

An Empirical Study on the Influencing Factors of College Students' Internet Borrowing Willingness

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Abstract

In recent years, the problem of online loans, such as the phenomenon of naked loans, has been widely concerned. Based on the survey data of 500 college students, this paper uses the probit regression model to empirically study the influencing factors of college students' online loan willingness. The study found

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that college students' online loan willingness is mainly influenced by college students' academic qualifications, whether they like advanced consumption, the frequency of capital shortages, the degree of understanding of online lending platforms, the degree of understanding of online lending risks, and the frequency of their own online lending.

Keywords: Willingness to borrow; College students; Influencing factors; Probit model

1. Introduction

Since the birth of P2P in 2007, Researches among academics has been ongoing, while the growingly grandness of consumer loan market on campus gives an enormous impetus to the situation that college students becoming increasingly significant in researches on Internet finance. Holding Shenyang University of Technology, Liaoyang as a precedent and according to field survey, with the Logistic regression model in application, Wang et al.(2019)finally arrive at a conclusion that online borrowing willingness extensively affected by five foremost factors: family conditions, repayment ability, amount of loan, repayment interest rate and network loan security. Analogously, on the grounds of perfected theory of planned behavior with utilization of questionnaire survey data of 6 colleges in Wuhan, Lin et al.(2017) moderately adopt structural equation modeling to analyze the influencing factors of college students' willingness to use P2P online loans. As results has signified, monthly shortage of funds, risk of P2P as well as the degree of college students' understanding of P2P are the three main elements impacting the willingness of college students to use P2P online loans. Having influencing factors classified into two dimensions, Zhu and Luo (2017) believe that consumption expenditure and concept and cognition of P2P are given an exemplification in strong correlation with college students' online loan willingness, while in the online loan transaction dimension, online lending interest, platform security, and platform visibility are Indirectly altering the inclination of college students to take advantage of online loans. But so far, the research on the field of borrowing and lending has not attracted enough attention from the academic circles and society, and it focuses on the research of the peasant group. The university student group needs to be more meticulous and in-depth exploration. This article will be useful exploration by the predecessors. Based on the data of college students' online lending willingness in Guangdong Province, the probit model is used to deeply analyze the factors affecting the willingness of college students to use online credit products, and to summarize and make recommendations.

2. Data and Methodology

2.1 Data sources and basic information of interviewees

Due to the large number and wide distribution of colleges and universities in Guangdong Province, so we choose Guangdong universities as the main research objects. Especially in consumption behaviors and group characteristics, there are differences in borrowing behaviors between efficient college students and other social groups. To ensure the accuracy of data samples, we divided the colleges and universities in Guangdong Province according to their regional economic development degree and school batches. In terms of regional economic development, there are first-tier cities such as Guangzhou, Shenzhen and Zhuhai, second-tier cities such as Zhongshan, Dongguan and Huizhou, and third-tier cities such as Shantou, Zhanjiang and Jiangmen etc. Schools are divided into: undergraduate schools, junior colleges. As the standard that can ensure the representativeness and diversity of the data collected., stratified sampling is adopted to interview and investigate the interviewees, who are ordinary full-time college students enrolled in Guangdong.

The paper carried out data research in universities in Guangdong Province successively by means of online interview, questionnaire distribution and telephone return visit. In this paper, a total of 700 questionnaires were distributed in the research area, and 647 questionnaires were recovered. After sorting out and eliminating unqualified questionnaires, 588 questionnaires were finally confirmed to be valid, with an effective rate of 90.9%. Among the 588 valid samples, 313 were female and 275 were male, among which 60.17% were undergraduate and 39.29% were junior college. According to the analysis, 588 college students borrowed money several times in a year, accounting for 46.43% of the total sample. From the basic characteristics of the interviewees, the respondents are mainly non-economic and financial majors and don't know much about online lending platforms. Meanwhile, nearly half of the respondents believe that online lending platforms are extremely risky. Students' monthly income is concentrated in the range of 0-2000 yuan on average, which is at the low and middle income level. In addition, more than half of the students have online lending activities with their classmates. These characteristics are basically consistent with the financial income of college students, and the data samples have strong representativeness.

2.2 selection and analysis of data indicators

Through consulting the existing research literature, this paper finds that college students' characteristics have their particularity, no matter in the level of educational background knowledge, or in the cognition of financial credit, there

are differences, so in the choice of data indicators should fully consider its particularity.

