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Understanding Credit Risk in Internet Consumer Finance: An Empirical Analysis with a Focus on the Young Generation

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Abstract: In recent years, internet finance has garnered increasing attention from the public. Online lending, emerging within the framework of Internet finance as a pivotal component, has witnessed substantial growth. While online credit, within the realm of Internet finance, presents numerous advantages over traditional lending, it concurrently exposes a plethora of credit risk issues. This study aims to facilitate the effective utilization of online credit tools by the young generation within the context of Internet finance. Additionally, it seeks to ensure the overall stability of the Internet finance environment and mitigate risks for the youth. Given the significance of understanding credit risk management for college students in the age of internet finance, this paper adopts the logistic model to evaluate credit risk in internet consumer finance and provides pertinent recommendations from the perspective of the young generation.

Keywords: Young generation; Credit risk in Internet consumer finance; Influencing factors; Logistic model

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1. Introduction

On December 8, 2018, the Office of the P2P Online Lending Risk Rectification Leadership Group issued a notice titled "Notification on the Issuance of the Implementation Plan for the Risk Rectification of Online Microloan Business of Small Loan Companies" to financial offices across various regions. Simultaneously, the 2018 rectification timeline for online platforms was also released [1].

In 2019, consumer finance institutions prioritized expanding their customer base as a key developmental task. They consistently heightened their investment efforts and embraced strategies actively exploring new consumption scenarios. These initiatives included strengthening brand promotion, collaborating with renowned Internet companies and traffic platforms for traffic diversion, and engaging in joint lending. These efforts effectively resulted in an increase in the scale of customer service.

Currently, consumer finance companies are widely viewed as enterprises with high-risk costs. According to a survey involving 24 institutions, a substantial 16 institutions selected "high risk-control costs" as a significant factor impacting company development (the most frequently chosen response). Overall, consumer finance companies confront significant risks, and the industry's non-performing loan rate remains notably high. The report indicates that the non-performing loan rate of consumer finance companies in 2019 stood at 2.63%, slightly surpassing the average for credit cards [2].

To bolster the core competitiveness of consumer finance, companies heavily leaned on the power of financial technology in 2019. They adhered to a tech-driven development philosophy, actively researching leading technologies such as 5G, artificial intelligence, big data, cloud computing, and blockchain. These technologies were then integrated into precision customer identification, enhanced process tracking, intelligent marketing, and product process transformation [3]. These measures brought notable improvements to the efficiency, efficacy, and quality of customer service, further highlighting the industry's "finance + technology" characteristics [4].

The report notes that most institutions in the industry allocated more than 5% of their annual 2019 budget to research and development. Nearly all institutions achieved intelligent marketing, post-loan management, and big data risk control. Some even pioneered applications like blockchain-based internet court collections. Additionally, a few institutions externally deployed their fintech capabilities, injecting fresh momentum into the consumer credit industry [5].

2. Empirical analysis of the impact factors of Internet consumer finance credit risk

2.1. Data sources

2.1.1. Design and distribution of the survey questionnaire

The recent surge of Internet consumer finance among the young demographic in China necessitates an in-depth exploration of usage patterns and an analysis of factors influencing credit risks for college students. To achieve this, a questionnaire survey was employed to collect pertinent data. The survey focused on three main areas: usage patterns of Internet consumer finance among young individuals, factors affecting their credit risks, and manifestations of these credit risks. Dissemination occurred online, primarily through platforms such as WeChat and QQ groups, targeting the desired demographic. In total, 500 questionnaires were distributed, resulting in 385 responses and a response rate of 77%.

2.1.2. Selection of survey participants

The study's target demographic encompassed young individuals aged 18 to 40 with a proclivity for Internet consumption.

2.1.3. Data processing

For the empirical research, this study utilized data from 385 valid questionnaires to conduct a descriptive statistical analysis. Of these, 382 responses indicated that respondents have already commenced using Internet consumer finance products, serving as the primary data source. Data analysis was facilitated using SPSS 22.0 software and Excel 2016.

2.2. Selection and explanation of variables

2.2.1. Selection and classification of personal credit risk evaluation indicators

Derived from the personal credit risk assessment system employed by domestic commercial banks and considering the nuances of both online consumer finance platforms and the young demographic, the principles guiding the establishment of personal credit evaluation indicators, based on statistical analysis, exhibit the following features:

(1) Universality of the applicable subjects: In determining evaluation indicators, the consideration of common characteristics across all evaluated subjects was prioritized. Failure to do so may result in inconsistencies during the scoring process, where evaluators might employ different assessment criteria, rendering the evaluation results incomparable.

(2) Information comprehensiveness: The selected indicators should encompass information from all departments or organizations relevant to credit. To ensure the evaluation's comprehensiveness and reliability, data must be sourced from various domains. Emphasis is placed on standardizing the names of these indicators for clarity and non-controversial definitions and scope. Simultaneously, the authenticity of the data is paramount; reliable data is a prerequisite for conducting a meaningful evaluation. Even easily accessible data becomes futile if it is distorted [6]. Refer to **Table 1** for detailed references.

Table 1. Preliminary index for analysis of internet financial credit risk factors in the young population

Level-I indicators	Level-II indicators	Level-III indicators
Basic information	Gender Age Occupation Marital status	-
Credit behavior	Activity in credit behavior	Annual credit card expenditure
	Creditworthiness	Overdue repayment situation
Trustworthiness	Income	Average annual personal income Primary sources of personal income
	Consumption	Annual repayment amount for items such as housing, cars, etc.

2.2.2. Explanation of variables

In this study, three-tier indicators are chosen as relevant variables, with 'y' serving as the dependent variable.

