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Buy Now and Pay Later in Emerging Markets: Exploring Why customers Adopt the Service

Abdullah Alhidari*, Mohammad Baitalmal

King Saud University, College of Business, Riyadh, Saudi Arabia. *Email: aalhidari@ksu.edu.sa

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ABSTRACT

Buy now pay later (BNPL) services are expanding rapidly in emerging markets, yet limited research has examined the consumer factors shaping their adoption in Saudi Arabia. This study investigates the influence of trust, electronic word of mouth (eWOM), and attitude toward cash on delivery (COD) on consumers' intention to adopt BNPL services, drawing on the theory of planned behavior. Data were collected through an online questionnaire from 300 respondents, including both users and non-users of BNPL services. Exploratory and confirmatory factor analysis were used to assess the measurement model, and structural equation modeling (SEM) was applied to test the proposed relationships among the latent constructs. The results show that trust and eWOM effects BNPL adoption positively, while attitude toward COD has a negative effect. The findings suggest that consumer trust and online recommendations shape BNPL adoption, whereas preference for COD reduce consumers' willingness to use BNPL services. The study offers implications for FinTech providers, retailers, and regulators in emerging markets.

Keywords: Buy Now Pay Later, Trust, Buy Now Pay Later Adoption, Attitude Toward Cash on Delivery
JEL Classifications: M31

1. INTRODUCTION

Digital payment systems are reshaping retailing, e-commerce, and consumer finance. In Saudi Arabia, this transformation has accelerated significantly as part of the national move toward a cashless economy. The Saudi Central Bank (SAMA) reported that electronic payments accounted for 85% of total retail payments in 2025, compared with 79% in 2024, while the number of electronic transactions reached 14.6 billion in 2025. This shift has opened space for new payment solutions such as buy now pay later (here after BNPL), which allows consumers to purchase goods and services immediately and pay through easy installments. BNPL is more than a payment option; it is a form of consumer finance that changes how people judge affordability and timing (Saudi Central Bank, 2026).

The Saudi market provides a particularly relevant context for examining BNPL adoption. E-commerce sales using debit cards reached SAR 197.42 billion in 2024, reflecting the scale of digital commerce and consumer readiness for electronic payment systems. At the same time, BNPL has become increasingly institutionalized within the Saudi financial system, with the Saudi Central Bank (SAMA) permitting and licensing BNPL providers as part of its broader support for FinTech, financial inclusion, and payment innovation (Abou Tine, 2025). Providers such as Tamara, Tabby, Postpay, and Cashew Payments now compete in this market (Newswire, 2021).

Despite the growing importance of BNPL, existing research remains fragmented. Some studies present BNPL as a convenient and flexible payment innovation that supports e-commerce adoption, while others warn that it encourage impulsive buying, weak financial planning, and consumer indebtedness. In addition, much of the existing literature has been conducted in developed markets such as Australia, the United Kingdom, and the United States, with fewer studies examining BNPL in emerging markets

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where payment habits, regulatory systems, and consumer trust mechanisms differ. In Saudi Arabia, the issue is further complicated by the coexistence of traditional payment preferences, such as cash on delivery (COD), with rapidly expanding digital payment systems and Sharia-sensitive consumer evaluations of financial services. Therefore, it remains unclear how trust, electronic word of mouth (here after eWOM), and attitudes toward cash on delivery (here after COD) shape consumers' intention to adopt BNPL services in this context.

To address this gap, this study examines the factors influencing consumers' intention to adopt BNPL. Drawing on the Theory of planned behavior, the study investigates the roles of trust, eWOM, and attitude toward COD in shaping BNPL adoption. Using survey data from 300 respondents in Saudi Arabia the study finds that trust and eWOM positively influence BNPL adoption, while attitude toward COD has a negative effect. The study contributes to the literature by extending understanding of BNPL adoption in an emerging markets and by highlighting the tension between traditional payment methods and new FinTech-enabled payment solutions.

1.1. Literature Review and Theoretical Background

Buy now pay later (BNPL) has emerged as an important FinTech-enabled payment model in digital commerce. BNPL differs from traditional credit card payments in several ways: it is usually offered at the point of sale, structured as short-term installments, linked to specific purchases, and often requires simpler background checks than credit card (Di Maggio et al., 2022). These features have made BNPL attractive to consumers and merchants, especially in online shopping environments where payment convenience and flexibility are important.

