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For Immediate Release

Buy Now, Pay Later (BNPL) – Boon or Bane? Singaporeans Do Recognise the Benefits and Pitfalls

Buy Now, Pay Later (BNPL) services have been increasingly offered in Singapore by online platforms and apps as payment options that allow consumers to purchase goods or services in advance and pay for them in instalments. While proponents feel that they provide convenience and ease of payment, detractors are concerned about over-indebtedness. To understand what Singaporeans think of BNPL services, RySense conducted a poll with 1,049 respondents from our online panel, HappyDot.sg. These are our key findings:

While awareness is high, take-up rate is lower

More than 4 in 5 (86%) respondents have heard of BNPL apps, yet only 1 in 4 (27%) are using them (Figure 1). Those in their 20s and working adults are more likely to use BNPL services (Figure 1). BNPL services are most used for big purchases such as electronics and household appliances (Figure 2).

Non-users fear overspending, though most users keep spending in check

Among the non-BNPL users, slightly less than half (45%) will not consider using BNPL (Figure 3). 1 in 2 (50%) non-users fear that their spending would likely increase if they were to start using BNPL apps (Figure 4). Interestingly, the majority (74%) of BNPL users reported that their spending has remained the same after using these apps, though 1 in 5 (22%) saw their spending go up (Figure 5).

Top 5 reasons for not using BNPL

Non-users were most wary of using BNPL apps for the following reasons:

- Concern about overspending – 63%
- Concern about accumulating debt – 62%
- Spending money that you don't have – 58%
- Concern about late payment fees – 55%
- No sense of cash flow (e.g. hard to track spending) – 44%
  (Figure 6)

Though non-users were most concerned about spending too much, users were most incentivised by the flexible mode of payment, low interest rate and rewards offered by BNPL apps.

Top 5 reasons for using BNPL

- Able to split multiple equal payments – 45%
- Little to no interest rate – 44%
- Convenience (e.g. easy to use, simple process) – 41%
- Maximise rewards/cash back – 41%
- Ease financial strain (e.g. unable to pay all at once) – 41%
  (Figure 7)

While safeguards are set up by individual apps to ensure responsible usage, the Singapore FinTech Association established a BNPL Working Group in March 2022[1] under the Monetary Authority of Singapore's (MAS) guidance, to develop a code of conduct ("BNPL Code") for BNPL providers here. This was launched in October 2022.[2]

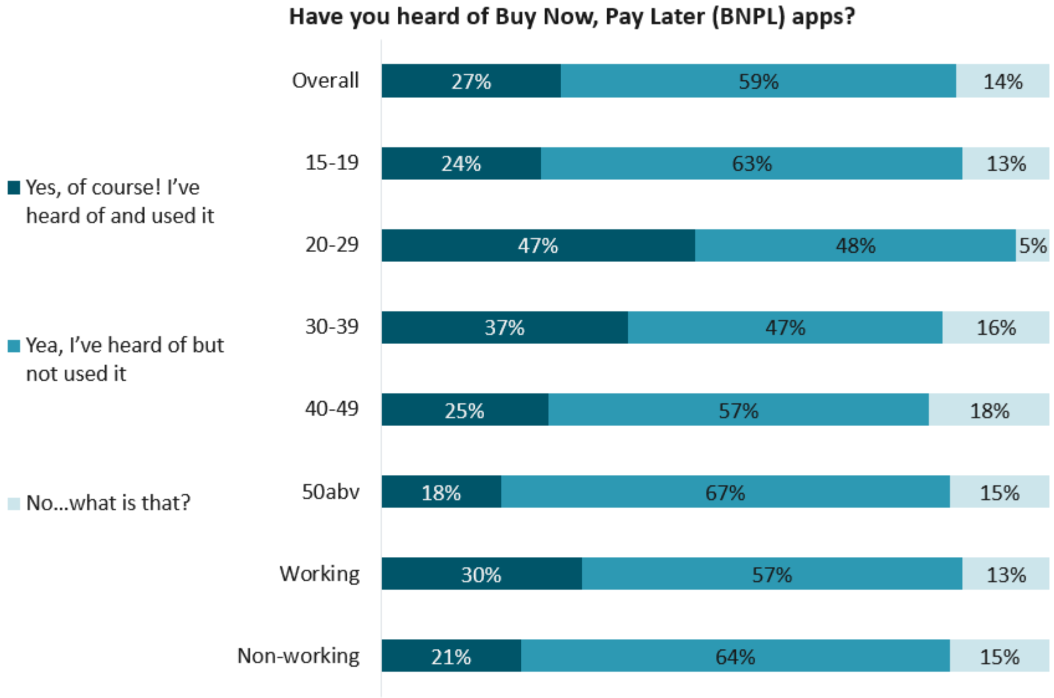
Almost 7 in 10 feel age limit for BNPL usage should be raised
Currently, users need to be at least 18 years old in order to open an account for BNPL services. 2 in 3 of our respondents (65%, Figure 8) feel that 18 is too young an age to use BNPL. Younger respondents, especially those in their late teens, are more in favour of 18 as an age to be financially ready (Figure 8). The general sentiment is that a more appropriate minimum age for BNPL use should be 22-23 years old (Figure 9).

