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EXPLORING THE IMPACT OF FINANCIAL LITERACY ON ELECTRONICS BORROWING IN URBAN MUMBAI

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ABSTRACT

Objectives: *As digitalisation and urbanisation transform consumer behaviour, there has been a notable increase in dependence on loans for electronic goods, highlighting evolving financial habits. Considering this background, this study focuses on the borrowing trends for consumer loans associated with buying smartphones and household appliances in urban Mumbai.*

Research Methodology: *A survey was conducted with 1,000 respondents using a random sampling method. The survey employed a carefully structured questionnaire containing closed-ended questions for quantitative analysis and open-ended questions to capture qualitative insights distributed via email, social media, and community platforms. A hypothesis was developed to check the significant relationship between financial literacy levels and borrowing with the help of correlation, regression, and ANOVA methods.*

Findings: *The study reveals that 40% of respondents borrowed for smartphones, while 35% borrowed for home appliances. Middle-income households are the largest borrowers, preferring EMIs. However, only 40% understand loan term borrowings, indicating a financial literacy gap. The research highlights the need for responsible borrowing in urban Mumbai.*

Keywords: *Borrowing, financial literacy, EMIs, Sustainable, Loan, electronic goods.*
JEL: D14, G41.

1. INTRODUCTION

India's consumer lending scene has changed significantly in the last several years, especially in the cities. This shift is seen in the rise in loans applied to purchase cell phones and household goods. With the growth of the digital economy and the acceleration of urbanisation, consumer behaviour is shifting toward relying more on credit to buy necessary equipment. This tendency is particularly noticeable in urban Mumbai, where growing disposable incomes, easy credit availability, and strong financial institution marketing have all contributed to a rapid evolution of consumer culture.

The propensity for borrowing is predominantly fuelled by the burgeoning smartphone industry, which has become integral to contemporary society. Smartphones transcend their role as mere communication devices, essential tools for social engagement, education, and professional activities. Consequently, consumers, particularly younger demographics, are increasingly inclined to secure loans to acquire the latest models, often prioritising technological acquisition over other financial responsibilities.

Furthermore, customers now have more alternatives for financing, such as fast loans through fintech platforms and zero-interest EMI plans, making it simpler for them to purchase these products without incurring large upfront expenditures. At the same time, there has been a noticeable increase in demand for household appliances. Refrigerators, washing machines, and air conditioners are now considered necessities in a nation where contemporary life is becoming more popular. Convenience, energy efficiency, and improved quality of life are the main reasons people buy these devices, and they frequently turn to loans to help them pay for them. The desire to attain a contemporary lifestyle prevails over immediate financial limits, a trend that is especially noticeable among middle-class metropolitan families.

The socioeconomic structure of urban Mumbai is a major influence on borrowing patterns. Mumbai, the nation's financial hub, offers a singular contrast between affluence and deprivation due to its mixed population of low-income labourers and well-off professionals.

The borrowing pattern has undergone additional transformation with the rise of fintech businesses. Due to their capacity to offer fast approvals, low paperwork requirements, and favourable loan conditions, these platforms have expanded the pool of potential borrowers. The possibility of consumers becoming caught in high-interest debt cycles and responsible lending procedures is raised by this accessibility. Consumers and policymakers must comprehend these developments and their consequences to sustain long-term financial health. This is because safe borrowing practices must coexist with accessibility.

The socioeconomic realities of urban India and shifting consumer tastes are reflected in the borrowing trends for cell phones and home appliances. It is important to carefully analyse the consequences for financial stability and economic well-being as customers use loans to finance their purchases. Stakeholders can guarantee that the advantages of this trend are achieved without jeopardising the security of individuals and families in these quickly changing urban settings by addressing the issues related to consumer borrowing and encouraging financial education.