Some studies treat BNPL as a flexible innovation that supports e-commerce; others warn it encourages impulsive buying and indebtedness (PENZO, 2022). On the other hand, several studies raise concerns about consumer protection, impulsive buying, financial literacy, and the possibility that BNPL encourage overconsumption or risky financial behavior. For example, Ah Fook and McNeill (2020) found that BNPL use is associated with impulsive online buying, while Gerrans et al. (2021) showed that consumers with higher financial literacy tend to perceive lower benefits and higher risks from BNPL. More recently, Kumar and Nayak (2024) examined the relationship between risky financial behavior, impulsive buying, perceived risk, and BNPL adoption. Together these studies suggest convenience alone does not explain adoption — trust, social influence, perceived risk, and payment habits also matter.

Recent research has applied behavior-intention models to BNPL in emerging markets. Yamuna and Sahila (2026) found that experiential and psychological factors shapes intention to use BNPL. The study used technological acceptance model (TAM) as the foundation for explaining the user's behavior. Yamuna and Sahila (2026) focuses on trust, social influence, and the competing role of traditional payment habits, while our study focuses on sharia compliances and COD.

Regulation that governed BNPL services are unmatured. Johnson et al. (2021) argued that BNPL regulation may be insufficient because of issues such as information asymmetry, consumer misunderstanding, and regulatory gaps. Similarly, Alcazar and Bradford (2021) emphasized the need to examine BNPL's implications for payment systems, consumers, and financial regulation. These concerns are particularly important in emerging markets, where digital payment systems are developing quickly but consumer protection frameworks is not yet developed. Recent policy discussions have emphasized that consumers may misunderstand BNPL repayment obligations and the cumulative effect of repeated short-term borrowing (FinCoNet, 2024; OECD, 2025).

Saudi Arabia provides a particularly relevant context for studying BNPL adoption. The country has experienced rapid growth in digital payments and e-commerce, supported by national efforts to reduce cash dependency and develop the FinTech sector. In addition, the Saudi Central Bank (SAMA) has moved toward formalizing BNPL activity through permits and licensing, including the licensing of Tamara Finance Company to provide consumer finance and BNPL services (Saudi Central Bank, 2025). Recent evidence from the Kingdom shows that BNPL adoption is particularly pronounced among younger consumers, with Abed and Alkadi (2024) finding strong uptake of BNPL applications among Generation Z in Saudi Arabia. At the same time, the Saudi context has distinctive characteristics that may shape consumer adoption, including religious and ethical considerations in financial services, sensitivity toward Sharia compliance, and the historical role of cash-on-delivery as a trust-building mechanism in online transactions. Prior work has noted that BNPL legality and compliance with Islamic finance principles remain important issues in Muslim-majority markets (Katterbauer et al., 2023), while Mohamed (2023) highlighted the role of the Saudi regulatory sandbox in supporting FinTech innovation.

The theory of planned behavior explains intention through attitudes, social influence, and perceived control (Fishbein and Ajzen, 1975). In this study, trust, eWOM, and attitude toward COD are used to explain consumers' intention to adopt BNPL services. Trust in digital payment and online purchase contexts because consumers must believe that the provider and transaction process are reliable and secure. Trust has long been viewed as a central factor in exchange relationships, reflecting confidence in the reliability and integrity of the exchange partner (Morgan and Hunt, 1994). EWOM is also relevant because consumers often rely on online reviews, recommendations, and social media discussions before adopting new digital services. Hennig-Thurau et al. (2004) define eWOM as positive or negative statements made available to others through the internet, making it highly relevant to BNPL adoption in digital commerce. Finally, attitude toward COD is important because COD has historically reduced uncertainty in online shopping. As digital payments expand, consumers who prefer COD less willing to adopt newer digital payment solutions such as BNPL.

Therefore, this study addresses an important gap in the BNPL literature by examining how trust, eWOM, and attitude toward

COD influence consumers' intention to adopt BNPL services. While prior studies have examined BNPL in relation to impulsive buying, risk, financial literacy, and regulation, limited empirical research has investigated BNPL adoption in emerging market using a behavioral model that integrates trust, eWOM, and COD attitudes. This study contributes to the literature by extending understanding of BNPL adoption in an emerging market where digital payment growth, regulatory development, religious considerations, and traditional payment habits coexist.

