

# Analysis of College Students' Online Loan Demand and Risk Prevention Measures-Based on micro survey data from North China Electric Power University

Yang Taorui, Liu Tongna, Zhu Mingbo, Ma Yue

**Abstract**—Easy-to-operate network loan has gradually become the mainstream loan method of people. But college students who lack concept of consumption and social experience are the main users of network loan. Based on the data obtained from results of the questionnaire and the information obtained in various aspects, this paper analyzes the degree of college students' demand for network loan and the factors affecting the degree of demand, and then analyzes the risks caused by college students' use of network loans, and finally proposes ways to avoid risks.

**Index Terms**—Campus loan, College students, Online loan, risk

## I. INTRODUCTION

In social life, college students as most of the groups without independent economic ability, it is a normal phenomenon for college students to use loan funds for daily living expenses or start a business. Because college students are always using the Internet, online loans are favored by college students. Now that country is promoting inclusive finance and supporting the development of online lending, various network loan platform have emerged. Because each platform has its own set of loan mechanism, college students often fall into confusion and misunderstanding. In the early years, some foreign scholars have conducted in-depth research on the credit consumption of college students. In 2012, Charles Blankson, Audhesh Paswan and other scholars analyzed the motivation of college students to use credit cards and the utility that credit cards can bring to college students[1]; In 2013, research by Adam M Hancock, Bryce L Jorgensen, and others found that parents' work conditions, financial knowledge, attitude to credit cards, and college students' own personality characteristics will have a greater impact on college students' credit card behavior, which illustrates

the intervention of parents have an important impact on the consumer behavior of college students.[2]. In 2016, Danilo Braun Santos and others found in 748 data that financial self-confidence would have a profound impact on the credit card behavior of college girls[3]. The research of these foreign scholars provides valuable reference and theoretical basis for our subject. But because we are mainly investigating the online loan consumption behavior of Chinese college students, we need to conduct research in conjunction with China's national conditions. Therefore, we investigated the funding situation and consumer psychology of students in North China Electric Power University. We used data from 138 questionnaires to explore the characteristics of college students' online loan behavior and the factors affecting online loan demand, and then analyzed the risks generated by online loan to propose evasion risk advice.

## II. DATA SURVEY AND SAMPLE CHARACTERISTICS

### (1) Situation of the questionnaire

We decided to adopt questionnaire surveys and field surveys. We distributed 151 questionnaires and recovered 138 valid questionnaires. The recovery rate of the questionnaires was 91.4%. The questionnaire contains 36 questions. The survey content includes the basic information of students, their daily funding status, consumption habits. And the platform used for student loans, the amount and frequency of borrowing. The design is reasonable and rich in content. The data collected is suitable for our data analysis.

### (2) Features of the sample

The characteristics of the students surveyed are shown in Table 1. Among the students surveyed, men accounted for 54.3%, women accounted for 45.7%, and the ratio of men and women was balanced. Freshmen accounted for 9.4%, sophomores accounted for 29.7%, juniors accounted for 48.6%, and senior students and postgraduates and doctors accounted for relatively few, they accounted for 7.2% and 5.1% respectively. Regarding the annual income of households, the largest proportion is 100,000-200,000 (31.9%), followed by 50,000-100,000 (29.7%), and the last 50,000 or less (21.7%). Annual income of more than 200,000 is relatively small, accounting for 16.6% in total. According to the annual income level of the family, most families are in the well-off family level. With regard to the monthly living expenses of students, the largest proportion was RMB 1,000-1500 (46.4%), followed by RMB 1500-2000 (24.6%), followed by RMB 1,000 or less (17.4%), and RMB 2000 or more (20.9%). Based on a basic living cost of 1,000 yuan a month, most students have about 500 yuan or more of discretionary funds. Regarding the sources of funds, the vast majority of student funds come from family support, which is in line with the characteristics that college students do not yet have independent financial ability.