Apart from the age limit, some of the best practices prescribed in the BNPL Code for BNPL providers are capping accumulated outstanding payments, performing creditworthiness safeguards, having ethical marketing practices and transparent fees. BNPL service providers also need to go through an audit and accreditation process to ensure compliance with the code.[3] However, most respondents (64%) are unaware of the BNPL Code (Figure 10), though the majority (almost 1 in 2 or 48%) felt that it would benefit BNPL users to some extent (Figure 11).

Reaping the benefits of BNPL
Our findings show that while Singaporeans may be attracted by the flexibility offered by such services, they are also aware of the potential pitfalls. It will be interesting to observe developments such as how the SFA's code of conduct would shape the BNPL industry into an integral part of a diverse payment market in Singapore.

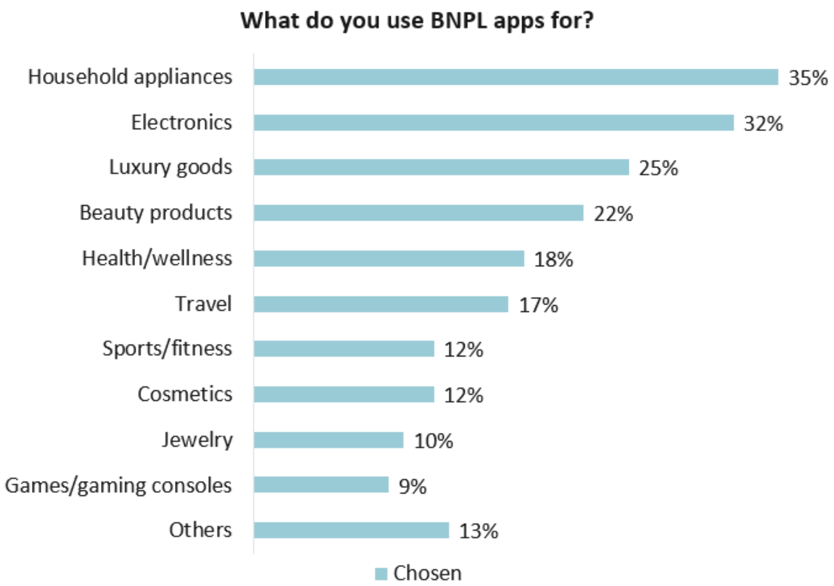
[1] https://singaporefintech.org/bnpl-industry-group-annoucement/
[2] https://singaporefintech.org/buy-now-pay-later-bnpl-working-group-launches-bnpl-code-of-conduct-for-singapore/
[3] https://singaporefintech.org/buy-now-pay-later-bnpl-working-group-launches-bnpl-code-of-conduct-for-singapore/