1.2. Hypotheses Development

1.2.1. Trust, eWOM, and BNPL adoption

Trust is defined as one's confidence in an exchange partner's reliability and integrity, including perceptions of competence, honesty, responsibility, helpfulness, and benevolence (Morgan and Hunt, 1994). In digital commerce, trust is important because consumers often make purchase decisions without direct physical interaction with the seller or payment provider. This issue becomes even more important in the context of buy now pay later (BNPL), where consumers are required to share information, rely on a third-party payment provider, and commit to future payments.

Prior research suggests that trust reduces perceived uncertainty and encourages consumers to engage in online transactions (Van der Heijden et al., 2003). In the BNPL context, consumers who trust the payment provider and the transaction process are more likely to perceive the service as reliable, secure, and convenient. Therefore, trust is expected to positively influence consumers' intention to adopt BNPL services.

H_1: Trust has a positive effect on consumers' intention to adopt BNPL services.

1.2.2. Trust and electronic word of mouth (eWOM)

EWOM, is defined as "any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet" (Hennig-Thurau et al., 2004). In digital markets, eWOM plays an important role because consumers often rely on online reviews, recommendations, and social media discussions before adopting new services.

Trust can influence eWOM because consumers are more likely to speak positively about a service when they believe that the provider is reliable and credible. In the BNPL context, trust in the payment provider may encourage consumers to share favorable experiences, recommend the service to others, or respond positively to online discussions about the service. Previous research has emphasized the relationship between trust, online engagement, and consumer communication behavior (Alhidari et al., 2015). Hence, our study suggests that trust positively influences eWOM.

H_2: Trust has a positive effect on eWOM toward BNPL services.

1.2.3. Trust and attitude toward cash on delivery (COD)

Attitude can be defined as the degree to which a person likes or dislikes a particular object, behavior, or option (Fishbein and Ajzen, 1975). In this study, attitude toward COD refers to consumers' evaluation of COD as a payment option in online purchasing. COD has historically played an important role in e-commerce, especially in markets where consumers may be concerned about product quality, seller reliability, or online payment security.

Trust shapes consumers' attitudes toward payment alternatives. When consumers trust online retailers and digital payment providers, they become less dependent on COD as a risk-reducing mechanism. However, when trust is limited, consumers prefer COD because it allows them to pay only after receiving the product. Previous studies have shown that trust influences consumers' attitudes toward online retailers and online purchasing behavior (Limbu et al., 2012). Therefore, this study proposes that trust influences consumers' attitudes toward COD.

H_3: Trust has a significant effect on consumers' attitude toward COD.

1.2.4. eWOM and BNPL adoption intention

Purchase intention is defined as a person's conscious plan or willingness to make a purchase (Spears and Singh, 2004). In the context of this study, BNPL adoption intention refers to consumers' willingness to use BNPL as a payment option when purchasing products or services. Since BNPL is still relatively new in many markets, consumers depend on the opinions and experiences of others before deciding whether to use it.

Positive eWOM can reduce uncertainty and increase confidence in digital services. Online reviews, peer recommendations, and social media discussions help consumers understand how BNPL works, whether it is convenient, and whether other consumers have had positive experiences with it. Previous studies have found that eWOM influences purchase intention in online environments (Alhidari et al., 2015). Thus, eWOM positively influences BNPL adoption intention.

H_4: eWOM has a positive effect on consumers' intention to adopt BNPL services.

1.2.5. Attitude toward cash on delivery and BNPL adoption

COD has traditionally been used as a payment method that reduces consumer uncertainty in online shopping. Consumers who prefer COD may feel more comfortable paying after receiving the product, especially when they are uncertain about the seller, product quality, or digital payment security. However, the expansion of digital payments and BNPL services may change how consumers evaluate payment options.

In the BNPL context, a favorable attitude toward COD may reduce consumers' willingness to adopt BNPL. Consumers who strongly prefer COD may be less comfortable with deferred digital payment systems or may continue to associate payment security with physical payment at delivery. Prior research suggests that attitudes toward payment options can influence consumers' purchase decisions (Ching et al., 2013; Hartmann and Apaolaza-Ibáñez, 2012). Thus, this study argues that attitude toward COD negatively affects BNPL adoption.

H_5: Attitude toward COD has a negative effect on consumers' intention to adopt BNPL services.

1.2.6. The mediating role of eWOM

In addition to its direct effect on BNPL adoption, eWOM also explains how trust influences consumer intention. When consumers trust a BNPL provider, they are more likely respond positively to online recommendations about the service. These online recommendations can then strengthen consumers' willingness to adopt BNPL. In other words, trust creates a favorable communication environment, while eWOM transfers this trust into stronger adoption intention.

