

The Architecture of Impulse

A Behavioral Audit of BNPL Apps and Financial Risk Among Indian Gen Z

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Abstract

"Buy Now, Pay Later" (BNPL) apps have become a normal part of how Indian teenagers and young adults shop online - but the interfaces behind them are often designed to push users toward decisions that aren't in their own financial interest. This paper looks at how BNPL apps use specific design choices, sometimes called "dark patterns," to encourage impulsive spending, and tries to measure whether those design choices actually line up with riskier financial behaviour.

I combined two things: a hands-on review of the checkout screens of three major Indian apps that offer BNPL, and a survey of 52 of my peers (ages 16-21) about how they use these services. The results point to a real link between specific manipulative UI choices and both impulse buying and missed payments - though, as I discuss later, a sample this size can show a strong association, not prove causation. Based on what I found, I end with four concrete changes I think would make these apps safer for people my age.

1. Introduction

Over the last few years, spending money online in India has gotten almost frictionless. UPI made payments instant; BNPL has made *credit* feel just as instant. Open any shopping app today and a purchase can be split into four "interest-free" instalments with a single tap - a ₹5,000 pair of shoes becomes four payments of ₹1,250, and it barely feels like spending money at all.

That's what got me curious about this topic in the first place. I kept noticing how many people around me - classmates, friends in college - used these apps constantly, often without really tracking what they owed or when. The common explanation is that young people just aren't financially literate enough. I don't think that's the real story. I think the apps themselves are built, deliberately, to make it harder to think clearly before you spend - and that's a design problem as much as an education problem.

This paper tries to unpack both halves of that: the behavioural economics that make people my age especially vulnerable to this kind of spending, and the specific interface tricks apps use to exploit it.

2. Theoretical Framework: Why Frictionless Spending is Dangerous

Classical economics assumes people make rational trade-offs - that someone with a ₹2,000 allowance will reason their way out of buying a ₹5,000 jacket. Behavioural economics says otherwise, and three ideas from that field explain a lot of what's happening with BNPL.

2.1 The Pain of Paying

Behavioural economists describe a real psychological discomfort that comes with handing over money - Thaler (2015) calls this the "pain of paying," and it normally acts as a brake on spending. BNPL removes that brake almost entirely: you get the reward of the product immediately, but the discomfort of paying is pushed into the future, so your brain doesn't connect the two the way it would with cash.

2.2 Hyperbolic Discounting

This is the tendency to overvalue immediate rewards and undervalue future costs (Kahneman, 2011, discusses this tendency extensively) - basically, humans are wired to care more about "now" than "later," even when "later" is only a few weeks away. Students and young adults are especially exposed to this because our incomes are small, irregular, and often not really ours yet (allowance, pocket money) - so borrowing against a future we can't fully picture is an easy trap to fall into.

2.3 Mental Accounting

When a purchase is split into small instalments - "just ₹500 a month" - people mentally file it as a negligible expense. The problem is that this happens across multiple apps at once (Swiggy, Amazon, Myntra), and nobody is adding up the instalments in their head. By the time they do, the total is bigger than expected.

3. The Technology Side: How the Apps Actually do this

I wanted to look past the theory and actually check what these checkout screens look like in practice. Reviewing three major Indian apps that offer BNPL at checkout, I found the same three design patterns showing up again and again.

3.1 Visual Interference

In every app I checked, the "Pay Later" option was the visually loudest thing on the screen - bright colours, bold fonts, sometimes a small animation. Meanwhile, "Pay Full Amount" or debit card options were smaller, greyed out, or pushed further down the screen, making the "full payment" option look like the inconvenient, secondary choice even though it's usually the financially safer one.

3.2 Hidden Late-Fee Structures

Every app markets itself as "0% interest," but that's only true if you pay on time - and the actual penalty structure for missing a payment is almost never shown on the checkout screen itself. It's buried a few clicks deep in a Terms & Conditions document that's long, dense, and clearly not written to be read by a typical user.

3.3 False Urgency

A lot of e-commerce apps pair BNPL prompts with urgency cues - "Only 2 left in stock," a countdown timer next to the payment button - right at the exact moment someone's about to make a financial decision. The goal seems to be to get the user reacting instead of thinking.

