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THE INFLUENCE OF PEER PRESSURE, MATERIALISM, FEAR OF MISSING OUT ON BUY NOW PAY LATER USAGE TOWARDS IMPULSIVE-COMPULSIVE BUYING AMONG GEN Z IN MALAYSIA

Chelvy Wong Chel Yee

Department of Management, Universiti Teknologi PETRONAS, Perak, Malaysia

*E-mail: chelvy_22008992@utp.edu.my

ABSTRACT

The rapidly increasing usage of buy now, pay later (BNPL) services in Malaysia has raised concerns regarding impulsive buying behaviour that potentially could lead to compulsive buying disorder (CBD) among Gen Z in Malaysia. Despite the surge in usage of BNPL, there is still limited empirical research in understanding how social influence among peers and payment flexibility jointly lead to problematic spending behaviour. Therefore, this study aimed to investigate the influence of peer pressure, materialism, and fear of missing out (FoMO) on the BNPL usage among Gen Z in Malaysia, and how it led to impulsive buying that could translate to compulsive buying over time. A quantitative, cross-sectional online survey was distributed to existing Malaysian Gen Z consumers, which employed validated measurement constructs. To evaluate direct effects and mediation, data were analysed using IBM SPSS Statistics and SmartPLS. The findings showed that peer pressure, materialism, and FoMO significantly increase BNPL usage and impulsive buying, which ultimately lead to compulsive buying behaviour. The findings yield practical implications for policymakers, financial educators, and BNPL providers seeking to improve consumer financial resilience and responsible decision-making among Gen Z consumers in Malaysia. Academically, this study contributes to behavioural finance and consumer behaviour literature by integrating peer pressure, materialism, and FoMO into a unified model that explains how BNPL usage facilitates the progression from impulsive buying to compulsive buying among Gen Z consumers in Malaysia.

Keywords: *Financial technology (FinTech), materialism, fear of missing out (FoMO), buy now pay later (BNPL), impulsive buying, compulsive buying.*

INTRODUCTION

Buy now, pay later (BNPL) is a recent innovation in financial technology (FinTech) which introduced options for customer loans that allow customers to make purchases and pay them in advance instalments without incurring interest (Kumar et al., 2024). BNPL services provide a more streamlined credit approval process, which requires no minimum income or strong credit history compared to credit cards (Raj et al., 2024a). 380 million BNPL users recorded worldwide in 2024, and by 2028, that figure is expected to rise to 670 million (Juniper Research, 2024). In 2023, global BNPL spending was $316 billion and is projected to reach $450 billion by 2027 (Worldpay, 2024). The trade press and regulators specialising in consumer finance are now paying significant attention to this form of payment (Desai and Pranav, 2024).

Building upon the rapid global growth of BNPL services, approximately 44% of the users of BNPL are among consumers aged between 21 and 30, indicating that younger demographics strongly prefer financial flexibility (Bedi, 2024, as cited in Hui, 2025). This shows that Gen Z consumers are among the key drivers of BNPL adoption, as their digital-native lifestyle, active involvement in online shopping, and desire for flexible payments makes BNPL a more desirable alternative (Fereirra, 2024). In Malaysia, BNPL's user base has expanded quickly, reaching 5 million members in 2023 due to companies like Atome, Grab, PayLater, and Rely, with millennials and Gen Z as the main consumers, particularly for minor expenditures like fashion, electronics, and everyday necessities (Research & Markets, 2025).

However, past studies noted that consumers find it difficult to resist their shopping urges due to the convenience of BNPL, which creates opportunities for impulsive spending. As mentioned by Khan and Mbanyi (2022), as cited in Lia et al. (2021), Gen Z consumers are more likely to make impulsive purchases because they are drawn to the prospect of deferred payments, such as those offered by BNPL schemes. In such purchasing situations, customers prioritise short-term gains over long-term advantages, a behaviour known as present bias (Kuchler & Pagel, 2021). This behaviour increases the likelihood of developing compulsive buying disorder, when an individual becomes obsessed with obtaining material pleasures to the extent that it starts to interfere with daily activities (Ridgway et al., 2008, as cited in Shah et al., 2023). This relationship may be further strengthened by peer pressure, materialism, and fear of missing out (FoMO), which significantly influence their purchasing behaviours.

Examining the underlying causes impacting the BNPL usage of Gen Z is crucial, given the fast adoption of BNPL among this group in Malaysia, as well as concerns about their impulsive behaviour that could lead to poor financial management and spending behaviour. Peer pressure to engage in risky behaviour (Sharma & Charulatha, 2024) may encourage conformity in payment choices, thereby increasing both impulsive buying and reliance on BNPL. Although BNPL provides convenience and flexibility, overreliance or misuse of BNPL might result in long-term debt issues and unsustainable financial practices. Therefore, understanding the factors that shape Gen Z's BNPL usage behaviour is essential to evaluate whether BNPL supports financial flexibility or contributes to unsustainable spending habits.