Previous research has examined the role of eWOM in the relationship between trust, perceived risk, and purchase intention in online shopping contexts (Amarullah, 2023). In BNPL services, where consumers uncertain about repayment terms, fees, provider reliability, and religious or regulatory concerns, eWOM can serve as a social validation mechanism. Thus, eWOM mediates the relationship between trust and BNPL adoption intention.

H_6: eWOM mediates the relationship between trust and consumers' intention to adopt BNPL services.

2. MATERIALS AND METHODS

2.1. Research Design

This study adopted a quantitative survey design to examine the factors influencing consumers' intention to adopt buy now pay later (BNPL) services in Saudi Arabia. A quantitative design suited the aim of testing relationships among latent constructs. The cross-sectional survey approach allowed the researchers to collect standardized responses from a relatively large group of respondents at a single point in time and to statistically assess the proposed conceptual model. Figure 1 shows the hypothesized relationships among the constructs.

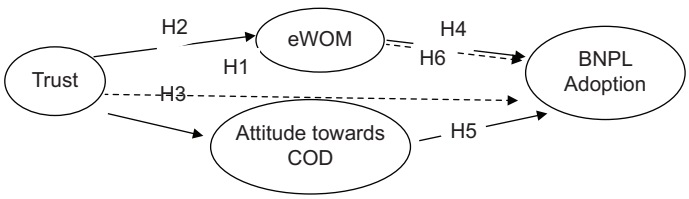
The study was guided by the theory of planned behavior, which explains behavioral intention through attitudinal, social, and control-related factors. In this study, trust, eWOM, and attitude toward COD were used to explain consumers' intention to adopt BNPL services. Structural equation modeling was used because the study involved multiple latent constructs measured by several observed items and because the research objective required testing both direct and mediating relationships among these constructs.

2.2. Data Collection and Sample

The study used primary data collected through an online questionnaire. The survey was distributed using online tool. The questionnaire included screening questions to identify respondents' familiarity with BNPL services. Respondents who passed the screening questions were directed to the main survey.

Data collection lasted for 3 weeks. A total of 300 responses were initially received through the online questionnaire. The survey included screening questions at the beginning to ensure that respondents met the study criteria and were eligible to continue to the main survey. Some participants did not complete the questionnaire after the screening stage or skipped key survey items, and these responses were excluded from the final analysis. After screening the data, 218 valid responses were retained and used for the statistical analysis. The sample included both users and non-users of BNPL services. The respondents represented different demographic groups in terms of gender, age, education level, and monthly income. In terms of BNPL usage categories, respondents reported using BNPL mainly for clothing, personal accessories, cosmetics, car accessories, pharmaceutical products, services, and other product categories.

Figure 1: The hypothesis model



To assess potential non-response bias, the researchers compared early respondents, defined as those who completed the survey during the 1st week, with late respondents, defined as those who completed the survey during the 3rd week. The results showed no significant differences between the two groups, suggesting that non-response bias was not a major concern. In addition, Harman's single-factor test was conducted to assess common method bias (Podsakoff and Organ, 1986). The results indicated that no single factor explained more than 50% of the total variance, suggesting that common method bias was unlikely to threaten the validity of the findings.

2.3. Measurement of Variables

The questionnaire was designed to measure four main constructs: trust, eWOM, attitude toward COD, and BNPL adoption intention. All constructs were measured using multi-item scales adapted from prior studies. The use of established measurement scales helped ensure content validity and comparability with previous research.

Trust was measured using items adapted from Bansal et al. (2004). Trust refers to consumers' confidence in the reliability, integrity, and credibility of the exchange partner or service provider. In the BNPL context, trust captures consumers' perceptions of the reliability and dependability of BNPL providers and related online transactions.

EWOM was measured using items adapted from Hennig-Thurau et al. (2004). eWOM refers to positive or negative statements made by potential, actual, or former customers about a product, company, or service and made available to others through the internet. In this study, eWOM reflects consumers' exposure to and perceptions of online recommendations, reviews, and discussions related to BNPL services.

Attitude toward COD was measured using items adapted from Grewal et al. (2004). Attitude is generally defined as the degree to which a person likes or dislikes a particular object, behavior, or option. In this study, attitude toward COD reflects consumers' evaluation of COD as a payment method in online purchasing.