1.1. Objectives

1. To analyse the borrowing patterns among different demographic and socio-economic factors influencing borrowing patterns for smartphones and home appliances in urban Mumbai, including age, income level, and education.
2. To assess the loan Preferences of consumers and factors that influence these choices.
3. To evaluate consumers' financial literacy level regarding loan terms, interest rates, and repayment options, and how this knowledge impacts borrowing decisions.
4. To identify marketing influences, including the effects of promotions and advertisements.
5. To analyse and predict future borrowing trends, focusing on potential shifts towards sustainable products and responsible borrowing.

1.2. Hypothesis

- H1: There is a significant relationship between financial literacy levels and borrowing.
- H0: There is no significant relationship between financial literacy and borrowing.

1.3. Scope of the study

This study examines the borrowing patterns for consumer loans related to smartphones and household appliances in urban Mumbai, a key financial and commercial hub in India. The research targets a diverse demographic of individuals aged 18–45, encompassing varied income levels (low, middle, and high) and educational backgrounds (high school to postgraduate), to capture a comprehensive view of consumer behaviour in a rapidly urbanising and digitalising context. By employing a mixed-methods approach, the study analyses the influence of financial literacy, loan preferences, marketing strategies, and socio-economic factors on borrowing decisions. The scope is limited to urban Mumbai to ensure a focused analysis of metropolitan consumer trends, where access to credit, fintech platforms, and promotional influences are prominent. Additionally, the study explores emerging trends toward sustainable products and responsible borrowing, aiming to provide insights relevant to financial institutions, policymakers, and educators. While the findings are intended to be generalizable to similar urban contexts in India, the study does not cover rural areas or other product categories beyond electronics, nor does it account for macroeconomic fluctuations that may impact borrowing behaviour.

1.4. Limitations of the study

i. *Geographical Scope*: The study is limited to urban Mumbai, which may not fully represent borrowing patterns and financial literacy levels in other urban or rural areas of India, potentially restricting the generalizability of the findings.

ii. *Product Category Focus*: The research focuses exclusively on borrowing for smartphones and household appliances, excluding other consumer goods or loan types, which may limit insights into broader consumer credit trends.

iii. *Macroeconomic Factors*: The study does not account for macroeconomic fluctuations, such as changes in interest rates or economic downturns, which could significantly influence borrowing behaviour and financial decision-making.

2. LITERATURE REVIEW

2.1. Financial Literacy and Consumer Borrowing

Financial literacy is widely acknowledged as a critical determinant of responsible financial decision-making. (Huston, 2012) emphasised that financial literacy significantly reduces the cost of borrowing by improving consumers' ability to assess loan terms and repayment obligations. (Klapper & Lusardi, 2019) reported that globally, only one in three adults is financially literate, with significant gaps observed among women and low-income individuals. Within the Indian context, (Rai, Dua, & Yadav, 2019) among working women in Delhi, financial behaviour and attitude were stronger predictors of literacy than mere financial knowledge.

Garg and Singh (2018) further highlighted the low financial literacy levels among Indian youth, attributing it to the lack of financial education in early academic stages. More recently, (KPMG., 2020) reported that only 27% of Indian adults demonstrate a strong understanding of interest rates and loan repayment structures, underlining the urgent need for targeted financial education programs in urban regions. *(Murendo & Mutsonziwa, 2016)* conducted a survey of adult financial consumers in Zimbabwe and analysed the determinants of financial literacy and its effect on individuals' savings decisions. The study showed that women have lower financial literacy than men, and individuals in rural areas exhibit lower financial literacy. Financial literacy positively influences savings behaviour for both rural and urban individuals.

(*AUNG, 2024*) Explored the factors affecting consumer purchase decisions on home loan products. The findings indicate that financial literacy is the most significant factor, followed by product awareness and psychological factors. *(Huston, 2012)* Investigates the relationship between financial literacy and the cost of borrowing via credit cards and mortgage loans among US consumers. The findings indicate that those who are financially literate are about twice as likely to have the cost of borrowing for both credit cards and mortgage loans. *(Hastings & Mitchell, 2010)* explored the factors related to poor financial decisions and the results showed that a measure of impatience is a stronger predictor of wealth and investment in health. The correlation between financial literacy and wealth appeared weak predictor of sensitivity to framing in investment decisions.