Although previous studies have examined individual drivers of BNPL adoption or impulsive buying, limited research integrate peer pressure, materialism, FoMO, BNPL Usage, impulsive buying, and compulsive buying within a single framework in the context of Malaysian Gen Z. This study addresses that gap by investigating both the direct effects of social and psychological factors and the behavioural pathway through which BNPL usage contributes to impulsive and compulsive buying behaviour.

LITERATURE REVIEW

Theoretical Framework

Impulse Buying Theory

The impulse buying theory suggests that unplanned and emotionally charged purchasing behaviour is influenced by spontaneous desires triggered by external stimuli (Beatty & Ferrell, 1998; Parboteeah et al., 2009, as cited in Shamim & Misra, 2025). The Stimulus-Organism-Response (S-O-R) model, introduced by Mehrabian and Russell in 1974, provides a solid framework for understanding this process. The S-O-R model states that environmental stimuli, such as peer pressure, affect the organism, which refers to the internal psychological states, such as positive effects. This results in a behavioural response, which in this case, is impulse buying (Djafarova & Bowes, 2021; Hongsuchon et al., 2025, as cited in Amir et al., 2024). According to Sarwar et al. (2024), impulse buying is defined as an overwhelming need or desire to make a purchase that sends customers into a state of psychological imbalance. Stern (1962), as cited in Fanani et al. (2025), highlighted that many external forces, including advancements in technology, can encourage impulsive purchases. This theory is relevant to the study as it clarifies how BNPL features and peer pressure function as stimuli that cause psychological states (organism), which in turn cause Gen Z consumers to make impulsive purchases (response).

Compulsive Buying Theory

According to Andreassen et al. (2015), compulsive buying is described by recurrent, uncontrollable purchases that frequently result in emotional, social, and financial hardship. Small, impulsive purchases can add up and develop into compulsive buying behaviours when people feel driven to spend more than they can afford. Shopping can start cycles of compulsive buying when it is used as a coping strategy to reduce unpleasant emotions like stress, anxiety, or loneliness (Andreassen et al., 2015, as cited in Shah et al., 2025). The Cognitive-Affective-Behavioural (CAB) model emphasises how emotions, including enjoyment, flow state, and emotional involvement, influence compulsive buying behaviours (Dang et al., 2023). The CAB model states that compulsive buying is linked to deeper emotional vulnerabilities and coping processes, whereas impulsive buying is frequently

driven by a desire for immediate gratification or emotional relief (Dang et al., 2023). Some specialists argue that compulsive buying should be classified as an obsessive-compulsive spectrum illness since it shares characteristics with both OCD and ICD (Ridgway et al., 2008; Mcelroy et al., 1994, as cited in Shah et al., 2025). This theory explains how compulsive buying results from impulsive purchases and is perpetuated by peer pressure, impulsive buying, and BNPL usage.

Variables

Peer Pressure

Peer pressure refers to the influence exerted by an individual or a peer group, which encourages others to alter their attitudes, behaviour, or values to conform to the standards of the group (Lu & Brown, 2023). A study by Refsi and Soma (2025) that examined the BNPL adoption among Gen Z in Bandung Raya, Indonesia, found that peer pressure has a major impact on young consumers' intentions to use BNPL services because they feel compelled to follow the actions and choices of their peers. However, some studies found that BNPL adoption has no statistically significant effect based on the research of Surabaya university students (Candika et al., 2025), as well as research on Instagram commerce that indicated no direct effect of peer communication on impulse buying, though indirect effects were present (Assadam, 2019). There are no papers that indicate an insignificant effect of peer pressure on compulsive buying. These findings support these hypotheses:

H1a: Peer pressure positively influences BNPL usage

H1b: Peer pressure positively influences impulsive buying

H1c: Peer pressure positively influences compulsive buying

Materialism

According to Lavuri et al. (2023), materialism is the degree to which people value acquiring and possessing material goods as a way to achieve lifestyle fulfilment, social recognition, and personal fulfilment. Strong materialistic consumers typically view product ownership as a sign of achievement and self-identity (Bazi et al., 2026). According to earlier research, highly materialistic people have a very positive view of credit instruments and how they are used (Pinto et al., 2000, as cited in Raj et al., 2023). Similar payment flexibility is offered in the modern retail setting by BNPL services, which let customers postpone payments while still having instant product ownership. This ease of use could tempt materialistic customers to use BNPL services in order to fulfil their consumption cravings and uphold their desired way of life. According to Karbasivar and Yarahmadi (2011), as cited in Raj et al. (2023), materialism has also been linked to impulsive buying behaviour, which includes making impulsive purchases without giving them much thought and prioritising the immediate gratification of a desire to buy over addressing an existing issue or need. Thus, the subsequent hypotheses are proposed:

H2a: Materialism positively influences BNPL usage

H2b: Materialism positively influences impulsive buying

H2c: Materialism positively influences compulsive buying

FoMO

FoMO is a psychological condition characterised by anxiety regarding the possibility that others are engaging in rewarding or pleasurable experiences in one's absence (Good and Hyman, 2020; Hodkinson, 2019). This feeling has been shown to affect how people make decisions, how they feel emotionally, and how they act, such as when they act on impulse or check things compulsively (Przybylski et al., 2013, as cited in Kim & Wongsa, 2025). Previous studies have shown that seeing what other people are doing on social media can make FoMO worse and make people want to do the same things. (Good and Hyman, 2020; Wong et al., 2020). For example, research in the tourism sector indicates that individuals who view others' travel experiences online may experience anxiety about missing opportunities or lagging social trends, which can drive them to pursue comparable experiences. (Zaman et al., 2022; Siegel and Wang, 2019). Similar psychological mechanisms may affect decisions about money and spending money when it comes to how people act when they purchase things. (Przybylski et al., 2013; Good and Hyman, 2020). Flexible payment services like BNPL services may further encourage such behaviour by allowing consumers to obtain desired products without immediate financial commitment. Consequently, FoMO may contribute to impulsive purchasing tendencies and, over time, increase the likelihood of compulsive buying patterns as individuals repeatedly engage in consumption to maintain social

relevance and emotional satisfaction. Therefore, the following hypotheses are proposed:

H3a: FoMO positively influences BNPL usage

H3b: FoMO positively influences impulsive buying

H3c: FoMO positively influences compulsive buying

BNPL Usage

BNPL is a financial technology that enables consumers to split payments into 3-4 interest-free instalments, which has significantly changed online consumption patterns (Loomis & Cockayne, 2024). According to research investigating the dark sides of BNPL services, BNPL usage and impulsive buying mediate the relationship between materialism and compulsive buying (Raj et al., 2023). Additionally, BNPL usage enhances the possibility of impulsive buyers completing purchases by 13% (Keil & Burg, 2023). However, BNPL usage does not directly affect compulsive buying, but rather, its effect is mediated through impulsive buying (Raj et al., 2023). Additionally, BNPL services did not demonstrate a statistically significant impact on impulsive buying among e-commerce users (Ghaniyo & Hakim, 2025). These findings support these hypotheses:

H4a: BNPL usage positively influences impulsive buying

H4b: BNPL usage positively influences compulsive buying

Impulsive Buying

According to Kurt et al. (2022), impulsive buying is a rapid, unplanned purchase made by a consumer without first considering its implications. Impulsive buying can have both positive (i.e. excitement, pleasure, and joy) and negative outcomes (i.e. a sense of regret or guilt), mainly depending on individuals' personality (Verplanken and Herabadi, 2001 as cited in Bazi, 2026). Research by Raj et al. (2023) showed that the relationship between materialism and compulsive buying is significantly mediated by impulsive buying, where materialism increases impulsive buying, which in turn fuels compulsive buying behaviour. However, impulsive purchasing acts as a mediator between BNPL use and compulsive buying (Raj et al., 2023). With background from studies on materialism and BNPL in Southeast Asia, these findings support the theory that impulsive buying causes compulsive buying among Gen Z consumers in Malaysia.

H5: Impulsive buying positively influences compulsive buying

Compulsive Buying

According to Smith and Wedderburn (2021), compulsive buying refers to an addiction to shopping that has serious detrimental effects. It is related to emotional, financial, and social problems for individuals who are impacted by it. This behaviour is characterised by excessive or poorly controlled impulses to shop and spend money, which lead to adverse effects such as psychological distress, relationship issues, and debt. Research typically looks at compulsive buying as a dependent variable, especially when analysing how it relates to influencing factors like brand variables, such as brand awareness, loyalty, attachment, and perceived quality (Lee & Workman, 2015). In this study, compulsive buying is positioned as the dependent variable, which also indicates that it is a problematic outcome that the framework seeks to explain among Malaysian Gen Z consumers, with peer pressure, BNPL use, and impulsive buying as predictors. It is expected that peer pressure will both directly and indirectly boost compulsive buying through increased BNPL use and more impulsive purchases. The usage of BNPL is thought to promote impulsive purchasing, which can lead to compulsive buying.

CONCEPTUAL FRAMEWORK

The theories applied in this study are located within the behavioural relationships specified in the conceptual framework. Impulse Buying Theory is reflected in the relationship between BNPL usage and impulsive buying, as well as the influence of peer pressure, materialism, and FoMO on impulsive buying behaviour. These factors act as external and internal triggers that encourage spontaneous and unplanned purchases. Compulsive Buying Theory is reflected in the relationship between impulsive buying and compulsive buying behaviour. It explains how repeated impulsive purchases may develop into excessive and uncontrollable buying patterns over time. Additionally, BNPL usage may further reinforce compulsive buying by enabling continuous purchasing without immediate financial constraints. Thus, the two theories are embedded within the behavioural progression from impulsive buying to compulsive buying in the proposed framework, as shown in Figure 1.

