

The Influence of Online Consumer Credit on College Students' Consumption Behavior

-- A Case Study of Ant Huabei Financial Services

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Abstract. There is nearly a universal consensus that fintech more so in terms of credit services is convenient, besides serving as an official credit service for learners in colleges. However, in the case of convenience, it also produced a series of social difficulties, resulting in unrestricted spending among college students following obtaining financial assistance from Ant Huabei to spend money. Irrationality eventually emerged, and some students' exorbitant expenditure resulted in exceeding the payback time restriction. It has an effect on learning as well as physical and mental wellness. This issue has piqued the interest of educators and parents.

Keywords: Online Consumer Credit; College Students' Consumption; Ant Huabei; Online Credit Systems; Payments.

1. Introduction

The Chinese government placed tight limitations on the issuing of credit cards to learners in colleges by major financial organizations in 2009 (Aveni & Roest, 2017). Currently, the digital financial services sector has grown to include consumer credit, culminating into a slew of online credit systems. Novel financial offerings like online installment payment-lending, and network lending, among others, are being availed, providing a boost to China's credit consumption industry, illustrating the exponential growth of China's Fintech sector in the last few years. Consequently, this has substantially subverted the old financial paradigm and altered people's daily lives because to its affordability, high efficiency, as well as wide coverage (Basarir, 2022). Simultaneously, with the growth of the credit market for domestic consumers along with the increased usage of big data, resulted in the maturity of digital financial systems in China with regard to financial products targeting personal consumers (PwC, 2020).

2. Literature Review

The global university student credit platform mostly concerns the credit card industry in Western nations. Two-thirds of undergraduates possess credit cards, with the majority having numerous cards (Limbu, 2017). Credit cards, as the primary method of conventional credit consumption, have a number of regulatory issues, including cumbersome processing procedures, a high threshold, ease of use, and limited personal access to credit consumption (Basarir, 2022). The banking regulatory body in China in 2009 stops financial institutions from processing university learners' credit cards, resulting in a major shift where college student loans are mostly provided through online lending platforms (Zhou, 2019). College students in China make extensive use of digital financial lending facilities. Online lenders involve standard e-commerce systems, phased purchasing channels, peer-to-peer platforms, and others (Liu, 2018).

Concerning learners' behavior regarding online finance, Zhang and Zhang (2020) observed that the move to limit issuance of credit cards in 2009, coupled with students' technological competence plus the enhanced concept of consumption all led to students leading in the area of online credit consumption. According to Zhang (2013), while university learners' proper and objective reception of digital consumption has the potential of impacting network consumption positively, several unjustifiable manifestations like unrealistic personal consumption trends as well as the absence of

both security and rights awareness. Liu (2018), argued that the unacceptable lifestyles featuring consumption-centric, individualistic, and hedonistic values pursued by capitalist nations tend to motivate university learners to consume as a way seeking both love and satisfaction. Material consumption often results in a higher influence on college students' formation of a right sense of consuming. According to Limbu's (2017) survey study, the majority of student groups have accepted these installment consumption platforms since 2013. On the one hand, staging consuming increases college students' drive to consume while also encouraging the establishment of students' wrong consumption notions. Premeditated consumption, nevertheless, has a significant influence on college students' personal credit. Whereas the requirements for this group to register for Ant Huabei financial credit services are quite straightforward, several inconsistencies still exist. If college students' personal credits are overdue or not paid, certain damages will emerge.

The rise of e-commerce platforms allows users to experience shopping without leaving their homes. The ecommerce platform adjusts to the market and meets the demand preferences of the consumers. College students who are unable to manage credit cards supply a lending platform. A study by Zhou (2019), observed that when university learners utilize digital platforms for purchases, 65.52 percent prefer Ant Financial Service, 21.84 percent favor JD, as the rest of the 12.62 percent would go with various installment payment methods such as intriguing stage. As a result, ant credit pay is chosen as the ecommerce platform's representative of the personal consumer credit company.

3. Analysis

College students in China and the young adults are depending on credit consumption amidst the stresses of inflation resulting in rising living costs as well as the need to sustain a higher quality of life than earlier generations. As per the "Young People's Consumer Life Report" from Alipay, 65 million of China's almost 170 million post-90s have registered an account with Ant Group's consumer credit product Huabei. This suggests that nearly four out of every 10 post-90s use Huabei to pay their spending. Post-90s is China's designation for individuals born after 1990, a cohort that is similar to millennials and Gen Z in the West (PwC, 2020).

