A STUDY ON EMI INFLUENCE ON PURCHASE BEHAVIOUR AND INCOME BURDEN AMONG YOUTH

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ABSTRACT:

This study, titled "A Study on EMI Influence on Purchase Behaviour and Income Burden among Youth," examines how Equated Monthly Installments (EMIs) affect the purchasing decisions and financial well-being of young consumers aged 18–35 years. Using a descriptive research design, data were collected from 125 respondents through a structured questionnaire. The findings reveal that EMIs encourage the purchase of expensive products by making them appear more affordable through smaller monthly payments. While EMI and Buy Now Pay Later (BNPL) schemes enhance purchasing power and convenience, they also increase financial burden, especially among low-income youth. The study emphasizes the importance of financial literacy and responsible borrowing practices the need for better digital education, security measures, and technological infrastructure.

KEY WORDS

EMI (Equated Monthly Installments), Purchase Behaviour, Youth Consumers, Income Burden, Financial Stress, Consumer Credit, Impulse Buying, Fintech Services, Buy Now Pay Later (BNPL), Financial Literacy.

INTRODUCTION

The rapid growth of digital finance, fintech services, and embedded credit systems has transformed consumer purchasing behavior, especially among young people. Traditional saving habits have been replaced by credit-based spending through EMIs (Equated Monthly Installments) and Buy Now Pay Later (BNPL) schemes, which make expensive products appear affordable by dividing costs into smaller monthly payments.

This trend is particularly common among Gen Z and young millennials, who are influenced by online advertising, social media, and easy access to instant credit. As a result, many purchase non-essential items such as smartphones, fashion products, travel packages, and entertainment subscriptions. Fintech innovations have further simplified access to credit by reducing documentation requirements and introducing alternative credit assessment methods.

However, excessive reliance on multiple EMI commitments can create financial stress, reduce savings, and limit investment opportunities. A lack of financial literacy also prevents many young consumers from understanding hidden costs, interest charges, and repayment risks. Therefore, studying the relationship between EMI usage, purchasing behavior, and income burden is essential for promoting responsible borrowing and financial well-being among youth

STATEMENT OF THE PROBLEM

The widespread use of digital installment payments has created a false perception of affordability among young consumers, encouraging excessive spending and increasing financial burden. EMIs and fintech-based credit systems reduce the psychological impact of large purchases by dividing costs into smaller monthly payments, making expensive products appear affordable. As a result, many Gen Z and Millennial consumers purchase high-value, rapidly depreciating items such as smartphones, fashion products, and gadgets without fully considering their total cost.

The problem becomes more serious when multiple EMIs from different platforms accumulate, pushing consumers beyond safe debt-to-income levels. This reduces their ability to save, invest, and build long-term wealth. Young professionals may also face credit score damage due to missed payments, affecting future access to important loans. Existing research and financial systems focus mainly on asset-building debts such as mortgages and education loans, while lifestyle-based consumer credit receives limited attention. If left unchecked, this trend may create long-term financial insecurity, reduced wealth accumulation, and greater economic inequality among future generations.

OBJECTIVES

1. To examine the Impact of EMI scheme on purchasing behaviour and income burden among youth.

2. To analyze How EMI availability influence the purchasing decisions of youth consumers

3. To identify the type of product/service most commonly purchased through EMI by youth

4. To analyze the correlation between frequency of EMI wage and disposable income.

5. To evaluate whether EMI facilitates encourage impulsive or planned buying behaviour among youth.

SCOPE OF THE STUDY

1. Geographical Scope**:** The study is limited to Hyderabad and selected Tier-1 and Tier-2 urban cities, where fintech services, e-commerce platforms, and digital credit facilities are widely used.

2. Functional Scope: The study examines the impact of EMI accessibility on purchase behavior and income burden, focusing on behavioral marketing, retail credit management, and personal financial planning.

3. Target Population: The study includes 125 respondents aged 18–30 years, comprising students, entry-level employees, freelancers, and gig workers who have used EMI, credit card installments, or BNPL services within the last six months.

LIMITATIONS OF THE STUDY

1. Limited Sample and Geographical Coverage: The study is based on a sample of 125 respondents from Tier-1 and Tier-2 urban cities, limiting the generalization of findings to the entire youth population, especially rural and semi-urban areas.
2. Self-Reporting Bias: The research relies on survey responses, which may be affected by inaccuracies in reporting personal information such as debt levels, savings, and impulsive spending behavior.
3. Limited Scope and Time Frame: The study focuses only on short-term consumer credit products such as EMIs and BNPL services and uses a cross-sectional design, making it difficult to assess long-term changes in consumer behavior and financial outcomes.

REVIEW OF LITERATURE

1. Khan & Haque (2020)
Found that lifestyle aspirations and social pressures encourage installment loan usage, leading to impulsive spending among consumers.

2. Gupta & Jain (2020)
Reported that EMI usage is strongly linked to aspirational buying behavior, especially for electronics and fashion products.

3. Kumar (2021)
Observed that fintech and BNPL services have normalized borrowing behavior among young consumers by simplifying credit access.

