

Buy Now, Pay Later (BNPL): Convenience or Financial Trap?



You've probably seen the phrase, **"Split your purchase into three easy payments!"** while scrolling online or walking through the mall. In recent years, Buy Now, Pay Later (BNPL) has become a familiar payment option that makes purchases feel more affordable.

For many people, BNPL offers flexibility, convenience, and better cash flow management. However, when used without careful planning or discipline, it can encourage overspending and lead to financial stress.

Before choosing BNPL to pay off your next purchase, let's take a closer look at how it works, how it compares with credit cards, as well as its benefits and risks.

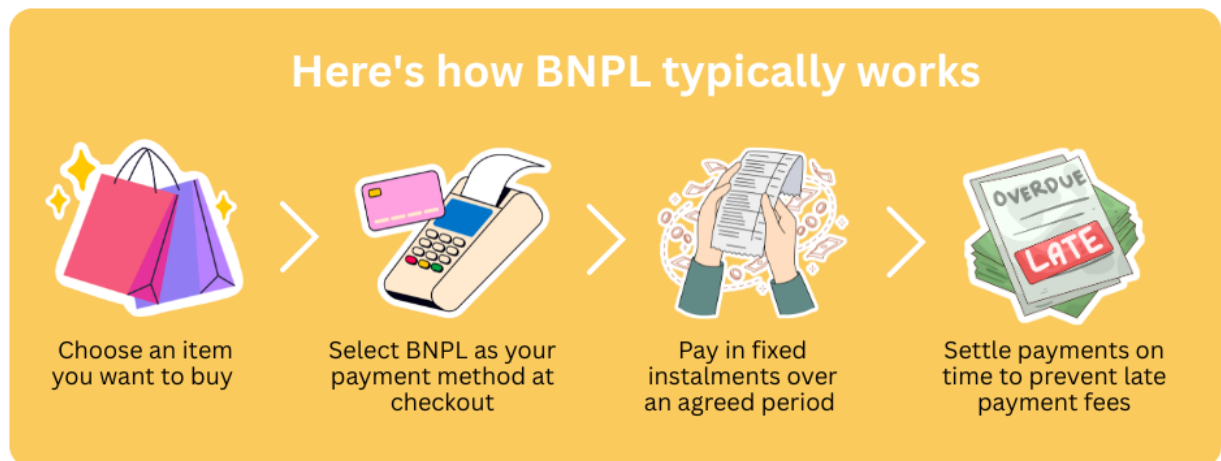
What is Buy Now, Pay Later (BNPL)?

BNPL is a short-term financing option that allows consumers to receive a product or service immediately while paying for it over a series of instalments.

While paying by instalments isn't new, BNPL has made the process much faster and easier. Instead of filling in lengthy forms or waiting days for approval, many BNPL services allow you to sign up within minutes and start using the service almost immediately.

When BNPL first became popular, it was mainly used to split purchases into three or four payments over a few months. **Today, many providers offer much longer repayment periods**—some allowing you to pay over 12 months or more, especially for more expensive items like laptops, smartphones, or furniture.

Longer repayment periods can make larger purchases feel more affordable because the monthly payments are smaller. However, they also mean you'll be paying for the same purchase over a longer period.



BNPL vs Credit Cards: What's the Difference?

Both BNPL and credit cards let you buy something now and pay for it later, which is why they are often compared. However, they work in different ways and are designed for different spending habits. Think of it this way:

- BNPL is like agreeing to a payment plan for **one specific purchase**. Once you've finished paying off that purchase, the plan ends.
- A credit card gives you a **credit limit**—an amount of money that the bank allows you to borrow. You can continue using the card for different purchases as long as you stay within that limit and make your repayments.

BNPL	Credit Card
Fixed repayment schedule	Revolving credit limit
Usually interest-free if repayments are made on time	Interest may be charged if outstanding balances are not fully repaid
Often simpler and faster to apply for	Typically requires a more comprehensive credit assessment
Each item usually has its own repayment plan.	All purchases appear on the same monthly statement, and you repay the combined amount.
Usually offers limited rewards	May offer cashback, reward points, travel miles, or purchase protection

BNPL As a Smart Financial Tool

Like any financial product, BNPL is simply a tool. Used responsibly, it can help you manage your finances and provide greater flexibility when making purchases. However, it should be used with careful planning and discipline.

Here are some situations where BNPL may be a useful financial tool:

1. When you need to make an important purchase but want to spread out the cost

When a necessary purchase is needed, BNPL can help spread the cost over several instalments without requiring a credit score. This makes the purchase more manageable, provided you have a clear repayment plan and can comfortably afford the monthly payments.

For example, a university student may need a laptop for their coursework. Instead of paying the full amount at once, they choose to pay in instalments so they can keep enough savings for daily expenses or unexpected emergencies. This allows them to make an important purchase while keeping their finances manageable, as long as the repayments remain affordable and are paid on time.

