The Influence of User's Digital Financial Literacy and Perceived Risks on Buy Now Pay Later (BNPL) Adoption: A Gender's Perspective

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Abstract. This study examines how gender differences affect the decision to adopt BNPL (Buy Now Pay Later) services in Indonesia. In particular, the effect of these gender differences will be seen through the user's perception of risk and the level of users' digital financial literacy on their decision to adopt credit online paylater services. This study surveys 257 paylater users in Indonesia through various online channels. Subsequently, the data collected from the survey is processed and analyzed using PLS Smart 3.0. This study found that while users' perceived risk does not significantly influence BNPL adoption, users' digital financial literacy significantly influences BNPL adoption.
Moreover, when we divide paylater users into two groups, male and female, the significant effects of financial literacy on BNPL adoption are experienced by both groups. Interestingly, however, the results also show that the magnitude of the influences of digital financial literacy on BNPL adoption is higher for females than for males, although the gap is relatively narrow due to insignificant differences in the two groups' educational backgrounds. These gender differences in the impact of digital financial literacy on BNPL adoption may be caused by the fact that females tend to be responsible for household financial management. In addition, this study also reveals that in both gender groups. At the same time, both perceived financial risk and perceived security risk have a significant influence on users' perceived risks, and the former has a more significant influence on perceived risk than the latter.

Keywords: Digital Financial Literacy, Perceived Risk, Pay later Adoption, Gender's perspective on pay later adoption

1   Introduction

E-commerce has proliferated in Southeast Asia, including Indonesia, in the last decade. It can be seen from Merchant Machine data, which shows Indonesia as the country with the fastest e-commerce growth in the world in 2018, with a growth of 78% [1]. Google, Temasek, and Bain & Company data show that Indonesian e-commerce increased by approximately 52% in 2021, with a gross merchandise value of US $ 70 billion in the same year. This development has encouraged online consumption among various users of this e-commerce service [2]. Up until the first half of 2021, Indonesia experienced a 21 million increase in the number of digital consumers. The fact that 72% of these new users are from rural regions bodes well for expanding the internet in Southeast Asia's largest market [3]

Along with the rapid increase in online consumption in Indonesia, numerous e-commerce companies or other fintech start-ups have made various innovations to attract consumers. One is launching several financial assistance and digital payment services, including installments or "buy now, pay later (BNPL), " often known as a paylater. A BNPL is a credit contract that allows consumers to purchase and receive goods and services immediately but pay for their purchases on an agreed schedule. In order to use this feature, Consumers could apply at the point of sale (in-store or online) via the shopping application and are instantly approved (or disapproved) for purchases. Next, Consumers complete transactions with merchants and purchase goods or services. The BNPL provider will pay the retailer the selling price minus the commission. The BNPL provider then collects the total amount from the consumer in several installments over a short period (usually less than a year) [4].

Similarly, DS Innovate defines Paylater or Buy-Now-Pay-Later (BNPL) as a new payment method that provides customers with online credit up to a certain amount. It enables them to conduct transactions now while making future repayments. This financial innovation is an alternative to limited access to credit card services. BNPL or Paylater is a potential and relevant business due to financial technology's ability to score credit from transaction data with relatively more concise and affordable business processes[5].

The flexibility and innovations offered by paylaters have attracted many potential consumers. Google, Temasek, and Bain & Company data show a significant increase in users of BNPL up until 2022. It is stated that there is a 16-fold increase in consumer interest in this feature across Southeast Asia, especially in Indonesia. This significant increase is supported by the popularity of pay-later features and the potential of unbankable consumers in the regions [2]. Likewise, the Indonesian E-Commerce Behaviour report reveals that compared to the previous year, the BNPL payment method is increasingly in demand by consumers. 38% of consumers used BNPL/PayLater when shopping on e-commerce in the past year, an increase compared to the previous year of 28%. It is increasing not only by the number of consumers adopting PayLater but also by its frequency. The percentage of consumers who use PayLater more than once a month has increased from 23% in 2021 to 27% in 2022. The flexibility of installment payments is the primary consideration for consumers when selecting the PayLater platform. PayLater assists customers in tailoring the loan amount and term to their financial situation. Customers are generally more satisfied with PayLater and more likely to recommend it to family and colleagues[6]. Some popular paylaters providers in Indonesia are Shopee PayLater, OVO Paylater, GoPay Paylater, Traveloka Paylater, Kredivo, Akulaku, and Home Credit[5].

