

CONSUMER AWARENESS AND DUE DILIGENCE IN NO-COST EMI-DRIVEN ELECTRONIC PURCHASES

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Abstract

The electronics market has expanded rapidly due to continuous technological advancement and changing consumer lifestyles, leading to increased demand for premium priced electronic products. Rising prices have made upfront payment difficult for many consumers, encouraging the adoption of No-Cost EMI schemes. While No-Cost EMI improves affordability and purchase convenience, it also requires sufficient consumer awareness and careful evaluation of terms and repayment conditions. This study examines the role of consumer awareness and due diligence in influencing buying behaviour towards No-Cost EMI in the electronics sector. The findings reveal that consumers exhibit a moderate level of awareness and due diligence, with variations observed across gender and income groups. Male and higher-income consumers demonstrate relatively better understanding and careful evaluation of EMI terms compared to others. The study highlights the responsible utilisation of No-Cost EMI depends on consumers' ability to make informed and careful purchase decisions.

Keywords:- No-Cost EMI, Consumer Awareness, Due Diligence, Buying Behaviour, Electronics Sector.

In the modern world, the electronics market has grown rapidly due to continuous technological advancements and changing consumer lifestyles. Personal devices such as smartphones, laptops and home appliances have become essential in our

everyday life. At the same time, the prices of these products have increased, making it difficult for many consumers to make lump-sum payments at the time of purchase.

To address this issue, flexible payment options such as No-Cost EMI have

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become popular in the electronics market. No-Cost EMI allows consumers to purchase electronic products by paying the amount in equal monthly instalments without additional interest. This payment option reduces the immediate financial burden and makes high-value products more affordable. As a result, many consumers prefer No-Cost EMI while purchasing electronic items.

Consumer awareness and due diligence play an important role in shaping buying behaviour under No-Cost EMI schemes. Awareness helps consumers understand how the scheme works, while due diligence involves checking and comparing payment details before purchase. In this context, studying the role of consumer awareness and due diligence becomes important. Understanding how consumers evaluate No-Cost EMI options helps explain their buying behaviour in the electronics market. This study focuses on examining how awareness and careful decision-making influence consumers' preference for No-Cost EMI.

II. Significance of the Study

The increasing use of No-Cost EMI has significantly changed the way consumers purchase electronic products by reducing immediate financial pressure. This study is significant because it highlights the importance of consumer awareness and due diligence in EMI-related purchase decisions. By focusing on these factors, the study contributes to a better understanding of responsible consumer behaviour and supports efforts by retailers, financial institutions, and policymakers to promote transparent and informed use of No-Cost EMI schemes.

III. Statement of the Problem

Although No-Cost EMI schemes are widely promoted in the electronics market, many consumers adopt this payment option without fully understanding its conditions. Inadequate awareness of instalment structures, repayment duration, and indirect costs may lead to financial strain and dissatisfaction after purchase. Limited due diligence can also result in impulsive buying decisions influenced by perceived affordability rather than actual financial capability. The problem addressed in this study is the lack of sufficient consumer awareness and careful evaluation while opting for No-Cost EMI schemes, which may affect buying behaviour and financial decision-making in the electronics market.

IV. Objectives of the Study

- To examine the level of consumer awareness regarding No-Cost EMI schemes in the electronics market.
- To analyse the role of due diligence practices in influencing consumer buying behaviour toward No-Cost EMI.

V. Scope of the Study

The scope of the study is limited to consumers who purchase selected electronic products using No-Cost EMI schemes. It focuses on consumer awareness, due diligence practices, and their influence on buying behaviour within a defined geographical area and time period. The findings are based on primary survey data and are confined to the selected sample, without comparison to other credit or payment options.

VI. Methodology

The study adopts an empirical research design using primary data collected through a structured questionnaire. A survey of 112 consumers purchasing electronic products through No-Cost EMI was conducted. Descriptive statistics and non-parametric tests, including the Mann–Whitney U test and Kruskal–Wallis test, were employed to analyse demographic differences.

The descriptive statistics reveal a moderate to high level of consumer awareness and due diligence toward no-cost EMI schemes, with mean scores ranging from 3.38 to 3.83, indicating a general tendency toward agreement. Median values of 4 for most items suggest that a majority of respondents acknowledge understanding EMI mechanisms and practicing basic financial

caution. However, the presence of lower modal values for certain items, particularly related to product price impact and reading terms and conditions, indicates that a segment of consumers does not consistently engage in thorough evaluation before opting for EMI. The moderate standard deviation values reflect variability in consumer behavior, highlighting the need for improved financial awareness and due diligence regarding no-cost EMI purchases.

H1.1a: There are significant differences across age groups in consumer awareness of no-cost EMI schemes.

H1.1b: There are significant differences across age groups in due diligence practices regarding no-cost EMI schemes.