2. When you have planned for the purchase in advance

If you have a big purchase planned but want to better manage your monthly cash flow despite being able to afford the full amount, using BNPL will offer you the flexibility of paying smaller amounts, making it less scary to manage your monthly finances.

For example, a fresh graduate may have been planning to buy work attire or equipment before starting their first job. BNPL allows them to spread the cost over several months while keeping their finances flexible during the transition into working life. The key is that the purchase was planned in advance, and the repayments remain affordable.



How BNPL Can Become a Financial Trap

While BNPL can be a useful tool when used responsibly, it can also create financial problems when used without careful planning. The convenience of splitting payments can make it easier to spend more than you intended, without realising how much you have committed to paying in the future.

Here are some situations where BNPL can become a financial trap:

1. When you use BNPL to buy things you cannot actually afford

A common misconception about BNPL is that if you can afford the monthly instalment, you can afford the purchase. For example, a RM2,400 mobile phone may feel affordable when it is split into RM100 monthly payments over 24 months. However, that RM100 commitment will continue to affect your future budget for at least two years.

BNPL does not make an item cheaper; it takes away money from your future self.

2. When small instalments make impulse purchases feel justifiable

One of the biggest risks of BNPL is that it can make spending feel easier than it really is. Seeing *RM50 a month* instead of *RM600 upfront* may make you think, "That doesn't sound too bad." Before you know it, you may end up buying something you hadn't planned or budgeted for.

For example, you may have:

- RM50 per month for a pair of shoes
- RM100 per month for luxury skin care products
- RM150 per month for a digital camera

Individually, these amounts may not feel significant. But together, those small repayments can quickly add up. Several unplanned BNPL purchases may leave you with multiple monthly commitments that put pressure on your budget.

3. When you rely on BNPL for small, everyday spending

BNPL may be helpful for planned, one-time purchases. However, using it regularly for everyday expenses such as meals, groceries, or movie tickets may signal that you're spending more than you can afford.

4. When missed payments create bigger problems

Missing payments may result in late payment fees, account restrictions, or other penalties depending on the provider. As BNPL becomes more regulated, repayment behaviour may also become increasingly important when assessing an individual's financial reliability.

5. When BNPL creates lifestyle inflation

BNPL can make it tempting to upgrade your lifestyle before you are financially ready.

For example, a fresh graduate may use BNPL to purchase expensive gadgets, branded items, or experiences because the monthly payments appear manageable. Over time, these commitments can make it harder to save money or handle unexpected expenses.

In a nutshell...

Use BNPL when...	NOT when..
It helps you manage a planned purchase.	It allows you to buy something you cannot afford.
You can comfortably afford the monthly payments without affecting your other financial goals.	The monthly instalment looks affordable, but the total cost is beyond your budget.
You are using it for a necessary purchase, such as study or work essentials.	You are using it for impulse purchases or lifestyle upgrades.
You understand the repayment terms and can make payments on time.	You already have multiple BNPL commitments that are difficult to track.

What if You're Already Caught in the BNPL Trap?

If you already have multiple BNPL commitments, you're not alone. The important thing is to take **action early** before repayments become overwhelming. You can start by:



1 Identifying and listing all your existing BNPL commitments



2 Calculating your total monthly repayments so you understand how much you need to set aside each month



3 If you can't afford to repay all your BNPL instalments, **prioritise the repayments that have the highest late fees** or are due the soonest.
*This can help **reduce additional charges** while you work towards catching up.*



4 STOP taking on any new BNPL purchases until all the payments are cleared



5 Review your monthly budget to **reduce unnecessary spending** and free up money to pay off your BNPL debt

If your repayments have become difficult to manage, **consider seeking guidance from a financial counsellor or debt management service** such as [Agensi Kaunseling & Pengurusan Kredit \(AKPK\)](#) as early as possible. With discussions around [including BNPL repayment records in credit reporting systems such as CTOS](#), it's important to consistently manage your repayments to protect your financial reputation and future access to credit.

BNPL should help you manage a planned purchase, not encourage you to spend beyond your means. Before opting for it, compare it with other payment options, such as paying upfront, using your savings or a credit card, and choose the option that best suits your financial situation. If you decide to go with BNPL, **ask yourself if you really need the purchase and whether you can comfortably afford the repayments.**

Remember, when used responsibly and repaid on time, it can be a useful financial tool rather than a financial burden!

Resources

1. <https://malaysiagazette.com/2025/03/28/buy-now-pay-later-perangkap-atau-peluang/>
2. <https://ringgitplus.com/en/buy-now-pay-later/>
3. <https://www.directlending.com.my/blog/buy-now-pay-later-bnpl-malaysia/>
4. <https://www.imoney.my/articles/buy-now-pay-later-comparison>
5. <https://ctoscredit.com.my/personal/buy-now-pay-later-4-things-to-know-before-you-shop/>