In order to adopt paylater wisely, consumers should have good information and understanding regarding this financial service, commonly referred to as financial literacy. Various empirical evidence shows that financial difficulties caused by easy access to credit are getting worse due to limited financial literacy. Gerardi et al. view that the low level of financial literacy contributes to inaccurate financial decisions, which have implications for various other negative impacts[7]. Furthermore, Disney Gathergood argues that individuals with low financial literacy tend to underestimate the cost of credit and consequently become more vulnerable to debt[8]. Borrowers who do not understand the terms and conditions of the credit are vulnerable to the costs and other consequences of default, so they tend to have difficulty repaying their loans and consequently have low levels of welfare[9]–[11]. In the meantime, to make

decisions on adopting online paylater credit products, consumers need financial litera-
cy that focuses on digital financial services, called digital financial literacy
(DFL)[12]. DFL is a multidimensional concept that integrates financial literacy, fi-
nancial capacity, and digital literacy in using various digital financial products and
services safely and making the best financial decisions based on complete information
in meeting the financial interests of each individual on social and economic condi-
tions[13]. Therefore, DFL is a significant factor for consumers to make wise financial
decisions, especially regarding adopting fintech services such as paylater[14]. Along
with the growth of research on financial technology, there is also a growing interest in
research related to digital financial literacy. [13], [15]–[20]. These studies discuss the
importance of digital financial literacy in the digital era, explore the factors influenc-
ing DFL, and develop formulas to measure digital financial literacy.

Nevertheless, although digital financial literacy is a significant factor in financial
decision-making, users also consider potential risks when adopting certain Fintech
services, such as paylater[21][22]. Their perception of the risks of paylater services
will influence the decision to use them or not. In some cases, even perceived consum-
er risk can explain financial decisions when financial literacy knowledge is not trans-
lated into financial literacy decisions[23]. The most commonly used concept of per-
ceived risk defines risk as the consumer's perceptions of the uncertainty and negative
consequences of purchasing a product (or service). As a result, it is safe to assume
that the probability and consequence of each purchase event are both uncertain[24].
Ryu defines consumer-perceived risk as customers' perceptions of uncertainty and
potential negative consequences of Fintech adoption[21]. Likewise, Masoud describes
perceived risk as the potential for cost in pursuing a desired outcome from online
shopping[25].

Consequently, a more excellent perception of risk on the part of consumers acts as
a deterrent to their purchase or adoption intentions. Previous studies have observed
that the perceived risk in E-commerce has a negative effect on shopping behavior on
the internet, attitude toward usage behavior, and intention to adopt E-commerce[26].
Thus, e-commerce can also be applied to financial technology, especially paylater.
Therefore, consumers' perceptions of the risks of using pay later will influence the
decisions made regarding its adoption.

Previous studies have defined and explored online consumers' perceived risk com-
ponents and dimensions[27]. The most commonly used dimensions of perceived risks
in e-commerce research are perceived financial risk and perceived security risk. In
particular, perceived financial risk is the most consistent predictor for exploring
online and mobile user behaviors. This type of perceived risk is explained as potential
for financial loss in almost all financial shifts of fintech [28]. In addition, the per-
ceived security risk is described as the potential loss due to any fraud scheme or a
hacker attack compromising the security of financial transactions in fintech. Both
fraud scheme and hacker attack not only causes users to lose money but also can vio-
late the privacy of users, which is a significant concern for many online and mobile
users [29]. These two dimensions shape the perceived risk of consumers.

