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The Influence of Buy Now, Pay Later (BNPL) Features and Impulsive Buying on Financial Distress among Generation Z through a Hedonic Lifestyle

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ABSTRACT

The rapid development of digital financial services and the high level of consumerism among Generation Z have increased the risk of financial distress due to the use of Buy Now, Pay Later (BNPL) services, impulsive buying behavior, and a hedonistic lifestyle. This study aims to analyze the influence of Buy Now, Pay Later (BNPL) features and impulsive buying on financial distress among Generation Z, with a hedonistic lifestyle serving as an intervening variable. This research employed a quantitative approach using an associative research design. Data were collected through questionnaires distributed to 100 Generation Z respondents who had previously used BNPL services. The data were analyzed using Structural Equation Modeling (SEM) based on the Partial Least Squares (PLS) approach with the assistance of SmartPLS software to examine both the direct and indirect relationships among the research variables. The findings indicate that the use of BNPL features and impulsive buying behavior have a positive and significant effect on financial distress, both directly and indirectly through a hedonistic lifestyle as the intervening variable. The results are expected to provide valuable insights for Generation Z to use digital financial services more responsibly, enhance self-control, and improve financial management practices in order to reduce the risk of financial distress.

Keywords: Buy Now Pay Later (BNPL), Impulsive Buying, Financial Distress, Hedonic Lifestyle, Generation Z

INTRODUCTION

Generation Z represents a cohort that has grown up in the digital era, where easy access to technology has significantly influenced consumption patterns and financial management practices. While technological advancement offers convenience and efficiency in daily activities, it has also encouraged a fast-paced and practical lifestyle that increasingly promotes consumptive behavior. Such conditions may lead to financial distress, a situation in which individuals are unable to meet their financial obligations, as indicated by increasing debt, delayed bill payments, and an imbalance between income and expenditures. Financial distress reflects a deterioration in an individual's financial health, which can be assessed through liquidity capacity and debt levels (Bahasoan & Qamariah, 2025; Oktasari, 2020).

Based on the researcher's preliminary observations through interviews with 30 Generation Z respondents, approximately 73% reported experiencing financial distress, characterized by difficulties in fulfilling financial obligations, delayed bill payments, and expenditures exceeding their income. Meanwhile, the remaining 27% did not experience immediate financial hardship but still demonstrated uncontrolled consumption patterns and excessive spending without adequate financial planning. These findings indicate that high levels of consumptive behavior combined with poor financial management increase the likelihood of financial distress among Generation Z.

This phenomenon is consistent with data released by the Indonesian Financial Services Authority (Otoritas Jasa Keuangan/OJK), which indicate an increasing number of financial problems among young people in Indonesia. OJK reported that individuals aged 19–34 years, predominantly consisting of Generation Z and Millennials, accounted for 37.17% of non-performing loans in Indonesia's fintech lending sector (Antara, 2024). Furthermore, OJK recorded that non-performing financing (TWP90) in the fintech lending industry reached IDR 2.01 trillion, with 52.01% of problematic borrowers belonging to the 19–34-year-old age group (Kompas.com, 2025). In addition, Buy Now Pay Later (BNPL) financing increased by 39.3% to IDR 8.22 trillion in March 2025 (Antara, 2025). These statistics suggest that the increasing adoption of digital financial services among Generation Z has simultaneously heightened the risk of financial pressure and loan default.

Financial distress has become an important financial issue among Generation Z because it is closely associated with individuals' inability to fulfill financial obligations due to inadequate financial literacy, excessive consumptive behavior, and poor financial decision-making (Phangestu et al., 2025; Sitepu & Fadila, 2024; Yahaya et al., 2019). The rapid development of digital financial services, particularly Buy Now Pay Later (BNPL), has further intensified financial risks by providing easy access to credit and flexible payment options, thereby encouraging consumers to make excessive purchases without considering their long-term financial capacity (Nurfaiza & Prayitno, 2023; Phangestu et al., 2025; Sitepu & Fadila, 2024). Consequently, Generation Z becomes increasingly vulnerable to uncontrolled debt accumulation and consumptive spending. Moreover, impulsive buying behavior contributes significantly to financial distress because purchasing decisions are made spontaneously without proper financial planning, resulting in uncontrolled expenditures and potential financial problems in the future (Salputri et al., 2025; Tatiana et al., 2025). This risk is further reinforced by a hedonic lifestyle that encourages Generation Z to prioritize pleasure, personal satisfaction, and consumption trends over actual financial needs (Azzahra et al., 2025; Panjaitan et al., 2026). Therefore, BNPL usage, impulsive buying, and a hedonic lifestyle are interrelated factors that collectively contribute to the increasing risk of financial distress among Generation Z.