Even so, Huabei may not be the only extensively utilized digital lending service since Suning's Wayward Payment, JD's Baitiao, as well as Meituan's Monthly Payment present equally popular platforms, all of which let customers to spend first and pay thereafter through staggered payments or installments. Credit facilities are quite appealing to customers. Sites like Huabei help users to establish a credit history via its platform, in addition to the simplicity and accessibility of acquiring money. Credit may be accrued to get access to VIP advantages such as no deposit for renting shared bikes or accommodation discounts. Most users believe that credit products are handier in comparison to credit cards since they do not have to recall about paying fees, besides being a fantastic tool to track expenditure (Jingli, 2021).

Whereas these offerings have been particularly so widespread within the younger generations' profile, its impacts have been evident through increased indebtedness across this demographic. According to Zhang and Zhang (2020), 86.6 percent of Chinese college-goers are credit-product-users. Even though some simply deploy them as avenues for making payments, 44.5 percent of users within this category have accrued debt as a result of their use. Given the increasing levels of debt, the populace in China is becoming increasingly skeptical of these financial services. Others criticize the firms for focusing on young people because of their ludicrous consumption habits, including vulnerability to external pressures. Consequently, many people have applauded new rules that target microloan firms (Basarir, 2022).

4. Discussion

Studies have shown that college students have gotten acquainted to making payments using online credit services such as Ant Huabei that extends a credit spending allowance, despite the service being

launched less than 10 years ago. By letting customers to make purchases with subsequent payments that are spread over the next month. Based on the 2018 China consumer credit market report, those within the age range of 18 and 29 make up 36% of consumer finance borrowers – excluding housing loans – earning the top spot among the categories of borrowers (iResearch, 2018). Likewise, the same report observed that users in the categories of 30-39 years and 40-49 years constitute 30% and 33% of borrowers, in that order, with those aged 50+ years constituting the remaining 1%. The stark differences involving the largest and smallest groups embodies consumption habit shifts betwixt the diverse Chinese generations at the moment. This implies that older persons are keen on limiting consumption and living standards within affordable ranges, whilst the younger generation prefers to consume first before payments are affected at a later debt or living in the moment (Basarir, 2022).

The above phenomena are the result of several life events. While on the one side of the spectrum are 1960s generation who typically have a thrifty attitude regarding spending since, they have made much use of their lives in hardworking endeavours and accumulating the most savings for difficult days, the other end of the spectrum comprises young Chinese who currently enjoy improved standards of living in comparison to their childhoods, effectively eliminating concerns for everyday requirements (PwC, 2020). As a result, they frequently buy what they want rather than what they need without hesitation. The accelerated growth of the world's most populous nation following its reform and market freeing in 1978 has resulted in a shift from a manufacturing-centric culture to a consumer-oriented culture (Aveni and Roest, 2017).

Decades of industrial activity are yielding more products for consumption, explaining why Chinese college students and the young generation do not have to worry about the availability of the commodities they need to purchase. On the flipside, they are concerned that they do not have sufficient funds to purchase the majority of the items they desire. Another reason fueling the "buy first, pay later" tendency is the growing popularity and sophistication of digital credit facilities inside the paperless Chinese culture. Aside from Alipay's Huabei, JD.com debuted its electronic credit card tool Baitiao, which allows customers to buy things on its application and sites immediately and paying the debt afterwards, generally in the subsequent month or months should the consumers opt installment-based interest payments (Zhang and Zhang, 2020).

5. Conclusion

Due to the stringent limits on the issuing of credit cards to learners in colleges students by financial institutions, Fintech credit products are frequently utilized by Chinese university students. Using the Ant Huabei online financial services as an illustration, the article investigated college students' consumption behavior and found that it not only simplifies contemporary living and gives ease to the masses, but also instills new consumer notions in undergraduates. Although the usage of digital systems to provide personal consumption credit has a desirable influence on this demographic, it also comes with detrimental effects with regard to reckless spending. Buy-now-pay-later digital financing models are preferred by younger, tech-savvy customers of the post-1990s, post-1995s, and post-2000s demographics, who account for 36% of consumer finance borrowers as well as the majority of college students. The said demographic in China is inclined to a more free-spending and debt-averse culture in comparison to previous generations, besides symbolizing the future of luxury expenditures in the nation in the capacity of millennials and Gen Z.

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