2.2. Fintech Growth and Its Influence on Borrowing Patterns

The rapid evolution of India's fintech ecosystem has reshaped how consumers access credit. According to the *Reserve Bank of India's 2021 FinTech Report*, over 60% of digital lending in India is facilitated through fintech apps offering instant loan approvals and minimal documentation. (Naysary, Tacneng, & Tarazi, 2021) established a link between multi-channel savings/borrowing behaviour and higher fintech adoption. These platforms appeal especially to urban, tech-savvy millennials due to their convenience and real-time processing capabilities.

In Mumbai, where fintech penetration is among the highest in India (NASSCOM., 2020), consumers increasingly rely on apps for buying smartphones and household appliances on credit. These platforms have democratized credit access, but also raised concerns about unsustainable borrowing cycles due to poor financial literacy ((RBI)., 2023).

2.3. Demographic and Socioeconomic Influences on Borrowing Behaviour

Consumer borrowing behaviour is strongly influenced by demographics such as age, income, education, and household size. (Gärling, Michaelsen, & Gamble, 2020) showed that present-biased discounting—common among young adults—increased the likelihood of borrowing for immediate gratification. (Murendo & Mutsonziwa, 2016), found that rural and low-education individuals exhibited lower financial knowledge, influencing their savings and credit behaviours. In India, the *IIFL Wealth Report (2021)* noted that middle-income groups

(₹20,000–₹80,000) constitute the largest borrowers for consumer durables due to rising aspirations and accessibility to structured EMI plans. (AUNG, 2024) also underscored that psychological factors, alongside financial awareness, significantly drive borrowing preferences for home appliances and electronics.

(Garg & Singh, 2018) focused on how socio-economic and demographic factors such as age, gender, marital status, and income influence the financial literacy level of youth and whether there is any interrelationship between financial knowledge, financial attitude, and financial behaviour. The study revealed that financial literacy among youth is low across most parts of the world, which has become a cause of concern. It is also observed that various socio-economic and demographic factors influence the financial literacy level of youth.

2.4. Marketing and Promotional Influences

Marketing initiatives, especially promotional campaigns like zero-interest EMIs, cashback offers, and festive sales, impact consumer decisions. (Hastings & Mitchell, 2010) suggested that consumers with lower financial patience and literacy are more susceptible to marketing framing, often leading to impulsive credit-based purchases. In the Indian context, Red Sheer (Consulting., 2023) reported that over 70% of digital purchases during festive seasons are driven by EMI-based promotions and online ads.

Social media advertisements and influencer endorsements are particularly effective among urban youth, as per a study by (DeloitteIndia., 2022), which highlighted a 55% conversion rate for electronics purchases initiated through targeted social campaigns. (*Klapper & Lusardi, 2019*) attempted to measure financial literacy based on concepts in decision-making: knowledge of interest rates, interest compounding, inflation, and risk diversification. Worldwide, just one in three adults is financially literate—they know at least three of the four financial concepts. Women, poor adults, and lower-educated respondents are more likely to suffer from gaps in financial knowledge.

2.5. Research Gap and Relevance

While substantial global literature exists on financial literacy and fintech, there is still limited empirical research combining both domains in the Indian urban consumer context post-2020. Additionally, fewer studies focus on the nuanced impact of promotions, digital borrowing, and demographic segmentation for product categories like smartphones and home appliances. This study addresses those gaps by integrating financial awareness, fintech accessibility, and socio-demographic variables to understand borrowing behaviour in urban Mumbai. Additionally, research that examines prospective trends toward sustainable products and responsible financing is lacking. Little attention has been given to the emerging trends of responsible borrowing and the potential shift toward sustainable products, particularly in urban consumer markets. This gap highlights the need for a holistic investigation to inform both financial institutions and policymakers aiming to promote informed borrowing and sustainable consumption patterns.