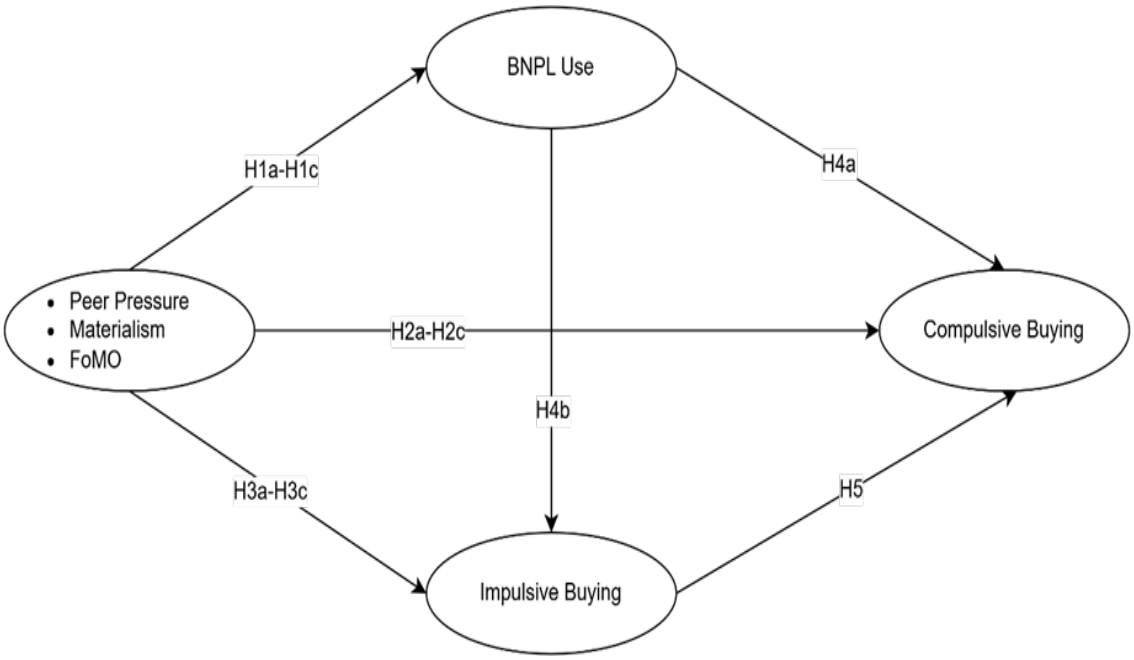

Figure 1 Research framework

METHODOLOGY

Population and Sampling

The sample of the present study consisted of Malaysian Gen Z consumers who were already using BNPL services. The main characteristics of this population are: individuals aged between 18 and 27 years, who have access to online or retail payment services, and have experience or familiarity with FinTech services. By targeting this population, the research ensured that the research was relevant to the findings of individuals who were most likely to utilise BNPL services and display impulsive and compulsive purchasing behaviour. To sample the population of Malaysian Gen Z consumers using BNPL services, this study used a snowball sampling technique, which is a non-probability sampling technique. 362 valid responses were retained to be used in further statistical analysis.

Snowball sampling was employed as BNPL users represent a specific consumer subgroup that is not easily identifiable through conventional sampling frames. This approach enabled the study to reach respondents through existing social networks and online communities where BNPL usage is common among Gen Z consumers.

Data Collection and Analysis

The measurement items were adapted and adopted from prior studies (Table 1), hence justifying the reliability and validity of the research instrument. Responses were assessed using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Once data collection was completed, the responses were then exported into the IBM SPSS Statistics to screen and clean the data to undergo the additional statistical operations. The cleaned data were subsequently analysed in SmartPLS.

Table 2 presents the descriptive statistics of the main constructs examined in this study. The results indicate that all variables recorded relatively high mean values ranging from 4.367 to 4.444, suggesting that respondents generally expressed strong agreement with statements related to peer pressure, materialism, FoMO, BNPL usage, impulsive buying, and compulsive buying behaviour. Among the constructs, peer pressure showed the highest mean score, indicating that social influence played an important role in shaping the purchasing behaviour of Malaysian Gen Z consumers. The SD values ranged from 0.617 to 0.812, reflecting a moderate level of variability in respondents' perceptions. This suggests that although most respondents tend to agree with the statements, some differences in opinions were still present within