4. Keil & Burg (2023)
Concluded that delayed payment options in e-commerce increase transaction values and encourage impulse purchases.

5. K.P., Abdul Razack & Dr. Jayarajan T.K. (2024)
Found that EMI facilities are now widely accessible through debit cards, increasing credit usage among Gen-Z consumers.

6. Rashidi (2024)
Highlighted the growing dependence of young professionals on retail credit and BNPL services without fully understanding long-term consequences.

7. Biradar & Prof. N. Naga Subba Reddy (2025)
Identified poor financial literacy and cognitive biases as major reasons for irresponsible EMI usage among youth.

RESEARCH METHODOLOGY

This study adopted a descriptive and quantitative research design to examine the influence of EMI facilities on purchase behavior and income burden among youth. Primary data were collected through a structured questionnaire administered using Google Forms. A sample of 125 respondents aged 18–35 years was selected using convenience and purposive sampling techniques. The collected data were analyzed using percentage analysis, Chi-Square tests, and Multiple Linear Regression with the help of Excel and SPSS software. The study focused on understanding EMI usage patterns, buying behavior, and the financial stress experienced by young consumers

DATA COLLECTION METHODS

The study collected primary data through a structured, self-administered online questionnaire using Google Forms. The questionnaire was distributed through online networks, university groups, and professional platforms to reach youth aged 18–35 years who had experience using EMI or BNPL services. The collected responses were recorded digitally, ensuring accuracy, anonymity, and ease of analysis.

DATA SOURCE:

- Structured questionnaire
- Survey conducted among 125 respondents

HYPOTHESIS TESTING

Hypothesis 1: Influence on Consumer Behaviour

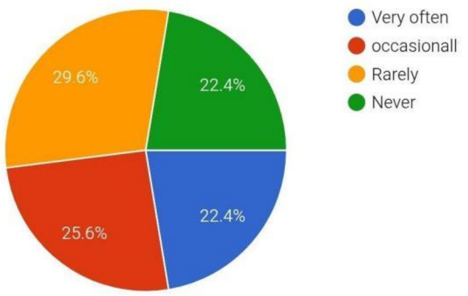
- **Null Hypothesis (H_0):** There is no significant association between the availability of EMI facilities and impulsive buying behaviour among youth aged 18–35 years.
- **Alternative Hypothesis (H_1):** There is a significant positive association between the availability of EMI facilities and impulsive buying behaviour among youth aged 18–35 years.

Hypothesis 2: Effect on Financial Pressure

- **Null Hypothesis (H_0):** EMI payments do not have a significant effect on the financial pressure or savings of young consumers.
- **Alternative Hypothesis (H_1):** High EMI payments create financial pressure and reduce the savings of young consumers aged 18–35 years.

How Frequently do you use EMI Options ?

OPTION	**RESPONSES**	**PERCENTANGE**	**CHI SQUARE**
VERY OFTEN	28	22.40%	0.7519
OCCASIONALLY	32	25.60%	
RARELY	37	29.60%	
NEVER	28	22.40%	

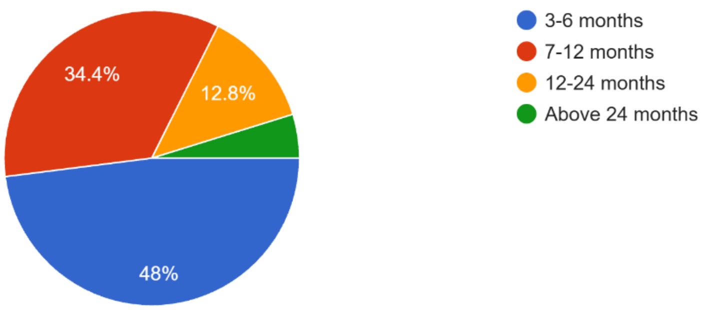


INTERPERTATION:

The Chi-square test result (χ^2 = 0.7519) indicates no significant difference in the frequency of EMI usage among respondents. The largest group consists of occasional EMI users, with 29.6% using EMIs rarely and 25.6% using them occasionally, together accounting for 55.2% of the sample. Meanwhile, 22.4% use EMIs very often and an equal percentage have never used them. These findings suggest a balanced distribution of EMI usage and highlight two distinct youth segments: regular credit users and non-users.

What is your preferred EMI tenure?

OPTION	RESPONSES	PERCENTANGE	CHI SQUARE
3-6 MONTHS	60	48.00%	58.7
7-12 MONTHS	43	34.40%	
12-24 MONTHS	16	12.08%	
ABOVE 24	6	4.08%	



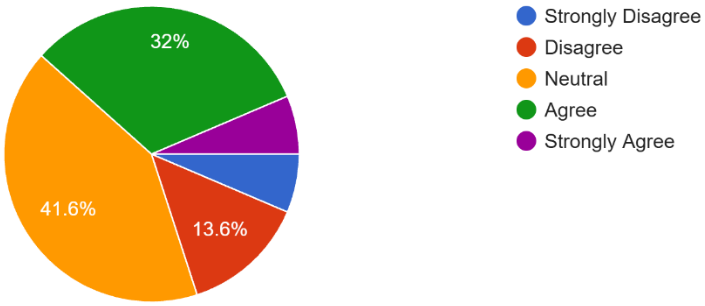
INTERPERTATION:

The Chi-Square Goodness-of-Fit Test (χ^2 = 58.7) indicates a significant difference in youth preferences for EMI repayment tenures. Nearly half of the respondents (48.0%) preferred a 3–6 month tenure, while 34.4% chose 7–12 months. Together, 82.4% favored completing EMI repayments within one year.