BNPL adoption intention, the dependent variable, was measured using items adapted from Spears and Singh (2004), Barber et al. (2012), and Stafford et al. (2002). Purchase or adoption intention

refers to a person's conscious plan or willingness to engage in a specific behavior. In this study, it refers to consumers' willingness to use BNPL services when purchasing products or services.

The original measurement items were developed in English and then translated into Arabic. A back-translation procedure was conducted by marketing experts to ensure consistency between the English and Arabic versions and to preserve the original meaning of the items. All items were measured using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree.

2.4. Data Analysis Procedures

The data analysis was conducted in two main stages. First, SPSS was used to screen and describe the data. This stage included checking the dataset, examining missing values, reviewing response patterns, and producing descriptive statistics for the respondents' demographic characteristics and BNPL usage patterns. SPSS was also used to summarize the sample profile, including gender, age, education level, income, and the types of products or services purchased using BNPL.

Second, SmartPLS was used to assess the measurement model and test the proposed structural model following the two-step approach recommended by Anderson and Gerbing (1988). Partial least squares structural equation modeling (PLS-SEM) was considered appropriate for this study because the research aimed to examine predictive relationships among latent constructs and test a conceptual model involving trust, eWOM, attitude toward COD, and BNPL adoption intention. PLS-SEM is also suitable when the objective is theory development and prediction, especially in studies involving consumer behavior and emerging digital services.

The measurement model was evaluated by assessing reliability, convergent validity, and discriminant validity. Internal consistency reliability was examined using Cronbach's alpha and composite reliability. Convergent validity was assessed using factor loadings and average variance extracted (AVE). The results showed that the factor loadings were acceptable, composite reliability values were above the recommended threshold, and AVE values exceeded 0.50, supporting the reliability and convergent validity of the constructs (Bagozzi and Yi, 1988; Hair et al., 2010; Nunnally, 1978).

Discriminant validity was assessed using the Fornell-Larcker criterion, where the square root of the AVE for each construct was compared with the correlations among constructs. The results supported discriminant validity because the square root of each construct's AVE was greater than its correlations with other constructs (Fornell and Larcker, 1981). In addition, the overall model fit was evaluated using fit indicators available in SmartPLS, including SRMR and NFI.

After confirming the adequacy of the measurement model, the structural model was tested using SmartPLS to examine the hypothesized relationships among the constructs. The analysis tested the direct effects of trust, eWOM, and attitude toward COD on BNPL adoption intention, as well as the effects of trust on eWOM and attitude toward COD. The mediating role of eWOM in the relationship between trust and BNPL adoption intention was also examined. The significance of the hypothesized paths was assessed using the bootstrapping procedure in SmartPLS.

3. RESULTS

3.1. Sample Profile and BNPL Usage

Table 1 presents the product categories purchased by respondents using buy now pay later (BNPL) services. The results show that clothing was the most frequently reported product category, accounting for 39% of responses. Personal accessories represented the second most common category at 20.91%, followed by services such as hotels, spas, and restaurants at 9%. Other categories included car accessories, cosmetics, pharmaceutical products, and other purchases. These results suggest that BNPL is used mainly for discretionary and lifestyle-related purchases rather than essential products.

Table 2 shows the demographic profile of the respondents. The final sample consisted of 218 valid responses. Male respondents represented 76.61% of the sample, while female respondents represented 23.39%. In terms of age, the largest group was between 22 and 25 years old, representing 35.32% of the sample, followed by respondents aged 18-21 years at 18.35% and respondents aged 26-30 years at 17.43%. Most respondents

Table 1: Product categories purchased using BNPL services

Product category	Percentage
Clothes, shoes, and related items	39.09
Personal accessories	20.91
Cosmetics	4.55
Car accessories	5.45
Food and drinks	0.00
Pharmaceutical products	3.64
Services, including hotels, spas, and restaurants	9.09
Others	17.2

Table 2: Demographic profile of respondents

Variable	Category	Percentage	Frequency
Gender	Male	76.61	167
	Female	23.39	51
Age	18-21	18.35	40
	22-25	35.32	77
	26-30	17.43	38
	31-35	8.72	19
	36-40	9.17	20
	41-45	7.80	17
	46 and above	3.21	7
Education	Less than high school	18.81	41
	Two-year college	3.21	7
	Bachelor's degree	60.09	131
	Master's degree	15.60	34
	Doctorate	2.29	5
Monthly income	Less than SAR 3,000	38.99	85
	SAR 3,000-8,000	16.97	37
	SAR 8,001-12,000	11.01	24
	SAR 12,001-17,000	7.80	17
	SAR 17,001-25,000	6.42	14
	More than SAR 25,000	18.81	41