Table 1 Measurement items

Variable	Adapted Question	Base Question	Source
Peer Pressure	PP1: I will seek friends' advice every time I have an opportunity.	"I will seek friends' advice every time I have an opportunity."	Thi et al. (2025)
	PP2: I find it easy to be swayed by the opinions of others.	"I find it easy to be swayed by the opinions of others."	
	PP3: I frequently compare how I do things with how my friends do things.	"I frequently compare how I do things with how my friends do things."	
	PP4: I feel safe when following the majority to do risky things.	"I feel safe when following the majority to do dangerous things."	
	PP5: The opinions and preferences of my friends shape my decision about my shopping choices.	"The opinions and preferences of my friends on social media shape my decision about university choices."	
Materialism	MAT1: Acquiring valuable things is important for my happiness.	"Acquiring valuable things is important for my happiness."	Raj et al. (2023)
	MAT2: Having luxury items is important to a happy life.	"Having luxury items is important to a happy life."	
	MAT3: I feel good when I buy expensive things because people think of me as successful.	"I feel good when I buy expensive things because people think of me as successful."	
	MAT4: I like to own expensive things than most people because this is a sign of success.	"I like to own expensive things than most people because this is a sign of success."	
	MAT5: I love to buy products that affect status and prestige.	"I love to buy products that affect status and prestige."	
Fear of Missing Out	"I fear others have more rewarding experiences than me."	"Acquiring valuable things is important for my happiness."	Tomczyk & Selmanagic (2018)
	"I fear my friends have more rewarding experiences than me."	"Having luxury items is important to a happy life."	
	"I get worried when I find out my friends are having fun without me."	"I feel good when I buy expensive things because people think of me as successful."	
	"I get anxious when I do not know what my friends are up to."	"I like to own expensive things than most people because this is a sign of success."	
	"Sometimes, I wonder if I spend too much tme keeping up with what is going on."	"I love to buy products that affect status and prestige."	
BNPL Usage	BNPL1: I am less concerned with the price of a product when I use BNPL.	"I am less concerned with the price of a product when I use BNPL."	Raj et al. (2023)
	BNPL2: I am more impulsive when I shop with BNPL.	"I am more impulsive when I shop with BNPL."	
	BNPL3: I have many BNPL accounts.	"I have many BNPL accounts."	
	BNPL4: I worry how I will pay off my BNPL debt.	"I worry how I will pay off my BNPL debt."	
	BNPL5: I spend more when I use BNPL.	"I spend more when I use BNPL."	
	BNPL6: I often make only the minimum payment on my BNPL limit.	"I often make only the minimum payment on my BNPL limit."	
Impulsive Buying	IB1: I often buy things without thinking.	"I often buy things without thinking."	Raj et al. (2023)
	IB2: "I see it, I buy it" describes me.	"I see it, I buy it" describes me."	
	IB3: I often buy things spontaneously.	"I often buy things spontaneously."	

Table 1 *(cont.)*

Variable	Adapted Question	Base Question	Source
	IB4: I buy things according to how I feel at the moment.	"I buy things according to how I feel at the moment."	Raj et al. (2023)
	IB5: I buy things and later on, do not know why I bought them.	"I buy things and later on, do not know why I bought them."	
Compulsive Buying	CB1: When I have money, I cannot help but spend part or all of it.	"When I have money, I cannot help but spend part or all of it."	Raj et al. (2023)
	CB2: I sometimes feel that something inside pushes me to go shopping.	"I sometimes feel that something inside pushes me to go shopping."	
	CB3: There are times when I have a strong urge to buy something.	"There are times when I have a strong urge to buy something."	
	CB4: I have often bought a product that I do not need, while knowing that I have very little money left.	"I have often bought a product that I do not need, while knowing that I have very little money left."	
	CB5: People describe me as a shopaholic.	"People describe me as a shopaholic."	

Table 2 Descriptive statistics for main constructs

Construct	Mean	Standard Deviation
PP	4.444	0.617
MAT	4.381	0.782
FOMO	4.367	0.812
BNPL	4.399	0.768
IB	4.368	0.797
CB	4.416	0.748

Table 3 Outer loading of measurement items

Construct	Item	Outer Loadings
Peer Pressure	PP2	0.783
	PP3	0.77
	PP4	0.767
	PP5	0.802
Materialism	MAT2	0.836
	MAT3	0.875
	MAT4	0.866
	MAT5	0.87
FoMO	FOMO1	0.88
	FOMO2	0.909
	FOMO4	0.882
BNPL Usage	BNPL3	0.87
	BNPL4	0.856
	BNPL5	0.862
Impulsive Buying	IB2	0.866
	IB3	0.845
	IB5	0.875
Compulsive Buying	CB1	0.856
	CB4	0.87
	CB5	0.882

the sample. Overall, the descriptive results indicate that the respondents demonstrated relatively high engagement with BNPL services and online purchasing activities.

Table 3 provides the outer loading values of all the measurement items that have been kept in the final measurement model that were analysed with SmartPLS. Outer loadings were examined to evaluate indicator reliability in which values of > 0.70 are generally considered satisfactory. The results show that the loading of all the retained indicators ranged from 0.767 to 0.909, all values higher than the recommended loading threshold. This has been shown by showing that each of the measurement items was strongly associated with its respective construct. The FoMO construct received the highest load value, indicating the impression that the corresponding indicators gave an especially good representation for the latent variable. The initial measurement item consisted of all of the questionnaire items. However, several items from the initial measurement items were dropped in the analysis because of relatively weaker loadings and the possible overlap of measurements. The more parsimonious measurement model obtained by this refinement process included only those indicators for which the psychometric properties were good. Overall, the results give evidence of satisfactory indicator reliability, showing that the measurement items were suitable for the later evaluation of construct reliability and validity.

