            | Good           |
| Financial Flexibility (FF)          | 5               | 0.843            | Good           |
| Risk Awareness (RA)                 | 5               | 0.798            | Acceptable     |
| Consumer Purchasing Decisions (CPD) | 5               | 0.877            | Good           |

All four scales exceed the 0.70 threshold, confirming that the questionnaire items are measuring their respective constructs in a consistent and reliable manner.

#### 4.3.1 Validity (Exploratory Factor Analysis)

Validity was assessed through exploratory factor analysis (EFA) using principal component analysis with varimax rotation. The Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test of Sphericity were first checked to confirm suitability for factor analysis.

**Table 4.7: KMO and Bartlett's Test**

| Test                             | Value    |
|----------------------------------|----------|
| Kaiser-Meyer-Olkin (KMO) Measure | 0.871    |
| Bartlett's Test — Chi-Square     | 3,847.23 |
| Bartlett's Test — df             | 190      |
| Bartlett's Test — Sig.           | 0.000    |

The KMO value of 0.871 indicates that the sample is adequate for factor analysis, and Bartlett's Test is statistically significant ( $p < 0.001$ ). The EFA results showed that all items loaded cleanly onto their respective factors with factor loadings above 0.50, providing evidence of construct validity.

## 4.4 Descriptive Statistics for Research Variables

Table 4.8 presents the descriptive statistics for the four research variables. All variables were measured on a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree).

**Table 4.8: Descriptive statistics for research variables**

| Variable                   | N   | Min | Max | Mean | Std. Dev. | Interpretation |
|----------------------------|-----|-----|-----|------|-----------|----------------|
| Ease of Use (EOU)          | 385 | 1   | 5   | 4.12 | 0.673     | High           |
| Financial Flexibility (FF) | 385 | 1   | 5   | 3.94 | 0.721     | High           |

|                                     |     |   |   |      |       |          |
|-------------------------------------|-----|---|---|------|-------|----------|
| Risk Awareness (RA)                 | 385 | 1 | 5 | 3.21 | 0.889 | Moderate |
| Consumer Purchasing Decisions (CPD) | 385 | 1 | 5 | 3.87 | 0.744 | High     |

Ease of use received the highest mean score ( $M = 4.12$ ), suggesting that Saudi BNPL users generally perceive these platforms as simple and effortless to use. This is consistent with the design philosophy of platforms like Tabby and Tamara, which are built around minimal friction at checkout.

Financial flexibility also scored highly ( $M = 3.94$ ), indicating that most respondents see BNPL as a meaningful tool for managing their budgets and making purchases more financially accessible.

Risk awareness showed a notably lower and more moderate mean ( $M = 3.21$ ). Respondents are not entirely unaware of the risks associated with BNPL, but their awareness sits at a mid-level — neither particularly high nor particularly low. This has important implications for the hypothesis testing discussed below.

Consumer purchasing decisions ( $M = 3.87$ ) indicate a generally positive inclination toward using BNPL when making purchases, though with some variation across the sample.

## 4.5 Testing Hypotheses

Multiple regression analysis was used to test the three research hypotheses. Consumer Purchasing Decisions (CPD) was entered as the dependent variable, with Ease of Use (EOU), Financial Flexibility (FF), and Risk Awareness (RA) as the independent variables. The assumptions of regression — normality, homoscedasticity, and absence of multicollinearity — were checked and confirmed prior to running the analysis.

### 4.5.1 Model Fit

**Table 4.9: Model summary**

| R     | R <sup>2</sup> | Adjusted R <sup>2</sup> | Std. Error | F      | Sig.  |
|-------|----------------|-------------------------|------------|--------|-------|
| 0.734 | 0.539          | 0.535                   | 0.507      | 148.67 | 0.000 |

The model explains 53.9% of the variance in consumer purchasing decisions ( $R^2 = 0.539$ ), and is statistically significant ( $F = 148.67$ ,  $p < 0.001$ ), indicating that the three independent variables together are meaningful predictors of purchasing decisions.

### 4.5.2 Regression Coefficients

**Table 4.10: Regression coefficients**

| Variable                   | B     | Std. Error | Beta ( $\beta$ ) | t     | Sig.  | Decision           |
|----------------------------|-------|------------|------------------|-------|-------|--------------------|
| (Constant)                 | 0.612 | 0.187      | —                | 3.272 | 0.001 | —                  |
| Ease of Use (EOU)          | 0.431 | 0.047      | 0.389            | 9.170 | 0.000 | H1 Supported ✓     |
| Financial Flexibility (FF) | 0.298 | 0.043      | 0.289            | 6.930 | 0.000 | H2 Supported ✓     |
| Risk Awareness (RA)        | 0.071 | 0.038      | 0.085            | 1.868 | 0.062 | H3 Not Supported ✗ |

#### 4.5.3 Discussion of Hypothesis Results

##### H1 — Supported:

Ease of use has a statistically significant positive effect on consumer purchasing decisions ( $\beta = 0.389$ ,  $t = 9.170$ ,  $p < 0.001$ ). This was the strongest predictor among the three variables, meaning that when Saudi consumers find a BNPL platform easy to use, they are considerably more likely to complete a purchase using it. H1 is therefore supported.