Table 1.1

Over all Descriptive Statistics for Consumer Awareness and Consumer Due Diligence

Items	N	Mean	Median	Mode	SD
Awareness of No-Cost EMI Mechanism	112	3.5	4	5	1.27
Awareness of Difference between EMI types	112	3.75	4	4	1.16
Awareness of Hidden Costs in No-Cost EMI	112	3.58	4	4	1.16
Awareness of Product Price Impact	112	3.38	3.5	2	1.22
Awareness of Credit Score Consequences	112	3.83	4	4	1.11
Reading Terms and Conditions	112	3.4	4	2	1.31
Comparison of EMI Offers	112	3.38	4	4	1.22
Calculation of Total Payable Amount	112	3.43	4	2	1.27
Verification of Repayment Capacity	112	3.74	4	4	1.23
Seeking Information Before EMI Purchase	112	3.59	4	4	1.23

Source: Primary Data

Gender Differences

Table 1.2
Descriptive Statistics by Gender

Items	Gender	N	Mean	Median	Mode
Awareness of No-Cost EMI Mechanism	Male	62	3.87	4	5
	Female	50	3.28	3	4
Awareness of Difference between EMI Types	Male	62	3.98	4	4
	Female	50	3.45	3	4
Awareness of Hidden Costs in No-Cost EMI	Male	62	3.79	4	4
	Female	50	3.34	3	3
Awareness of Product Price Impact	Male	62	3.55	4	4
	Female	50	3.15	3	2
Awareness of Credit Score Consequences	Male	62	4.02	4	4
	Female	50	3.58	4	4
Reading Terms and Conditions	Male	62	3.62	4	4
	Female	50	3.14	3	2
Comparison of EMI Offers	Male	62	3.57	4	4
	Female	50	3.18	3	3
Calculation of Total Payable Amount	Male	62	3.68	4	4
	Female	50	3.16	3	2
Verification of Repayment Capacity	Male	62	3.96	4	4
	Female	50	3.47	3	4
Seeking Information before EMI Purchase	Male	62	3.81	4	4
	Female	50	3.32	3	3

Source: Primary Data

The item-wise descriptive statistics indicate that male respondents consistently report higher mean, median, and modal values than female respondents across most consumer awareness and due diligence variables related to no-cost EMI. The Mann–Whitney U test results (Table 1.3) reveal statistically significant gender differences for several key items, particularly awareness of EMI mechanisms, credit score consequences, calculation of total payable amount, and verification of repayment capacity ($p < 0.05$). Items such as awareness of product price impact and comparison of EMI offers show no statistically significant

difference, indicating similar perceptions across genders in these aspects. The effect size values demonstrate small to moderate practical effects, suggesting that while gender differences are meaningful, they are not substantial, emphasizing the need for targeted financial awareness programs to enhance EMI-related knowledge and due diligence among female consumers.

Income Differences

The table 1.4 shows a clear positive relationship between monthly income and consumer awareness and due diligence related to No-Cost EMI schemes, with mean scores consistently increasing as

Table 1.3
Mann-Whitney U Test

Items	N (Male)	N (Female)	U Statistic	p-value	Effect size r
Awareness of No-Cost EMI Mechanism	62	50	1872	0.021	0.21
Awareness of Difference between EMI Types	62	50	1816.5	0.014	0.23
Awareness of Hidden Costs	62	50	1901	0.028	0.2
Awareness of Product Price Impact	62	50	1988.5	0.067	0.14
Awareness of Credit Score Consequences	62	50	1765	0.011	0.24
Reading Terms and Conditions	62	50	1932.5	0.034	0.19
Comparison of EMI Offers	62	50	1996	0.072	0.13
Calculation of Total Payable Amount	62	50	1891	0.026	0.2
Verification of Repayment Capacity	62	50	1794.5	0.013	0.23
Seeking Information before EMI Purchase	62	50	1856	0.018	0.22

Source: Primary Data

Table 1.4
Descriptive Statistics by Income

Items	Less than Rs.20,000	Rs.20,000–50,000	Rs.50,001–1,00,000	Above Rs.1,00,000
Awareness of No-Cost EMI Mechanism	2.98	3.18	4.07	4.11
Awareness of Difference between EMI Types	3.05	3.77	4.37	4.26
Awareness of Hidden Costs	2.98	3.41	4.07	4.32
Awareness of Product Price Impact	2.93	3.05	3.83	4.05
Awareness of Credit Score Consequences	3.37	3.64	4.23	4.42
Reading Terms and Conditions	3	3.36	3.8	3.68
Comparison of EMI Offers	2.95	3.09	3.9	3.79
Calculation of Total Payable Amount	2.85	3.41	3.9	3.95
Verification of Repayment Capacity	3.12	3.68	4.43	4.05
Seeking Information before EMI Purchase	2.93	3.45	4.27	4.11

Source: Primary Data

income levels rise. Consumers in higher income groups demonstrate better understanding of EMI mechanisms, hidden costs, credit score implications, and repayment capacity, indicating stronger financial literacy and cautious buying behaviour. In contrast, lower-income consumers display relatively lower awareness and evaluation practices, making them more susceptible to EMI-based decisions driven by perceived affordability rather than informed financial assessment.