Table 1: The characteristics of the students surveyed

Features of the sample		Frequency	Percentage
Sample size		138	100%
Gender	Men	75	54.3%
	Women	63	45.7%
Grade	Freshman	13	9.4%
	Sophomore	41	29.7%
	Junior	67	48.6%
	Senior	10	7.2%
	Graduate and	7	5.1%

	PhD		
Annual household income	<50,000	30	21.7%
	50,000-100,000	41	29.7%
	100,000-200,000	44	31.9%
	200,000-300,000	13	9.4%
	300,000-400,000	7	5.1%
	400,000-600,000	1	0.7%
	>600,000	2	1.4%
Monthly living expenses	<1,000	24	17.4%
	1,000-1,500	64	46.4%
	1,500-2,000	34	24.6%
	2,000-3,000	10	7.2%
	>3,000	6	4.3%
Sources of funds	Family giving	134	97.1%
	Wage	33	23.91%
	Scholarship	38	27.54%
	other	22	15.94%

(3) Correlation between college students' spending habits and their financial situation

In the questionnaire, we set 13 questions about the consumption habits and psychology of college students in daily life, as well as their economic conditions. The first 7 questions investigated whether students have impulse consumption, emotional consumption, and blind unplanned consumption in life. And whether they have a comparison mentality. The last 6 items investigate whether students are experiencing economic tension, lack of money at the end of the month, need advance living expenses, often borrow money from others, and have difficulty repaying debts.

We set the answers to these 13 questions as never, rarely, sometimes, and often, representing 1-4 points. After we collected the answers from the students, we set the first 25% of the total score of the first 7 questions as the group with poor consumption habits and the last 25% as the group with good consumption habits, and then performed independent sample t test. The results are shown in Table 2.

Table2:Independent sample t test results

		Economic Issue Index	
		Assumed equal variance	Does not assume equal variance
Levine ANOVA test	F	.001	
	Saliency	.972	
Mean t test	t	-5.778	-5.797
	Degrees of freedom	85	80.616
	Sig.	.000	.000
	Mean difference	-4.08700	-4.08700
	Standard error	.70731	.70506
	95% confidence	Lower	-5.49332

	interval	limit		
		Cap	-2.68069	-2.68406

According to the results of the independent sample T test, it is known that the variance is uneven, and the students' bad consumption habits are significantly different from their economic problems. This proves that when students do not pay attention to consumption habits, the economic situation is more prone to problems, which affects their normal learning life.

( 4 ) Degree and characteristics of college students' demand for online loans

We divide the factors that affect the demand for college students' online loans into: gender, grade, annual household income, monthly living expenses, degree of understanding of online loans, willingness to understand online loans, and family attitudes towards online loans. Then we divide the students' attitudes towards online loans into support and opposition, and use SPSS software to perform relevant analysis, we can get Table 3:

Table3:Correlation analysis results

	students' attitudes towards online loans		
	Pearson correlation	Sig.	Number of cases
Gender	-.002	.978	138
Grade	-.094	.271	138
Annual household income	-.195*	.022	138
monthly living expenses	-.180*	.034	138

degree of understanding of online loans	.255**	.003	138
willingness to understand online loans	.350**	.000	138
family attitudes towards online loans	.377**	.000	138

The gender and grade of students have no significant difference in the demand for online loans, and the correlation is low, indicating that regardless of whether they are boys or girls, or whether they are lower or higher grades, their attitudes towards online loans are basically the same. Therefore, the degree of student demand for online loans has nothing to do with their age and gender.

There is a significant difference between students' annual household income and their monthly living expenses on online loan demand, and there is a significant negative correlation. This means that the richer the family, the more the living expenses of college students, the less likely they are to be economically stressed, and the lower the demand for online loans. On the contrary, the poorer the family, the lower the living expenses of college students, the more vulnerable they are to economic stress, and the higher the demand for online loans.

There is a significant difference in the degree of students' understanding of online lending, and a significant positive correlation. This shows that the deeper the understanding of college students on online loans, the higher the degree of grasp of the process and risks caused by online loans, the higher the demand for online loans.

There is a significant difference between students' willingness to understand online loan and online loan demand, and there is a significant positive correlation. This shows that the stronger the student's awareness of online lending, the heavier his curiosity about online lending, the stronger his ability to accept new things, and

the greater the demand for online loans.

The attitudes of parents have significant differences in online loan demand and are highly positively correlated. The family is the financial source of the vast majority of college students, so the attitude of parents to online loans will have a greater impact on the needs of college students for online loans. A supportive attitude of parents will promote students' demand for online loans, while an opposing attitude will inhibit students' demand for online loans.