4. Research Methodology

I used two methods to test these ideas:

4.1 Checkout Audit

I manually reviewed the checkout flow of three major Indian apps that offer BNPL at payment, noting how many clicks it took to find real fee information, and how colour and layout were used to emphasize or de-emphasize different payment options.

4.2 Peer Survey

I ran a survey of 52 people between 16 and 21 - a mix of high schoolers and college students, mostly drawn from my own school and social circle. The survey asked about how often people use BNPL, whether specific UI elements (urgency prompts, hidden fees) had ever led them to an impulse purchase or a missed payment, and how well they actually understood the terms they were agreeing to.

4.3 Limitations

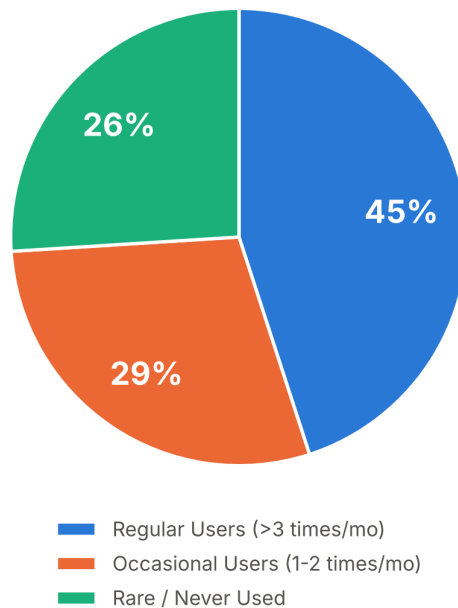
I want to be upfront about what this data can and can't show. My sample is a convenience sample - people I know or could reach - not a random sample of Indian Gen Z, so it may not generalize cleanly to the wider population. The data is also entirely self-reported, which means it reflects what people remember and choose to report, not verified transaction records. And because this is a correlational survey, not a controlled experiment, I can say the data shows a strong *association* between certain UI patterns and risky financial behaviour - I can't claim it *proves* one causes the other. I think the pattern is real and worth acting on, but it's a starting point for more rigorous research, not a final word.

5. Results and Findings

5.1 Usage Is Already the Norm

74% of respondents had used a BNPL service at least once in the past six months, and 45% qualified as "regular users" (more than three times a month) - BNPL isn't a niche habit among people my age anymore; it's close to default behaviour.

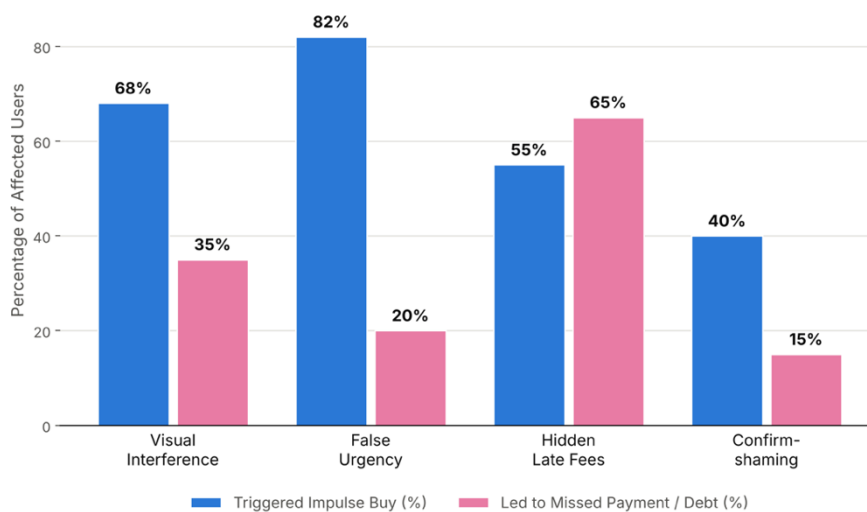
BNPL Usage Frequency Among Surveyed Gen Z (n=52)