Based on the context above, understanding consumers' perceived risk and (digital)
financial literacy in adopting and using fintech, especially paylater, is vital to re-
search. One of the critical issues to be researched and has not received much attention
is the issue of gender differences in the adoption and use of Fintech services such as
paylater. However, several previous studies related to the influence of gender in

adopting new technologies have shown mixed results. Some studies show that compared to men, women have lower opportunities to adopt and use technology, have lower confidence in their ability to use technology, and have lower opportunities to choose a career/job in information technology [30]–[33]. On the other hand, some studies show that gender gaps are decreasing or disappearing due to the increasing number of men and women familiar with and using computers and their applications in their work and personal lives [34], [35].

In addition, several studies have discussed the relationship between financial literacy (Digital) and perceived risk with demographic factors, especially gender. Some studies have claimed that gender is a significant variable influencing individual (digital) financial literacy[36]. Moreover, Fonseca et al. stated that Understanding why and how men and women have different financial literacy levels is critical for developing policies to reduce the gender gap and improve women's saving and investing decisions[37]. Conversely, gender was evidenced as the most significant demographic variable, where almost all risks and risk-reduction strategies were significantly less important and valuable for men than women[38].

Although many recent studies have discussed paylater adoption in Indonesia (e.g. [39]–[42], there are still few studies that discuss the influence of perceived risk and digital financial literacy on the decision to adopt and use paylaters in this country, particularly from a gender perspective. Hence, this study aims to fill this research gap. This study will examine the effect of perceived risk and users' digital financial literacy on paylater/BNPL adoption. Next, the results will be separated into two genders: male and female. Based on the test results in the two groups, it will be determined whether there are differences in the results of the relationship between perceived risk and DFL on paylater BNPL adoption between male and female users. The findings of this study are expected to improve and enrich the literature in the field of online consumer credit and digital financial literacy research. Furthermore, it is expected to provide policymakers with insight into digital economy education, allowing them to select the best approach for improving digital financial literacy in each gender group. Furthermore, the findings of this study can help BNPL providers improve their services to reduce financial and security risks for their users.

2   Review of Literature and Hypotheses Development

This section will discuss various literature containing definitions and explanations of the Digital Financial Literacy, Perceived Risk, and Buy Now Pay Later variables used in this study. This information, as well as explanations, are elaborated into hypotheses that will be tested in this study. In addition, a research framework containing all hypotheses will be created to provide a clear picture of this research.

2.1   Buy Now Pay Later (BNPL) and Digital Financial Literacy

The phenomenon of digital financial services, Buy Now Pay Later, as a form of online credit is becoming popular in Indonesia today. This condition is due to the flexibility offered to consumers in terms of time, bureaucracy, and business processes. The development of this online credit model has great potential to continue to grow. In particular, pay later offers payments after maturity, making it easier for consumers to buy goods and pay for them later. Furthermore, many financial technology

(fintech) applications and e-commerce marketplaces offer sweeteners not owned by credit card companies and traditional installment packages. Such as no late fees, low interest or no interest, high loan limits, and no credit checks are required.

Buy-Now-Pay-Later (BNPL) is a credit agreement that allows individuals to purchase and receive products and services immediately but pay for them on an agreed schedule[4]. Similarly, DS Innovate defines BNPL as a new alternative payment method that gives customers online credit up to a certain amount. It enables them to transact now while making future payments[5]. Furthermore, BNPL is applied in two ways. First, it works as a standalone app to allow users to pay for in-app services. Second, It is embedded in consumer apps such as e-commerce, online travel, or ride-hailing[5]. The latter is the most common method that allows consumers to directly access this online credit when checking out the shopping cart.

Since BNPL is an online credit service innovation that differs from traditional credit services, consumers must have adequate information and knowledge to use it properly. Various news and literature indicate the threats and risks of using BNPL in Indonesia by those who need proficient information and knowledge about its use. [42], [43]. In order to avoid these various risks, consumers need sufficient literacy and skills in making financial decisions, which is referred to as financial literacy. According to Atkinson and Messy, financial literacy is a combination of awareness, knowledge, skills, attitudes, and behaviors required to make sound financial decisions and, ultimately, achieve individual financial well-being[44]. Moreover, Financial literacy is defined by Lusardi and Mitchell as a person's ability to process financial information and make good decisions based on existing information about financial planning, wealth accumulation, debt, and pensions[45]. Meanwhile, more than financial literacy is required in the context of BNPL as a digital financial service. Consumers of BNPL need to acquire integrated financial literacy focusing on various digital financial services (DFS), namely digital financial literacy (DFL). The AFI Management Unit explains that DFL is a multidimensional concept that integrates financial literacy, financial capacity, and digital literacy[13]. Meanwhile, Digital Financial Literacy is also defined as a combination of financial literacy and digital platforms[46].

