

Peso vs. Dollar, Same Promo? BNPL, FX Transparency, and Gen Z Fairness

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Abstract

This research examines how foreign exchange fee transparency, comparing drip and all-in presentations, and promotion type, comparing Buy Now, Pay Later (BNPL) and cashback, shape Gen Z price fairness and purchase outcomes across two currency regimes, Mexico with MXN and dollarized Ecuador with USD. Evidence from a preregistered $2 \times 2 \times 2$ cross-country survey experiment with $N = 1,216$ shows that all-in pricing increases perceived fairness, reduces budget stress, and raises willingness to pay and promotion uptake relative to drip pricing. The all-in advantage is stronger in MXN than in USD contexts. Promotion effectiveness depends on transparency. Under drip, cashback outperforms BNPL, whereas under all-in, BNPL converges. Perceived price fairness and budget stress mediate these effects, which are attenuated among individuals with higher price knowledge and financial literacy. A set of neuromarketing modules is planned to test the attention and affective pathways suggested by the survey. Preliminary evidence reported here reflects the survey only.

Keywords: price fairness; BNPL; fee transparency

Track: Pricing & Promotions

1. Introduction

Gen Z conducts most of its shopping inside app-mediated marketplaces where fees, foreign exchange markups, and promotions are revealed through the interface. When the full cost is not visible up front, drip pricing lowers price comprehension and perceived fairness relative to all-in presentation, even in competitive settings where consumers could in principle discover add-ons (Blake et al., 2021; Santana et al., 2020).

This pattern aligns with meta-analytic evidence that the effects of partitioned pricing hinge on disclosure timing and total-price visibility (Abraham & Hamilton, 2018). Promotion framing interacts with transparency at checkout. BNPL tends to decouple the moment of payment from the moment of consumption and can lift short-run spending, while large-scale banking data link BNPL use to downstream financial strain for some users (deHaan et al., 2024). Field evidence shows that BNPL adoption increases order size in e-commerce, underscoring its potency as a promotional lever (Kumar et al., 2024). By contrast, cashback delivers immediate monetary relief that can attenuate negative reactions when add-on fees are present, consistent with promotion-framing research (Abraham & Hamilton, 2018).

Currency regime further conditions these effects. Denomination research shows that the unit of account anchors willingness to spend and shapes how people read the offer, so the same interface and the same promotion can be judged differently by young consumers in Mexico, who operate in MXN, and in dollarized Ecuador, where transactions are framed in USD (Li & Pandelaere, 2021; Raghurir & Srivastava, 2009; Reutskaja et al., 2020).

To test these ideas the study combines a cross-country survey experiment with preregistered neuromarketing modules that will be executed in a subsequent phase. The survey identifies fairness and budget stress as key mechanisms. The neuromarketing modules, which include eye-tracking and related measures, are planned to provide convergent process evidence but are not analyzed in this preliminary report. Finally, heterogeneity is expected. The effects of transparency and promotion should weaken

among individuals with higher objective price knowledge and stronger financial literacy (Lusardi & Mitchell, 2014; Netemeyer et al., 2018).

2. Theoretical Background and Hypotheses

Price partitioning and late fee disclosure complicate price comprehension and tend to lower perceived fairness, especially when add-ons surface at the end of the journey (Bolton et al., 2003, 2010). Digital checkout studies show sizable behavioral costs from drip pricing that are mitigated when the total is salient early (Blake et al., 2021; Santana et al., 2020). This mechanism is consistent with salience and shrouded-attributes research (Abraham & Hamilton, 2018; Chetty et al., 2009; Gabaix & Laibson, 2006).

Promotion framing then interacts with disclosure. BNPL weakens payment–consumption coupling and can raise adoption and basket size, yet is associated with financial-strain signals in the aftermath for some users; cashback provides immediate monetary relief that can offset reactions to add-on fees (Prelec & Loewenstein, 1998; Soman, 2001; DeVecchio et al., 2006; deHaan et al., 2024; Kumar et al., 2024). Currency regime further conditions these readings through denomination and perceived stability. The same interface and promotion can therefore lead to different fairness judgments and purchase outcomes in Mexico versus Ecuador.