Appendix



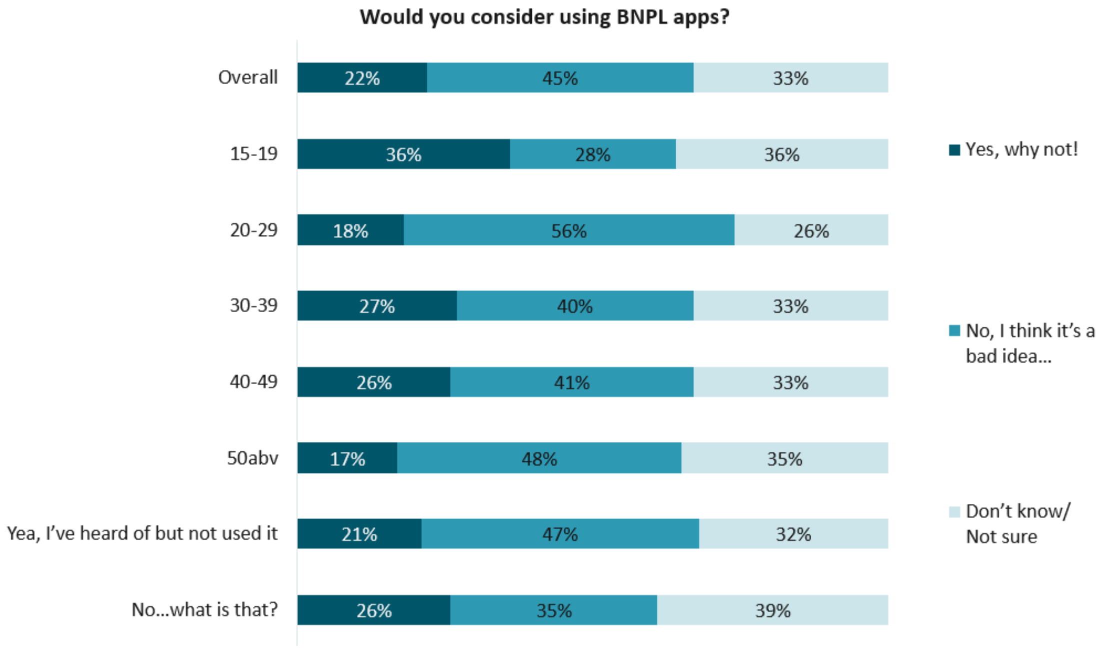
Base: N=1049, cell weighed, Single Answer

Figure 1



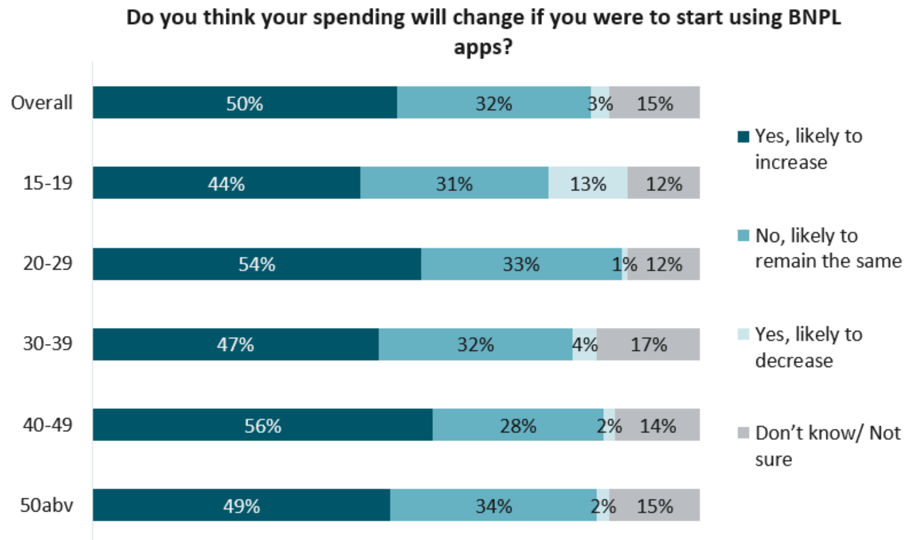
Base: N=286, asked to BNPL users, cell weighed, Multiple Answers

