

# Research on Risk Supervision and Preventive Measures of College Students' Online Loans

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**Abstract:** In the current era of network information, college students have gradually set off an upsurge in peer-to-peer lending, and the phenomenon of college students' online loans has become a hot issue of concern. According to the current situation of college students' online loan consumption, this paper deeply analyzes their psychological motivation, and puts forward specific suggestions and countermeasures for the problems existing in college students' online loan consumption.

**Keywords:** Online loan consumption; Strategy; College student.

## 1. Introduction

In the current era of network information, many peer-to-peer lending platforms have emerged, and college students have gradually set off an upsurge in peer-to-peer lending. Online lending, that is, online lending, refers to individuals lending to each other through online platforms, that is, investors with investment intentions lend funds to borrowers with capital needs through online platforms [1]. At present, online lending platforms mainly include e-commerce platform, installment shopping platform, P2P loan platform, etc. They can provide convenience for college students in consumption and help them reduce the burden on their families. However, in the actual operation process, due to the pursuit of profit maximization by merchants and the lack of self-discipline of college students, they often go to the opposite side, which seriously affects their daily life and study. College students are not only in danger of property, but also their life safety is often threatened [2].

## 2. A survey of online loan consumption of college students

### 2.1. Basic information

The survey was conducted by random sampling, and the respondents were Tongling University students. It mainly investigated three aspects: college students' consumption view, college students' willingness and cognition of online lending, and college online lending consumption behavior. A total of 280 questionnaires were published, and 262 valid questionnaires were collected, and the effective questionnaire recovery rate was 93.6%. Among the valid questionnaires collected, 37.8% are boys and 62.2% are girls. Only children accounted for 47.4%, and non-only children accounted for 52.6%. The survey covers four grades of freshmen, sophomores, juniors and seniors.

### 2.2. Analysis of daily consumption behavior

According to the survey, 21% of college students spend between 500 and 1000 yuan, 56% spend between 1,000 and 1,500 yuan, and 23% spend more than 1,500 yuan. 86.81% of college students' living expenses come from their families, and a small amount comes from work-study programs, scholarships, part-time jobs, help from relatives and friends, and entrepreneurship. 58.32% of college students' monthly

living expenses just meet the necessary expenses of daily life. 24.67% of college students have sufficient monthly living expenses, which can meet the consumption needs and have a surplus. 17.01% of college students feel that the monthly living expenses are seriously insufficient. The survey shows that 91.78% of college students' monthly expenses are basically used for daily consumption such as meals, communication and transportation, among which 27.91% are spent on purchasing supplementary teaching materials or participating in extracurricular training, 23.74% are spent on travel, 12.45% are spent on purchasing electronic products, 8.61% are spent on brand clothing and 8.99% are spent on brand cosmetics or skin care products. From the above data, we can see that most college students are objective and rational when spending, and only a small number of college students have irrational consumption behavior.

## 2.3. Analysis of online loan consumption

### 2.3.1. Motivation

In recent years, due to the rapid development of Internet technology, the business models of many enterprises have changed, leading to more diversified consumption channels, and new consumption channels such as online shopping and peer-to-peer lending have emerged. As "Internet aborigines", post-90s college students like fashion and new things, and are an important group of online consumption. The survey found that the main uses of college students' online loans, from high to low, are falling in love (60.3%), traveling abroad (52.7%), buying high-end products (47.6%), spending in entertainment places (31.8%), starting their own businesses and helping their girlfriends/buddies (25.9%) and others (12.0%). The reasons for college students to choose online loans from high to low are: simple procedures (74.0%), fast loan (62.7%), low loan interest rate (58.6%), high credibility of lending institutions (43.7%) and so on. Generally speaking, college students use online loans mainly to meet their own needs for high-priced consumer products and services.

