# Restoring Reflection: Financial Checkpoints and New Behavioural Interventions for the Smartphone Economy

Author:

Malick Cisse

Institution:

University of Toronto – Rotman School of Management

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The glow of a smartphone screen at midnight, the neon "Buy Now" button pulsing like a Vegas slot machine, the reflexive tap of a fingerprint sensor: these are the rituals of modern spending, where frictionless design eclipses deliberation. Recent surveys show that nearly a quarter of Gen Z users of 'buy now, pay later' (BNPL) services report regret about a purchase shortly after using the service (Nowacki, 2025). As shown in Ward et al.'s "Brain Drain" study (2017), the mere presence of a smartphone can reduce available working-memory capacity, a cognitive effect that may indirectly contribute to more impulsive financial decisions. This paper proposes a counterintuitive intervention, a "financial checkpoint," that leverages behavioural economics to transform smartphones from platforms that encourage impulsive spending into tools of restraint. In doing so, it seeks to marry the urgency of fintech innovation with the deliberate pacing of Canada's trust-first consumer ethos.

If spending were merely a financial act, rational budgeting tools would suffice. But money is cultural, psychological, even tactile, as anyone who has felt the phantom vibration of a nonexistent payment confirmation can attest. The cognitive depletion observed in Ward et al.'s study intersects with the design language of modern commerce: BNPL platforms fragment large purchases into "just $15 today" (leveraging present bias), while Amazon's infinite scroll isolates each transaction from budgetary context, creating an experience optimized for seamless browsing and purchase completion. For Canada's young adults, whose mobile spending is rising rapidly, for example a 27 % increase in mobile contactless payments among Gen Z in early 2024 compared to 2023 (Interac Corp., 2024). This is less a habit than a cognitive saturation.

Despite the proliferation of budgeting apps and financial dashboards, many consumers remain unaware of their cumulative spending, particularly when using digital payment methods. Recent research shows that the convenience of digital and contactless payment methods reduces the psychological visibility of spending, making purchases feel less tangible and encouraging higher spending without full awareness of the financial impact (Faraz & Anjum, 2025). Prelec and Simester (2001) found that when payments are less tangible, such as through credit cards rather than cash, consumers experience less immediate awareness of the cost, making overspending more likely. Buy Now, Pay Later (BNPL) services further exacerbate this

issue by segmenting payments into smaller, more manageable amounts, which can obscure the total cost of purchases. This lack of friction in the purchasing process can lead to impulsive buying and financial strain, particularly among younger consumers who are more likely to use digital payment methods. The design of digital commerce platforms often prioritizes seamless user experiences, which, while beneficial for convenience, can inadvertently encourage excessive spending. The absence of tactile engagement and immediate feedback in digital transactions diminishes the psychological barriers that typically help regulate consumer behaviour. Buy Now, Pay Later (BNPL) services allow consumers to divide purchases into smaller installments, increasing convenience but also contributing to a growing pattern of missed or late payments among users (LendingTree, 2025). As a result, there is a growing need for interventions that reintroduce elements of friction to help consumers make more deliberate financial decisions.

The target behaviour this paper seeks to address is the reduction of impulsive smartphone-based purchases by reintroducing friction and enhancing salience at the moment of decision-making. This behavioural change is rooted in the understanding that individuals are more likely to reflect on their financial decisions when presented with contextual information, such as cumulative spending data or budgetary thresholds, before finalizing a transaction. By prompting users to pause and reconsider their choices, whether through a brief delay or a clear visualization of their spending patterns, the intervention aims to counteract the cognitive depletion caused by smartphone use. The desired outcome is twofold: first, fewer regret-driven purchases; second, improved savings behaviour and long-term financial resilience. Research on ego depletion suggests that self-control depends on a limited internal resource, and that exerting this control can temporarily reduce one's capacity for further self-regulation (Baumeister, Bratslavsky, Muraven, & Tice, 1998). Likewise, prompting individuals to form specific implementation intentions has been shown to interrupt habitual behaviour and promote more deliberate action (Milkman, Beshears, Choi, Laibson, & Madrian, 2011). This aligns with the principle of nudging, where subtle changes in choice architecture guide individuals toward better outcomes without restricting their freedom to choose (Thaler & Sunstein, 2008). Translating these behavioural insights into actionable solutions requires not only

design precision but also context sensitivity. What follows is a strategic framework for how Financial Checkpoints could be deployed across various digital environments.