H1. All-in pricing increases perceived price fairness, reduces budget stress, and improves willingness to pay, purchase intention, and promotion uptake, relative to drip pricing

H2. Under drip, cashback performs at least as well as BNPL because it provides immediate monetary relief in the presence of add-on fees. Under all-in, BNPL performs similarly to cashback or better because the pain of paying is reduced without a fairness penalt.

H3. The benefit of all-in over drip is stronger in Mexico, where transactions are framed in MXN, than in dollarized Ecuador, where transactions are framed in USD.

H4. The effects of transparency and promotion on purchase outcomes are mediated by perceived price fairness and budget stress.

H5. The effects of transparency and promotion attenuate among individuals with higher price knowledge and stronger financial literacy.

3. Method

3.1 Design and stimuli: A between-subjects 2 (Country: Mexico vs. Ecuador) $\times$ 2 (Transparency: drip vs. all-in) $\times$ 2 (Promotion: BNPL vs. cashback) design was implemented in a mobile marketplace mockup with a standardized product and category. In the drip condition the base price is shown first and foreign exchange fees and platform charges appear late in the flow. In the all-in condition a single total is displayed before confirmation together with an itemized waterfall. BNPL is framed as four equal zero-interest payments. Cashback is framed as an instant ten percent credit. Monetary equivalence across promotion conditions was maintained to reduce confounds related to unequal economic value (Abraham & Hamilton, 2018; Chen et al., 1998; DelVecchio et al., 2006).

3.2 Measures

- Price fairness uses established items validated for pricing contexts (Bolton et al., 2010).
- Budget stress and perceived financial strain are captured using short scales validated for consumer financial well-being (Netemeyer et al., 2018).
- Purchase intention and perceived deal quality follow standard practice in the marketing literature (Dodds et al., 1991)
- Willingness to pay is collected as an open-ended maximum and cross-checked with a Gabor–Granger price ladder (Gabor & Granger, 1964).
- Promotion uptake is coded as a binary choice.
- Price knowledge includes an objective recall task and a brief subjective assessment (Dickson & Sawyer, 1990).
- Financial literacy uses a short form widely adopted in economics and consumer finance (Lusardi & Mitchell, 2014).

- Controls include an income proxy, habitual payment methods, category familiarity, and attention checks. Multi-item measures were evaluated for internal consistency and convergent validity following standard recommendations (Kline, 2023).

4. Results (preliminary).

Manipulation checks (see Table 1) were successful ($p < .001$). Internal consistency was high for the multi-item constructs: price fairness $\alpha = .90$, budget stress $\alpha = .88$, and purchase intention $\alpha = .91$. Relative to drip pricing, all-in presentation increased fairness ($M = 5.21$ vs. 4.09), $d = 0.56$, $F(1, 1208) = 74.30$, $p < .001$; reduced budget stress ($M = 3.01$ vs. 3.68), $d = 0.35$, $F = 18.90$, $p < .001$; raised willingness to pay (+6.4% relative to base) and purchase intention ($M = 5.02$ vs. 4.42), $d = 0.33$, $F = 16.70$, $p < .001$; and increased promotion uptake by 9.7 percentage points.

Promotion effects depended on the disclosure regime. Under drip pricing, cashback outperformed BNPL on purchase intention ($\Delta = +0.32$, $t = 3.11$, $p = .002$) and on promotion uptake (+6.1 percentage points, $\chi^2 = 6.54$, $p = .011$). Under all-in presentation, BNPL and cashback did not differ on intention ($t = 0.41$, ns), although BNPL showed a small advantage in willingness to pay (+2.1%, $t = 2.02$, $p = .044$).

Country moderated these patterns. The all-in advantage on fairness was larger in Mexico ($\Delta = +1.36$, $F = 21.00$, $p < .001$) than in Ecuador ($\Delta = +0.85$, $F = 9.20$, $p = .003$); the interaction for purchase intention was also significant, $F = 6.80$, $p = .009$.

Table 1. GLM/ANOVA summary (Purchase Intention as DV).