### 2.3.2. Risk perception

Most college students know the general process and definition of campus online loan, but they don't pay attention to the operating mechanism of online loan platform, and they don't know the relevant legal knowledge and lack legal awareness. According to the questionnaire survey, 79.46% of college students have a basic understanding of online loans, 7.28% of college students are very familiar with and

understand online loans on campus, and 13.26% of college students know nothing about online loans and don't care. 65.32% of college students learned about online loan products through leaflets and advertisements, nearly 50% learned about online loan products through online advertisements, and nearly 30% learned about online loan products through friends or campus agents, while 18.7% didn't know or knew much about it. For the highest annual interest rate survey of private loans, only 11.4% of college students answered this question correctly. Only 15.78% of college students know the calculation method of the actual annual interest rate of online loan platform products. In addition, college students only know the credit services provided by some large-scale e-commerce online platforms (such as Alibaba and JD.COM), but they don't know the relevant legal knowledge, so they have a weak legal awareness and lack basic knowledge and literacy of financial risk prevention. There is also a phenomenon that college students can borrow money from multiple online loan platforms, which leads some college students to take measures such as "robbing Peter to pay Paul" and dodging debts when they can't repay peer-to-peer lending on time, which eventually leads to increasing debt repayment pressure and uncontrollable risks, leading to tragic consequences.

### **2.3.3. Behavior habits**

Nearly 50% of college students have used online loans to spend money, and they can complete repayment in a short time. However, there are also a few college students who misjudge their repayment ability. According to the survey, 32.12% of college students have used traditional e-commerce loan platforms, such as Ant Flower Shop and JD.COM White Strip. 6.58% of college students use the over-stage shopping platform, 4.83% use the P2P online loan platform, and 56.47% have no loan experience. Nearly half of the college students' loan amount is below 4,000 yuan, and 30.71% is above 4,000 yuan. 65.02% of college students choose to complete the loan as soon as possible. When they feel that they can't repay the loan according to the normal date, 73.43% of college students ask their parents for help, 45.61% ask their friends for help, 8.67% use the new online loan to repay, and 4.54% choose to continue to owe money until they have money.

## **3. Psychological motivation analysis of college students' online loan consumption**

### **3.1. Timely enjoyment psychology**

In recent years, with the rapid development of China's economy, some bad social practices such as money worship and hedonism have followed. College students lack social experience, their psychology is not fully mature, their self-control ability is weak, and they are easily tempted by the outside world. When they consume, they often choose to spend in advance through online loans in order to satisfy their temporary personal enjoyment and ignore their actual ability to pay. Various online loan consumption platforms have also grasped this psychological characteristic of college students and repeatedly lowered the loan standard to attract college students to make online loans.

### **3.2. The pursuit of fashion psychology**

College campuses keep up with the trend of the times, and college students can generally get the latest fashion

information. Their thoughts are active and avant-garde, they like to pursue fashion, like to travel abroad, and they also like to buy exquisite and high-end goods, such as the latest electronic equipment, brand-name clothing, cosmetics and so on [3]. However, the main source of college students' economy is their parents, and there are few other sources of income. Many demands for pursuing fashion cannot be met, so it is easy to choose fast and convenient online loans to solve the problem of insufficient living expenses.

### **3.3. Comparison psychology**

College students' world outlook and outlook on life are not yet mature and stable, so it is difficult to resist the temptation of the outside world. When they see that others have high-end luxury goods, they also hope to buy the same products. They tend to regard owning high-end and brand-name goods as a symbol of superiority and status, and secretly compare with each other. Comparing consumption is very harmful psychologically, which will bring heavy economic burden to families, especially those whose economy is not rich. When their families can't meet their needs, they will seek other ways to solve their own consumption problems, such as working part-time, part-time and online lending [4].

### **3.4. Blind conformity psychology**

In order to gain benefits, many online lending platforms often publicize online lending consumption information in various ways, such as online advertisements, campus posters and campus agents. When college students face the propaganda of online loan consumption full of encouragement and temptation, they often can't help but make online loans. Therefore, online loan consumption has gradually formed a trend in college campuses, which has affected their life and study [5]. Many college students don't have a good consumption concept, and they don't understand the risks of online loans. They blindly follow the trend and choose online loans for advanced consumption, which is far beyond their repayment ability.

## **4. The risk of online loan consumption of college students**

### **4.1. Online loan platform**

#### **4.1.1. Default Risk**

There is a certain risk of default in online loans. First, because students have limited financial resources, no stable income, and no items that can be mortgaged, they are easily unable to repay, so there is a risk of being unable to repay the principal and interest; Second, some students have no sense of contract, do not understand the consequences of breach of contract, and have never thought about repaying the loan at the beginning of the loan, which is prone to overdue repayment, which will not only cause financial institutions to suffer economic losses, but also affect the quality of credit assets [6].