According to the Theory of Planned Behavior proposed by Ajzen (n.d.), financial distress is influenced by individual behavior, which is shaped by attitudes, subjective norms, and perceived behavioral control in financial decision-making. This theory explains that low self-control, consumptive behavior, and inadequate financial management increase the likelihood of experiencing financial distress. In the context of Generation Z, technological advancement and easy access to digital financial services have substantially influenced consumer behavior. The use of Buy Now Pay Later (BNPL), which offers convenient transactions and flexible repayment options, encourages individuals to make purchases without adequately considering their long-term financial capacity, thereby increasing the potential for financial distress (Nikolaus et al., 2024; Nurfaiza & Prayitno, 2023). Furthermore, impulsive buying behavior and a hedonic lifestyle further elevate financial pressure because individuals tend to engage in spontaneous consumption to satisfy personal desires rather than making financially responsible decisions (Azzahra et al., 2025; Salputri et al., 2025). Therefore, the Theory of Planned Behavior provides an appropriate theoretical framework for explaining how BNPL usage, impulsive buying, and a hedonic lifestyle influence financial distress among Generation Z (N. W. Sari & Tanjung, 2024).

However, several previous studies have reported different findings, suggesting that the use of digital financial services does not necessarily lead to financial distress when individuals possess adequate financial management capabilities. Studies by Afifah Ghaysani (2025) and Zara et al. (2026) found that financial skills, digital financial literacy, and sound financial decision-making enable Generation Z to regulate their consumption behavior and maintain financial well-being. Likewise, Yahaya et al. (2019) argued that financial knowledge and positive financial attitudes significantly improve financial behavior, thereby reducing the risk of financial distress. Fatmawati et al. (2026) further explained that good financial literacy enables individuals to control consumptive behavior and improve financial satisfaction, consequently minimizing the likelihood of financial distress. These findings indicate that financial distress is influenced not only by BNPL usage, impulsive buying, and hedonic lifestyle but also by individuals' ability to manage and regulate their financial behavior effectively.

Accordingly, this study aims to examine the influence of Buy Now Pay Later (BNPL) and impulsive buying on financial distress among Generation Z, with hedonic lifestyle serving as an intervening variable. A hedonic lifestyle is selected as the mediating variable because consumption behavior oriented toward pleasure and personal satisfaction is expected to strengthen the relationship between BNPL usage, impulsive buying, and financial distress. Generation Z, characterized by a strong tendency to follow trends, adopt modern lifestyles, and engage in digital consumption, is particularly susceptible to excessive spending in pursuit of personal satisfaction. Previous studies have demonstrated that a hedonic lifestyle significantly increases consumptive behavior and impulsive purchasing among Generation Z (Ainy et al., 2025; Bahasoan & Qamariah, 2025; Sutejo et al., 2026). Similarly, BNPL usage has been shown to stimulate uncontrolled consumption and spending, thereby increasing the likelihood of financial distress. Therefore, this study seeks to determine the extent to which a hedonic lifestyle mediates the relationship between BNPL usage, impulsive buying, and financial distress among Generation Z.

Ideally, Generation Z should utilize digital financial services wisely by implementing sound financial management practices to avoid financial distress. The convenience offered by Buy Now Pay Later (BNPL) services should assist individuals in fulfilling their needs more efficiently and systematically rather than encouraging excessive consumption. However, in reality, easy access to credit combined with high levels of impulsive buying has led many Generation Z consumers to spend beyond their financial capacity. This condition is further aggravated by a hedonic lifestyle that prioritizes pleasure and personal satisfaction over essential financial needs, thereby increasing the risk of delayed repayments, excessive debt accumulation, and ultimately financial distress. These circumstances indicate that the rapid expansion of digital financial services, when not accompanied by adequate self-control and financial literacy, can become a major contributor to increasing financial pressure among Generation Z.

Based on the observed phenomenon and previous empirical findings, there remains a research gap regarding the determinants of financial distress among Generation Z. Several studies have concluded that Buy Now Pay Later (BNPL), impulsive buying, and a hedonic lifestyle significantly increase financial distress by encouraging excessive consumption and uncontrolled debt (Nofiana & Widiastuti, 2026; Suriyani, 2024; Widayati, 2024; Yustati et al., 2026). Conversely, other studies suggest that digital financial services do not necessarily lead to financial distress when individuals possess sufficient financial literacy, self-control, and financial management capabilities (Budiman et al., 2022; Hernawati et al., 2025; Kurniawan et al., 2026). Moreover, most previous studies have primarily examined the direct effects of BNPL and impulsive buying on consumptive behavior, whereas research investigating the mediating role of a hedonic lifestyle in the relationship between BNPL, impulsive buying, and financial distress among Generation Z remains limited. Therefore, this study analyzes the effects of BNPL usage and impulsive buying on financial distress through the mediating role of a hedonic lifestyle among Generation Z.