Timing plays a critical role in whether nudges are effective. Behavioural interventions work best when they are delivered during moments of vulnerability or decision pressure, not after the fact. A spending checkpoint shown days later, buried in a transaction history, has far less impact than one that appears at the exact moment a user hovers over the “confirm purchase” button. This principle, often referred to as “just-in-time nudging,” reinforces the idea that behaviour change depends as much on when a prompt is delivered as on what it says. The forthcoming proposal’s aim to meet users in those fleeting windows, when friction is most needed and most likely to succeed.

To achieve the outlined behavioural goal, this paper proposes a simple yet powerful nudge: the implementation of "Financial Checkpoints." These checkpoints would be triggered during the final stages of a purchase, offering users a tailored snapshot of their recent spending activity alongside contextual insights, such as how much they’ve exceeded their monthly budget or their top spending categories. For instance, a user making a late-night purchase might see a soft notification: 'You’ve spent $182 on online orders this week. Would you like to pause for 5 minutes?' Paired with the option to proceed immediately or wait, this momentary interruption invites mindfulness without enforcing friction. Following this disclosure, users would have the option to impose a brief, optional delay, such as a 10-minute pause, before completing the transaction. This dual mechanism of transparency and choice leverages key principles from behavioural economics, including salience and temporal reframing, to foster mindfulness without overwhelming the consumer. Research in behavioural science suggests that prompting reflection and making outcomes more salient can meaningfully influence decision-making (Karlan, McConnell, Mullainathan, & Zinman, 2016; Milkman, Beshears, Choi, Laibson, & Madrian, 2011). Furthermore, offering an opt-in delay aligns with decision-science principles showing that brief pauses or default structures can temper impulsive choices while maintaining individual autonomy (Thaler & Sunstein, 2008).

This paper examines four main delivery environments for Financial Checkpoints: fintech platforms, Buy Now Pay Later (BNPL) services, mobile operating systems, and Canadian retailers. These were chosen based on three practical factors: behavioural impact, technical feasibility, and alignment with business incentives. Fintech apps are strong candidates because they already collect and display financial data, and users engage with them as tools for tracking and decision-making. BNPL platforms are both drivers of impulsive spending and lenders, which means they have a business interest in helping users avoid default. Mobile operating systems control the payment interface itself, giving them the ability to introduce optional checkpoints at the moment a decision is made. Canadian retailers, especially those using Shopify, tend to emphasize transparency and trust, which makes them well suited for tools that encourage thoughtful purchasing. While each environment plays a different role in the customer experience, they all offer timely points of influence where behaviour can be shaped through design.

The first and most immediate implementation pathway for Financial Checkpoints lies through fintech platforms such as Mint, KOHO, and Wealthsimple, which already aggregate consumer transactions across multiple accounts into unified dashboards. Unlike traditional banks that often silo financial information, these applications create a holistic spending narrative, making them uniquely positioned to introduce interventions that prompt user reflection. Behavioural research in the health domain shows that immediate, contextual feedback from electronic devices, such as wearables, can meaningfully influence user behaviour and improve habit formation (Patel, Asch, & Volpp, 2015). This suggests that similar feedback mechanisms embedded in financial technologies could encourage more mindful and intentional spending decisions. In the financial context, reminders have likewise been shown to promote deliberate financial behaviour and increase savings (Karlan, McConnell, Mullainathan, & Zinman, 2016). By embedding Financial Checkpoints into their interfaces, fintech platforms could offer spending snapshots or budget alerts during high-risk transactions, such as late-night purchases or BNPL approvals. This approach leverages salience and temporal reframing at critical decision points, turning real-time spending data from a passive record into an active behavioural nudge that encourages mindfulness without sacrificing the ease