(5) Sample characteristics of students' use of online loans

The number of students who have demand for and use online loans is 86, accounting for 62.32% of the total sample, which indicates that more than half of the students have demand for online loans. According to the data developed by the questionnaire, college students with online loan needs have the following characteristics:

(A) Most college students borrow carefully, but they have the mentality of leading consumption

Regarding the factors that students pay attention to when choosing a lending platform(Fig.1), the highest proportion is the formal degree of the platform's borrowing process (77.91%), followed by the ease of operation (60.47%), and then the interest level (40.7%). When college students choose loan platform, they pay more attention to the formal legitimacy of the platform. They do not easily use some unpopular platforms with unclear formality, which indicates that college students are more cautious in using online loans.

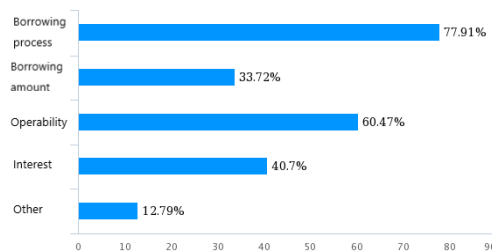


Fig.1: The factors that students pay attention to when choosing a lending platform

Regarding the amount of student loans and the frequency of borrowing(Fig.2)(Fig.3), the largest proportion of the amount of loans is less than 300 yuan(39.53%), followed by 500 to 1,000 yuan(30.23%). It can be seen that most students' monthly loan amount is controlled at Within 1,000 yuan, the amount accounted for 87.2% of the survey. Almost half of the students who borrowed less than once (48.84%), and most students controlled the frequency of borrowing less than three times (77.91%). These two points indicate that the majority of college students don't borrow much and the frequency of borrowing low. They can borrow money sparingly.

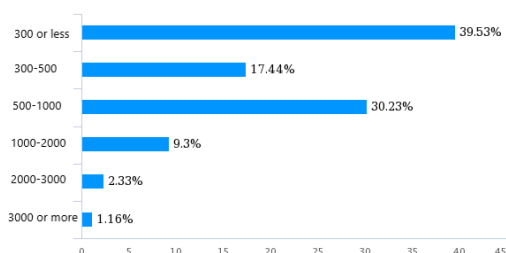


Fig.2:The amount of student loans

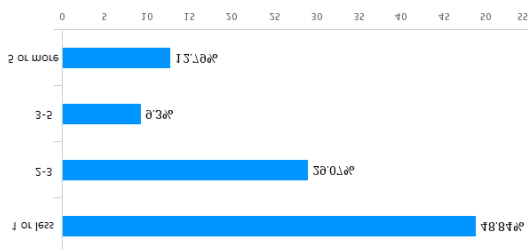


Fig.3:The frequency of borrowing

Regarding the use of borrowing(Fig.4), the largest share is the purchase of daily necessities(60.47%) and online shopping(54.65%), followed by the learning expenses (37.21%), which shows that the purpose of borrowing for college students is relatively clear, and the purpose of borrowing is mostly to reduce their economic pressure on life and study. However, more than half of the students' loans are used for online shopping. As a new type of shopping consumption, online shopping is very easy for college students to make blind and impulsive purchases. Moreover, we found through the survey that 37.1% of students think that they have the mentality of

pre-consumption, 15.8% of students indicate that they are willing to borrow for consumption, and 20.9% of students indicate that when the economic situation is tight, they will use Internet loans to maintain their lives Level.

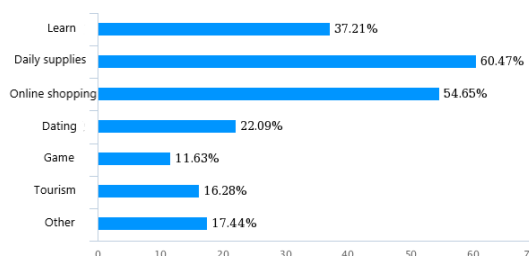


Fig.4:The use of borrowing

To sum up, the use of online loans by college students has the following characteristics: they are more cautious in choosing platforms, the amount of borrowing is often not high, the frequency of borrowing is low, and the purpose of borrowing is mostly used for daily expenses, but they have situations of pre-consumption and blind consumption. Some students are willing to borrow for consumption.