RESEARCH METHODS

This study aims to analyze the effect of the use of the Buy Now Pay Later (BNPL) feature and impulsive buying on financial distress among Generation Z, with hedonic lifestyle serving as an intervening variable. The study employs a quantitative approach using an associative research method, as it seeks to examine the relationships and effects among variables through statistical testing. The quantitative approach was selected because the research data consist of numerical information obtained through questionnaires distributed to respondents, enabling objective findings based on statistical analysis. This approach is widely applied in studies within the fields of management, consumer behavior, and digital finance to examine relationships among independent, intervening, and dependent variables (Kinski &

Tanjung, n.d.; Prakoso & Tanjung, 2025). Furthermore, quantitative research utilizing Structural Equation Modeling–Partial Least Squares (PLS-SEM) is considered capable of comprehensively explaining causal relationships among variables by evaluating both the measurement model (outer model) and the structural model (inner model). Consequently, it has been extensively employed in management, marketing, and finance research (Cintia et al., 2025; Ruhmi & Tanjung, 2023; Tanjung, 2026). This study was conducted over approximately three months, beginning with instrument development, followed by questionnaire distribution, data collection, data processing, and statistical analysis.

The study consists of four constructs: Buy Now Pay Later (BNPL) as the first independent variable (X_1), impulsive buying as the second independent variable (X_2), hedonic lifestyle as the intervening variable (Z), and financial distress as the dependent variable (Y). The Buy Now Pay Later (BNPL) variable refers to a digital payment service that allows consumers to complete transactions using deferred payment or installment schemes over a specified period. According to the Indonesian Financial Services Authority (OJK), BNPL is a form of digital financing service that provides consumers with fast and flexible payment facilities. This variable was measured using the indicators of ease of use, payment flexibility, and promotions and cashback. The impulsive buying variable refers to spontaneous purchasing behavior undertaken without careful planning and driven more by emotional impulses than rational considerations. It was measured using the indicators of spontaneous purchasing and emotional impulse. Meanwhile, hedonic lifestyle represents a pattern of living that prioritizes pleasure, satisfaction, and a modern lifestyle in consumption activities. According to Kotler, lifestyle reflects how individuals spend their time and money; therefore, this variable was measured using the indicators of seeking pleasure and adopting a modern lifestyle. Finally, financial distress refers to an individual's inability to fulfill financial obligations due to an imbalance between income and expenditures. This variable was measured using the indicators of difficulty in meeting financial obligations, concerns about financial conditions, and insufficient income to meet daily needs.

The population of this study comprised Generation Z individuals who had previously used Buy Now Pay Later (BNPL) services. Generation Z was selected because this generation grew up in the digital era, demonstrates a high level of digital financial service utilization, and is generally more susceptible to consumption trends, making them more likely to engage in impulsive buying behavior that may increase the risk of financial distress. The sampling technique employed was purposive sampling, in which respondents were selected based on specific criteria, namely individuals aged 17–27 years who had experience using BNPL services. According to Hair Junior et al. (2017), the minimum sample size for research using Structural Equation Modeling–Partial Least Squares (SEM-PLS) should be five to ten times the total number of research indicators. The application of SmartPLS in this study also follows previous research utilizing the PLS-SEM approach, including studies by Prakoso and Tanjung (2025), Ruhmi and Tanjung (2023), W. Sari and Tanjung (2023), and Tanjung

(2026), which demonstrated that PLS-SEM is effective in examining direct effects, indirect effects, and mediation effects through the simultaneous evaluation of the outer model and inner model. Therefore, this study employed 100 respondents, satisfying the statistical requirements while adequately representing the characteristics of the target population.

Primary data were collected through questionnaires using a five-point Likert scale. The data were subsequently analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with the assistance of SmartPLS version 3.2.9. The analysis involved evaluation of the outer model, including construct validity and reliability, as well as the inner model, encompassing the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and hypothesis testing using the bootstrapping procedure to assess both direct and indirect effects among the research variables (Cintia et al., 2025; Hair Junior et al., 2017; Ruhmi & Tanjung, 2023; Tanjung, 2026). The minimum sample size was determined using the following formula:

$$n = \text{Number of Indicators} \times 10$$

Since the study included 10 indicators, the sample size calculation was:

$$n = 10 \times 10 = 100$$

Based on this calculation, the sample consisted of 100 respondents.