Table 3: Rotated component matrix

Item	Trust	Attitude toward COD	Purchase intention	eWOM
Trust 3	0.878			
Trust 2	0.862			
Trust 4	0.836			
Trust 6	0.787			
Trust 5	0.750			
Trust 1	0.702			
Cash 2		0.908		
Cash 4		0.900		
Cash 5		0.848		
Cash 1		0.824		
Cash 3		0.811		
PI 4			0.870	
PI 3			0.856	
PI 1			0.824	
PI 2			0.814	
eWOM 2				0.886
eWOM 1				0.857
eWOM 3				0.761

held a bachelor's degree, representing 60.09% of the sample. Regarding monthly income, 38.99% of respondents reported earning less than SAR 3,000, while 18.81% reported earning more than SAR 25,000.

3.2. Measurement Model Assessment

The measurement model was assessed using reliability, convergent validity, and discriminant validity indicators. As shown in Table 3, the rotated component matrix supported the four-factor structure of the study constructs: Trust, attitude toward COD, purchase intention, and eWOM. The factor loadings were generally strong, with trust items ranging from 0.702 to 0.878, attitude toward COD items ranging from 0.811 to 0.908, purchase intention items ranging from 0.814 to 0.870, and eWOM items ranging from 0.761 to 0.886. These results indicate that the items loaded well on their intended constructs.

Table 4 presents the reliability and convergent validity results. Cronbach's alpha values ranged from 0.823 to 0.924, exceeding the recommended threshold of 0.70. Composite reliability values ranged from 0.894 to 0.946, indicating strong internal consistency. The average variance extracted values ranged from 0.703 to 0.814, exceeding the recommended threshold of 0.50. These results support the reliability and convergent validity of the study constructs.

Discriminant validity was assessed using the Fornell-Larcker criterion. As shown in Table 5, the square root of the AVE for each construct was greater than the correlations with other constructs. This indicates that each construct was empirically distinct from the others and supports discriminant validity.

3.3. Model Fit

The model fit results are presented in Table 6. The saturated model showed an SRMR value of 0.061, while the estimated model showed an SRMR value of 0.083. The NFI values were 0.843 for the saturated model and 0.834 for the estimated model (Mulaik et al., 1989). These results suggest that the model achieved an acceptable level of fit for the purpose of testing the proposed structural relationships.

Table 4: Reliability and convergent validity results

Construct	Cronbach's Alpha	Composite reliability	AVE
BNPL adoption	0.924	0.946	0.814
Attitude toward COD	0.917	0.928	0.721
eWOM	0.823	0.894	0.739
Trust	0.915	0.934	0.703

Table 5: Fornell-Larcker criterion

Construct	Purchase intention	Attitude toward COD	eWOM	Trust
BNPL Adoption	0.902			
Attitude toward COD	0.025	0.849		
eWOM	0.284	0.262	0.859	
Trust	0.561	0.181	0.131	0.838

Table 6: Model fit results

Fit index	Saturated model	Estimated model
SRMR	0.061	0.083
Chi-square	462.668	492.191
NFI	0.843	0.834

3.4. Structural Model and Hypothesis Testing

The structural model was tested using SmartPLS. Table 7 presents the path coefficients and P-values for the hypothesized relationships. The results show that trust had a positive and significant effect on BNPL Adoption ($\beta = 0.596$, $P < 0.001$), supporting H_1. This indicates that consumers who trust BNPL services are more likely to intend to adopt them.

The relationship between trust and eWOM was positive but not statistically significant ($\beta = 0.151$, $P = 0.104$), indicating that H_2 was not supported. Trust had a positive and significant effect on attitude toward COD ($\beta = 0.179$, $P < 0.001$), supporting H_3. eWOM also had a positive and significant effect on BNPL Adoption ($\beta = 0.273$, $P < 0.001$), supporting H_4. This suggests online recommendations encourage BNPL adoption.

The results further show that attitude toward COD had a negative and significant effect on BNPL Adoption ($\beta = -0.156$, $P < 0.001$), supporting H_5. This finding suggests that consumers who have a stronger preference for COD may be less likely to adopt BNPL services.

3.5. Mediation Analysis

The proposed mediating role of eWOM was examined. Although eWOM had a positive and significant effect on BNPL adoption, the path from trust to eWOM was positive but not statistically significant.