Moreover, Lyons and Kass-Hanna formulate and develop a conceptual framework to show the relationship between financial literacy, digital literacy, and digital financial literacy. The framework they have developed highlights five core dimensions[20], including:

1. Basic knowledge and skills
2. Awareness (knowing about available financial and digital products and services)
3. Practical knowledge (knowing how to access and use it practically)
4. Decision-making (including financial attitudes and behavior)
5. Self-protection

In Addition, Morgan et al. attempt to explain digital financial literacy by incorporating risk knowledge and awareness, risk control, and consumer awareness of their rights into four concept dimensions: understanding of digital financial products and services, awareness of digital financial risks, knowledge of digital financial risk control, and knowledge of consumer rights and compensation procedures.[17].

Furthermore, Chernovita, in her study, found that (digital) financial literacy reduces the temptation to use paylater. The reason is that people with (digital) financial literacy are more cautious, are less easily tempted, and always consider the long-term

consequences of their decisions, including using paylater (BNPL) [47]. In Addition, Setiawan stated that DFL is essential for consumers to make wise financial decisions regarding spending behavior, especially when using fintech services such as paylater to smooth their consumption. [14]. Based on the explanation above, the following hypotheses can be formulated:

H1: Digital financial literacy has a significant influence on BNPL adoption

2.2   Perceived Risk and Buy Now Pay Later Adoption

As previously explained, in addition to the advantages and benefits offered, BNPL has potential risks for its users. Consumers will consider various factors before deciding to use BNPL, particularly those related to its potential risks. For this reason, their perception of the benefits and risks will influence decisions regarding adopting fintech services, including BNPL. Consumers' perceived risk has been identified as a primary concern in the decision-making process in online spending [10]. Moreover, Consumers' perceived risk has been considered a fundamental concern of the decision-making process during online shopping[25]. When it comes to adopting fintech services, various dimensions of perceived risk are frequently used, such as financial risk, privacy risk, operational risk, legal risk, and security risk. [21], [22], [48]. Tingchi Liu et al. contend that the perceived financial risk of fintech services is the most consistent predictor of the behavior of internet users or mobile phone devices among the various dimensions of perceived risk.[49]. Financial risk is the possibility of loss in almost any financial transition activities from fintech services[28]. In addition, The perceived security risk dimension is also the most concerning factor for internet and cell phone users because it not only causes financial losses but also violates user privacy.[50]. Perceived security risk is the potential loss caused by fraud and hacking that compromises the security of financial transactions from fintech services[21].

Based on the explanation above, the following hypotheses are formulated:
   H2: Perceived risk has a significant influence on BNPL adoption
   H3: Perceived financial Risk has a significant influence on perceived risk
   H4: Perceived security Risk has a significant influence on perceived risk

2.3   Digital Financial Literacy, Perceived Risk and BNPL Adoption: A Gender Perspective

Gender, as explained in the previous section, has proven to be an important demographic factor in measuring the level of (digital) financial literacy, perceived risk, and financial decisions related to technology adoption (e.g. [30]–[38]). Some studies on the influence of gender on the adoption of new technologies found that women have fewer opportunities to adopt and use technology, have lower confidence in their ability to use technology, and have fewer opportunities to choose a career in information technology than men ([30]–[33]. Meanwhile, gender was evidenced as the most significant demographic variable, where almost all risks and risk-reduction strategies were significantly less important and valuable for men than women[38]. In addition, Some studies also claimed gender as a significant variable influencing individual (digital) financial literacy[36]

Fonseca et al. stated that understanding why and how men and women have different financial literacy levels is critical for developing policies to reduce the gender gap and improve women's saving and investing decisions[37]. On the other side, there are also several other studies showing the opposite results. These studies show that gender gaps are currently decreasing or disappearing due to the increasing number of men and women who are familiar with and use computers and their applications in their work and personal lives. [34], [35]. While the impact of gender on the variables mentioned earlier is still being debated, therefore, it is critical to examine the relationship between digital financial literacy, perceived risk, and paylater adoption from a gender perspective.