The data sources in this study comprised both primary and secondary data. Primary data were collected directly through questionnaire distribution, whereas secondary data were obtained from scientific journals, scholarly articles, official reports issued by the Indonesian Financial Services Authority (OJK), and other relevant literature related to the research topic.

The data analysis method employed in this study was Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) using the SmartPLS application. This method was selected because it is capable of testing complex relationships among latent variables while accommodating relatively small sample sizes. SEM-PLS analysis consists of two stages: the outer model and the inner model. The outer model was evaluated to examine the validity and reliability of the measurement indicators through convergent validity, discriminant validity, composite reliability, and Cronbach's alpha. Convergent validity was assessed using factor loadings and Average Variance Extracted (AVE). Indicators were considered valid when the factor loading exceeded 0.70 and the AVE value exceeded 0.50. Meanwhile, composite reliability and Cronbach's alpha were employed to evaluate the reliability of the measurement instrument, with acceptable values exceeding 0.70. The predictive relevance (Q^2) was calculated using the following formula:

$$Q^2 = 1 - (1 - R_1{}^2)(1 - R_2{}^2)(1 - R_n{}^2)$$

Subsequently, the inner model was evaluated to determine the relationships among the research variables using R-Square, path coefficients, t-statistics, and p-values. This analysis aimed to examine the extent to which the use of the Buy Now Pay Later (BNPL) feature and impulsive buying influence financial distress, both directly and indirectly through hedonic lifestyle as the intervening variable. The R-Square value was used to evaluate the explanatory power of the independent variables on the dependent variable. Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS by examining the t-statistic and p-value. A research hypothesis was accepted when the t-statistic exceeded 1.96 and the p-value was less than 0.05. Accordingly, the SEM-PLS method was employed in this study to provide a more accurate examination of the relationships and effects among the research variables in accordance with the proposed conceptual model.

Table 1. Operationalization of Research Variables

No.	Variable	Indicator	Source
1	Buy Now Pay Later (BNPL)	Ease of use	(Davis et al., 2024)
2	Buy Now Pay Later (BNPL)	Payment flexibility	(AMIN, 2025)
3	Buy Now Pay Later (BNPL)	Promotions and cashback	(Ballestar et al., 2016)
4	Impulsive Buying	Spontaneous purchasing	(Rook, 2018)
5	Impulsive Buying	Emotional urge	(Habib, 2018)
6	Hedonic Lifestyle	Seeking pleasure	(Utomo et al., 2023)
7	Hedonic Lifestyle	Following a modern lifestyle	(Sjöberg & Engelberg, 2025)
8	Financial Distress	Difficulty in meeting financial obligations	(Prawitz et al., 2022)
9	Financial Distress	Concerns about financial condition	(Prawitz et al., 2022)
10	Financial Distress	Income is insufficient to meet needs	(Gerrans et al., 2017)

RESULTS AND DISCUSSION

Analysis Results

Based on questionnaire responses collected from 100 Generation Z respondents, this study examined the effects of Buy Now Pay Later (BNPL) and Impulsive Buying on Financial Distress, with Hedonic Lifestyle included as an additional independent variable whose influence on Financial Distress was also investigated. Data were analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach with the assistance of SmartPLS version 3.2.9.

As presented in Table 2, the respondent characteristics indicate that the majority were female, accounting for 70 respondents (70%), while 30 respondents (30%) were male. Regarding age distribution, most respondents were between 21–24 years old (52 respondents, 52%), followed by those aged 17–20 years (29 respondents, 29%) and 25–27 years (19 respondents, 19%). Based on occupational status, the majority were university students (49 respondents, 49%), followed by employed respondents (47 respondents, 47%), while the remaining 4 respondents (4%) belonged to other categories.

Regarding monthly income or allowance, most respondents reported earning less than IDR 1,000,000 (31%), followed by IDR 1,000,000–2,000,000 (26%), IDR 2,000,500–3,000,000 (16%), more than IDR 3,000,000 (12%), while the remaining 15% were classified into other income categories. In terms of Buy Now Pay Later (BNPL) usage, 61 respondents (61%) had previously used BNPL services, whereas 39 respondents (39%) had never used them. Among the available BNPL platforms, Shopee PayLater was the most frequently used (45%), followed by Kredivo (16%), Akulaku (13%), GoPay Later (12%), and Indodana together with other platforms (7% each).

