

# Billing Practices in Buy Now Pay Later Services and Their Impact on Consumer Complaints

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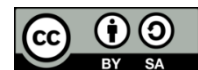
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## ABSTRACT

The development of Buy Now Pay Later (BNPL) services in Indonesia has shown significant growth in tandem with the increasing adoption of digital financing by the public. However, this growth has also been accompanied by a rise in consumer complaints related to the operational practices of financing companies. This study aims to analyze the role of collection mechanisms as the primary factor triggering consumer complaints regarding BNPL services in Indonesia. The research method employed is a qualitative approach using a case study design. Data were collected through in-depth interviews with twelve informants comprising representatives from financing companies, regulators, and consumers using BNPL services, supplemented by secondary data from industry reports. The results indicate that collection mechanisms are the dominant factor driving consumer complaints, particularly regarding high collection intensity, the use of inappropriate language, and the involvement of third parties that tend to be aggressive. Additionally, a lack of transparency in information and flexibility in addressing consumers' financial conditions further reinforces perceptions of unfairness in the service. These findings indicate that collection mechanisms serve not only as risk control tools but also as primary determinants in shaping consumer experience and satisfaction. This study implies that financing companies need to improve their collection practices to be more consumer-protection oriented, and encourages regulators to establish clearer operational standards for BNPL services.

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## 1. INTRODUCTION

The development of digital technology has driven significant transformation in the financial sector, particularly through the emergence of various technology-based financing service

innovations. One rapidly growing innovation is the Buy Now Pay Later (BNPL) service, which allows consumers to make purchases without immediate payment and pay them off over a specified period [1]. This service is part of the financial technology ecosystem, offering easy access, fast processing, and

integration with various digital platforms such as e-commerce and payment applications. In the Indonesian context, BNPL services are supervised by the Financial Services Authority (OJK) as part of the financing industry, which plays a strategic role in increasing financial inclusion. (Financial Services Authority, 2024)

The growth of BNPL services in Indonesia has shown a very significant trend in recent years. Industry data shows that although only a small percentage of finance companies have developed BNPL products, these services have significantly contributed to the growth of digital finance, particularly in terms of increasing assets, financing receivables, and the number of financing contracts. This phenomenon reflects changing consumer behavior, which is increasingly relying on short-term digital credit as part of modern consumption patterns. According to the literature, ease of access and payment flexibility are the main factors driving the adoption of BNPL services in various countries [3], [4]. In a broader context, digital transformation in the financial sector also impacts the operational performance of the collection unit, where the use of digital technology can increase both the effectiveness and complexity of the collection process [5].

Contradictorily, despite this rapid growth, BNPL services also present various challenges, particularly related to consumer protection. Several studies have shown that BNPL business models based on rapid approval and minimal risk verification can increase the potential for default and create problems in credit management. [6]. In addition, the lack of transparency in operational processes, such as credit assessment and consumer information management, is also a contributing factor to the increased risk of user dissatisfaction. [7] Previous research also shows that low debt literacy among BNPL users can increase the risk of over-indebtedness, which ultimately increases the likelihood of late payments and conflicts in the debt collection process [8].

Similarly, in Indonesia, this increased risk is reflected in the increasing number of

consumer complaints against BNPL services. Data shows that the number of consumer complaints reached 7,615 cases in 2024, with a significant upward trend in recent years. This situation indicates a gap between service growth and the readiness of operational governance and consumer protection mechanisms. According to consumer complaint behavior theory, consumer complaints are a response to dissatisfaction arising from a mismatch between expectations and experiences [9], [10] Thus, an increase in complaints can be an indicator of problems with the quality of service provided.

One of the main factors identified as causing the high number of consumer complaints is the collection practices employed by finance companies. Data shows that 38.21% of consumer complaints are directly related to the behavior of collection officers. This confirms that the collection aspect is a critical point in the interaction between companies and consumers. In the literature, unethical collection practices, such as the use of psychological pressure, aggressive communication, and uncontrolled involvement of third parties, can create perceptions of unfairness and trigger consumer dissatisfaction. [11]. In addition, the dynamics of digital culture and technology-based leadership also influence operational quality, including billing management and interactions with consumers [12].