Figure 2



Base: N=763, asked to non-BNPL users, cell weighed, Single Answer

Figure 3



Base: N=763, asked to non-BNPL users, cell weighed, Single Answer

Figure 4

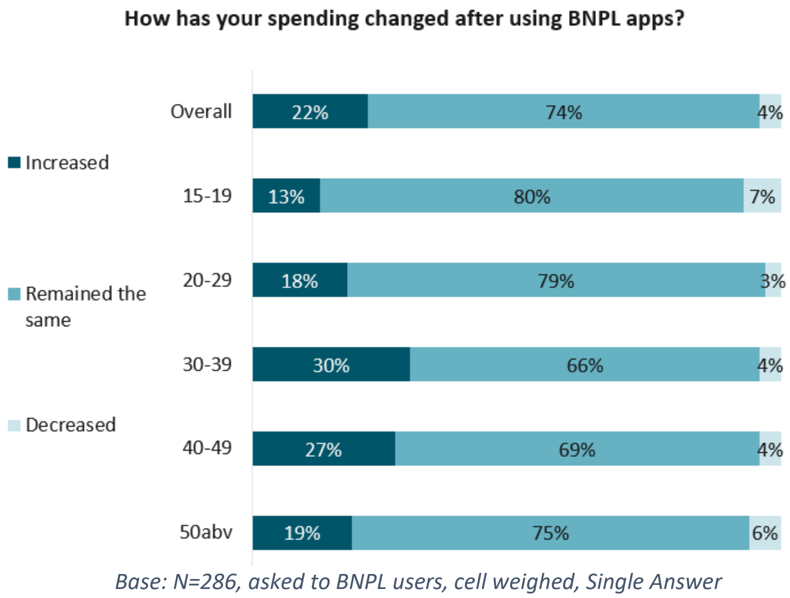


Figure 5

