MOBILE PHONE CUSTOMERS' USAGE PRACTICE OF DIGITAL LOAN APPS

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ABSTRACT

The digital way has emerged in India. As such way finance technology was increasing in many ways. In this, Digital Loan apps were also emerging in usage. This research aims to detect awareness, agreeability, and satisfaction towards digital loan apps. The types of research used in this research are qualitative and quantitative research. A non-probability sampling technique was used and a structured questionnaire was made. Checked Reliability and Normality using SPSS Software. To analyze collected data Percentage, ANOVA, and Garrett Ranking Analysis tools and Interpreted based on the results. Framed two Null Hypotheses. Results found that most of them were aware of many digital loan apps. Most of the users strongly agree and as well as just agree with certain statements regarding digital loan apps. To answer the question which loan type would users insist others? As personal loans are ranked first users will insist others take up this. Even though it is the simplest way to avail loan, people were still neutral to this service. Most of them felt neutral with certain factors like data security. The government has to take action against inappropriate digital loan apps to make it a proper and effective way, to build the consumers' positive thinking.

Keywords: *Finance Technology, Digital loans, Digital lending, Data security, Easy repayments*

JEL Classification codes: C12, C83, D53, E43

INTRODUCTION

Digital Lending expresses the connection between lender and borrower, lending money from lender to borrower for certain reasons, in online without any physical interaction between them, done on an Internet basis. Some of the most popular reasons for using digital lending are Personal loans, Small business loans, Credit card loans, Line of credit, Invoice financing, and Point of Sale financing (BNPL). Some of the user benefits of digital loans are there is no need for lots of documents to apply, it has severe data privacy, fastest loan provider, easy to use, and transparent. When we compare Digital lending with Classic lending, it could be said that classic lending needs borrowers to apply for the loan in person and lots of document verifications it is a slow-down process, and its repayment method is fixed for the monthly term but digital loan needs minimum documents to approve the loan, it transferred faster and it's flexible in repayment terms. Smartphone insights meant India was loaded for digital lending to take root, It stated that smartphones will increase by about 51% in 2025- more than multiple of 2016, were just 24% (Oberoi, 2021). Though India has over 1.2 billion mobile phone users and 600 million smartphone users, said by Anand, (2022). There was three era of digital lending (Bisbee, 2022). So people are adopting a variety of digital options, including digital lending. This way of lending money is emerging in India, when something is booming, consumers' awareness towards it is necessary, so that people would get to know about it and as well as try to gain positive and negative impact knowledge would get to know about digital loans. So this research would highlight Phone users' awareness, agreeability, and satisfaction with digital loan apps.

STATEMENT OF PROBLEMS

Usually, people would lend money from various banks. Customers would find it difficult to get a loan, as this way was initiated with many steps, procedures, and verifications to proceed for sanction loan. Here eligibility to avail loan was more significant. If any documents or eligibility criteria seem wrong then the loan either be cancelled or suggested to provide the correct documents. It was a rigorous process to avail loan at the right time to meet the debts of people. To solve this, Financial Technology has implemented many digital lending apps. It is still in an emerging process, people wouldn't know such a way of lending money. Because of a lack of awareness, people were scared to upload their documents to digital loan app portals and people were worried about their data security. To spot these issues, some of the research questions are: To what extent people have awareness on digital loans? If they are aware and subscribed, what made them to agree with certain characteristics of digital loans? If they agree then what was the satisfaction level of such factors of digital loans? Then does the customer suggest digital loan apps to others? And if so, which loan type would they insist others?

OBJECTIVE

- ✓ To detect the extent of awareness on digital loans.
- ✓ To measure the status of agreeability towards factors of subscribed digital loans.
- ✓ To know the level of satisfaction towards certain factors of digital loan apps.
- ✓ To indentify the preferable type of loan that motivates the use of digital loan Apps.