2.4   Research Framework

The research framework for this study has been developed based on the preceding explanation. The relationship between the various studies used can be seen in Figure 1 below, which includes perceived financial risk, perceived security risk, perceived risk, digital financial literacy, and BNPL adoption.
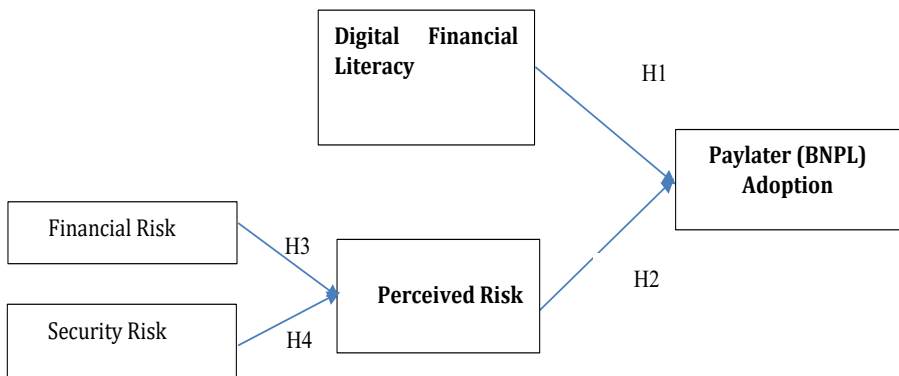

Fig 1. Research framework.

3   Research Methodology

This study is classified as explanatory research. The goal of this type of research is to examine a situation or problem in order to explain the relationship between the variables involved[51]. This study aims to examine the effect of perceived risk and digital financial literacy owned by users on their adoption decision of paylater/BNPL in Indonesia. In order to answer the hypotheses in this study, a quantitative approach will be used by processing the data generated from a questionnaire survey of paylater users in Indonesia. Survey methods can be chosen to collect quantitative data, which can be analyzed using descriptive and inferential statistics[51]. The survey was conducted

to determine the effect of users ' users digital financial literacy and perceived risk on their decision to adopt paylater/BNPL in Indonesia.

   This study relies on primary data gathered via an online survey. The convenience sampling method was used, with survey questionnaires distributed via various online channels such as email and social media (e.g., Twitter, Facebook, Instagram, WhatsApp, etc.). Moreover, the respondents independently answered the questions via the Google form page that had been prepared. Each item in the questionnaire was modified from several previous studies. First, item questions related to perceived financial risk and perceived security risk were adopted from Featherman and Pavlou[52]. Second, item questions related to digital financial literacy were adopted from Setiawan et al. [14]. Third, item questions related to pay later/BNPL adoption were adopted by Cheng et al. [53]. In addition, five Likert-scale was used in this study. All responses were then analyzed using the Microsoft Excel application and Smart PLS 3.0 Application.

4   Result and Discussion

4.1   Profile of Respondents

257 paylater users participated in this study, with 53% of them being female and 47% being male. Most respondents are Gen Y users aged 25-40 years old. Based on gender analysis, the table shows that 39.26% of female respondents are Gen Y. In comparison, 59.84% of male respondents are also Gen Y. According to this study results, more than half of pay later users have a good educational background. Most of them have a sizable income (ranging between Rp. 5 million and Rp. 10 million), regardless of gender. Furthermore, the majority of users in both gender groups choose to use this type of online credit to fulfill hobbies or for entertainment purposes. All of the data for the two gender groups below indicate that the characteristics of the respondents in the two groups are not significantly different.

Table 1. Profile of respondents.