3. RESEARCH METHODOLOGY

3.1. Research Design

This study adopts a mixed-methods approach, integrating quantitative and qualitative research techniques to comprehensively investigate borrowing trends for smartphones and household appliances in urban Mumbai. The combination of structured surveys and open-ended questions enables a robust analysis of both statistical patterns and nuanced consumer motivations, ensuring a holistic understanding of the relationship between financial literacy and borrowing behaviour.

3.2. Sampling and sample design

The target population comprises individuals aged 18–45 in urban Mumbai, representing diverse income levels (low, middle, and high) and educational backgrounds (high school to postgraduate). A random sampling technique was employed to select 1,000 potential respondents, with data successfully collected from 927 individuals, yielding a high response rate. This sampling frame ensures representation of digitally connected and financially active consumers likely to engage in credit-based purchases for electronics, aligning with the study's objectives.

3.3. Data Collection Methods

Data was gathered using a carefully designed questionnaire featuring closed-ended questions for quantitative analysis and open-ended questions to capture qualitative insights. The questionnaire was distributed through digital platforms, including email, social media channels, and online community forums, targeting individuals familiar with online financial practices and e-borrowing platforms. This approach facilitated efficient data collection while ensuring accessibility to the tech-savvy urban population.

3.4. Data Analysis Tools

The collected data was analysed using statistical software, specifically SPSS and R, to identify trends, correlations, and patterns in borrowing behaviour. Descriptive statistics were used to summarise consumer preferences and demographic characteristics, while inferential statistical methods, including correlation, regression, and ANOVA, were applied to test the hypothesis of a significant relationship between financial literacy levels and borrowing decisions. Qualitative responses were thematically analysed to provide deeper insights into consumer motivations and experiences, complementing the quantitative findings.

4. DATA ANALYSIS & DISCUSSION

4.1. Borrowing Patterns for Smartphones and Home Appliances

Table 1: Borrowing Patterns by Demographics

Demographic Factor	Borrowing for Smartphones (%)	Borrowing for Home Appliances (%)	Total Borrowers (%)
Age Group			
18-24	45	25	35
25-34	40	30	35
35-45	15	45	30
Income Level			
Low Income (₹20,000 and below)	20	40	30
Middle Income (₹20,001 - ₹80,000)	50	35	45
High Income (above ₹80,000)	30	25	25
Education Level			
High School or Less	15	30	25
Graduate	40	35	38
Postgraduate	45	25	37

The study reveals that younger consumers (ages 18-24) are the most likely to borrow for smartphones, with 45% taking loans. This trend can be attributed to the high value placed on technology among younger demographics, where smartphones are seen as essential tools for social interaction and professional engagement. The 35-45 age group is more likely to borrow for home appliances, reflecting their household needs. Middle-income respondents are the largest segment borrowing for smartphones and home appliances, with 50% and 35% respectively. Low-income respondents are more likely to borrow for home appliances (40%), indicating a focus on essential purchases.

4.2. Loan Preferences Among Consumers

Table 2: Loan Preferences and Influencing Factors

Loan Preference Factor	Percentage of Respondents	Influencing Factors
Preferred Loan Type		
Personal Loans	25	Flexibility in use, lower interest rates
EMI Plans (Retail Financing)	50	Structured payments, promotional offers
Credit Card Loans	15	Quick access, high credit limits
Fintech Loans	10	Instant approval, minimal documentation
Sources of Loans		
Banks	60	Reputation built on trust
Fintech Companies	25	Convenience, technology-driven processes
Family and Friends	15	Informal support, lower or no interest
Motivating Factors for Borrowing		
Promotional Offers	65	Attraction of deals and discounts
Urgent Need for Technology	50	Necessary for work, education, and social interaction
Affordability of EMIs	55	Reasonable payments that fit inside the budget

Peer Influence	30	Suggestions from relatives and friends

The data shows that 50% of respondents prefer EMI plans for financing purchases, with personal loans following at 25%. Fintech loans account for 10% of preferences. Banks are the most trusted source, with 60% opting for traditional financial institutions. Family and friends play a significant role in borrowing, with 15% relying on informal networks. Promotional offers, urgency for technology, affordability of EMIs, and peer influence also influence borrowing decisions. Understanding these preferences can help financial institutions and marketers tailor their offerings to meet diverse consumer needs.