(B) College students have a low level of understanding of online loans

The degree of understanding of college students on the laws and regulations related to online loans(Fig.5) is as follows:

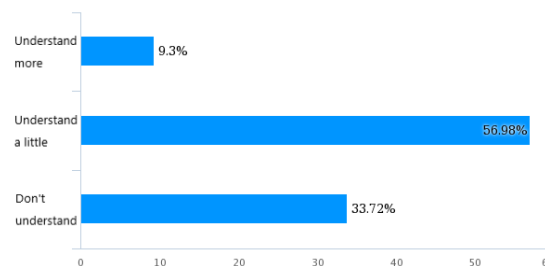


Fig.5:The degree of understanding of college students on the laws and regulations related to online loans

Less than 10% of the students have a good understanding of the "Contract Law" and "Several Opinions of the Supreme People's Court on the People's Courts' Trial of Lending Cases". Even 33.72% of the

students said they did not understand these laws and regulations.

The degree of understanding of the formal process of online loans by college students(Fig.6) is as follows:

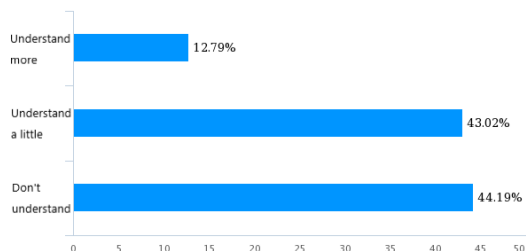


Fig.6:The degree of understanding of the formal process of online loans by college students

Nearly half of the students don't understand the process of online lending, the proof materials that should be presented, and the personal information that should not be leaked. When students use online loan platforms of unknown origin, criminals often use the banner of no need to prove that the borrower accidentally leaks other important information and endangers personal information security.

The degree of understanding of the legal interest rate of online loans by college students(Fig.7) is as follows:

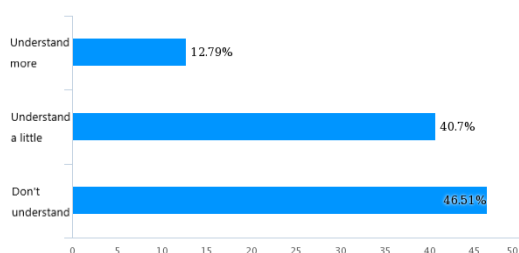


Fig.7:The degree of understanding of the legal interest rate of online loans by college students

According to Article 6 of the "Several Opinions of the Supreme People's Court on the Trial of Lending Cases", the interest rate of private lending can be appropriately higher than the bank's interest rate, and local people's courts can grasp it according to the actual situation in the region, but

the maximum cannot exceed Four times the interest rate of similar loans (including the interest rate section). If this limit is exceeded, the excess interest will not be protected. Loan interest rates are an important indicator of whether an online loan platform is formal, but nearly half of the students still lack awareness of the legal interest rate of online loans.

In summary, college students often use online loans, but they lack a basic understanding of the relevant laws, formal processes, and legal interest rates for online loans. So college students are easily confused in the process of online lending. If university students do not know how to protect their rights and interests with the law, they can easily become the targets of infringement by criminals.

The limitation of this article is that our limited time and energy, we were unable to further expand the scope of the investigation, and we could only set the target to be students of North China Electric Power University. Therefore, our follow-up work must inevitably expand the scope of investigation and improve the research data.

### III.RISK ANALYSIS OF COLLEGE STUDENTS USING ONLINE LOANS

#### (1) Risks due to platform qualification

Online loan platforms are different from financial institutions.Financial institutions are managed by "net capital". Both banks and trust companies must have their own registered capital. Their registered capital ranges from a few hundred million to a few billion or even a few billion. And the registered capital is not used for business, but a guarantee and a "threshold."But the threshold of online loan platform is low, and the registered capital is small.Platform software can be bought for thousands to tens of thousands.And the government has not yet issued guidance.This has led many mischievous people to set up a loan platform and set their sights on college students who are not yet economically independent and lack social experience. Many lending platforms make false publicity in the process of publicity, using "no mortgage, no guarantee, zero interest, low interest rates, as long as you

apply, three seconds to the account" to attract students. They vigorously publicized the favorable terms, and never mentioned the consequences of the arrears. At this time, students are often easily fainted and hooked on these platforms, and the platform procedures and certifications are often not even forged. Such opaque information will make it difficult for students to grasp the correct information. It's easy to be deceived. It can be said that it is the "low threshold" for platform qualification, and the imperfect management regulations have given these criminals the opportunity to cheat college students.