Table 7: Hypothesis testing results

Hypothesis	Path	Coefficient	P-value	Result
H1	Trust → BNPL Adoption	0.596	0.000	Supported
H2	Trust → eWOM	0.151	0.104	Not supported
H3	Trust → Attitude toward COD	0.179	0.000	Supported
H4	eWOM → BNPL Adoption	0.273	0.000	Supported
H5	Attitude toward COD → BNPL adoption	−0.156	0.000	Supported

Overall, the findings show that trust is the strongest predictor of BNPL adoption, followed by eWOM. Attitude toward COD negatively influences BNPL adoption, suggesting that traditional payment preferences may reduce consumers' willingness to use BNPL services. The results also show that although trust positively influences attitude toward COD, its effect on eWOM was not statistically significant. Our results show the importance of trust, online recommendations, and existing payment habits in shaping BNPL adoption in Saudi Arabia.

4. DISCUSSION AND CONCLUSION

This study examined the factors influencing consumers' intention to adopt buy now pay later (BNPL) services by focusing on trust, eWOM, and attitude toward COD. Drawing on the theory of planned behavior, the study investigated how these factors explain consumers' willingness to use BNPL as a digital payment option. The findings provide useful insights into BNPL adoption in an emerging market where digital payments are expanding rapidly, while traditional payment habits and trust-related concerns remain important.

The results show that trust has a positive and significant effect on BNPL adoption. This finding is consistent with previous research emphasizing the central role of trust in online transactions and digital payment adoption (Limbu et al., 2012). Trust reduces uncertainty and perceived risk, especially when consumers are required to share information, interact with a third-party payment provider, and commit to future payments. This supports the argument that BNPL adoption is not driven only by convenience or payment flexibility; it also depends on whether consumers believe that the provider and the transaction process are reliable and secure. This finding is consistent with the broader view of trust as a key element in exchange relationships (Morgan and Hunt, 1994) and with prior studies linking trust to online purchase intention (Van der Heijden et al., 2003). In the Saudi context, this result is important because BNPL providers within a market where consumers may consider not only service reliability but also regulatory protection and Sharia-related concerns.

The study also found that eWOM has a positive and significant effect on BNPL adoption. This indicates that online reviews, recommendations, and digital discussions can influence consumers' willingness to use BNPL services. This result is consistent with prior research showing that eWOM affects purchase intention in online environments (Hennig-Thurau et al., 2004; Alhidari et al., 2015). Since BNPL is still a relatively new financial technology for many consumers, users may rely on the experiences of others to evaluate the service. Positive eWOM can reduce uncertainty by providing social validation and practical information about how the service works, whether it is convenient, and whether other consumers have had positive experiences.

The negative effect of COD attitude on adoption is the study's most novel result. This suggests that consumers who have a stronger preference for COD are less likely to adopt BNPL services. COD has historically served as a risk-reducing payment option in e-commerce, especially when consumers are uncertain about product quality, seller reliability, or online payment security. However, the negative relationship found in this study indicates that attachment to traditional payment methods may limit adoption of newer digital payment solutions. This finding is important because it shows that BNPL adoption is influenced not only by attitudes toward the new service itself, but also by consumers' existing payment habits. COD compete with BNPL as a preferred payment mechanism among consumers who continue to associate payment safety with paying at delivery.

The finding regarding COD also contributes to the literature by highlighting a tension between traditional and emerging payment systems. While previous research has often treated COD as a facilitator of online purchasing, this study suggests that COD may become a barrier to adopting digital payment innovations such as BNPL. This is especially relevant in emerging markets, where digital payment adoption may coexist with older payment habits. As digital payments continue to expand, consumers who remain strongly attached to COD may require additional reassurance regarding the safety, transparency, and reliability of BNPL services.

The results also show that trust has a positive and significant effect on attitude toward COD. One possible explanation is that consumers who generally trust online shopping environments may also evaluate multiple payment options more favorably, including COD. Rather than viewing trust as exclusively linked to digital payment adoption, consumers may develop trust in the broader online purchasing process, which can influence their evaluation of both traditional and digital payment alternatives. However, because attitude toward COD negatively affects BNPL adoption, the findings suggest a more complex relationship: trust may improve consumers' evaluation of payment options in general, but preference for COD may still reduce their willingness to adopt BNPL.