Description	No. of Respondent		Percentage	
	Male	Female	Male	Female
Age				
Gen X (41-56 y.o)	19	30	15,57%	22,22%
Gen Y (25-40 y.o)	73	53	59,84%	39,26%
Gen Z (9-24 y.o)	30	52	24,59%	38,52%
Educational Background				
Senior High School	12	18	9,84%	13,33%
Diploma	24	28	19,67%	20,74%
Bachelor Degree/ D4	75	78	61,48%	57,78%
Post Graduate	10	10	8,20%	7,41%
Doctoral Degree	1	1	0,82%	0,74%
Income Per Month				

Rp. 1000.000	8	25	6,56%	18,52%
1.000.000 – 3.000.000	9	25	7,38%	18,52%
3.000.000 – 5.000.000	26	32	21,31%	23,70%
5.000.000 – 10.000.000	59	33	48,36%	24,44%
> 10.000.000	20	20	16,39%	14,81%
The reason why he/she uses pay later				
To pay for or buy urgent needs Pay bills	21	35	17,21%	25,93%
For hobbies and entertainment	36	24	29,51%	17,78%
purposes	52	39	42,62%	28,89%
Lainnya	13	37	10,66%	27,41%

4.2   Result of Validity and Reliability Test

Several measurements were taken to ensure the validity and reliability of the instruments used in this study. First, this study tested the validity and reliability of the measurement model before testing the hypothesis. The validity test was analyzed by looking at the convergent validity (AVE value greater than 0.5) and discriminant validity (by looking at the results of the Fornell Lacker table matrix). Meanwhile, for the reliability test, it must meet the rules where both Cronbach alpha and composite reliability (CR) values are greater than 0.7[54].

Table 2. Validity and reliability result.

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Digital Financial Literacy	0,852	0,857	0,888	0,532
Financial Risk	0,842	0,855	0,895	0,681
Intention To Use Pay Later	0,791	0,847	0,862	0,616
Perceived Risk	0,900	0,906	0,922	0,629
Security Risk	0,884	0,888	0,928	0,812

Table 3. Discriminant validity test results-Fornell-Larcker Criterion.

	Digital Financial Literacy	Financial Risk	Intention To Use Pay Later	Perceived Risk	Security Risk
Digital Financial Literacy	0,729				
Financial Risk	0,419	0,825			
Intention To Use Pay Later	0,498	0,176	0,785		
Perceived Risk	0,431	0,933	0,201	0,793	

| Security Risk | 0,374 | 0,707 | 0,194 | 0,914 | 0,901 |

The results of the study tests for these two tests can be seen in Tables 1 and 2. The test results in both tables indicate that according to the rule of thumb, all the numbers produced meet the requirements and exceed the minimum limit to be able to pass the validity and reliability test, both in terms of AVE, CR, Cronbach Alpha, and Fornell lacker criterion. So, the data used in this study is valid and reliable.

4.3   The Influence of Users' Digital Financial Literacy and Users' Perceived Risk on BNPL Adoption

This study tested all hypotheses previously formulated for all data samples. The results of the hypothesis testing are concluded based on the following rules: (1) the coefficient or direction of the variable relationship (indicated by the original sample value) in accordance with the direction being hypothesized, and (2) if the t-statistic value is greater than 1.64 (two-tiled) or 1.96 (one-tiled) and has a probability value (p-value) less than 0.05 or 5%, then the hypothesis is accepted.
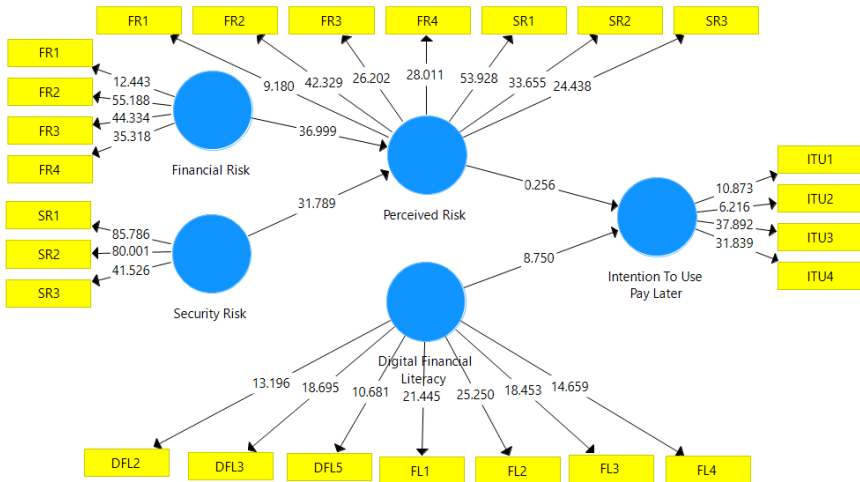