### (2) Insufficient government supervision

Because online loans are new type of financing method, the central bank and the CBRC have not yet issued clear laws and regulations to guide online loans. Regarding online loans, the regulators are neutral and do not resist or approve them. Compared with traditional loans, online loans are completely unsecured loans. The central bank has repeatedly emphasized that the annual compound interest rate exceeds four times the bank interest rate and is not protected by law, which also increases the high risk of online loans (generally 7 times the bank interest rate Even higher). However, some reports show that the annual loan interest rate of some campus loans has reached between 10% and 25%, and the highest even reached 35%, which is close to the legal limit that the private loan interest rate cannot exceed 36%. Compared with traditional loans, online loans are completely unsecured loans. The central bank has repeatedly emphasized that the annual compound interest rate exceeds four times the bank interest rate and is not protected by law, which also increases the high risk of online loans (generally 7 times the bank interest rate Even higher). However, some reports show that the annual loan interest rate of some campus loans has reached between 10% and 25%, and the highest even reached 35%, which is close to the legal limit that the private loan interest rate cannot exceed 36%. The emergence of such chaos indicates that the government's control over Internet loans is insufficient. It is an urgent task to formulate effective laws and regulations and regulate all loan platforms.

(3) College students' consumption concepts are incorrect, and their legal awareness is weak

College students are living in an era of abundant resources. Online shopping has become an everyday behavior. We can quickly and easily purchase goods from anywhere in the world. College students are more curious about new things, and when something new appears, they tend to have a desire to buy. And students often have ample funds for them to use, so students often cannot resist the temptation of new things. The bad psychology of peer comparisons among classmates has prompted them to buy some meaningless goods. When the amount of consumption exceeds the student's financial ability, Online loans, which are more convenient than bank loans, are attractive to students. Therefore, wrong consumption concepts, and poor consumption habits are the incentives that lead to bad events in student online loans. College students have insufficient social experience and low awareness of online loans. So, when they choose an online loan platform, they are easily confused by a large amount of borrowing and avoidance of publicity, and fall into the trap of criminals. After being attacked by online loans, college students may fall into panic and be ashamed to tell the truth to parents and teachers. If they do not understand the corresponding laws and regulations, it will be difficult for them to protect their rights according to law. The infringement of the criminals is mad, such as "naked lending". The borrower uses his(her) own indecent photographs as collateral. When it is difficult to pay off the debt, the lender will open a naked photo and contact the borrower's family. Means to force its repayment. This will not only destroy the reputation of the borrower, but also cause serious harm to the physical and mental health of the borrower. There have been several tragedies in the country where girls have been forced to commit suicide because of "naked loans."

## IV. RISK PREVENTION MEASURES RELATED TO ONLINE LENDING

(1) Students should be vigilant, exercise self-discipline, and establish a correct mindset

As contemporary college students, we should take learning knowledge as the important task, put an end to comparisons and vanity, raise our vigilance, and develop the correct concept of consumption. We must think about what we should think of, buy what we should buy, do not envy others, and do not compare each other. It is enough for your own things to be suitable and easy to use. Don't pursue luxury and useless products. When we are in economic tension, don't be shy about talking about exports, let alone deliberately "fill the pit" with online loans. Once you find that your rights and interests have been infringed when using online loans, you must not panic and report to your parents, classmates, and teachers, and make every effort to protect your rights and interests. We should take the time to learn about the laws and regulations related to online loans (such as the "Consumer Rights Protection Law", "Contract Law", etc.) so that when we are persecuted by criminals, We can protect rights according to law.

(2) Families must actively communicate with their children and strengthen discipline

The family is our first classroom in which we establish our outlook on life, values, and worldview. College students should communicate with their parents regularly. Parents need to actively understand what problems their children encounter in college life and study, and they also need to pay special attention to the cost of students. Once parents find that their children's life consumption is abnormal, such as the amount of consumption has increased, or the situation of arrears, they should promptly understand the facts of their children, and get in touch with their children's teachers. Family and teachers should work together to effectively help students overcome the current difficulties. Parents must do a good job of education, let their children establish the correct concept of consumption, do not compare, do not have vanity, let children maintain self-confidence, and live a college life with a healthy heart.