The next stage involved evaluating the outer model to assess the validity and reliability of the research instruments. Based on Table 3, the factor loading results indicate that all indicators measuring the variables Buy Now Pay Later (BNPL), Impulsive Buying, Hedonic Lifestyle, and Financial Distress exceeded the recommended loading factor threshold of 0.70. The loading factor values ranged from 0.858 to 0.900 for BNPL, 0.833 to 0.916 for Impulsive Buying, 0.876 to 0.897 for Hedonic Lifestyle, and 0.872 to 0.892 for Financial Distress. The highest loading factor was observed for the Emotional Urge indicator (X2.2), with a value of 0.916, while the lowest was found for the Spontaneous Purchase indicator (X2.1), with a value of 0.833. Therefore, all indicators satisfied the criteria for convergent validity and were considered valid for subsequent analyses.

Furthermore, as shown in Table 4, the reliability assessment demonstrated that all research variables achieved Cronbach's Alpha values ranging from 0.701 to 0.858, rho_A values between 0.732 and 0.865, Composite Reliability values between 0.867 and 0.913, and Average Variance Extracted (AVE) values ranging from 0.763 to 0.786. These values satisfy the thresholds recommended by Hair et al. (2017), namely Cronbach's Alpha, rho_A, and Composite Reliability values above 0.70, and AVE values above 0.50. These findings indicate that all constructs demonstrate satisfactory reliability and adequate convergent validity.

Based on Table 5, the cross-loading analysis revealed that each indicator exhibited a higher loading on its respective construct than on any other construct. These results confirm that all indicators met the criteria for discriminant validity, indicating that each indicator effectively distinguished the construct it was intended to measure from other constructs within the model.

The next stage involved evaluating the inner model through the coefficient of determination (R^2). As shown in Table 6, the R^2 value for the Financial Distress variable was 0.788. This result indicates that Buy Now Pay Later (BNPL), Impulsive Buying, and Hedonic Lifestyle jointly explain 78.8% of the variance in Financial Distress, while the remaining 21.2% is attributable to other factors not included in the research model. According to the criteria proposed by Hair et al. (2017), this value falls within the substantial category, indicating that the proposed model possesses strong explanatory power.

A partial significance test (t-test) was subsequently conducted to examine the effect of each independent variable on the dependent variable. Based on Table 7, the Buy Now Pay Later (BNPL) variable produced a t-statistic of 3.905 with a p-value of 0.000, indicating a positive and statistically significant effect on Financial Distress. Likewise, Impulsive Buying yielded a t-statistic of 2.224 with a p-value of 0.027, demonstrating a significant positive effect on Financial Distress. In contrast, Hedonic Lifestyle obtained a t-statistic of 0.608 with a p-value of 0.544, indicating that it does not have a statistically significant effect on Financial Distress.

The hypothesis testing results presented in Table 8 further support these findings. The Buy Now Pay Later (BNPL) variable produced an Original Sample (β) coefficient of 0.591, indicating a positive and significant effect on Financial Distress; therefore, Hypothesis 1 (H1) was accepted. Impulsive Buying yielded a path coefficient of 0.256 with a p-value of 0.027, leading to the acceptance of Hypothesis 2 (H2). Conversely, Hedonic Lifestyle produced an Original Sample (β) coefficient of 0.071 with a p-value of 0.544. Since the effect was not statistically significant, Hypothesis 3 (H3) was rejected, indicating that Hedonic Lifestyle does not significantly influence Financial Distress among Generation Z.

Instrument Validity and Reliability Testing

To evaluate the accuracy of the research instrument used in this study, validity and reliability tests were conducted. The results of the validity and reliability testing are presented below.