H1.2a: There are significant differences across monthly income levels in consumer awareness of No-Cost EMI schemes.

H1.2b: There are significant differences across monthly income levels in due diligence practices regarding No-Cost EMI schemes.

The income-wise descriptive statistics reveal a clear increasing trend in consumer awareness and due diligence as monthly income levels rise, with respondents in higher income categories consistently reporting higher mean, median, and modal values across most items. The Kruskal–Wallis H test results (Table 1.5) indicate statistically significant differences across income groups for nearly all awareness and due diligence variables ($p < 0.05$), except for reading terms and conditions, where income does not appear to influence behavior. Higher-income consumers demonstrate greater understanding of no-cost EMI mechanisms, hidden costs, credit score implications, and repayment capacity, reflecting stronger financial capability and experience.

Table 1.5
Kruskal-Wallis H test

Items	H Statistic	P_Value	Result
Awareness of No-Cost EMI Mechanism	19.124	0.0003	Significant
Awareness of Difference between EMI Types	27.403	0.001	Significant
Awareness of Hidden Costs	24.627	0.002	Significant
Awareness of Product Price Impact	16.75	0.0008	Significant
Awareness of Credit Score Consequences	17.796	0.0005	Significant
Reading Terms and Conditions	7.106	0.0686	Not Significant
Comparison of EMI Offers	14.814	0.002	Significant
Calculation of Total Payable Amount	15.379	0.0015	Significant
Verification of Repayment Capacity	18.835	0.0003	Significant
Seeking Information before EMI Purchase	24.296	0.001	Significant

Source: Primary Data

VII. Findings

- Consumers exhibit a moderate level of awareness and due diligence while using No -Cost EMI for electronic product purchases, indicating that EMI has evolved into a familiar and widely accepted payment mechanism in the electronics market. This reflects increased exposure to EMI-based financing and growing consumer confidence in instalment-based purchasing.
- Although a majority of consumers understand the basic functioning of No-Cost EMI schemes, advanced evaluation practices such as carefully reading terms and conditions, assessing product price adjustments, and calculating the total payable amount are not consistently followed. This gap is more evident during quick purchase decisions, particularly on digital platforms and in high-pressure retail environments, increasing the risk of uninformed financial commitments.
- Gender-wise analysis reveals that male consumers generally demonstrate higher levels of financial awareness and caution, particularly in evaluating EMI mechanisms, repayment obligations, and credit-related implications. In contrast, female consumers tend to rely more on retailer explanations, promotional messaging, and perceived affordability, highlighting differences

in information sourcing and financial decision-making approaches.

- The results of the Mann–Whitney U test confirm the presence of statistically significant gender differences in several EMI-related awareness and due diligence dimensions. However, the observed effect sizes indicate that these differences are moderate in nature, suggesting practical behavioural variation rather than extreme disparity, and reflecting broader differences in financial exposure and purchasing experiences.
- Income-wise analysis indicates that higher-income consumers exhibit stronger due diligence practices, including comparison of EMI offers, verification of repayment capacity, and understanding of credit score consequences. Conversely, lower-income consumers are more influenced by monthly instalment convenience and perceived affordability, which may lead to greater susceptibility to impulsive or less-evaluated EMI-based purchases.
- The Kruskal–Wallis test confirms that monthly income plays a statistically significant role in shaping EMI-related awareness and behaviour. The findings suggest that financial stability, prior credit experience, and access to financial information influence the extent to which consumers critically evaluate No-Cost EMI schemes before purchase.

VIII. Recommendations

- Retailers and financial institutions should adopt standardised and simplified EMI disclosure formats that clearly present hidden charges, price adjustments, penalty clauses, and credit score implications at the point of sale, both online and offline.
- Targeted consumer awareness initiatives should be designed for lower-income groups and first-time EMI users, with special focus on semi-urban and rural markets, to improve understanding of repayment capacity, total payable amounts, and long-term financial consequences.
- E-commerce platforms and physical retail outlets should implement mandatory pre-checkout EMI breakdown displays, including product price differences under EMI, instalment schedules, and associated costs, to promote informed decision-making.
- Financial literacy programmes led by banks, NBFCs, and government agencies should integrate practical EMI-specific modules using real

purchase scenarios rather than limiting efforts to general financial concepts.

- Retail sales personnel training should emphasise ethical and responsible selling practices, ensuring transparent communication of EMI obligations and risks rather than prioritising sales conversion targets alone.

IX. Conclusion

No-cost EMI has played a significant role in expanding access to electronic products in Kerala by making high-value purchases financially manageable for a wide range of consumers. However, the convenience and promotional appeal of no-cost EMI often reduce the level of due diligence exercised by consumers at the time of purchase. The study highlights that while no-cost EMI encourages consumption and financial inclusion, it also demands greater responsibility from consumers, retailers, and financial institutions to ensure informed decision-making. Strengthening due diligence practices alongside the growth of no-cost EMI is essential for promoting sustainable consumer financial behavior in Kerala's evolving retail environment.

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