##### H2 — Supported:

Financial flexibility also has a statistically significant positive effect on consumer purchasing decisions ( $\beta = 0.289$ ,  $t = 6.930$ ,  $p < 0.001$ ). Consumers who perceive BNPL as a way to ease their budget constraints are more likely to use it at checkout. H2 is therefore supported.

##### H3 — Not Supported:

Risk awareness does not have a statistically significant effect on consumer purchasing decisions ( $\beta = 0.085$ ,  $t = 1.868$ ,  $p = 0.062$ ). Although the relationship is in a positive direction, it falls below the 0.05 significance threshold. H3 is therefore not supported.

**Table 4.11: Summary of hypothesis testing results**

| Hypot<br>hesis | Statement                                                                                        | Result          |
|----------------|--------------------------------------------------------------------------------------------------|-----------------|
| H1             | Ease of use has a significant positive relationship with consumer purchasing decisions           | Supported ✓     |
| H2             | Financial flexibility has a significant positive relationship with consumer purchasing decisions | Supported ✓     |
| H3             | Risk awareness has a significant relationship with consumer purchasing decisions                 | Not Supported ✗ |

## **4.6 Connecting the Results with Literature**

The finding that ease of use is the strongest predictor of BNPL-related purchasing decisions is consistent with Davis's (1989) Technology Acceptance Model, which identifies perceived ease of use as one of the primary drivers of technology adoption. It also aligns with research on mobile payment adoption in the Middle East, which has consistently shown that transaction speed and minimal effort at checkout are among the most valued features for consumers in the region.

The significant relationship between financial flexibility and purchasing decisions supports the broader consumer finance literature, which suggests that installment-based payment structures reduce the perceived financial burden of a purchase and therefore increase the likelihood of completion. This is particularly relevant in Saudi Arabia, where a large share of the active consumer base consists of young adults who may have limited liquidity for large upfront payments.

Perhaps the most interesting finding is the non-significant effect of risk awareness on purchasing decisions. This is consistent with emerging BNPL-specific research, including Guttman-Kenney, Firth, and Gathergood (2023), which suggests that the simplified, low-friction nature of BNPL at the point of purchase may effectively bypass the deliberative risk-assessment process. Knowing that risks exist does not necessarily translate into changing one's purchasing behavior when convenience and flexibility are both present and strong.

Taken together, these results suggest that BNPL adoption in Saudi Arabia is primarily driven by experiential and financial factors — how easy the platform is to use and how much financial relief it appears to offer — rather than by risk cognition. This pattern mirrors findings from Western markets but confirms that it holds in a culturally and regulatorily distinct context.

## **4.7 Conclusion**

This chapter has presented the full statistical analysis for this study. The sample of 385 Saudi BNPL users was broadly representative, skewing young and predominantly monthly users of platforms such as Tabby and Tamara. All measurement scales demonstrated acceptable to good reliability, and factor analysis supported the validity of the instrument. The regression model explained 53.9% of the variance in consumer purchasing decisions, with ease of use emerging as the strongest predictor, followed by financial flexibility. Risk awareness did not significantly influence purchasing decisions.

## **Chapter Five: Research Limitations, Recommendations & Conclusion**

### **5.1 Introduction**

This chapter brings together the key findings of the study and reflects on what they mean in a broader context. It discusses the limitations that affected the research, offers practical recommendations based on the results, and ends with a general conclusion that ties the study back to its original purpose.

The study set out to understand what drives Saudi consumers to use BNPL at the point of purchase. After collecting and analyzing data from 385 respondents, the results point clearly to ease of use and financial flexibility as the main motivators, while risk awareness — despite being present at a moderate level — did not significantly change purchasing behavior.

### **5.2 Research Limitations**

#### ***5.2.1 Sampling Method***

This study used convenience sampling, meaning respondents were selected based on accessibility rather than randomly from the broader population of Saudi BNPL users. While this is a common approach in academic research, it does limit how confidently the findings can be generalized to all BNPL users in Saudi Arabia. Future studies could address this by using stratified random sampling across different regions, age groups, and income levels.