Validity and Reliability Testing

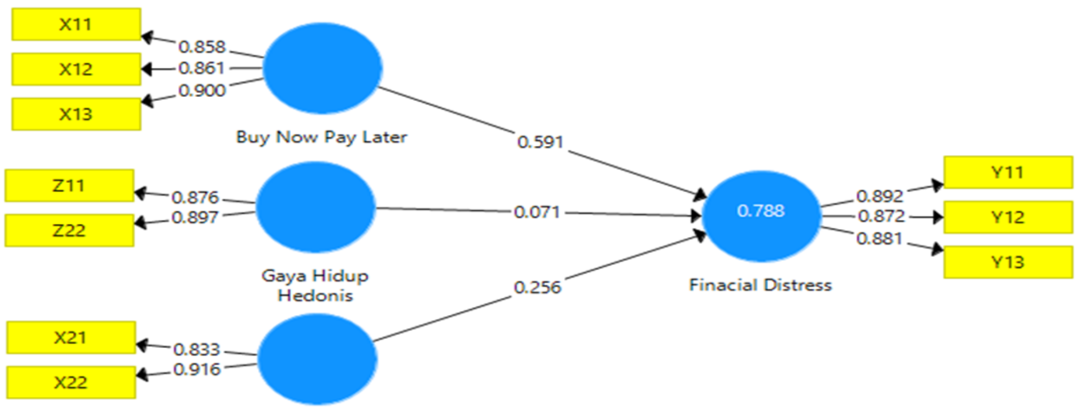

Figure 1. Results of the Outer Model and Inner Model Testing Using SmartPLS

Based on Figure 1, the outer model evaluation using SmartPLS indicates that all indicators of the Buy Now Pay Later (BNPL), Impulsive Buying, Hedonic Lifestyle, and Financial Distress variables have outer loading values exceeding 0.70. The loading factor values for the Buy Now Pay Later (BNPL) variable range from 0.858 to 0.900, while those for Impulsive Buying range from 0.833 to 0.916. The Hedonic Lifestyle variable has loading factor values ranging from 0.876 to 0.897, whereas the Financial Distress variable ranges from 0.881 to 0.892. The highest loading factor is observed for indicator X2.2 with a value of

0.916, while the lowest loading factor is found for indicator X2.1 with a value of 0.833. Therefore, all indicators satisfy the criterion for convergent validity, as each loading factor exceeds the minimum threshold of 0.70.

Furthermore, the outer model evaluation demonstrates that all indicators adequately represent their respective latent constructs, indicating that each indicator is valid and appropriate for inclusion in the structural model analysis. In addition, the reliability assessment based on Composite Reliability and Cronbach's Alpha shows that all research variables have values greater than 0.70, thereby meeting the recommended reliability criterion. These findings indicate that the research instrument possesses satisfactory validity and reliability for examining the relationships among variables in the proposed research model.

Table 2. Respondent Characteristics

Characteristics	Category	Frequency (F)	Percentage (%)
Gender	Female	70	70%
	Male	30	30%
	Total	100	100%
Age	17–20 years	29	29%
	21–24 years	52	52%
	25–27 years	19	19%
	Total	100	100%
Occupation/Status	Student	49	49%
	Employed	47	47%
	Others	4	4%
	Total	100	100%
Monthly Income/Allowance	< IDR 1,000,000	31	31%
	IDR 1,000,000–IDR 2,000,000	26	26%
	IDR 2,000,500–IDR 3,000,000	16	16%
	> IDR 3,000,000	12	12%
	Others	15	15%
	Total	100	100%
BNPL Feature User	Yes	61	61%
	No	39	39%
	Total	100	100%
BNPL Platform Used	Shopee PayLater	45	45%
	Kredivo	16	16%
	Akulaku	13	13%

GoPay Later	12	12%
Indodana	7	7%
Others	7	7%
Total	100	100%

Table 3. Loading Factor Results

Indicator	Buy Now Pay Later	Financial Distress	Hedonic Lifestyle	Impulsive Buying	Description
Ease of use	0.858	–	–	–	Valid
Payment flexibility	0.861	–	–	–	Valid
Promotions and cashback	0.900	–	–	–	Valid
Spontaneous purchasing	–	–	–	0.833	Valid
Emotional impulse	–	–	–	0.916	Valid
Seeking pleasure	–	–	0.876	–	Valid
Following a modern lifestyle	–	–	0.897	–	Valid
Difficulty in meeting financial obligations	–	0.892	–	–	Valid
Concern about financial condition	–	0.872	–	–	Valid
Income is insufficient to meet needs	–	0.881	–	–	Valid

Based on Table 3, the loading factor analysis reveals that all indicators across the research variables have values above 0.70, indicating that they satisfy the criterion for convergent validity. The loading factor values for the Buy Now Pay Later (BNPL) variable range from 0.858 to 0.900, while the Impulsive Buying variable ranges from 0.833 to 0.916. The Hedonic Lifestyle variable records loading factor values between 0.876 and 0.897, whereas the Financial Distress variable ranges from 0.872 to 0.892. The highest loading factor is found for the Emotional Impulse (X2.2) indicator with a value of 0.916, while the lowest loading factor is observed for the Spontaneous Purchasing (X2.1) indicator with a value of 0.833. These findings confirm that all indicators exceed the minimum threshold required for convergent validity. Consequently, every indicator is considered valid, effectively represents its respective construct, and is suitable for use in subsequent structural model analysis.