Fig. 2. Hypotheses testing result (Male and Female)

Table 4. Path coefficients (male and female).

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Digital Financial Literacy -> Intention To Use Pay Later	0.506	0.520	0.058	8.750	0.000
Financial risk -> Perceived Risk	0.575	0.574	0.016	36.999	0.000
Perceived risk -> Intention To Use Pay Later	-0.018	-0.020	0.068	0.256	0.798
Security Risk -> Perceived Risk	0.507	0.507	0.016	31.789	0.000

From hypothesis testing using SEM, it was revealed that the p-value and t-statistic value for the influence of digital financial literacy on BNPL adoption was less than 0.05 and higher than 1.96. It indicates that digital financial literacy has a significant and positive influence on BNPL adoption. Moreover, the above results confirm that hypothesis 1 is accepted. These results are in line with research from Setiawan et al. [14]. It demonstrates that respondents understand the significance of DFL in making wise financial decisions regarding financial technology adoption related to spending behavior, particularly when using fintech services such as paylater to smooth their consumption. On the other hand, these findings contradict the findings of the Chernovita study, which discovered that (digital) financial literacy reduces the temptation to use paylater.

Furthermore, this study found that users' perceived risk has no significant influence on BNPL adoption. As a result, Hypothesis 2 is rejected. This result does not align with Masoud, who found that consumers' perceived risk has been considered a fundamental concern of the financial decision-making process in online transactions[25]. This result is justified because most respondents use BNPL to fulfill their hobbies and leisure activities. As a result, their happiness and positive mood outweigh the perceived risk in the decision-making process for BNPL adoption. This is supported by Delis and Mylonidis' statement that it seems reasonable to assume that happiness can influence people's risk attitudes and perceptions[55].

In addition, the result also shows that perceived financial risk and perceived security risk have a significant influence on users' perceived risk. Hence, Hypotheses 3 and 4 are accepted. It confirms that perceived financial risk and perceived security risk are dimensions of perceived risk that are considered in the financial decision-making process[21], [22], [48], [49].

4.4 The Influence of Users' Digital Financial Literacy and Users' Perceived Risk on BNPL Adoption: A Gender's Perspectives

After testing the entire data sample, the data from the respondents is then divided into male and female gender groups. The hypothesis was then tested again in both gender groups. The results are shown in Tables 5 and 6 below.

Table 5. Path coefficients of MALE Paylater user.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Digital Financial Literacy -> Intention To Use Pay Later	0.374	0.406	0.095	3.943	0.000
Financial risk -> Perceived Risk	0.594	0.593	0.033	17.847	0.000
Perceived risk -> Intention To Use Pay Later	0.121	0.124	0.107	1.134	0.257
Security Risk -> Perceived Risk	0.511	0.510	0.032	16.196	0.000

Table 6. Path coefficients of FEMALE- Paylater user.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values

Digital Financial Literacy -> Intention To Use Pay Later	0.595	0.614	0.077	7.767	0.000
Financial risk -> Perceived Risk	0.567	0.566	0.015	38.924	0.000
Perceived risk -> Intention To Use Pay Later	-0.121	-0.117	0.099	1.228	0.220
Security Risk -> Perceived Risk	0.496	0.498	0.018	27.225	0.000

Moreover, when we divide paylater users into two groups, male and female, where the results of hypothesis testing for each gender group are consistent with the overall sample data results, the significant effects of financial literacy on BNPL adoption is experienced by both groups. Where users' digital financial literacy has a positive and significant impact on paylater/BNPL adoption. Meanwhile, users' perceived risk in both genders did not affect paylater adoption. Similarly, the result also found that perceived financial risk and perceived security risk have a significant influence on users' perceived risk in these two gender groups.