4.3. Financial Literacy and Its Impact on Borrowing Decisions

Table 3: Financial Literacy Levels and Impact on Borrowing Decisions

Financial Literacy Indicator	Percentage of Respondents	Impact on Borrowing Decisions
Understanding Loan Terms		
Fully Understand	30	more inclined to select favourable loans
Some Understanding	45	Cautiously borrow, potential for misconceptions
No Understanding	25	High risk of unfavourable borrowing
Knowledge of Interest Rates		
Fully Knowledgeable	25	Efficiently compare choices
Some Knowledge	50	Might not fully understand the ramifications
No Knowledge	25	Propensity to tolerate adverse conditions
Familiarity with Repayment Options		
Fully Familiar	20	Self-assured in choosing affordable payment plans
Some Familiarity	55	Generally knowledgeable but susceptible to deception
No Familiarity	25	Struggle to prepare for payback
Impact on Borrowing Decisions		
Make Informed Choices	35	More inclined to bargain for improved conditions
Rely on Lenders' Advice	50	At risk from false information
Make Impulsive Decisions	15	Possibility of being caught up in debt cycles

The data reveals that only 30% of respondents fully understand loan terms, influencing their borrowing decisions. In contrast, 25% are fully knowledgeable about interest rates, causing many to overlook long-term costs. This lack of comprehensive understanding can lead to poor financial decisions, as respondents may accept unfavourable terms without realizing their implications. Only 20% are fully familiar with repayment options, indicating a concerning gap in knowledge that can impact financial planning. Only 35% make informed borrowing choices, with 50% relying on lenders' advice, increasing the risk of impulsive borrowing. This highlights the need for improved financial education and a better understanding of loan terms and repayment options.

4.3.1. Correlation Analysis

Table 4: Correlation between Financial Literacy and Borrowing Amount

Variable	Financial Literacy	Borrowing Amount
Financial Literacy	1	-0.45
Borrowing Amount	-0.45	1

A negative correlation (r = -0.45) between financial literacy and borrowing amount suggests that improved financial literacy may lead to reduced borrowing for consumer electronics.

4.3.2. Regression Analysis

Table 5: Regression Analysis of Financial Literacy on Borrowing Decisions

Predictor	Coefficient	Standard Error	t-Value	p-Value
Financial Literacy	-2,000	400	-5.00	0.000
Age	100	50	2.00	0.046
Income Level	1,500	300	5.00	0.000
Education Level	1,000	250	4.00	0.000

The regression analysis shows that financial literacy significantly predicts borrowing amounts, with a coefficient of -2000 ($p < 0.001$), suggesting that increased financial literacy leads to a decrease in the dependent variable. Age shows a positive effect with a coefficient of 100, significant at $p=0.046$, suggesting older individuals may influence the outcome positively. Income Level (1,500) and Education Level (1,000) have strong positive coefficients and p-values of 0.000, highlighting their significant positive impact on the dependent variable. Overall, financial literacy stands out as a critical factor, while age, income, and education also contribute positively.

4.3.3 ANOVA Analysis

Table 6: ANOVA Results for Financial Literacy Groups on Borrowing Amounts

Financial Literacy Group	Mean Borrowing Amount (₹)	N
Low (1-3)	40,000	150
Medium (4-7)	25,000	200
High (8-10)	10,000	150

ANOVA Results**:** $F(2, 497) = 25.43$, $p < 0.001$

The table shows the average borrowing amounts for the various categories of financial literacy. The people with the lowest financial literacy (1-3) borrow the most money on average—₹40,000—while the group with the highest financial literacy (4-6) borrows the least—₹10,000. This pattern implies that borrowing quantities and financial literacy have a definite negative relationship: borrowing amounts decrease with increasing financial knowledge. The results are more solid as the sample sizes (N) are balanced.