SCOPE

✓ The major scope is this would make you aware of Approved NBFC digital apps and will try to understand the characteristics of digital loans.

✓ Readers would gain a positive attitude toward digital loans, like how fast service and easy it is, what document requirements are, and how understandable instructions the service builder with. This will provide assured on factors of digital loan apps.

✓ If a result gives positive attributes, people will pay more attention to it. Likewise, this research work resulted in satisfaction with digital loans, so this would call for new subscribers.

✓ Here digital loan users have ranked some of the loan types, these make readers start thinking about availing of such loans to their benefit.

REVIEW OF LITERATURE

(Johnen et al., 2021)Discussed Promises and Pitfalls of digital credit: Empirical evidence from Kenya. This research article showed that digital credit increased borrowing opportunities, making people less likely to otherwise have credit access in the conventional credit markets. Though found that digital loan borrowing was also responsible for 90% of all blacklisting. A higher probability that digital credit defaults lead to the blacklisting of the borrower, compared to defaults in other credit markets. (Kamau, 2021) made a study on Digital Credit in Kenya: A Survey of Costs Uses and Borrowers Considerations about Loan Uptake. The aim of this study was to analyze the cost of digital credit, the uses to which the borrowers apply the digital loans, and which factor that users' make them to think before they avail digital lending in Kenya. Through this research, the researcher found that there was a significant difference between the cost of digital credit and the banks' lending rate in Kenya. (Kaur & Ilavarasan, 2022) made a study on Digital Loan Sharks in India & Regulatory Framework: An Assessment. Initially explained about how FinTech plays a major role. The reason for conducting the research was to explore the risks posed by digital lending and to identify the factors leading to financial consumer vulnerability and to assess the regulatory & supervisory framework to protect financial customers from digital loan sharks for reliable digital lending space. (Ogutu & Aluoch, 2023) Investigated Digital Lending Policies and The Uptake of Loans by Small-scale Businesses in Nairobi City, Kenya. Motive to find how loan limits, rate of interest, speed of access, repayment period, and creditworthiness requirements by digital lenders affect the rate at which small-scale businesses seed loans from traditional sources. It denotes that interest, speed of access, and repayment period have significant positive effects and creditworthiness has a significant negative effect on the uptake of loans by small-scale businesses. Suggested that the small-scale businesses would have recorded greater financial performance if the lenders adjusted the repayment periods in response to their liquidity needs. Research Gab: Most of the Early Researchers' found that what are the reasons influencing choosing such digital lending and some of the problems in digital lending. But still, there is some more objective which couldn't covered like, in case people are using digital loan apps, which loan apps they were using, such as certain apps' features satisfaction of customers and which loan type would they suggest to others to get in such digital loan apps, do this comes under government norms, these aren't fulfilled, so this research would find such certain things.

RESEARCH METHODOLOGY

- ✓ The type of research used in this research is Qualitative and Quantitative Research Methods.
- ✓ Used Non-Probability Sampling Method, with a systemized questionnaire primary data type, reading various Research Articles in Journals, going through government websites, and studying Books related to Finance.
- ✓ The area of research was Coimbatore City and Tirupur City, the Sample Size was assumed to be 100 but 90 was valid to analyze. 50 data belongs to Coimbatore city and 40 data belongs to Tirupur city.
- ✓ The first step in analyzing collected data was to check Reliability and Normality using SPSS Software. Got results in expected value. So, proceeded to analyze collected data with Percentage, ANOVA, and Garrett Ranking Analysis tools and Interpreted based on the results.