Surprisingly, the results also show that the magnitude of the influences of digital financial literacy on BNPL adoption is more significant for females than males. However, the gap is relatively narrow due to insignificant differences in the educational backgrounds of the two groups. Gender differences in the impact of digital financial literacy on BNPL adoption may be because females are more likely to be in charge of household finances. Furthermore, while both perceived financial risk and perceived security risk have a significant influence on users' perceived risks, the former has a greater influence than the latter in both gender groups.

5   Conclusion

This research investigates how gender differences influence the decision to use BNPL (Buy Now Pay Later) services in Indonesia. The effect of these gender differences will be seen in particular through the user's perception of risk and the level of digital financial literacy on their decision to use credit online paylater services. This study surveys 257 paylater users in Indonesia via various online channels. Following that, the survey data is processed and analyzed with PLS Smart 3.0.

In general, this study found that users' digital financial literacy significantly influences BNPL adoption, while users' perceived risk does not significantly influence BNPL adoption. The first result confirms that DFL is an important factor that users consider when deciding whether or not to use BNPL. Furthermore, It also indicates that (digital) financially sometimes reduce says reduce the temptation to use paylater. However, DFL helps to consider decisions regarding paylater adoption and use wisely. Meanwhile, the second result is different from previous studies. The reason is that most respondents use BNPL to fulfill their hobbies and leisure activities. It shows that perceived risk is not always the main factor in adopting BNPL, especially regarding happiness and positive mood. In addition, the study reveals that perceived financial risk and perceived security risk have a significant influence on users' perceived risk. It confirms that perceived financial risk and perceived security risk are the two main dimensions of perceived risk that are considered during the financial decision-making process.

Furthermore, the results of hypothesis testing for each gender group are consistent with the overall sample data results. In both genders, users' digital financial literacy has a positive and significant impact on paylater/BNPL adoption. Meanwhile, the perceived risk did not affect female and male paylater adoption. Similarly, perceived financial risk and perceived security risk were found to have a significant influence on users' perceived risk in these two gender groups. However, the results show that the influence of digital financial literacy on BNPL adoption is more significant in Females than Males. The gap is relatively narrow because the two groups' educational backgrounds are not significantly different. However, because females tend to be responsible for household management, the impact of digital financial literacy on females is relatively higher than on males. In addition, this study also reveals that in both gender group, perceived financial risk and perceived security risk has a significant influence on users' perceived risks. In comparison, perceived financial risk has a more significant influence on perceived risk than perceived security risk in both genders.

The results also show that the magnitude of the influences of digital financial literacy on BNPL adoption is more significant for females than males. However, the gap is relatively narrow due to insignificant differences in the educational backgrounds of the two groups. Gender differences in the impact of digital financial literacy on BNPL adoption may be because females are more likely to be in charge of household finances. Furthermore, while both perceived financial risk and perceived security risk have a significant influence on users' perceived risks, the former has a more significant influence than the latter in both gender groups.

The results of this study provide implications for the academic parties, policymakers, and BNPL providers. For the academic parties, the result of this study may improve and enrich the literature in the field of online consumer credit and digital financial literacy research. Furthermore, it may provide policymakers with insight and information about BNPL adoption. Thus, the policy maker (BNPL regulator, policy maker in an educational institution, etc.) could choose the best approach for improving digital financial literacy in each gender group at the various educational levels. Moreover, the findings of this study may help BNPL providers improve their services to reduce financial and security risks for their users.

This study, however, has some limitations. First, the number and variety of respondents is still limited. Future research should develop strategies and more reliable data collection methods so that the respondent's data and information become more diverse and strengthen the generalization of the data. Second, the perceived risk dimension used is still limited to financial risk and security risk. Further research can add other dimensions of perceived risk, such as privacy risk, operational risk, legal risk, etc.

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