BNPL services essentially encompass a series of processes, from registration and credit assessment to billing, with each stage carrying potential operational risks that can impact the consumer experience. In this context, the billing mechanism, as part of the financing cycle, plays a crucial role in ensuring consumer payment obligations, but it is also often a source of conflict due to unethical or aggressive practices. [11] From a theoretical perspective, complaints can be understood as a response to service failure when billing does not match consumer expectations [13], [14]. In addition, there is information asymmetry between companies and consumers [15] and the absence of uniform regulatory standards (institutional theory) [16] contribute to strengthening the potential

for conflict. Based on this description, this study focuses on analyzing the practice of collection mechanisms as a primary factor triggering consumer complaints regarding BNPL services in Indonesia, with the hope of contributing to understanding the dynamics of interactions between finance companies and consumers and providing a basis for developing policies that are more oriented towards consumer protection.

## 2. METHOD

This research uses a qualitative approach with a case study design to deeply understand the practice of billing mechanisms and their relationship to consumer complaints regarding Buy Now Pay Later (BNPL) services in Indonesia. A qualitative approach was chosen because it allows researchers to explore social phenomena contextually and gain a deeper understanding of individual experiences and perceptions in real-world settings [17], [18]. A case study design is used because this research focuses on a contemporary phenomenon within a complex real-life context, where the boundaries between the phenomenon and its context are not clearly visible. The focus of the research is directed at how collection practices are carried out by finance companies and how these practices shape consumer perceptions and experiences that lead to complaints, in line with the concept of consumer complaint behavior being influenced by service experiences and perceptions of unfairness [19].

Research data was collected through in-depth interviews with twelve informants, including representatives from BNPL financing companies, regulators, and consumers using BNPL services. The in-depth interview technique was chosen because it allows for detailed information on the informants' experiences, perceptions, and interpretations of the phenomenon under study [20]. Informant selection was carried out purposively based on direct involvement in the operation, supervision, and use of BNPL services, so that the data obtained is relevant and rich in information.[21]In

addition to interviews, this study also used secondary data in the form of industry reports and consumer complaint data from the Financial Services Authority (OJK) as triangulation and analysis reinforcement materials, as recommended in qualitative research to increase the depth and credibility of the findings [17].

The data analysis technique used is the interactive analysis model developed by Matthew B. Miles and A. Michael Huberman [22], which includes the processes of data reduction, data presentation, and drawing conclusions. The analysis process was carried out cyclically and repeatedly to ensure that data interpretation was consistent and reflective of findings in the field. To maintain data validity, this study used source triangulation techniques by comparing information from various informant groups and available secondary data, as recommended by Norman K. Denzin [23] in enhancing the validity of qualitative research. With this approach, the research is expected to provide a comprehensive and accurate picture of the role of collection mechanisms as a primary determinant of consumer complaints in BNPL services, while also enriching the literature on consumer protection in the digital financing ecosystem.

## 3. RESULTS AND DISCUSSION

### 3.1 *Billing Mechanism Practices in BNPL Services*

The research results show that the collection mechanism practices in Buy Now Pay Later (BNPL) services in Indonesia are implemented through various digital and conventional approaches. In general, finance companies rely on an automated notification system as the initial collection process, followed by direct communication via telephone, text message, or app. Under certain conditions, particularly when payment delays persist, companies also involve third parties as part of the collection process. This demonstrates that the collection mechanism in BNPL services is dynamic and combines digital technology

with conventional approaches to credit management.

Research findings indicate that digital billing systems enable companies to communicate intensively and in real time with consumers. However, this intensity often creates inconvenience, especially when notifications are sent repeatedly within a short period of time. Several informants stated that they receive payment reminders multiple times a day through various communication channels, ultimately causing psychological stress and negative perceptions of the service. This situation suggests that the effectiveness of billing technology does not always align with consumer convenience.

Furthermore, there is considerable variation in collection communication approaches between companies. Some companies adopt a more persuasive and educational approach, while others tend to be more assertive and even aggressive. The involvement of third parties also increases the intensity of collection efforts, which in some cases pays little attention to ethical communication. This variation demonstrates the lack of uniform operational standards, making collection mechanisms not only a credit risk management tool but also an integral part of the service experience that directly impacts consumer perceptions and satisfaction levels.