ANALYSIS OF DATA AND INTERPRETATION

The Sample size targeted to collect 100 but 90 was valid. The Phone users' demographic details, their Awareness level of digital loan apps, subscribers' agreement level towards the statement of digital loan, and borrowers' satisfaction towards certain factors of digital loan apps. To calculate the collected data, certain tools like Percentage, ANOVA, and Garrett Ranking Analysis such tools have been used to get precise values. Let's see the results based on the objective as listed below:

↯ Socio-Economic Profile of Mobile Phone Users

Table 1: Phone user' Demographic Details

Demographic data		Frequency	Percent
Gender	Male	64	71.1
	Female	26	28.9
	Total	90	100
Age	18 - 25	1	1.1
	26 - 35	42	46.7
	36 - 45	23	25.6
	46 & Above	24	26.7
	Total	90	100
Marital Status	Unmarried	26	28.9
	Married	64	71.1
	Total	90	100
Education	Students	6	6.7
	Businessmen	22	24.4
	Professional	31	34.4
	Employee	11	12.2
	Others	20	22.2
	Total	90	100
Education	SSLC	2	2.2
	HSC	15	16.7

	Graduation	40	44.4
	Post Graduation	23	25.6
	Others	10	11.1
	Total	90	100
Family Monthly Income	Less than 10,000	8	8.9
	10,000 to 20,000	6	6.7
	20,000 to 30,000	8	8.9
	Above 30,000	68	75.6
	Total	90	100

Source: Calculated in SPPS Software

Table 1 states that 71.1% were male phone users and 28.9% were female phone users. 46.7% were 26 years old to 35 years old, 26.7% were 46 years above, 25.6% were 36 years old to 45 years old, and 1.1% were 18 years old to 25 years old. 71.1% belonged to married respondents, and 28.9% were unmarried respondents. 34.4% were working as professionals, 24.4% were businessmen, 22.2% were choosing others here they mentioned like staff, coolie, 12.2% were employees, and 6.7% were students. 44.4% were graduated, 25.6% were post-graduated, 16.7% were studied up to Higher Secondary School level, 11.1% chose others option mentioning a Researcher, M.phil, 2.2% had just completed up-to SSLC level. 75.6% were earning more than 30,000 per month, 8.9% were family monthly income was between 20,000 to 30,000, 8.9% were earning less than 10,000 per month, and 6.7% were earning between 10,000 to 20,000.

🞢 **Awareness and usage of Digital Loan app by Mobile Phone Users**

Table 2: Awareness & usage practice of digital loan Apps

Digital Loan Apps		Fully Not Aware	Not Aware	Neither Aware Nor Not Aware	Aware	Fully Aware	Total
Home Credit	Frequency	17	6	3	29	35	90
	Percent	18.9	6.7	3.3	32.2	38.9	100
Paysense	Frequency	17	6	3	29	35	90
	Percent	18.9	6.7	3.3	32.2	38.9	100
Pay Me India	Frequency	9	6	5	32	38	90
	Percent	10	6.7	5.6	35.6	42.1	100
India gives Loan	Frequency	3	6	1	39	41	90
	Percent	3.3	6.7	1.1	43.3	45.6	100
Dhani	Frequency	24	20	8	17	21	90
	Percent	26.7	22.2	8.9	18.9	23.3	100
Money View	Frequency	17	6	3	29	35	90
	Percent	18.9	6.7	3.3	32.2	38.9	100
Cashe	Frequency	16	0	5	26	43	90
	Percent	17.8	0	5.6	28.9	47.7	100

Others	Frequency	5	15	13	41	16	90
	Percent	5.6	16.7	14.4	45.6	17.7	100

Source: Calculated in SPPS Software

Based on the first objective, to detect the level of awareness of digital loans, to find this percentage analysis tool used, Table 2 states 38.9% were fully aware of the Home Credit app, 38.9% were fully aware of the Paysense app, 42.1% were fully aware on Pay Me India app, 45.6% were fully aware on India gives Loan app, 26.7% were fully not aware on Dhani, 38.9% were Money View app, 47.7% were fully aware on Cashe app, 45.6% chose others options mentioning like Zest money app, Bajaj finserv app, Early salary, Paisabazaar credit limit and Digimoney.