Table 4 Internal consistency reliability

Construct	Cronbach's Alpha	Composite Reliability (α) (rho_A)	Composite Reliability (rho_C)
PP	0.828	0.83	0.897
MAT	0.838	0.841	0.903
FOMO	0.87	0.871	0.92
BNPL	0.827	0.827	0.897
IB	0.885	0.886	0.92
CB	0.787	0.788	0.862

Table 4 shows the results of the internal consistency reliability assessment for all constructs used based on SmartPLS. Reliability was assessed with Cronbach's alpha and composite reliability. The results show all constructs have achieved the alpha levels of Cronbach's alpha value, which everyone accepted as a good test (0.70), ranging from 0.787 to 0.885. This shows that the measuring items for each construct are found to have satisfactory internal consistency. Similarly, the composite reliability values (rho_A and rho_C) for all constructs were above the minimum acceptable level of 0.70, and the values were between 0.788 and 0.920. These results further validate the constructs in terms of their reliability and the indicators being consistent in measuring their respective latent variables. Overall, the results are very convincing that the measurement model exhibits satisfactory internal consistency reliability and can be used for further validity evaluation and structural model analysis.

Table 5 Split-half reliability

Construct	Spearman-Brown Coefficient (Equal Length)	Spearman-Brown Coefficient (Unequal Length)	Gutman SplitHalf
PP	0.779	0.779	0.779
MAT	0.882	0.882	0.881
FOMO	0.844	0.857	0.765
BNPL	0.819	0.834	0.726
IB	0.831	0.844	0.762
CB	0.83	0.844	0.796

As presented in Table 5, in order to further validate the reliability of the measurement scales, split-half reliability analysis was performed using IBM SPSS Statistics. The measurement items for each construct were split into two halves, and the precision of the correlation between the two subsets of scores was analysed by use of the Spearman-Brown coefficient and the Guttman split-half coefficient. Based on the obtained results, all constructs showed satisfactory split-half reliability since coefficients of the Spearman and simple Brown are in the range of 0.779 to 0.882 and are above the recommended threshold value of 0.70. Similarly, the Guttman split-half coefficients were between 0.726 and 0.881, further providing evidence for the internal consistency of the measurement scales. Although slightly weaker values were seen for certain constructs like BNPL usage and impulsive buying (0.726 and 0.762), but it was still well above the minimum acceptable value of 0.70, which suggests acceptable reliability. Overall, the results indicate that the measure items of each construct were interpreted consistently by the respondents and were appropriate for further structural model analysis.

Table 6 Convergent validity

Construct	Average Variance Extracted (AVE)
PP	0.744
MAT	0.755
FOMO	0.793
BNPL	0.743
IB	0.743
CB	0.61

As presented in Table 6, all constructs recorded AVE values that were higher than 0.61-0.793, exceeding the recommended level. These results show that each construct has a substantial variance explaining proportion in its respective indicators. Among the constructs, Impulsive Buying and FoMO were found to have the highest values for AVE, which implied good convergent validity. Overall, the results determine that the measurement model does have adequate convergent validity and is suitable for further structural model assessment.

Table 7 presents that the collinearity problem between the predictor constructs was checked with the Variance Inflation Factor (VIF) calculated in SmartPLS. The results indicated that the majority of the VIF's were less than the recommended threshold of 5, suggesting that the multicollinearity was not a major concern. Although a number of relationships had VIF values slightly exceeding 5, these were judged to reflect only moderate relationships and did not affect the assessment of the

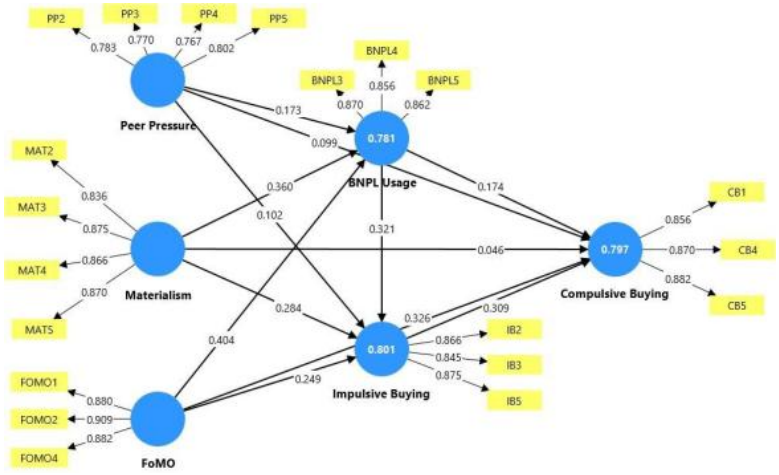

Figure 2 PLS Algorithm path diagram for research model

Table 7 Collinearity assessment (VIF)

Structural Relationship	VIF
PP - BNPL	3.077
PP- IB	3.214
PP - CB	3.266
MAT - BNPL	4.148
MAT - IB	4.74
MAT - CB	5.145
FOMO - BNPL	4.353
FOMO - IB	5.098
FOMO - CB	5.409
BNPL - IB	4.565
BNPL -CB	5.083
IB - CB	5.035

Table 8 Coefficient of determination (R^2)

Construct	R-Square
BNPL	0.781
IB	0.797
CB	0.801

structural model. Therefore, all constructs were kept for further analyses.