In contrast, the relationship between trust and eWOM was positive but not statistically significant. Therefore, the results do not support the hypothesis that trust directly increases eWOM toward BNPL services. This finding may suggest that consumers can trust BNPL providers without necessarily engaging in online discussions or sharing opinions about them. In the context of financial services,

consumers may treat payment behavior as private and may not actively discuss their use of BNPL online, even when they trust the service. Another possible explanation is that eWOM about BNPL may be shaped more by user experience, satisfaction, perceived benefits, or negative incidents than by trust alone. Future studies could examine additional antecedents of eWOM, such as satisfaction, perceived ease of use, perceived transparency, or service quality.

The proposed mediating role of eWOM between trust and BNPL adoption was not supported. Although eWOM had a positive and significant effect on adoption, the path from trust to eWOM was not statistically significant. Therefore, the findings suggest that eWOM directly influences BNPL adoption intention, but it does not explain how trust translates into adoption in this study. This result is theoretically meaningful because it suggests that trust and eWOM may operate as separate adoption mechanisms. Trust appears to influence BNPL adoption directly by reducing uncertainty and increasing confidence in the service, while eWOM influences BNPL adoption through social information and online recommendations. This distinction is important for understanding BNPL adoption behavior in emerging markets.

These results complement recent study in emerging markets. Yamuna and Sahila (2026) found that experiential and psychological factors drive BNPL adoption. Our study extends this picture by showing that trust and eWOM are positive drivers, while COD is a negative driver. Together these findings suggests that BNPL adoption in emerging markets reflects a mix experiential, social, and trust factors that shift with local payment culture.

The findings have several theoretical implications. First, the study contributes to the BNPL literature by providing empirical evidence from Saudi Arabia, a market where digital payments, FinTech regulation, and consumer finance innovation are developing rapidly. Much of the existing BNPL literature has focused on developed markets, especially Australia, the United Kingdom, and the United States. By examining Saudi consumers, this study extends the discussion to an emerging market with distinctive cultural, regulatory, and payment-related characteristics. Second, the study contributes to consumer behavior and digital commerce research by showing that BNPL adoption is shaped by both digital factors, such as trust and eWOM, and traditional payment attitudes, such as COD preference. Third, the findings extend the application of behavioral intention models by showing that payment adoption decisions are not only influenced by attitudes toward the new technology but also by consumers' attachment to existing payment practices.

The study also has practical implications for BNPL providers, online retailers, and regulators. The strong effect of trust also points to how fragile it can be in this market. A clear example occurred when a Saudi religious authority ruled that late fees on BNPL transactions were haram (prohibited), a ruling that risked undermining consumer trust in the service. In response, a major provider removed late fees for all users in order to preserve that trust (Tabby, 2023; Arabian Business, 2023). This episode shows that in Saudi Arabia, trust in BNPL is shaped not only by service reliability but also by Sharia compliance — a dimension largely absent from BNPL studies in Western markets.

The negative relationship between COD attitude and BNPL adoption also has practical importance. BNPL providers should not assume that consumers will automatically move from COD to BNPL simply because BNPL is more technologically advanced. Consumers who prefer COD may require specific reassurance about transaction security, refund policies, delivery reliability, and repayment transparency. Marketing communication should therefore address the reasons consumers continue to prefer COD and explain how BNPL can provide convenience without increasing uncertainty.

Overall, the findings suggest that BNPL adoption in Saudi Arabia is shaped by trust, social influence, and existing payment habits. Trust is the strongest predictor of adoption, highlighting the importance of credibility and reliability in digital financial services. eWOM also plays an important role, showing that online discussions and recommendations can influence adoption. However, a favorable attitude toward COD reduces adoption, suggesting that traditional payment preferences may slow the transition toward newer payment models. These findings provide a more nuanced understanding of BNPL adoption in emerging markets and highlight the need to consider both technological innovation and existing consumer payment behavior.

This study has several limitations. First, the study used a cross-sectional survey design, which limits the ability to assess changes in BNPL adoption over time. Future research could use longitudinal data to examine how consumer trust, payment preferences, and actual BNPL usage develop as the market matures. Second, the study relied on Saudi respondents, which provides useful evidence from an emerging market but may limit generalizability. Future studies could use larger and more diverse samples across different regions, age groups, and income levels. Third, the study focused on trust, eWOM, and attitude toward COD. Future research could extend the model by examining additional factors such as financial literacy, perceived risk, impulsive buying, Sharia compliance, perceived transparency, and actual BNPL usage behavior. Finally, comparative studies across GCC countries or other emerging markets would help determine whether BNPL adoption is shaped differently across cultural and regulatory contexts.

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