that draws users to these platforms in the first place. Some fintech companies have already taken small steps in this direction, offering spending alerts and customizable goals. However, these features often exist in secondary menus and fail to intervene at the critical moment of purchase when decision fatigue and impulsivity peak. This repositioning would not require complex AI integrations or aggressive personalization models. Instead, it builds on the data fintechs already collect, repurposing existing insights to generate timely, human-centered nudges. As platforms compete to differentiate on value-added services, embedding behavioural tools that promote consumer well-being could become a defining feature of next-generation fintech.

Buy Now Pay Later platforms like Afterpay and Klarna occupy a unique position in the behavioural architecture of spending: they simultaneously enable impulse purchases while bearing the risk of consumer default. This tension creates a rare alignment of interests between platform and user, where transparency benefits both parties. As noted in the previously cited 2025 LendingTree report, more than half of Buy Now, Pay Later users have missed or delayed a payment, suggesting that many consumers misjudge their future repayment capacity, consistent with projection bias (Loewenstein, O'Donoghue, & Rabin, 2003). By implementing mandatory spending checkpoints before checkout, showing cumulative BNPL debt across all merchants, these platforms could reduce defaults while building trust. Large-scale field experiments at UK banks show that automatically enrolling customers into just-in-time text alerts significantly reduced overdraft charges, illustrating how subtle design changes can curb impulsive spending without limiting consumer freedom (Grubb, Kelly, Nieboer, Osborne, & Shaw, 2024). Similarly, evidence from the FINRA Investor Education Foundation demonstrates that opt-in commitment savings products help households build financial resilience by encouraging pre-commitment to long-term goals (Karlan, Shafir, & Zinman, 2009-2012). The underlying mechanism is pre-commitment, which Thaler and Benartzi (2004) identified as an effective strategy for improving financial outcomes while preserving choice. Applied to BNPL, it transforms the platforms from enablers of impulsivity to partners in financial awareness, a shift that could preempt stricter regulation while addressing the Financial Consumer Agency of Canada's (FCAC) priority

of protecting vulnerable consumers. This approach reflects a shift in policy thinking: rather than overburdening consumers with financial education they may not retain or act upon, we can redesign the environment itself to better support wise decision-making. Structural nudges at the point of purchase are more likely to scale equitably, especially when aligned with platform incentives to reduce defaults and build trust.

The most scalable solution lies at the operating system level, where Apple Pay and Google Pay process billions of transactions annually. These systems already categorize spending and detect behavioural patterns, yet fail to leverage this data for consumer protection. A government-partnered initiative could conceptually introduce an opt-in "Financial Mindfulness Mode," similar to Screen Time's app limits, that triggers checkpoints when spending exceeds personalized thresholds. The precedent has been tested in the United Kingdom as previously referenced (Grubb, Kelly, Nieboer, Osborne, & Shaw, 2024). This approach leverages choice architecture at its most powerful point, the moment when intent meets action, while maintaining user autonomy. It avoids paternalism by keeping the feature optional yet defaulting to transparency, a balance that aligns with Canada's ethos of empowered consumerism.

Canadian retailers, particularly those operating through platforms like Shopify, face a mounting strategic dilemma: how to distinguish themselves in an online ecosystem increasingly dominated by Amazon's convenience and Temu's aggressive discounting. Financial Checkpoints offer a solution not just grounded in behavioural economics, but also aligned with the broader cultural expectation that Canadian businesses operate with greater transparency and conscientiousness. Integrating small nudges at checkout, such as showing how many similar users paused before purchasing or summarizing typical monthly spending behaviours, draws on the principle of social proof (Cialdini, 2001), where individuals look to the behaviour of similar peers to guide their own decisions and thereby may make more thoughtful choices. Rather than being seen as a barrier to sales, these moments of reflection could serve as brand differentiators, helping Canadian merchants cultivate a deeper trust with consumers seeking authenticity over algorithmic

manipulation. In a crowded marketplace, ethical transparency can function not merely as a moral stance but as a competitive strategy.