Table 1. BNPL Billing Mechanism Practices

Billing Aspects	Practice Form	Characteristics	Impact
Automatic Notification	Apps, SMS, email	Real-time, recurring	Reminds you of payments, but can be annoying
Direct Communication	Phone, chat	Interactive	More persuasive but can be pressing
Collection Intensity	High frequency	Repeatedly in a day	Psychological pressure
Third party	Debt collector	More assertive/aggressive	Triggering discomfort
Inter-Company Variation	Not uniform	There is no standard	Service inconsistency

Source: Author's data analysis results (2026)

### 3.2 Billing Mechanism as a Source of Consumer Complaints

The research results show that the billing mechanism is the primary factor driving consumer complaints regarding BNPL services. Based on the data obtained, 38.21% of consumer complaints stemmed from the billing aspect, indicating that this issue was the most dominant compared to other aspects such as fraud, SLIK, and restructuring. These findings confirm that the billing process plays a crucial role in shaping consumers' experiences with digital financing services.

Consumer complaints related to billing mechanisms are generally driven by several key factors: inappropriate language in communication, excessively intense billing, and uncontrolled third-party involvement. These three factors

directly impact consumer satisfaction, as aggressive and repetitive approaches can lead to psychological stress and negative perceptions of the company. This suggests that the quality of interactions in the billing process is a critical factor in determining customer satisfaction [24].

Furthermore, a lack of flexibility in addressing consumers' financial circumstances also contributes to the emergence of complaints. Consumers experiencing payment difficulties often lack adequate resolution options, leading to ongoing collection processes that exacerbate dissatisfaction. These findings suggest that consumer complaints are not merely reactive to collection actions but are also influenced by perceptions of fairness, transparency, and proportionality within the company's overall service system.

Table 2. Billing Factors That Trigger Consumer Complaints

Factor	Description	Impact on Consumers
Billing Language	Impolite/aggressive	Discomfort
High Intensity	Recurring billing	Psychological pressure
Third party	More aggressive	Negative perception
Lack of Flexibility	No payment solution	Frustration
Low Transparency	Information is unclear	Confusion

Source: Author's data analysis results (2026)

**3.3 Analysis of Findings in Theoretical Perspective**

The findings of this study indicate that suboptimal billing practices can be categorized as a form of service failure. From the perspective of service failure and recovery theory, failure in service delivery will trigger consumer dissatisfaction and lead to complaints. In the context of BNPL, the billing process is part of the service that interacts directly with consumers, so the quality of its implementation significantly determines consumer perceptions of the company.

Furthermore, information asymmetry theory explains that information imbalances between companies and consumers are a major

cause of conflict. Consumers often don't fully understand the billing process, including bill calculations and the consequences of late payments. When the billing process is carried out without adequate explanation, consumers tend to feel disadvantaged and unfairly treated.

From an institutional theory perspective, the variation in collection practices between companies indicates that the lack of specific regulatory standards has led companies to develop different practices. This creates inconsistencies in service quality and increases the risk of consumer complaints. Therefore, regulators need to play a role in establishing clearer standards for collection practices.

Table 3. Synthesis of Findings and Theory

Findings	Supporting Theory	Explanation
Aggressive billing	Service Failure	Service failure
Unclear information	Information Asymmetry	Information inequality
Practice variations	Institutional Theory	There is no standard
Complaints increase	Complaint Behavior	Response to dissatisfaction

Source: Author's data analysis results (2026)

**3.4 Practical Implications**

The results of this study indicate that improving collection mechanisms is a crucial step in reducing consumer complaints regarding BNPL services. Financing companies need to implement a more consumer-oriented collection approach, taking into account ethical communication, information transparency, and flexibility in

addressing consumer situations. Furthermore, third-party oversight needs to be strengthened to ensure that collection practices remain in accordance with applicable standards. In this regard, regulators such as the Financial Services Authority (OJK) have a strategic role in establishing more specific and integrated guidelines regarding collection mechanisms.