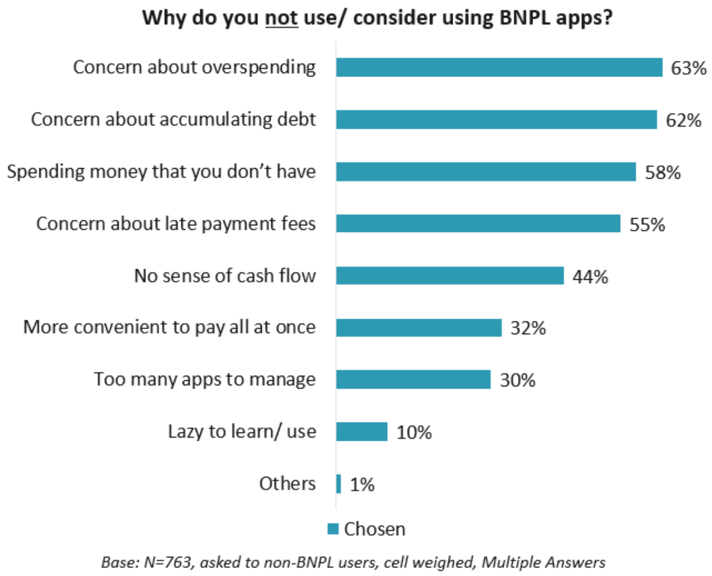


Figure 6

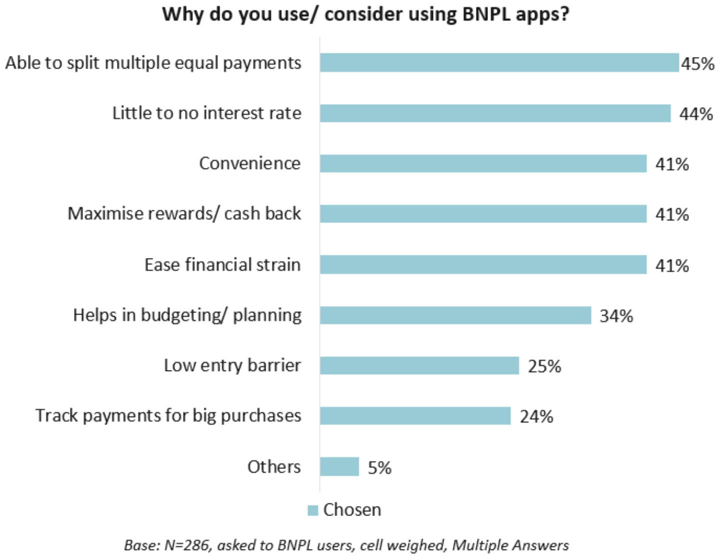


Figure 7

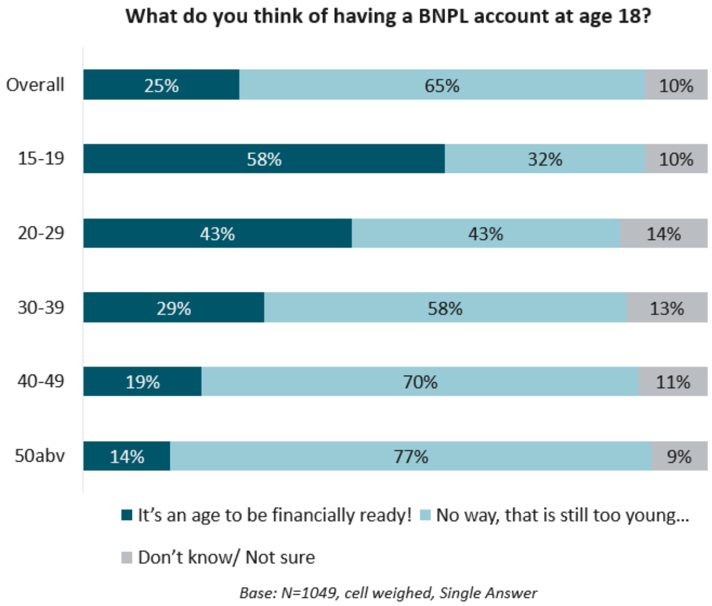
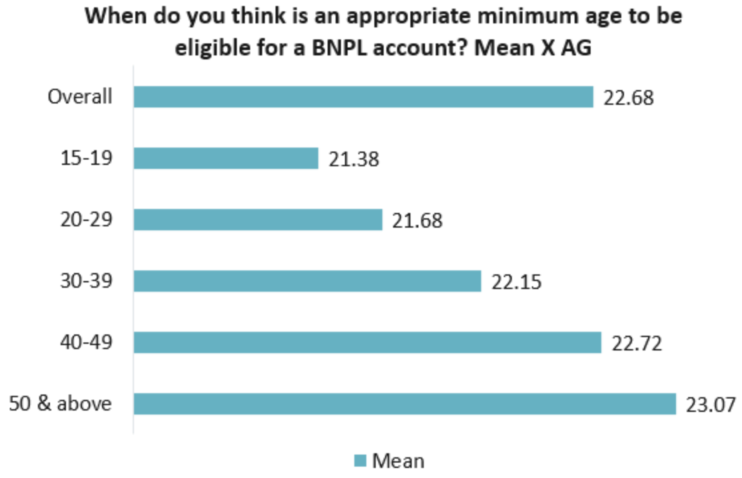
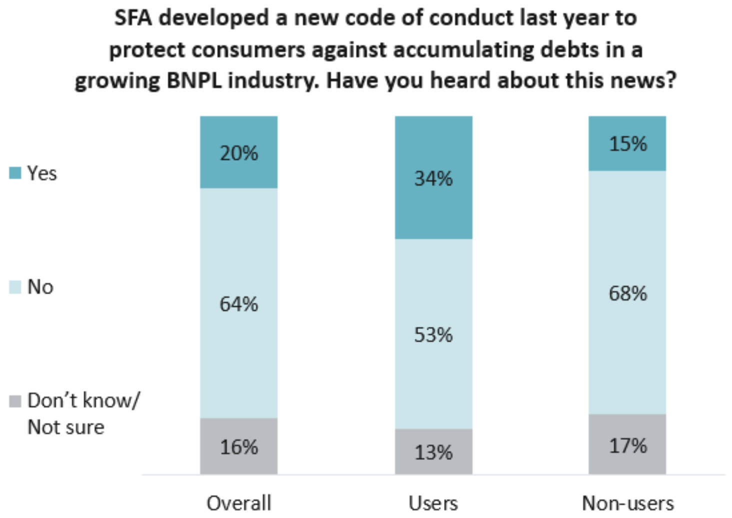