Longer repayment periods were much less popular, with only 12.8% selecting 12–24 months and 4.8% opting for more than 24 months. This suggests that young consumers prefer short-term financial commitments and avoid prolonged debt obligations.

Does the Availability of EMI influence your decision to buy a product?

OPTION	WEIGHTS	RESPONSES	TOTAL	LIKERT SCALE
STRONGLY DISAGREE	5	8	40	3.392
DISAGREE	4	17	68	
NETURAL	3	52	156	
AGREE	2	40	80	
STRONGLY AGREE	1	80	80	



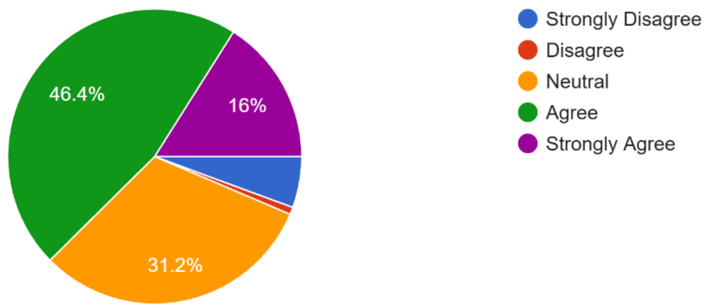
INTERPERTATION:

The weighted Likert scale analysis produced a mean score of **3.392**, indicating a moderate and conditional influence of EMI schemes on youth purchasing decisions. The largest proportion of respondents (41.6%) selected the **Neutral** option, suggesting uncertainty about the extent to which EMI facilities affect their buying behavior. Among non-neutral responses, **38.4%** agreed that EMI availability influences purchases, compared to **20.0%** who disagreed. Although a considerable number of respondents acknowledged the impact of EMIs, the absence of a strong consensus indicates that EMI influence varies across individuals. Overall, EMI schemes affect purchasing decisions, but their impact is not uniform among youth.

Do Higher income reduces EMI burden?

OPTION	WEIGHTS	RESPONSES	TOTAL	LIKERT SCALE
STRONGLY DISAGREE	5	4	20	2.312

DISAGREE	4	4	16	
NETURAL	3	39	117	
AGREE	2	58	116	
STRONGLY AGREE	1	20	20	



INTERPERTATION:

The inverted Likert index of 2.312 indicates a strong positive consensus among respondents, placing overall opinion between Neutral and Agree. A majority of 62.4% of respondents agreed or strongly agreed with the statement, demonstrating widespread acceptance of the observed financial behavior. Meanwhile, 31.2% remained neutral, suggesting some uncertainty or mixed views. Only 6.4% disagreed, representing a very small minority. These findings clearly indicate that the majority of youth acknowledge and support the presence of the described credit and financial behavior.

FINDINGS

1. EMI facilities encourage the purchase of high-value products, particularly electronics, gadgets, and lifestyle-related items, by making them appear more affordable through monthly installments.
2. Youth consumers primarily use EMI schemes for non-essential and lifestyle-oriented purchases, including electronics, furniture, and home décor products, rather than basic necessities.
3. EMI usage is more common among lower-income youth, with many respondents preferring shorter repayment tenures (3–6 months) to manage their financial commitments effectively.
4. EMI availability significantly influences purchasing behavior, as many respondents acknowledged that installment options affect their buying decisions and increase product affordability.
5. EMIs can contribute to overspending and financial burden, with a substantial proportion of respondents reporting that EMI options encourage spending beyond their planned budget.

CONCLUSION

Modern consumer culture has shifted from traditional saving habits to immediate purchasing through credit facilities such as EMIs and Buy Now, Pay Later (BNPL) schemes. These payment options reduce the psychological impact of large expenses by dividing them into smaller installments, encouraging young consumers to make purchases they might otherwise postpone. This trend is particularly evident among tech-savvy youth who are attracted to expensive gadgets and lifestyle products without fully considering their total cost.

The study found that most respondents were aged 18–25 years (90.4%), with 69.6% being students and 65.6% earning less than ₹20,000 per month. Despite limited incomes, 64% of respondents used EMI facilities, mainly for electronics and gadgets (70.4%). However, youth also demonstrated responsible financial behavior, with 58.4% comparing EMI options before purchasing and 82.4% choosing repayment periods of one year or less. Traditional banks and credit cards remained the most preferred EMI sources (85.6%), while fintech applications had relatively low adoption (3.2%).

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