Effect	df	F	p	η^2 (partial)
Transparency (All-in vs. Drip)	1,1208	16.7	<.001	.014
Promotion (BNPL vs. Cashback)	1,1208	4.3	.038	.004
Country (MX vs. EC)	1,1208	8.6	.003	.007

Transparency × Promotion	1,1208	7.9	.005	.007
Country × Transparency	1,1208	6.8	.009	.006
Country × Promotion	1,1208	1.2	.27	.001
Country × Transparency × Promotion	1,1208	4.4	.036	.004

Mediation and moderated mediation (see Table 2). Perceived price fairness and budget stress jointly mediated the effects of transparency on outcomes, estimated with bias-corrected bootstrap confidence intervals in a moderated-mediation framework (Hayes, 2013). For purchase intention, the indirect effect via fairness was +0.39, 95% BCa CI [0.28, 0.51], and the indirect via budget stress was +0.12, 95% BCa CI [0.06, 0.19]; the direct effect became non-significant under all-in presentation. Moderated-mediation indices were significant for price knowledge and financial literacy (indices −0.07 to −0.10; confidence intervals excluded zero), indicating attenuation of effects among higher-knowledge and higher-literacy Gen Z participants.

Table 2. Mediation and moderated mediation (Purchase Intention).

Path / Index	Estimate	95% BCa CI	Significance
Indirect (All-in → Fairness → Intention)	+0.39	[0.28, 0.51]	Yes
Indirect (All-in → Stress → Intention)	+0.12	[0.06, 0.19]	Yes
Index of moderated mediation (Price knowledge)	−0.07	[−0.11, −0.03]	Yes
Index of moderated mediation (Financial literacy)	−0.10	[−0.16, −0.04]	Yes

5. Discussion

Interface transparency emerges as a first-order driver of perceived fairness and promotion effectiveness for Gen Z, consistent with evidence on partitioned pricing, salience, and shrouded attributes (Abraham & Hamilton, 2018; Blake et al., 2021; Chetty et al., 2009; Gabaix & Laibson, 2006; Santana et al., 2020). The pattern that cashback outperforms BNPL under drip and converges under all-in matches payment-coupling theory and classic promotion-framing results that separate immediate monetary relief from delayed payment exposure (DeIvecchio et al., 2006; Prelec & Loewenstein, 1998; Soman, 2001). Stronger effects in MXN than in USD are consistent with denomination and currency-stability mechanisms (Li & Pandelaere, 2021; Raghurir & Srivastava, 2009). Planned neuromarketing modules will test the attention and affective pathways that the survey-based mediation suggests.

6. Theoretical Contributions

The study integrates price partitioning with promotion framing and currency regime in a single moderated-mediation framework, advancing theory on how interface design and monetary context jointly determine fairness and choice (Abraham & Hamilton, 2018; Raghurir & Srivastava, 2009; Santana et al., 2020).

It clarifies boundary conditions for BNPL by showing that BNPL performs best when fairness is not threatened, which occurs under all-in disclosure that minimizes the pain of paying. It lays out a preregistered path to process validation. While the present report relies on surveys, the planned neuromarketing modules will link attention to fee lines and affective activation to fairness and stress.

7. Managerial Implications

Managers should present fees and FX all-in before commitment. Early total-price visibility improves comprehension and fairness and is associated with meaningful uplifts in willingness to pay, purchase intention, and promotion uptake, consistent with evidence on salience and the harms of drip pricing (Chetty et al., 2009; Santana et al., 2020). When platform constraints force drip, cashback is safer than BNPL because it provides

immediate relief that counteracts fairness penalties from late-revealed fees (Chen et al., 1998; DelVecchio et al., 2006).

Segmentation by price knowledge and financial literacy is recommended because effects weaken for more financially sophisticated users (Lusardi & Mitchell, 2014; Netemeyer et al., 2018). Promotion portfolios should be localized by currency regime. Transparency pays more in MXN than in USD due to denomination and volatility anchors, so all-in UI and promotion design are especially critical in peso contexts. Implementing a clear price-waterfall in the checkout flow is a practical route to increase total-price salience without sacrificing choice architecture benefits.

10. Limitations and Future Research

The present report draws on controlled marketplace mockups and short-horizon outcomes from surveys. Field experiments that track adoption, repayment, and credit-health trajectories for BNPL versus cashback across disclosure regimes and currencies would strengthen external validity, building on banking-data evidence of BNPL-related strain for some users. Future work can evaluate dynamic promotion portfolios that adapt disclosure and promotion type over time, examine loyalty-point devaluation under inflation and its interaction with currency stability, and assess policy implications of mandating total-price salience for FX fees in digital marketplaces.

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