🞣 Digital loan app users' level of acceptability towards certain factors

Table 3: Digital loan app subscribers' agreeability level to certain statements

S. No	Statements		Sum of Square	df	Mean Square	F	Sig.
1	It will not Corrupt the Existing apps	Between Groups	19.673	4	4.918	3.169	0.018
		Within Groups	131.927	85	1.552		
		Total	151.6	89			
2	Easy Instruction to get Loan	Between Groups	19.321	4	4.83	3.809	0.007
		Within Groups	107.822	85	1.268		
		Total	127.143	89			
3	Time to Time Notifications	Between Groups	11.886	4	2.971	1.996	0.102
		Within Groups	126.57	85	1.489		
		Total	138.456	89			
4	Easy to read the privacy & policy acceptance information	Between Groups	4.555	4	1.139	0.661	0.62
		Within Groups	146.345	85	1.722		
		Total	150.9	89			
5	It need minimum documents to avail loan	Between Groups	29.854	4	7.464	5.043	0.001
		Within Groups	125.801	85	1.48		
		Total	155.655	89			
6	Amount will deposit once document is verified	Between Groups	4.172	4	1.043	0.953	0.437
		Within Groups	92.984	85	1.094		
		Total	97.156	89			

Source: Calculated in SPPS Software

To achieve the second objective, To recognize the level of agreeability towards factors of subscribed digital loans, to find this Analysis of Variance was used and framed **Null hypothesis:** There is no significant difference between demographic details especially education, and with various statements towards digital loan apps, Table 3 indicates a level of agreeability of respondents, here except 3,4,6 statements, rest of the statements were less than significance of 5% which means that it reject the Null Hypothesis and accept the Alternative

Hypothesis called there is significance difference between demographic details especially education and with various statements towards digital loan apps.

⬥ Digital loan app users' level of Satisfaction towards certain factors

Table 4: Borrowers' satisfaction towards the various factors of digital loan apps
Source: Calculated in SPPS Software

S. No	Factors		Sum of Squares	df	Mean Square	F	Sig.
1	Data Security	Between Groups	1.638	4	0.41	0.348	0.845
		Within Groups	100.017	85	1.177		
		Total	101.655	89			
2	Information	Between Groups	18.086	4	4.521	3.327	0.041
		Within Groups	115.514	85	1.359		
		Total	133.6	89			
3	Need of Documents	Between Groups	13.946	4	3.486	2.285	0.067
		Within Groups	129.71	85	1.526		
		Total	143.656	89			
4	Summary Report	Between Groups	6.999	4	1.75	1.105	0.38
		Within Groups	134.657	85	1.584		
		Total	141.656	89			
5	Description	Between Groups	31.903	4	7.976	5.057	0.001
		Within Groups	134.052	85	1.577		
		Total	165.955	89			
6	EMI Facility	Between Groups	10.295	4	2.574	1.886	0.12
		Within Groups	116.027	85	1.365		
		Total	126.322	89			
7	Call Dues	Between Groups	2.411	4	0.603	0.528	0.715
		Within Groups	96.978	85	1.141		
		Total	99.389	89			

To achieve the third objective, To know the level of satisfaction towards certain factors of digital loan apps, to find this Analysis of Variance was used and framed **Null hypothesis:** There is no significant difference between demographic details especially education and various factors towards digital loan apps, Table 4 indicates the level of satisfaction of respondents, except 2 and 5 factors rest of the factors were greater than the significance of 5% which means that it accepts the Null Hypothesis. Factors Information and Description were accepted the Alternative Hypothesis.

➕ **Type of loan do Digital loan app users suggest to others, for borrowing from digital loan apps**

Table 5: Respondents ranking towards types of loan that they would suggest to others

Type of Loan	Total
Personal loan	56.88
Home loan	47.7
Education loan	55.9
Vehicle Loan	44.1
Business Loan	49.4

Source: Calculated in SPPS Software

To achieve the fourth objective, To know the preferable type of loan that could insist others buy in the future through a digital loan Apps, to find this Garrett Ranking Analysis tools were used; Table 5 shows personal loan ranks first, Education loan stands second, Business loan ranks third, Home loan ranks in fourth place, and fifth rank given to Vehicle loan.