Table 4. Practical Implications and Recommendations

Actor	Implications	Recommendation
Company	High number of complaints	Improve billing system
Consumer	Discomfort	Financial education
Regulator	Practice variations	Regulatory standardization

Actor	Implications	Recommendation
Industry	Reputational risk	Strengthening governance

Source: Author's data analysis results (2026)

### 3.5 Discussion

Research findings indicate that the billing mechanism is the dominant factor triggering consumer complaints regarding Buy Now Pay Later (BNPL) services, contributing 38.21% of total complaints. This dominance emphasizes that the billing process is not merely an administrative activity, but a critical point in the interaction between companies and consumers. When billing is carried out with high intensity, with an inappropriate communication approach, and with the involvement of aggressive third parties, the service experience tends to be negative. This finding aligns with research by V. Fedaseyeu.[25] which shows that aggressive collection practices in the consumer credit industry can increase psychological stress and increase the likelihood of consumer complaints. In addition, a study by N. O'Brien et al [26] also emphasized that vulnerable consumers in BNPL services tend to experience stress due to disproportionate billing practices, thereby increasing the potential for complaints.

From the perspective of service failure and recovery theory, billing practices that do not meet consumer expectations can be categorized as a form of service failure. This failure occurs when the billing process fails to consider the consumer's comfort, empathy, and financial situation, resulting in dissatisfaction that leads to complaints. This is consistent with the concept proposed by Stephen S. Tax & Stephen W. Brown [10] that service failure without proper recovery will encourage negative responses from customers. Furthermore, the lack of clarity regarding billing mechanisms also strengthens the findings of information asymmetry theory. George A. Akerlof's classic study[15] and development by Joseph E. Stiglitz [27] explains that information gaps between

service providers and consumers can lead to perceptions of unfairness, especially in the context of digital financial products such as BNPL [28].

Furthermore, variations in collection practices across finance companies indicate inconsistencies in BNPL service operational standards. Within the framework of institutional theory, this reflects companies still adapting their practices based on their individual interpretations of existing regulations. This phenomenon aligns with the theory of Paul J. DiMaggio & Walter W. Powell [16] which states that organizations within an industry tend to experience institutional pressures, but in conditions of immature regulation, emerging practices can be diverse. Research by Irawati et al [29] also shows that BNPL regulations in the ASEAN region, including Indonesia, still face challenges in creating uniform operational standards, particularly regarding consumer protection.

These findings also show that the increase in consumer complaints is influenced not only by the technical aspects of billing, but also by perceptions of fairness and transparency in service. When consumers perceive that the billing process is disproportionate or does not provide a means for resolution, trust in the company declines. This aligns with research by Jagdish N. Singh [9] which states that consumer complaint behavior is triggered by perceived dissatisfaction and perceptions of unfairness in service. Further studies by Angelovska [30] also emphasized that the quality of service interactions greatly determines whether consumers will choose to submit a complaint or not.

Additionally, in the context of BNPL, research by Marco Di Maggio et al [6] Davies' research shows that BNPL usage increases consumption but also

potentially increases the risk of late payments, ultimately triggering more intensive collection interactions. [31] and Fuller [32] also underscored that the lack of transparency and consumer protection in BNPL services is a major factor in the rise in complaints in various countries. Therefore, improving collection mechanisms is crucial not only to reduce complaints but also to maintain the sustainability of the BNPL industry as a whole.

In this regard, the role of regulators, such as the Financial Services Authority (OJK), is crucial in establishing clearer standards focused on consumer protection. Comprehensive regulations are needed to address debt collection ethics, information transparency, and the use of third parties in the debt collection process. With the strengthening of regulations, as stipulated in OJK policies [2], it is hoped that BNPL operational practices can become more consistent, fair, and sustainable, thereby reducing the level of consumer complaints while

increasing public trust in digital financing services.

#### 4. CONCLUSION

This study shows that the collection mechanism plays a significant role in triggering consumer complaints regarding Buy Now Pay Later (BNPL) services in Indonesia. High-intensity collection practices, inappropriate communication approaches, and aggressive third-party involvement are key factors contributing to negative consumer experiences. Furthermore, the lack of transparency and flexibility in the collection process reinforces consumers' perceptions of unfairness. These findings emphasize that the collection mechanism functions not only as an administrative process but also as part of service quality that directly impacts consumer satisfaction and trust. Therefore, financing companies need to develop a more ethical, transparent, and consumer-oriented collection approach, while regulators are expected to strengthen a more specific regulatory framework to ensure consumer protection in BNPL services.

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