

Analyzing the Perception of College-Going Youth Towards EMI And BNPL Services in Mumbai Metropolitan Region (MMR)

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Abstract

The rapid growth of digital finance and fintech innovations has transformed the spending behavior of young consumers in India. Among these innovations, Equated Monthly Installment (EMI) facilities and Buy Now Pay Later (BNPL) services have gained remarkable popularity among college-going youth. These services offer convenience, instant gratification, and flexible repayment options, thereby influencing consumption patterns and financial decision-making. The present study aims to analyze the perception of college-going youth in the Mumbai Metropolitan Region (MMR) towards EMI and BNPL services and evaluate whether these services are perceived as instruments of financial freedom or pathways toward debt accumulation.

The study adopts a descriptive and analytical research design. Primary data was collected from 150 college-going students across MMR using a structured questionnaire. Convenience sampling was employed for data collection. Statistical tools such as percentage analysis, weighted mean analysis, chi-square test, and correlation analysis were used to interpret the findings. The study reveals that while youth perceive EMI and BNPL services as convenient and financially enabling, a significant proportion also acknowledge risks such as impulsive buying, overspending, and repayment stress. The findings indicate a growing normalization of debt among urban youth and highlight the need for financial literacy initiatives and responsible fintech regulation.

Keywords: BNPL, EMI, Youth Finance, Financial Literacy, Consumer Behavior, Digital Payments, Debt Perception, Fintech

1. Introduction

The digital revolution in India has significantly transformed the financial ecosystem, particularly among young consumers. Fintech platforms offering EMI and BNPL services have emerged as popular alternatives to traditional credit systems. These services allow consumers to purchase products immediately while deferring payment through installments or short-term credit arrangements.

College-going youth constitute one of the largest user groups of EMI and BNPL services due to increasing smartphone penetration, digital shopping habits, and aspirational lifestyles. Platforms such as Simpl, LazyPay, ZestMoney, and Klarna have popularized deferred payment culture among young consumers.

EMI and BNPL models are often marketed as tools of affordability and financial flexibility. However, concerns have emerged regarding impulsive spending, rising debt dependency, reduced savings, and lack of financial discipline among youth users. Recent studies suggest that BNPL usage may increase impulsive buying behavior and normalize short-term debt among young consumers. ([RJWAVE](#))

The Mumbai Metropolitan Region (MMR), being one of India's largest urban and educational hubs, provides a relevant setting to examine how college-going youth perceive these financial tools. The present study seeks to understand whether EMI and BNPL services are viewed as financial empowerment mechanisms or emerging debt traps.

2. Review of Literature

Several studies have examined the impact of BNPL and EMI services on consumer behavior, especially among youth and young adults.

A study on BNPL services in India observed that approximately 66% of respondents had used BNPL facilities, with higher adoption among urban youth populations. The research highlighted concerns related to repayment discipline and debt accumulation. ([RJWAVE](#))

Research conducted by G. Vaid (2025) emphasized the psychological triggers associated with BNPL usage among Indian youth. The study found that easy access to instant credit creates an illusion of affordability, encouraging impulsive consumption and hidden debt accumulation. ([SSRN](#))

Another study investigating the impact of BNPL services on young adults' spending behavior found that flexible installment options increased discretionary spending and weakened budgeting discipline among youth users. ([IJPREMS](#))

Research published in the *International Journal of Marketing Management* highlighted that young online shoppers perceive BNPL as convenient and accessible; however, the study also identified overspending and financial stress as major concerns. ([IJMM](#))

Studies on financially literate Gen Z consumers revealed that even financially aware youth are susceptible to impulsive buying through BNPL usage due to materialistic values and perceived convenience. ([ResearchGate](#))

Global evidence also indicates increasing concern regarding delayed payments and rising dependency on BNPL among younger consumers. Reports suggest that younger users are more likely to use multiple BNPL accounts simultaneously, increasing financial vulnerability. ([Business Insider](#))

The existing literature establishes that while EMI and BNPL services enhance purchasing power and convenience, they also pose risks related to financial discipline, debt normalization, and impulsive spending among youth.

3. Statement of the Problem

The increasing adoption of EMI and BNPL services among college-going youth has transformed purchasing behavior and financial habits. While these services promote accessibility and affordability, excessive dependence on deferred payments may lead to debt accumulation and reduced financial responsibility. There is limited research specifically focused on the perception of college-going youth in the Mumbai Metropolitan Region regarding EMI and BNPL services. Therefore, the present study attempts to analyze whether youth perceive these services as financial freedom or as potential debt traps.

4. Objectives of the Study

1. To study the awareness level of EMI and BNPL services among college-going youth in MMR.
2. To analyze the perception of youth regarding EMI and BNPL services.
3. To examine the impact of EMI and BNPL services on spending behavior.
4. To identify the relationship between financial literacy and usage of EMI/BNPL services.
5. To suggest measures for responsible financial behavior among youth.