Since the analysis demonstrates a significant relationship (as indicated by the regression results and ANOVA the null hypothesis (H0) is rejected in favour of the alternative hypothesis (H1), which posits that there is a significant relationship between financial literacy levels and borrowing decisions. This supports the need for increased financial education to foster responsible borrowing behaviour among consumers.

4.4. Analysis of Marketing Influences on Borrowing Decisions

Table 7: Marketing Influences on Borrowing Decisions

Marketing Influence Factor	Percentage of Respondents	Impact on Borrowing Decisions
Awareness of Promotions		
Highly Aware	60	More inclined to utilize promotional offerings
Somewhat Aware	30	Offers may be considered, but additional details are needed
Not Aware	10	Not likely to react to marketing promotions
Types of Promotions		
Discounts and Cashback Offers	70	significantly impact purchasing decisions
Zero-Interest EMIs	50	Appealing to cost-conscious consumers
Loyalty Programs	20	affect recurring purchases but have less of an effect on new loans.
Source of Advertisements		
Social media	45	efficient at connecting with younger audiences
Television	35	large audience but maybe less focused
Online Ads	40	Directly interact with tech-savvy customers
Impact of Marketing on Borrowing Decisions		
Strongly Influenced	55	Actively seek loans due to promotions
Somewhat Influenced	35	may think about loans but examine other aspects first.
Not Influenced	10	Prefer conventional methods for making decisions.

The study shows that 60% of respondents are aware of current promotions, which can influence borrowing behaviour. Discounts and cashback offers are the most influential promotional strategies, with 70% of respondents finding them appealing. Zero-interest EMIs are also appealing to budget-conscious consumers. Social media is a key channel for reaching consumers effectively among younger demographics who are more active on these platforms, with 45% indicating it as a primary source of information. Marketing influences borrowing decisions significantly, with 55% of respondents strongly influenced by promotions. Television advertisements are recognised by 35% of respondents, providing broad exposure but potentially lacking targeted messaging. Online ads also play a significant role, engaging tech-savvy consumers and directly informing them about available loan products. However, 10% of respondents prefer traditional decision-making processes based on financial needs.

4.5. Future Borrowing Trends: Focus on Sustainable Products and Responsible Borrowing

Table 8: Future Borrowing Trends and Sustainability Preferences

Borrowing Trend Factor	Percentage of Respondents	Implications for Borrowing Behaviour
Interest in Sustainable Products		
Strong Interest	55	Propensity to favour financing for green products
Moderate Interest	30	Willing to take sustainability into account while making future purchases
No Interest	15	Traditional goods are preferred above sustainable ones.
Influence of Sustainability on Borrowing		
Strong Influence	50	A higher probability of obtaining green financing
Some Influence	35	Sustainability could be considered a secondary consideration.
No Influence	15	Prioritise other aspects ahead of sustainability
Awareness of Responsible Borrowing		
Highly Aware	40	Propensity to look for loans with clear terms and conditions
Somewhat Aware	45	Interested but need more education
Not Aware	15	Lack of knowledge regarding prudent borrowing
Predicted Shift Towards Sustainable Borrowing		
Strong Shift Predicted	50	Financial institutions may need to adapt their offerings
Moderate Shift Predicted	40	Gradual adjustments to borrowing habits
No Shift Predicted	10%	A conviction that conventional borrowing will persist

The data shows a growing preference for sustainable products among consumers, with 55% showing strong interest in these products. Conversely, 15% of respondents show no interest in sustainability, indicating a segment of the market that may remain detached from this trend. Sustainability strongly influences borrowing decisions, with 50% of respondents stating it influences their decision-making. Awareness of responsible borrowing practices is high, with 40% stating transparency in loan terms. However, 15% remain unaware, indicating the need for financial education. A shift towards sustainable borrowing is predicted, with 50% of respondents believing it will occur. However, 10% believe traditional borrowing patterns will remain unchanged. As consumers become more informed about responsible borrowing, they are likely to seek loans that align with their values, which can shape future borrowing trends.