5.2 Specific Design Choices Line Up With Specific Problems

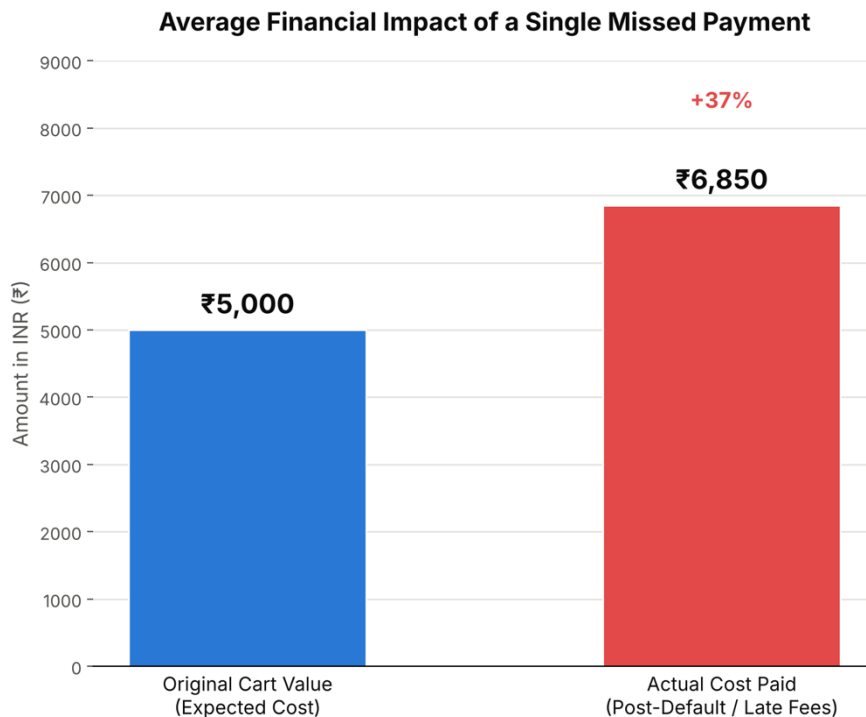
Cross-referencing which UI patterns people had been exposed to against what happened next, two results stood out. Of respondents who recalled seeing false-urgency prompts (like countdown timers), 82% said it had led them to an impulse purchase. Of those who'd been caught out by late fees they didn't know about upfront, 65% said it had led to an actual missed payment. These are strong associations, and they line up closely with what the checkout audit found - the apps that pushed hardest on urgency and buried fees the deepest were also the ones respondents flagged most often.

Correlation Between UI Dark Patterns and Financial Behaviour



5.3 How Fast the Numbers Can Escalate

This is where the compounding penalty structure really shows up. Tracking what happens after a single missed payment, an original cart value of ₹5,000 ended up costing ₹6,850 once late fees were applied - a 37% jump from one missed due date. That's a far steeper effective rate than a standard credit card would charge for the same mistake, and it's exactly the kind of cost that's never shown upfront at checkout.



6. What I Think Should Change

These are my own recommendations, based on what the audit and survey turned up:

1. A real cooling-off step before confirming BNPL.

A short, unskippable pause - even 10 seconds - before a BNPL purchase is confirmed would reintroduce some of the "pain of paying" that the current frictionless flow removes entirely, and give people a moment to actually register what they're agreeing to.

2. No more default opt-ins.

BNPL shouldn't be the pre-selected option at checkout, and every payment method should get equal visual treatment - same size, same prominence - instead of "pay in full" being quietly minimized.

3. A plain-language "cost of credit" label.

The way packaged food has to show a nutrition label, BNPL checkout screens should have to show the real late fee, the maximum penalty, and the exact due date, in plain text, right next to the confirm button - not buried in a separate document nobody opens.

4. Basic income verification before approving credit.

Right now, a 18-year-old with no income can be approved for a BNPL loan instantly. Requiring some minimal check against actual income (even a simple bank API check) before extending credit would cut off a lot of the worst-case scenarios this paper is describing.

7. Conclusion

Financial technology is supposed to make things easier and more accessible - not quietly push people, especially people my age with the least experience managing credit, into debt they didn't fully see coming. What this research suggests is that the problem isn't really about young people being bad with money. It's that the interfaces are built to work against good decision-making in the first place. Financial literacy classes are a good thing, but they're not going to out-compete an app that's been carefully designed, screen by screen, to make you stop thinking before you tap "pay later." That's a design and policy problem, and I think it deserves to be treated as one.

References

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