(3) Schools must do a good job of education and propaganda to properly guide students

College students have not yet entered the society, and their social experience and ability to deal with them are relatively limited. As a shelter for college students to study and live, colleges and universities must take responsibility for protecting and guiding students. In terms of preventing online loan risks, the school's work is particularly important. It must be from top to bottom, from shallow to deep. First, use the school website, WeChat public account, bulletin board, Weibo account and other platforms to regularly push events about online loans and content about correct responses. Students have close contact with the Internet. It is important to use the online platform for warning and education. The effect achieved will also be very significant. Class teachers in each class should also organize at least one theme class session on college students' online loans every semester, explaining the types of online loans, national laws and regulations, methods to prevent illegal violations, and help students establish correct values. Teachers should actively understand the living and learning status of students in their class, and communicate with them more. After understanding that they have difficulties in life, they should actively keep in touch with the parents of the students and give appropriate help. Senior management of schools should actively implement poverty alleviation policies, actively seek out-of-school scholarships, broaden poverty alleviation methods, enrich poverty alleviation methods, help students with financial difficulties and excellent academic performance, reduce students' economic pressure, and help them better complete university education.

(4) Government departments need to improve regulations and strengthen control

In April 2016, the Ministry of Education and the China Banking Regulatory Commission jointly issued the "Notice on Strengthening the Prevention of Educational Bad Network Lending Risks and Educational Guidance Work", which explicitly requires universities to establish daily monitoring mechanisms and real-time early warning mechanisms for bad online borrowing on campus. At the same time, a mechanism to deal with campus bad network



lending should be established. On January 2, 2020, the Supreme Law held a press conference to issue the "Opinions on Further Strengthening the Concept of Good Faithful Civilization in Implementation". The opinion is clear that full-time students who have been enforced due to "campus loan" disputes should generally not be included in the dishonesty list or restrict consumption. At present, education authorities, financial supervision departments, communication departments, public security departments, etc. in various places have clearly defined their responsibilities and division of labor, realized information sharing and experience exchange, and formed a regulatory synergy. Relevant functional departments have comprehensively managed campus lending business by clearing registration systems, improving laws and regulations, strictly regulating operation management and collection methods, and clearing out bad campus loan platforms on campus. The government should attach great importance to the problem of college students' online lending, improve the establishment standards of the online loan platform as soon as possible, raise the threshold for access to the online loan market. Government must establish and improve the online loan management mechanism, severely crack down on criminals, establish corresponding legal consulting departments. At the same time, financial institutions actively launched financial lending services that complied with national standards and sound legal procedures. Governments and banks should control loan interest rates, reduce loan risks, and actively help students to use online loans correctly and improve living conditions, while being protected by the law from illegal elements.

### ACKNOWLEDGMENT

This research was supported by the Fundamental Research Funds for the Central Universities 2018MS092

### REFERENCES

- [1] Charles Blankson, Audhesh Paswan, Kwabena G Boakye. College Students' Consumption of Credit Cards[J]. International Journal of Bank Marketing, 2012, 30(7): 567-568.
- [2] Adam M Hancock, Bryce L Jorgensen, Melvin S Swanson. College Students and Credit Card Use: The Role of Parents, Work Experience, Financial Knowledge, and Credit Card Attitudes[J]. Journal of Family and Economic Issues, 2013, 34(4): 369-381.
- [3] Danilo Braun Santos, Wesley Mendes-Da-Silva, Eduardo Flores, Jill M Norvilitis. Predictors of Credit Card Use and Perceived Financial Well-being in Female College Students: a Brazil-United States Comparative Study[J]. International Journal of Consumer Studies, 2016, 40(2): 133-142.

**Yang Taorui** in Department of Economics and Management North China Electric Power University, Baoding China. The main research Information Management and Information System.

**Liu Tongna** in Department of Electronic and Communication Engineering North China Electric Power University, Baoding China. The main research Information System. Corresponding author.

**Zhu Mingbo** in Department of Economics and Management North China Electric Power University, Baoding China. The main research Information Management and Information System.

**Ma Yue** in Department of Economics and Management North China Electric Power University, Baoding China. The main research Information Management and Information System.