The results presented in Table 8 showed that the R2 value of BNPL usage was 0.781, showing that the three variables, peer pressure, materialism and FoMO, accounted for a total of 78.1% of the variance in BNPL usage among Malaysian Gen Z consumers. This implies a great degree of explanatory power. Similarly, impulsive buying behaviour exhibited an R2 of 0.797; it could be said that BNPL usage explained 79.7% of the variance in impulsive buying tendencies. This shows a high prediction power of BNPL usage towards impulsive purchasing behaviour. Furthermore, the highest R2 value of 0.801 was observed for compulsive buying behaviour, and thus, BNPL usage accounted for 80.1% of the variance in compulsive buying behaviour. This result suggests that the usage of BNPL plays a very significant role in forming the pattern of compulsive purchasing among the respondents. Overall, the R2 values suggest the structural model explains a substantial proportion of the variance in BNPL usage, Impulsive buying, and compulsive buying behaviour.

As shown in Table 9, the results indicated that peer pressure has a significant positive influences on BNPL usage ($v = 0.173$, $t = 3.744$, $p < 0.05$), impulsive buying ($v = 0.102$, $t = 2.254$, $p < 0.05$), and compulsive buying behaviour. ($v = 0.099$, $t = 2.359$, $p < 0.05$). The current study finds that peer pressure plays a part in boosting BNPL usage and drives unplanned and excessive purchasing behaviour of Malaysian Gen Z consumers. Similarly, the materialism variable was found to have a significant positive effect on the usage of BNPL ($\beta = 0.360$, $t = 5.798$, $p < 0.05$) and impulsive buying ($\beta = 0.284$, $t = 4.374$, $p < 0.05$). However, the relationship between materialism and compulsive buying was not significant ($v = 0.046$, $t = 0.714$, $p > 0.05$), showing that materialistic values alone may not directly cause compulsive purchasing behaviour. Furthermore, FoMO showed positive significant effects on BNPL usage (beta = 0.404, $t = 6.953$, $p < 0.05$), impulsive buying (beta = 0.249, $t = 4.226$, $p < 0.05$), and compulsive

Table 9 Path coefficient and hypothesis testing

Hypothesis	Relationship	Original Sample (β)	t-value	p-value	Decision
H1a	PP - BNPL	0.173	3.744	0.00	Supported
H1b	PP - IB	0.102	2.254	0.024	Supported
H1c	PP - CB	0.099	2.359	0.018	Supported
H2a	MAT - BNPL	0.36	5.798	0.00	Supported
H2b	MAT - IB	0.284	4.374	0.00	Supported
H2c	MAT - CB	0.046	0.714	0.475	Not Supported
H3a	FOMO - BNPL	0.404	6.953	0.00	Supported
H3b	FOMO - IB	0.249	4.226	0.00	Supported
H3c	FOMO - CB	0.326	5.529	0.00	Supported
H4a	BNPL - IB	0.321	5.411	0.00	Supported
H4b	BNPL - CB	0.174	2.965	0.003	Supported
H5	IB - CB	0.309	4.166	0.00	Supported

buying behaviour (beta = 0.326, t = 5.529, p < 0.05). Among all antecedent variables, there was the highest level of influence by FoMO to follow the social trends, tantalizing that psychological pressure to keep up with social trends is a significant cause of BNPL adoption. In addition, the usage of BNPL had a significant impact on the level of impulsive buying (Beta = 0.321, t = 5.411, p < 0.05) and compulsive buying behaviour (Beta = 0.174, t = 2.965, p < 0.05). This is translated into increased reliance on BNPL services, resulting in higher tendencies towards unplanned and repetitive purchasing. Finally, impulsive buying was found to have a significant positive effect on compulsive buying behaviour to some extent (beta = 0.309, t = 4.166, p < 0.05), suggesting the fact that impulsive purchasing tendencies may gradually develop and lead to more persistent compulsive buying.

The SRMR value of the structural model was 0.048, which is less than the 0.08 recommended value, indicating that the model provides a good level of fit with observed values (Table 10). This, in turn, implies that there is little discrepancy between the empirical correlation matrix and the correlation matrix implied by the model. In addition, the Normed Fit Index (NFI) showed the value of 0.864, which is above the minimum acceptable value of 0.70. This result was suggestive of the adequacy of the proposed research model of research in explaining the relationships among research constructs of the study. Overall, it has been