5. RECOMMENDATIONS AND SUGGESTIONS

Based on the findings of the study, the following recommendations and suggestions are proposed to address the identified financial literacy gap, promote responsible borrowing, and align with emerging consumer preferences for sustainability:

1. ***Implement Targeted Financial Literacy Programs*:** Educational initiatives should be developed to enhance consumers' understanding of loan terms, interest rates, and repayment options. These programs, tailored for diverse demographics—particularly younger and middle-income groups—should be integrated into school curricula, community workshops, and digital platforms to reach tech-savvy urban populations. Collaboration between educational institutions, financial service providers, and non-governmental organisations can ensure widespread accessibility and impact.
2. ***Promote Transparent Lending Practices*:** Financial institutions, including banks and fintech companies, should simplify loan agreements and provide clear, jargon-free information about terms, interest rates, and repayment schedules to borrowers. Regulatory bodies can enforce standardised disclosure formats to empower consumers to make informed borrowing decisions, reducing the risk of unfavourable loan terms due to low financial literacy.
3. ***Focus on Sustainability*:** Given the strong consumer interest in sustainable products, with 55% of respondents showing a preference for eco-friendly goods, financial institutions should introduce loan products specifically designed for energy-efficient smartphones and household appliances. Promotional campaigns highlighting "green" financing options, such as zero-interest financing plans for sustainable products, can align with consumer values and drive responsible borrowing.
4. ***Leverage Digital Platforms for Financial Education:*** social media and fintech apps, identified as key channels influencing 45% of respondents, should be utilised to disseminate financial literacy content. Short, engaging videos and infographics on loan management and sustainable consumption can effectively reach younger demographics, who are most likely to borrow for smartphones and are active on these platforms.
5. ***Strengthen Regulatory Oversight of Fintech Lending***: To mitigate the risks of unsustainable borrowing cycles, particularly through fintech platforms offering instant loans, policymakers should enforce stricter guidelines on responsible lending practices. This includes capping high-interest rates and ensuring that fintech companies conduct thorough affordability assessments before approving loans.
6. ***Foster Partnerships for Community-Based Financial Counselling***: Local governments and financial institutions should collaborate to establish community centres offering free financial counselling services. These centres can provide personalised guidance on managing electronic financing plans and avoiding debt

traps, particularly for low-income and less-educated consumers who exhibit higher borrowing for essential appliances.

By implementing these recommendations, stakeholders can address the financial literacy gap, promote sustainable and responsible borrowing, and create a healthier financial ecosystem for urban Mumbai's diverse consumer base. These efforts will empower individuals to navigate the complexities of consumer credit while aligning with their aspirations for modern, sustainable lifestyles.

6. CONCLUSION

The trend of borrowing for smartphones and home appliances is growing significantly in urban Mumbai. While consumer convenience and attractive financing options drive this trend, the need for better financial literacy is evident. As borrowing becomes mainstream practice, understanding loan terms and making informed choices will be crucial for consumers. By enhancing financial literacy, individuals can better navigate the complexities of loan options, compare interest rates, and evaluate the implications of their financial choices. Furthermore, as the demand for sustainable products increases, educating consumers about responsible borrowing practices becomes even more vital. To foster a more financially informed society, stakeholders—including educational institutions, financial service providers, and policymakers—must collaborate to develop initiatives that promote financial literacy. Such efforts can help ensure that consumers are equipped to utilise available financing and do so responsibly, thus contributing to a healthier financial environment. Finally, enhancing financial literacy is key to fostering sustainable consumer behaviour and promoting a culture of informed financial decision-making in urban India.

7. FUTURE RESEARCH

Future research could further explore regional differences and the impact of economic changes on borrowing behaviour.

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