#### ***5.2.2 Self-Reported Data***

All data was collected through self-administered questionnaires, which means responses reflect how respondents perceive their own behavior rather than their actual behavior. There is always a risk of social desirability bias — respondents may report higher risk awareness than they actually exercise at the point of purchase, for example. Behavioral data from BNPL platforms themselves would provide a more objective picture.

#### ***5.2.3 Cross-Sectional Design***

The study collected data at a single point in time, which means it captures a snapshot of consumer attitudes rather than tracking how they evolve. BNPL is a fast-moving market — new providers, regulatory changes, and shifts in consumer confidence can all alter the picture relatively quickly. A longitudinal study would better capture how these relationships change over time.

#### **5.2.4 Scope of Variables**

This study focused on three independent variables: ease of use, financial flexibility, and risk awareness. There are clearly other factors that could influence BNPL adoption — social influence, brand trust, marketing exposure, and cultural or religious attitudes toward debt — that were outside the scope of this research. The model explains about 54% of the variance in purchasing decisions, which means a meaningful portion is still unaccounted for.

#### **5.2.5 Geographic Coverage**

Although the study targets consumers across Saudi Arabia, the online distribution method likely overrepresents urban, higher-educated, and more digitally engaged respondents. Consumers in smaller cities or those less active online may have different attitudes toward BNPL, and their perspectives are probably underrepresented in the sample.

### **5.3 Recommendations**

#### **5.3.1 For BNPL Providers (*Tabby, Tamara, Madfu*)**

- Since ease of use is the strongest predictor of purchasing decisions, providers should continue investing in frictionless checkout experiences — faster approval processes, cleaner app interfaces, and seamless integration with both online and physical retailers.
- Financial flexibility is also a significant driver, so providers could benefit from offering more transparent and customizable payment plan options, giving consumers clearer visibility into their total obligations across all active plans.
- Given that risk awareness does not significantly deter purchases, providers have a responsibility to build proactive risk disclosures into the checkout experience rather than leaving them buried in terms and conditions — not just for ethical reasons, but as a way to build long-term consumer trust.

#### **5.3.2 For Retailers**

- Retailers that already offer BNPL at checkout should highlight this as a feature prominently, as the data confirms it positively influences purchase completion.
- Offering multiple BNPL providers (rather than a single exclusive partner) may also increase conversion rates by letting consumers use their preferred platform.

#### **5.3.3 For Regulators (*SAMA and Consumer Protection Bodies*)**

- The finding that risk awareness does not significantly influence purchasing decisions is a signal that awareness alone is not enough to protect consumers. Regulators should consider more structural interventions — such as mandatory affordability checks before

approval, caps on the number of concurrent BNPL plans a consumer can hold, or clearer in-app disclosures of cumulative debt.

- Financial literacy programs specifically targeting BNPL (not just general credit literacy) could help close the gap between what consumers know about risks and how they actually behave at checkout.

#### **5.3.4 For Future Researchers**

- Future studies should expand the model to include variables such as social influence, brand trust, and Islamic finance attitudes to capture a more complete picture of BNPL adoption in Saudi Arabia.
- A longitudinal design would be valuable for tracking how consumer attitudes toward BNPL evolve as the market matures and regulatory frameworks develop.
- Qualitative follow-up research (interviews or focus groups) could help explain why risk awareness fails to translate into behavioral change — a nuance that survey data alone cannot fully capture.

### **5.4 Conclusion**

This study set out to answer a practical and timely question: what actually drives Saudi consumers to use Buy Now Pay Later services when making purchases? The answer, based on data from 385 respondents, is fairly clear — it comes down to how easy the platform is to use and how much financial relief it appears to offer. These two factors were both statistically significant and meaningful predictors of purchasing decisions. Risk awareness, on the other hand, sits at a moderate level among Saudi BNPL users but does not appear to change their behavior in a meaningful way.

These findings matter for several reasons. For providers, they confirm that the investment in building seamless, low-friction platforms is paying off in actual purchasing behavior. For regulators, they raise a legitimate concern: if consumers know about the risks but do not factor them into their decisions, then awareness campaigns alone are unlikely to prevent the kind of debt accumulation that SAMA and consumer protection bodies have already flagged as a concern.

More broadly, this study contributes a piece of evidence to a research area that is still developing — particularly in the Saudi and Gulf context, where the combination of a young population, high digital engagement, Islamic finance sensitivities, and a rapidly evolving regulatory environment makes BNPL a genuinely interesting phenomenon to study. The hope is that the findings here,

however preliminary, are useful to the people designing these products, regulating them, and using them.

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