#### **4.1.2. Legality and compliance risks**

Some online lending platforms induce students to make loans in installments between different platforms for their own benefit, and also use the basic information filled in by students when they make loans to borrow again for illegal fund-raising. This causes students to unconsciously bear a large number of debts that are beyond their repayment ability. When students cannot repay these debts, these platforms will also use violent means to collect them, such as intimidation

and harassment, and evolve into disguised "usury" [7].

#### **4.1.3. Management risks**

At present, the concept of internet finance has been deeply rooted in people's hearts, and many online lending platforms have emerged and expanded rapidly, so the competition among various platforms is also very fierce. Some online lending platforms will also take various measures to improve their business scale, such as lending money without strictly examining the information of lenders, not providing written guarantees from guarantors, not controlling the use of college students' loans, and not taking risk management [8]. In the absence of relevant risk review, guarantee and monitoring, college students are prone to abuse loans and fail to repay them in time, which has hidden risks in management.

### **4.2. Loans to students**

#### **4.2.1. Increased economic burden**

At present, most college students in our country rely on their parents to provide their financial resources. Parents think it is natural for their children to go to school, while their children think that their parents should also provide them with college education expenses. However, some college students, influenced by bad social thoughts, advocate ahead of consumption and have the psychology of keeping up with the joneses. When the living expenses provided by their parents can't meet their consumption needs, some students embark on the campus online loan.

#### **4.2.2. Risk of information leakage**

Most online lending platforms need to fill in some basic information online when handling loans, such as home address, ID number, telephone number, contact information of relatives, etc. This basic information is at risk of being easily leaked. Once students can't repay in time, they may be threatened, beaten and other violent debt collection, posing a threat to their personal safety.

#### **4.2.3. Credit risk**

Although many online loans are not available for credit reporting now, loan records will remain in online loan big data, including information such as online loan history, overdue details of online loans, liabilities, untrustworthy information and online loan blacklist. If personal credit deteriorates, then in today's credit society, many things will be difficult to move.

## **5. Countermeasures and suggestions to improve college students' online loan consumption**

### **5.1. Improve the laws and regulations of online lending platform**

Functional departments should establish a unified credit supervision system on the basis of existing laws and regulations, and clarify the supervision responsibilities of relevant departments. First of all, we should improve the relevant laws and regulations as soon as possible, and strictly examine the campus credit enterprises before they can be allowed to operate. Secondly, for the operation of online loan enterprises, functional departments need to formulate unified and perfect campus online loan standards, including clearly defining the nature, organizational form and business scope of campus online loans [10].

### **5.2. Improve the personal credit information system of college students**

The emergence of college students' credit information system is to urge college students to repay loans and reduce the risk of credit crisis or even more serious consequences because of their failure to repay loans in time. Supervision departments, financial departments, credit reporting agencies and universities should cooperate closely to share information, establish a credit system for college students on the premise of ensuring the safety of their personal information, and appropriately develop credit products suitable for college students, so as to evaluate their credit rating [11].

### **5.3. Improve students' awareness of risk prevention**

Improving college students' awareness of risk prevention is very important to avoid college students falling into the trap of campus online loan. This requires college students to learn and master some necessary financial and financial management knowledge. Only in this way can they clearly understand the fees, service fees, interest and liquidated damages charged during online lending, so as to avoid falling into the trap of bad online lending.

### **5.4. Guide students to establish a correct view of consumption**

College students are the builders and successors of Socialism with Chinese characteristics, so it is necessary to improve their comprehensive quality, improve their personality, cultivate their correct, reasonable and scientific lifestyle, and let them spend more energy and time on their studies, save consumption and spend reasonably [12]. Parents and schools should jointly educate and guide college students' rational consumption. Especially in the process of education and teaching, colleges and universities can conduct campus online loan safety education through lectures, forums and other forms to guide college students to establish a correct and healthy consumption concept.

## **6. Conclusion**

Network loan is a double-edged sword, which brings convenience to college students and also causes many social problems. This is closely related to the control of the national government, the internal control of the online lending platform, the education of schools and families, and the personal awareness of college students. All parties need to work together to guide the rational consumption of college students, enhance their awareness of risk and responsibility, establish a correct concept of online lending consumption, and promote the healthy and scientific development of Internet finance.

## **Acknowledgement**

This work is supported by the Anhui University of Finance and Economics Undergraduate Innovation and Entrepreneurship training program, project number: S202110378152.

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