To ensure access to data has diversity, accuracy and representation, on the basis of existing research literature, this paper finally choose where college students' gender, educational background, professional, personal income, frequency of facing the shortage of funds, understanding of network platform and risk degree of online lending, whether like consumption, whether the frequency of the network of borrowing and the surrounding classmates borrow experience following a number of indicators, such as lending will influence factors analysis of Guangdong college students' network, and the various factors are the meaning of the assignment, descriptive statistics and forecast estimates.

According to the above definition of relevant variables, the explained variables determined in this paper are dummy variables and binary selection variables, and the probit model has been widely applied and verified in the study of binary selection model.

Therefore, this paper also determines the probit regression model to analyze the influencing factors of online borrowing intention of college students in Guangdong Province. The basic form of the model is:

$$p(y_i=1) = \Phi (\alpha_1 + \beta_{1i}x_i + \gamma_1y_2 + \varepsilon_1) \quad i=1,2,3\dots 8 \quad (1)$$

Model (1) represents the influencing factors of online borrowing intention of college students in Guangdong Province; Φ is the accumulation of standard normal distribution function. α_1 is the constant term of the model; β_{1i} is the coefficient of the influencing factors in the model; In the model, Guangdong university students' online lending intention was not taken as an explanatory variable. Therefore, γ_1 was introduced as the coefficient of Guangdong university students' online lending intention in the model. ε_1 is the random interference term of the model. All the variables meanings and statistics are in Table 1.

3. Empirical Analysis

Based on the influencing factors and field survey data of college students' online borrowing intention in Guangdong Province determined in this paper, probit model regression analysis was conducted by EViews10.0 statistical software. The specific regression results are shown in Table 2.

Table 2 shows that the robust and significant factors that will affect college students' network lending are educational background, whether like excessive consumption, the frequency of funding shortfalls, understanding degree of online lending platform, risk degree of online lending, and the frequency of online lending. Specifically, when the average is decreased by 1, the possibility of online borrowing willingness of college students with bachelor's degree increases by 34.54% on average. If college students like to consume in advance, the likelihood of their willingness to borrow online increases by 19.53% on average. Meanwhile, if college students face the frequency of capital shortage and increase their understanding of online lending platforms, the likelihood of their willingness to borrow online will increase by 12.97% and 25.54% on average, respectively. In addition, when the risk of online lending increases, the average probability of college students' willingness to borrow online decreases by 25.18%.

The following factors passed the significance test at the 1% significance level are education background, understanding degree of online lending platform and risk degree of online lending. College students' understanding of online lending platforms refers to their understanding of lending requirements, lending links and loan approval. When a college student has a higher education level, he is more willing to borrow online. This is explained by the fact that those with higher educational background have higher cognitive level and understanding ability of finance, have deeper understanding and wider contact with lending platforms, receive more lending services and are less likely to be rejected by lending, which will increase their willingness to borrow to some extent. Secondly, most borrowers are risk averse groups, and college students have a small degree of risk to match, so borrowers tend to choose loan products with low risk. If the risk of online lending exceeds the psychological expectations of borrowers, it will certainly reduce the willingness of borrowers to borrow. This shows that when the risk of online lending platform is higher, college students' willingness to borrow will significantly decline.

Frequency of facing fund shortage, whether they like excessive consumption, frequency of online borrowing and other influencing factors have passed the 5% significance level. When students are faced with a shortage of funds, if their families do not provide finance support, they will often borrow online. This is deeply influenced by the particularity of students, who have no stable income sources and have difficulty in obtaining loans from regular banks. Generally speaking, when it likes to consume in excess, it is also prone to capital shortage, which may enhance its willingness to borrow online. In addition, when students borrow more frequently online, they are more willing to borrow again. This point passed the 5% significance test in the model analysis in this paper.

In this paper, after data integration and Probit analysis, the test results are

obtained. Except for the above variables, none of the other variables have passed the significance test. However, it is worth noting that "students prefer to spend money on cosmetics and electronic products" failed the significance test, which may be because consumption tendency does not affect whether college students are more willing to take online loans, which is worth further investigation.

4. Conclusions

Perfect the financial education mechanism and correct college students' attitude towards online lending. The uneven educational background leads to different levels of cognition and credit awareness in online lending. Therefore, the acceptance of online lending shows a phenomenon of "high literacy and high willingness". It is said that realizing the positive effect of online lending can't lack the improvement of financial education mechanism which infuse college students with certain financial knowledge, risk prevention awareness and risk tolerance. There are lectures on the financial aspects given by professionals who are invited by college. From formal consumer financial institutions. At the same time, families are supposed to be the backup force of guiding and urging. Not only that, the society need to disseminate and inform positive financial information in order to strengthen the financial literacy of college students in addition to shape financial credit awareness of them.