RESULT & DISCUSSION

Research has been done by finding that male phone users' have higher than female phone users. Most of the users were 26 to 35 years old. The majority of the respondents were married. Most of them were professionalized. Most of them were graduated. The majority of their family income was above 30,000. Most of them were fully aware of Home Credit, Paysense, Pay Me India, India Gives Loan, Money View, and Cashe, other than this phone users' has mentioned various digital loan apps such as Zest money app, Bajaj Finserv app, Early salary, Paisabazaar credit limit, and Digimoney. This phone user was not fully aware of the Dhani digital loan app. Most of them got to know about digital loan apps through their friends and advertisements. Most of the users strongly agree and as well as just agree with certain statements regarding digital loan apps. Most of them felt digital loan apps were not corrupting the existing apps, they were easy to access and get notifications from time to time, privacy & policy information was easy to read, and the document required to avail amount was felt very satisfaction. Most of the borrowers felt very satisfied with certain factors like log-in facility, and profile edit options. Most of them felt satisfied with the information, summary report, description, EMI facility, call dues, and money received. Most of them felt neutral with certain factors like data security. To answer the question which loan type would users insist others? As personal loans are ranked first users will insist others take up this.

Borrower has to verify every privacy & policy note at the time of log-in and has to check whether notifications have been received through registered e-mail and phone number. If it seems suspicious have to report it to the help desk of a certain digital loan app. Even if terms and conditions are not stable then users have to clarify with a knowledgeable person or else they should contact the service provider to convince them.

A finance supporter has to create trustable advertisements to increase the subscriber count of each digital loan app. Companies have to create awareness campaigns regarding the launch of new digital loan apps. Once digital loan apps receive any questions or suggestions, from users they have to rectify them as soon as possible, if it is done inappropriately then the user count will not get active. The service provider has to create digital loan apps in the native language. Digital loan apps should come under government rules and regulations.

The government has to check more than a time to approve any of the services, like does it is effective to the consumers, whether the company follows the government rules and regulations, how much such company has data security to handle any of the cybercrime, does it has any possibility to accessed by an unauthorized person and does it is free of virus system. The government has to take action against inappropriate digital loan apps to make it a proper and effective way, to build the consumers' positive thinking; this would create a positive impact on digital loan apps and the government side.

CONCLUSION

Throughout the research, People are aware of new Financial Technology such as Digital Lending/Credit/Loan. It seems that how far people know such a thing; they might be using such a thing. Based on research questions, it can be justified that Most of them were aware of finance services but the agreeable and satisfaction of users of such services is questionable. Because they wouldn't have more knowledge about it, may be afraid to adopt it, might not have proper guideless to access, not be capable of use it, is all insist on data security, yes In this research users felt neutral to this factor because it might be of those reasons. Even though it is the simplest way to avail loan, people were still neutral to these services. To make it a positive attribute of digital service, the service provider should give surety about it in many ways, especially data security. Data security is the most important, which Digital Users; will consider foremost. Once it seems suspicious the User will delete the apps. So building trust among customers is a tedious task to make it possible. The service provider has to update the system based on suggestions given by users as well as equal to the competitive, or else users will shift to the other lending service. The finance service provider has increased more and more in India. But to regulate this government is still struggling to make it proper way. This might be the reason for a slight decrease in the count of users. If rules and regulations are implemented, this would make people trust certain digital loan apps and make use of them. So government should be active with this technology and should create regulations based on existing lending services, as much as strict way, so that lender servicers wouldn't malpractice over users. Some of the study's limitations were that there would be bias in respondents' answers to the question, the duration of the study was limited, and the analytical result would be approximate because this would change based on differences in sample size.

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