Table 4. Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE)

Indicators	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Buy Now Pay Later	0.845	0.849	0.906	0.763
Financial Distress	0.858	0.865	0.913	0.777
Hedonic Lifestyle	0.728	0.732	0.880	0.786
Impulsive Buying	0.701	0.751	0.867	0.766

Based on Table 4, the results of the reliability and construct validity tests indicate that all research variables satisfy the recommended criteria. Cronbach's Alpha values range from 0.701 to 0.858, rho_A values range from 0.732 to 0.865, Composite Reliability values range from 0.867 to 0.913, and Average Variance Extracted (AVE) values range from 0.763 to 0.786. All values exceed the recommended minimum thresholds of 0.70 for Cronbach's Alpha, rho_A, and Composite Reliability, and 0.50 for AVE (Hair Junior et al., 2017). Therefore, all constructs demonstrate satisfactory reliability and convergent validity, indicating that the research instrument is appropriate for structural model analysis and hypothesis testing.

Table 5. Cross Loadings

Indicators	Buy Now Pay Later	Financial Distress	Hedonic Lifestyle	Impulsive Buying
Ease of use	0.858	0.699	0.828	0.773
Payment flexibility	0.861	0.815	0.714	0.725
Promotions and cashback	0.900	0.775	0.818	0.786
Spontaneous purchasing	0.742	0.600	0.767	0.833
Emotional urge	0.785	0.827	0.733	0.916
Difficulty fulfilling financial obligations	0.700	0.892	0.675	0.722
Concern about financial condition	0.870	0.872	0.813	0.802
Income insufficient to meet needs	0.728	0.881	0.656	0.675
Seeking pleasure	0.716	0.693	0.876	0.731
Following a modern lifestyle	0.870	0.756	0.897	0.772

The cross-loading results indicate that each indicator has a higher loading on its corresponding construct than on the other constructs. Therefore, all indicators meet the discriminant validity criterion and are considered suitable for further analysis.

Hypothesis Testing

Coefficient of Determination (R^2)

Table 6. Coefficient of Determination Test

Indicator	R Square
Financial Distress	0.788

The coefficient of determination (R^2) shows that the Financial Distress variable has an R^2 value of 0.788 (78.8%). This result indicates that the variables Buy Now Pay Later (BNPL), Impulsive Buying, and Hedonic Lifestyle jointly explain 78.8% of the variance in Financial Distress, while the remaining 21.2% is explained by other variables not included in the research model. According to the criteria proposed by Hair Junior et al. (2017), an R^2 value of 0.788 is classified as substantial, suggesting that the research model has strong explanatory power in predicting Financial Distress.

Table 7. Partial Test Results (t-test)

Relationship	T-Statistic	P-Value
X1 (BNPL) → Y (Financial Distress)	3.905	0.000
Z (Hedonic Lifestyle) → Y (Financial Distress)	0.608	0.544
X2 (Impulsive Buying) → Y (Financial Distress)	2.224	0.027

Based on the partial test (t-test) results presented in Table 7, the relationship between Buy Now Pay Later (BNPL) and Financial Distress yields a t-statistic of 3.905, which exceeds the critical value of 1.96, with a p-value of 0.000, which is below the significance level of 0.05. These findings indicate that Buy Now Pay Later (BNPL) has a positive and statistically significant effect on Financial Distress. Furthermore, Impulsive Buying has a t-statistic of 2.224, which is also greater than 1.96, with a p-value of 0.027, indicating a positive and significant effect on Financial Distress. In contrast, Hedonic Lifestyle produces a t-statistic of 0.608, which is below the threshold of 1.96, with a p-value of 0.544, which exceeds 0.05. Therefore, Hedonic Lifestyle does not have a statistically significant effect on Financial Distress.

Table 8. Hypothesis Testing Results (Direct Relationships)

Relationship Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistic (|O/STDEV|)	P-Value
X1 (BNPL) → Y (Financial Distress)	0.591	0.580	0.151	3.905	0.000
Z (Hedonic Lifestyle) → Y (Financial Distress)	0.071	0.069	0.116	0.608	0.544
X2 (Impulsive Buying) → Y (Financial Distress)	0.256	0.270	0.115	2.224	0.027

The Effect of Buy Now Pay Later on Financial Distress

Buy Now Pay Later (BNPL) has a direct positive and significant effect on Financial Distress among Generation Z. BNPL services enable consumers to obtain goods or services without making immediate payments, thereby encouraging higher levels of consumption. Based on the hypothesis testing results, the Original Sample (β) value was 0.591, the T-statistic was 3.905, and the P-value was 0.000 (<0.05). These findings indicate that Buy Now Pay Later (BNPL) has a significant positive effect on Financial Distress; therefore, Hypothesis H1 is accepted. This means that the greater the intensity of BNPL usage, the higher the level of Financial Distress experienced by Generation Z. The convenience of deferred payments, flexible installment options, and various promotional offers encourage individuals to consume beyond their financial capacity, thereby increasing the risk of financial strain. These findings are consistent with previous studies, which suggest that excessive use of BNPL services can promote compulsive consumption and increase the likelihood of financial difficulties.