Brands that implement Financial Checkpoints may experience a short-term decline in immediate conversion rates, yet the long-term gains in trust and loyalty substantially outweigh these early costs. Transparency is not simply an ethical aspiration; it is a strategic necessity. According to the 2019 Edelman Trust Barometer Special Report, consumers increasingly consider brand trust, including product, company, and societal-impact attributes, an essential factor in their purchase decisions (Edelman, 2019). By proactively embedding friction as a form of transparency, Canadian retailers and fintech platforms can reposition themselves as allies in consumer well-being rather than mere vendors. Over time, cultivating consumer trust through deliberate transparency becomes not just a brand value but a durable competitive advantage in a digital marketplace where skepticism is often the default posture.

Testing the effectiveness of Financial Checkpoints would require a structured field experiment embedded within real consumer environments. A randomized controlled trial could be designed in collaboration with a fintech platform, where one group of users encounters standard checkout flows while the experimental group encounters spending checkpoints before completing purchases. Metrics would include immediate conversion rates, post-purchase regret surveys, and three-month savings accumulation data. To ensure statistical reliability, the study could involve a randomized sample of at least 2,000 participants, stratified across age, income, and digital spending intensity. The experiment would run for a minimum of 90 days to account for behavioural variation over time. Applying this experimental rigor to spending interventions would not only validate the efficacy of Financial Checkpoints but would also provide actionable data for scaling across different sectors.

While Financial Checkpoints offer a promising intervention, they are not without limitations. Consumers experiencing financial stress or decision fatigue may be less responsive to spending nudges. Still, well-timed or simplified interventions can retain partial effectiveness, indicating that behavioural tools must be calibrated to support users rather than overwhelm them. Moreover, platforms implementing

checkpoints must balance transparency with user experience, avoiding the perception that friction is being introduced purely for moral grandstanding. As highlighted by Thaler and Sunstein (2008), nudges are not mandates and therefore must be designed around the idea of preserving choice and autonomy for the end user.

Future extensions of this approach could include adaptive checkpoints, where the frequency and intensity of interventions adjust based on user behaviour over time, preserving effectiveness without eroding trust. Another long-term risk is behavioural fatigue. Even well-designed nudges may lose potency if users begin to ignore or habituate to them. Adaptive systems must therefore remain responsive, periodically refreshing their content and delivery to sustain engagement over time. The effectiveness of digital nudges also depends on equitable access and literacy; differences in age, education, or socioeconomic background can shape how consumers interpret and act on financial prompts. Therefore, policies must make sure to be inclusive of all people, ensuring that digital tools are accessible, understandable, and supportive across different levels of financial and technological literacy.

Fintech platforms, BNPL services, mobile operating systems, and independent retailers all shape how consumers spend, yet they rarely coordinate around behavioural outcomes. These systems differ in purpose, but they follow the same pattern. They speed things up and strip away the natural pauses people once relied on. Financial Checkpoints are a simple way to bring those pauses back. They can be adapted to different platforms without slowing things down or disrupting the user experience. Instead of overhauling their ecosystems, companies could add lightweight nudges that encourage users to stop and think before they commit. That kind of friction can be strategic. In a market where people are becoming more skeptical of seamless design, being the brand that slows things down may be the move that earns lasting trust.

From midnight scrolling to one click purchases and the seductive ease of deferred payments, the psychology of consumption has been rewritten in the age of the smartphone. Financial Checkpoints propose a recalibration that acknowledges the realities of cognitive depletion while refusing to surrender to them. This is not a call for less technology but for better technology; not a rejection of convenience but a

redefinition of what convenience should mean. In Canada's financial ecosystem, where trust and transparency are already cultural cornerstones, such an intervention could set a precedent far beyond its immediate behavioural impact. The true measure of success lies not in restricting choice but in elevating it, transforming smartphones from accomplices in impulsivity into instruments of intention. In doing so, we realign the digital marketplace with the values of the people it serves.

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