Figure 8



Base: N=624, Asked to those answered "too young", cell weighed, Single Answer

Figure 9



Base: N=1049, cell weighed, Single Answer

Figure 10

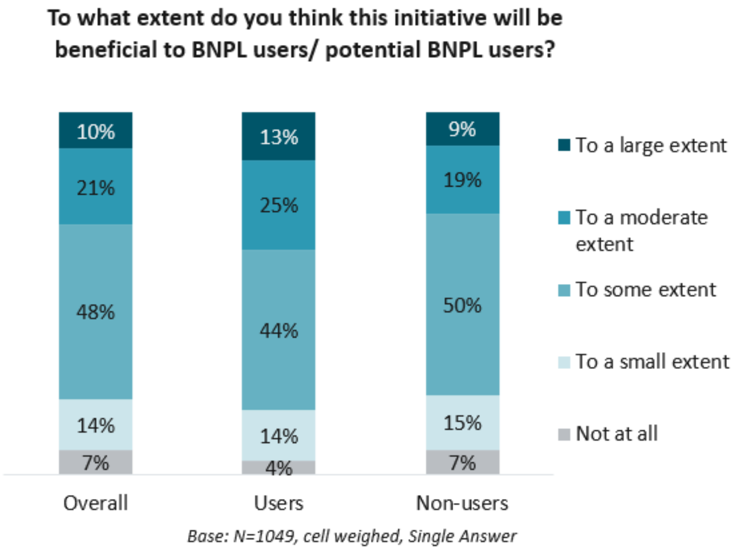


Figure 11

Above Figures 1 to 11 are based on a survey conducted between 19 to 29 January 2023 with 1,049 Singapore residents from RySense's online panel, HappyDot.sg, aged 15+ and representative of national population. Percentages are rounded off and may not add up to 100%.

About RySense

RySense is a Singapore-based research organisation which seeks to understand what people in Singapore think, feel and do. We are specialists in research methods, public opinion research and social trends and have conducted research on a range of socio-economic issues as well as current affairs topics. Using robust approaches, we seek to generate reliable insights about the Singapore landscape, which reflect both subtle nuances and macro perspectives. We are run by a diverse team of market research professionals.

For more information, please visit www.rysense.sg.

About HappyDot.sg

HappyDot.sg is an online survey community for Singapore residents to voice their opinions on issues that impact Singapore. We survey our panellists on a variety of social issues to understand the aspirations of Singaporeans. HappyDot.sg is owned by RySense.

For more information, please visit www.happydot.sg.

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