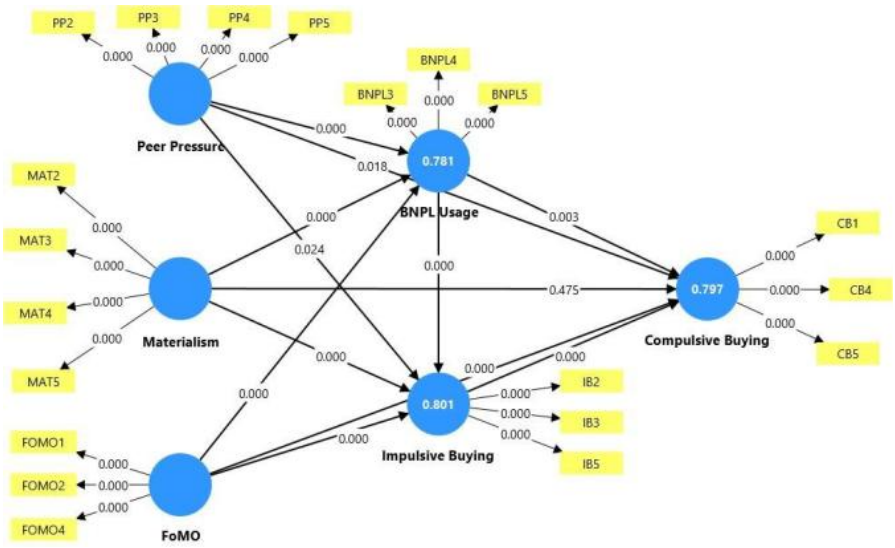

Figure 3 Graphical output of bootstrapping result (hypothesis testing)

Table 10 Path coefficient and hypothesis testing

Fit Index	Value	Threshold	Interpretation
SRMR	0.048	<0.08	Good Fit
NFI	0.864	>0.70	Good Ft

found from the model fit indices that the structural model presents a satisfactory representation of the data to support that the research framework is suitable for analysing BNPL usage behaviour among Malaysian Generation Z consumers.

RESULTS AND DISCUSSION

The results of the structural model give detailed information on the effect of peer pressure, materialism, and FoMO on BNPL usage, impulsive buying, as well as compulsive buying among the Gen Z consumers in Malaysia under the context of the Impulse Buying Theory and Compulsive Buying Theory. The analysis shows that the three antecedents are significantly and positively associated with BNPL usage, which supports the combined effect of social conformity and material desire and fear of missing out in the adoption of deferred payment services in accordance with the previous studies (Sharma and Charulatha, 2024; Pradhan et al., 2018; Przybylski et al., 2013; Good and Hyman, 2020).

The findings also illustrate that BNPL usage contributes to the growth of impulsive and compulsive buying behaviours considerably and suggest that it is a financially enabling tool that eliminates the perception of financial constraints and encourages instant satisfaction (Schomburgk and Hoffmann, 2023; Lia and Natswa, 2021; Gifford, 2022). Also, as expected by the previous studies, peer pressure, materialism, and FoMO turned out to be the potent contributors to impulsive purchasing, which proves that social and emotional factors serve as powerful triggers of spontaneous purchases (Pradhan et al., 2018; Dittmar et al., 1995; Przybylski et al., 2013).

One of the important discoveries is that impulsive buying is a vital predictor of compulsive buying, and thus makes it a significant behavioural pathway. This serves to confirm the opinion that compulsive buying grows with time through habitual impulsive behaviour and not singularly (Ridgway et al., 2008).

An important finding is that materialism did not have a significant direct effect on compulsive buying behaviour. This suggests that materialistic values alone may not be sufficient to produce compulsive buying tendencies without the presence of behavioural mechanisms such as BNPL usage and impulsive buying. This result contributes to the literature by indicating that the transition from materialistic desires to compulsive buying may depend on facilitating factors that reduce perceived financial constraints.

Overall, the results build on the existing theories, introducing the use of BNPL as a behavioural facilitator of consumer decision-making. In practice, the findings indicate that more regulation and financial literacy efforts should be enhanced by policymakers, responsible consumption features must be introduced by BNPL providers, and the risks of over-consumption should be reduced by consumers through enhancing financial self-control.

CONCLUSION

This paper investigated the impact of peer pressure, materialism, and Fear of Missing Out (FoMO) on the use of BNPLs, impulsive buying, and compulsive buying behaviour among Gen Z consumers in Malaysia. Using a quantitative approach, the study analysed the relationships between these factors to better understand what drives consumption behaviour in the context of BNPL services. The results showed that peer pressure and FoMO are significant predictors for BNPL usage, impulsive buying and compulsive buying, while materialism was found to significantly affect BNPL use and impulsive buying but not compulsive buying, suggesting that materialistic values may promote purchasing behaviour without necessarily leading to excessive or out-of-control patterns. Furthermore, BNPL usage was found to play a considerable role in shaping both impulsive and compulsive buying, and impulsive buying was found to have an important impact on compulsive buying, indicating that repeated impulsive purchases may escalate into more problematic behaviours over time. Academically, the study contributes to behavioural finance and consumer behaviour literature by demonstrating how social and psychological factors interact with BNPL usage. Based on the limitations identified, future studies should consider larger and more diverse samples

across different demographics and cultural contexts to improve generalisability. A longitudinal design would better capture long-term effects on financial habits, while incorporating additional variables such as financial literacy, self-control, income level, and digital marketing exposure would offer a more comprehensive explanation. Qualitative or mixed-method approaches, including interviews and focus groups, alongside investigations into emerging financial technologies and regulatory policies, are also encouraged.

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CONFLICT OF INTEREST

The authors declare that there is no conflict of interest regarding the publication of this article.

AUTHORS' CONTRIBUTION

[Author 1] conceptualised the study and drafted the manuscript. [Author 2] collected and analysed the data. [Author 3] reviewed and edited the manuscript critically for intellectual content. All authors read and approved the final version of the manuscript.

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