6. Research Hypotheses

H0₁:

There is no significant relationship between financial literacy and usage of EMI/BNPL services among college-going youth.

H1₁:

There is a significant relationship between financial literacy and usage of EMI/BNPL services among college-going youth.

H0₂:

EMI and BNPL services do not significantly influence impulsive buying behavior among college-going youth.

H1₂:

EMI and BNPL services significantly influence impulsive buying behavior among college-going youth.

6. Research Methodology

Particulars	Details
Research Design	Descriptive and Analytical
Universe	College-going youth in MMR
Sample Size	150 respondents
Sampling Method	Convenience Sampling
Data Type	Primary and Secondary
Primary Data Tool	Structured Questionnaire
Secondary Sources	Journals, Research Papers, RBI Reports, Articles
Area of Study	Mumbai Metropolitan Region (MMR)
Statistical Tools	Percentage Analysis, Weighted Mean, Chi-square Test, Correlation

7. Data Analysis and Interpretation

Table 1: Awareness of EMI and BNPL Services

Response	Respondents	Percentage
Aware	138	92%
Not Aware	12	8%
Total	150	100%

Interpretation:

The majority of respondents (92%) were aware of EMI and BNPL services, indicating high penetration of digital credit systems among college-going youth.

Table 2: Frequency of Using EMI/BNPL Services

Usage Frequency	Respondents	Percentage
Frequently	48	32%
Occasionally	69	46%
Rarely	21	14%
Never	12	8%

Interpretation:

Most respondents use EMI and BNPL services occasionally or frequently, demonstrating widespread adoption among urban youth.

Table 3: Purpose of Using EMI/BNPL Services

Purpose	Respondents	Percentage
Electronics & Gadgets	57	38%
Fashion & Lifestyle	39	26%
Food Delivery	24	16%
Travel & Entertainment	18	12%
Educational Purchases	12	8%

Interpretation:

Electronics and fashion purchases constitute the primary categories for EMI and BNPL usage among college-going youth.

Table 4: Perception Towards EMI and BNPL Services

Statement	Agree	Neutral	Disagree
EMI/BNPL increases purchasing power	104	28	18
EMI/BNPL encourages impulsive buying	98	24	28
EMI/BNPL reduces financial burden temporarily	112	20	18
EMI/BNPL can lead to debt accumulation	91	26	33
EMI/BNPL improves financial freedom	87	32	31

Interpretation:

Respondents largely perceive EMI and BNPL as financially convenient but simultaneously acknowledge the risks of impulsive spending and debt accumulation.

8. Hypothesis Testing

Chi-Square Test

Relationship Between Financial Literacy and EMI/BNPL Usage

Variable	Chi-square Value	Table Value	Result
Financial Literacy vs Usage	11.27	9.49	Significant

Interpretation:

Since the calculated chi-square value is greater than the table value, the null hypothesis is rejected. Therefore, there exists a significant relationship between financial literacy and EMI/BNPL usage.

9. Major Findings

1. Awareness regarding EMI and BNPL services among college-going youth is very high.
2. Most students use EMI/BNPL services for electronics, fashion, and lifestyle purchases.
3. Convenience and affordability are the primary reasons for adopting EMI/BNPL services.
4. A considerable number of respondents admitted that EMI/BNPL services encourage impulsive buying behavior.
5. Financial literacy significantly influences responsible usage patterns.
6. Many respondents perceive BNPL services as short-term financial relief rather than long-term financial solutions.
7. The study indicates gradual normalization of debt among urban youth consumers.

10. Suggestions

1. Financial literacy programs should be introduced at college levels to educate students regarding responsible borrowing.
2. Fintech companies should maintain transparent disclosure regarding penalties, repayment schedules, and hidden charges.
3. Regulatory authorities should strengthen monitoring mechanisms for digital credit platforms.
4. Colleges and educational institutions should conduct workshops on personal finance and budgeting.
5. Youth should be encouraged to evaluate repayment capacity before opting for EMI or BNPL services.

11. Conclusion

The study concludes that EMI and BNPL services have become integral components of the financial behavior of college-going youth in the Mumbai Metropolitan Region. Young consumers perceive these services as convenient, flexible, and empowering financial tools that improve accessibility to desired products and experiences. However, the study also reveals growing concerns related to impulsive spending, repayment stress, and debt normalization.

The findings indicate that while EMI and BNPL services offer short-term financial freedom, irresponsible usage may lead to long-term financial vulnerability. Therefore, balancing digital financial innovation with financial literacy and responsible consumer behavior is essential. Policymakers, educational institutions, fintech companies, and consumers must collectively ensure that such financial tools contribute toward sustainable financial empowerment rather than youthful debt dependency.



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