Innovate online lending products to meet their needs based on the preference direction of college students' online lending. Aiming at different levels of credit risk and shortages of funds, set reasonable quota limits and diversify targeted credit products. According to the different grades, family conditions, and geographical restrictions of students, distinguishing levels of loans are implemented. On this basis, new targeted loan products are developed for the specific demands of college students, such as the MEITUAN PAY and joint APP credit card. Set relevant product chains with added value , and build a more crystallized and diversified loan platform coordinated with the needs and characteristics of college students, who can be developed as the potential long-term customer in the future workplace to achieve businesses expansion as far as those institutions are concerned.

College students should set up a correct consumption view to avoid the pressure of online lending. Due to the lack of fixed income, college students' consumption ability depends on their family economic foundation. Therefore, moderate advance consumption should be applied to the necessary needs of survival and development, rather than a large number of consumptive and hedonic activity products, which can avoid the vicious loan cycle and enhance certain

consumption stickiness to lay the foundation for consumption in the financial market. Institutions should always be alert to college students in the lending regulations, lending process and publicity channels. It is impossible to ignore the pressure of college students' online lending and setting the loan exclusion conditions is not a bad idea to prevent operational risks (Zhu 2016).

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Table 1. Variables descriptive statistics and expected direction estimation of each variable

variables		Variable meaning and assignment	Maximum	Minimum	Average	Standard deviation	Expected impact direction
x1	gender	Male and female are assigned 0 and 1 respectively	1	0	0.47	0.50	+/-
x2	education	The values of undergraduate and junior college are 0 and 1 respectively	1	0	0.65	0.48	+/-
x3	Income	Monthly income of college students (0-1000 yuan value 0, 1000-1500 yuan value 1, 1500-2000 yuan value 2, 2000-2500 yuan value 3, 2500 yuan or above value 4)	4	0	1.32	1.34	+
x4	Whether or not Like to overspend	Divided into three levels like, do not resist, do not accept, respectively assign value 0, 1, 2	2	0	1.07	0.64	+
x5	The frequency of facing a shortage of funds	Often, occasionally, occasionally, rarely. Values 0, 1, 2, and 3 are assigned respectively	3	0	1.73	0.95	+
x6	So let's say if you borrow 3,000 dollars and what will it cost you	Divided into five categories: study and improve themselves, diet, leisure and entertainment, clothing and cosmetics, electronic products. The electronic and cosmetic values are 1 and the others are 0.	1	0	0.33	0.47	-

Table 1. Variables descriptive statistics and expected direction estimation of each variable (continued)

x7	Understanding of online lending platforms	College students' understanding of online loan platform. There are four levels: very understanding, general understanding, not very understanding, and very little understanding. Values 0, 1, 2, and 3 are assigned respectively	3	0	1.46	0.81	+
x8	Major	Business and finance majors are assigned a value of 0 Non-economic and trade finance majors are assigned a value of 1	1	0	0.62	0.48	+
x9	Consider the risk of online lending platform	Online lending platform risk is divided into four levels: high, high, low, very low. Values 0, 1, 2, and 3 are assigned respectively	3	0	0.90	0.67	-
x10	Whether there are classmates and friends with loan experience	Friends and classmates around the loan is assigned a value of 0, If not, assign 1.	1	0	0.46	0.50	+
x11	Online lending frequency	More than once a week, more than once a month, more than once a year, and very few loans. Values 0, 1, 2, and 3 are assigned respectively	3	0	2.13	1.31	+

Table 2. Probit analysis results of online borrowing intention of college students in Guangdong Province

variable	coefficient	Standard error	P-value
x1	-0.074734	0.101998	0.4640
x2	0.345453**	0.118989	0.0038
x3	-0.022381	0.040829	0.5838
x4	0.195313*	0.087729	0.0264
x5	0.129741*	0.058298	0.0264
x6	-0.021649	0.107787	0.8406
x7	0.25542**	0.071038	0.0004
x8	0.105103	0.110733	0.3429
x9	-0.251780**	0.076081	0.0010
x10	0.157586	0.106600	0.1399
x11	1.257119**	0.207620	0.0050
Log likelihood	-941.8632		
Adjusted R ²	0.154623		

Note: * and ** respectively represent the significance of the corresponding coefficient at the significance level of 5% and 1%.

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