The Effect of Impulsive Buying on Financial Distress

Impulsive Buying has a direct positive and significant effect on Financial Distress among Generation Z. Impulsive buying refers to purchasing behavior that occurs spontaneously without prior planning and is driven more by emotional impulses than by rational considerations. The hypothesis testing results revealed an Original Sample (β) value of 0.256, a T-statistic of 2.224, and a P-value of 0.027 (<0.05). These results indicate that Impulsive Buying has a positive and significant effect on Financial Distress; therefore, Hypothesis H2 is accepted. In other words, the higher the level of impulsive buying behavior among Generation Z, the greater the likelihood of experiencing Financial Distress. Unplanned purchasing behavior makes personal expenditures more difficult to control and may result in spending that exceeds an individual's financial capacity. These findings are consistent with previous research, which identifies impulsive buying as one of the major factors contributing to excessive consumer spending and an increased risk of financial distress.

The Effect of Hedonic Lifestyle on Financial Distress

A Hedonic Lifestyle does not have a significant direct effect on Financial Distress among Generation Z. A hedonic lifestyle reflects an individual's tendency to seek pleasure, comfort, and satisfaction through consumption-related activities. Based on the hypothesis testing results, the Original Sample (β) value was 0.071, the T-statistic was 0.608, and the P-value was 0.544 (>0.05). These findings indicate that a Hedonic Lifestyle does not have a significant effect on Financial Distress; therefore, Hypothesis H3 is rejected. This suggests that adopting a hedonic lifestyle does not necessarily lead to Financial Distress as long as individuals are capable of managing their finances effectively, controlling their expenditures, and fulfilling their financial obligations. Therefore, Financial Distress among Generation Z in this study is more strongly influenced by the use of Buy Now Pay Later (BNPL) services and Impulsive Buying behavior than by a Hedonic Lifestyle itself.

CONCLUSIONS AND SUGGESTIONS

This study aimed to examine the effects of Buy Now Pay Later (BNPL), Impulsive Buying, and Hedonic Lifestyle on Financial Distress among Generation Z. Based on the analysis using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach, the R-square value was 0.788, indicating that Buy Now Pay Later (BNPL), Impulsive Buying, and Hedonic Lifestyle collectively explained 78.8% of the variance in Financial Distress, while the remaining 21.2% was influenced by other factors outside the research model. These findings demonstrate that the proposed model has strong explanatory power in predicting Financial Distress among Generation Z.

The hypothesis testing results revealed that Buy Now Pay Later (BNPL) has a positive and significant effect on Financial Distress, indicating that more frequent use of BNPL services increases the likelihood of experiencing financial difficulties. Similarly, Impulsive Buying was found to have a positive and significant effect on Financial Distress, suggesting that spontaneous and unplanned purchasing behavior contributes to excessive spending and worsens individuals' financial conditions. In contrast, Hedonic Lifestyle did not have a significant effect on Financial Distress, implying that a tendency to pursue pleasure-oriented consumption does not necessarily lead to financial distress, provided that individuals are able to manage their income effectively, control their expenditures, and fulfill their financial obligations. Overall, the findings indicate that the use of Buy Now Pay Later (BNPL) services and Impulsive Buying behavior are more influential determinants of Financial Distress among Generation Z than Hedonic Lifestyle.

Based on these findings, Generation Z is encouraged to use Buy Now Pay Later (BNPL) services responsibly by carefully evaluating their financial capacity before making purchases and by strengthening self-control to minimize impulsive buying behavior that may lead to financial distress. BNPL service providers are also encouraged to enhance financial literacy initiatives, improve transparency regarding payment terms and associated risks, and implement responsible lending practices to promote healthier borrowing behavior. Furthermore, future research is recommended to incorporate additional variables, such as financial literacy, self-control, financial behavior, financial well-being, and income, while expanding the geographical scope and sample size to obtain more comprehensive findings and provide a deeper understanding of the factors influencing Financial Distress among Generation Z.

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