2.3. Model establishment and dummy variable transformation

This empirical research employed the SPSS software and logistic regression. The formulated model is expressed as: $\ln y = \beta_0 + \beta_1 X_1 + \beta_1 X_2 + \beta_1 X_3 + \cdots + \beta_i X_i + \zeta$.

The independent variables, denoted as $X_1, X_2, X_3, \cdots X_i$, represent the influencing factors of online consumer financial credit risk. These factors encompass elements such as gender, age, occupation, marital status, annual credit card expenditure, overdue repayment status, average annual personal income, primary source of personal income, and annual repayment amounts for items. Refer to **Table 2** for detailed information.

The dependent variable 'y' signifies the performance occurrence ratio of online consumer finance users, y=1 denotes user performance (fulfillment), while y=0 indicates user default. 'ζ' represents the random variable, accounting for unconsidered unknown influencing factors in this paper, as well as data observation errors and other disturbances [7].

Table 2. Conversion table for dummy variables

Factors	Characteristic values	
Gender	Male	$X_1 = 1$
	Female	$X_1 = 0$
Age	36–40 years old	$X_2 = 0, X_3 = 0, X_4 = 0$
	31–35 years old	$X_2 = 1, X_3 = 0, X_4 = 0$
	26–30 years old	$X_2 = 0, X_3 = 1, X_4 = 0$
	18–25 years old	$X_2 = 0, X_3 = 0, X_4 = 1$
Occupation	White-collar	$X_5 = 0, X_6 = 0, X_7 = 0, X_8 = 0$
	Civil servant	$X_5 = 1, X_6 = 0, X_7 = 0, X_8 = 0$
	Ordinary worker	$X_5 = 0, X_6 = 1, X_7 = 0, X_8 = 0$
	Student	$X_5 = 0, X_6 = 0, X_7 = 1, X_8 = 0$
	Others	$X_5 = 0, X_6 = 0, X_7 = 0, X_8 = 1$
Marital status	Married	$X_9 = 1$
	Single	$X_9 = 0$
Annual credit card expenditure	0–2,000 CNY	$X_{10} = 0, X_{11} = 0, X_{12} = 0, X_{13} = 0$
	2,001–5,000 CNY	$X_{10} = 1, X_{11} = 0, X_{12} = 0, X_{13} = 0$
	5,001–10,000 CNY	$X_{10} = 0, X_{11} = 1, X_{12} = 0, X_{13} = 0$
	10,001–20,000 CNY	$X_{10} = 0, X_{11} = 0, X_{12} = 1, X_{13} = 0$
	> 20,000 CNY	$X_{10} = 0, X_{11} = 0, X_{12} = 0, X_{13} = 1$
Overdue repayment situation	Repaid on time	$X_{14} = 0, X_{15} = 0, X_{16} = 0$
	Late repayment once	$X_{14} = 1, X_{15} = 0, X_{16} = 0$
	Late repayment twice	$X_{14} = 0, X_{15} = 1, X_{16} = 0$
	Late repayment ≥ 3	$X_{14} = 0, X_{15} = 0, X_{16} = 1$
Average annual personal income	> 50,000 CNY	$X_{17} = 0, X_{18} = 0, X_{19} = 0$
	20,001–50,000 CNY	$X_{17} = 1, X_{18} = 0, X_{19} = 0$
	10,001–20,000 CNY	$X_{17} = 0, X_{18} = 1, X_{19} = 0$
	0–10,000 CNY	$X_{17} = 0, X_{18} = 0, X_{19} = 1$
Primary sources of personal income	Self-employed/Company owner/Shareholder	$X_{20} = 0, X_{21} = 0, X_{22} = 0$
	Employed for wages	$X_{20} = 1, X_{21} = 0, X_{22} = 0$
	Borrowing	$X_{20} = 0, X_{21} = 1, X_{22} = 0$
	Other	$X_{20} = 0, X_{21} = 0, X_{22} = 1$
Annual repayment amount for items such as housing, car, etc.	< 5,000 CNY	$X_{23} = 0, X_{24} = 0, X_{25} = 0$
	5,001–10,000 CNY	$X_{23} = 1, X_{24} = 0, X_{25} = 0$
	10,001–20,000 CNY	$X_{23} = 0, X_{24} = 1, X_{25} = 0$
	> 20,000 CNY	$X_{23} = 0, X_{24} = 0, X_{25} = 1$

2.4. Parameter estimation

Table 3 shows the variables in the equation for the regression model. Hence, the equation of the regression model is: $y = 15.142 + 23.102x_1 - 7.201x_2 - 19.188x_3 - 3.266x_4 + 2.352x_5 + 2.748x_6 + 4.364x_7 + 9.282x_8 - 3.076x_9 - 10.234x_{10} - 8.005x_{11} - 2.096x_{12} - 6.223x_{13} + 5.481x_{14} - 6.913x_{15} + 7.245x_{16} - 6.119x_{17} + 0.379x_{18} - 3.014x_{19} - 6.519x_{20} - 10.624x_{21} - 7.051x_{22} + 11.037x_{23}$

Table 3. Variables in the equation for the regression model (step 1a)

Intercept	Regression coefficient (β)	Standard error (SE)	Weighted-average least squares (WALS)	Degrees of freedom (df)	Significance (sig)	Odds ratio [Exp(B)]
x_1	23.102	0.250	0.168	1	0.000	1.108
x_2	-7.201	0.267	0.571	1	0.012	0.818
x_3	-19.188	0.295	0.406	1	0.000	0.829
x_4	-3.266	0.284	0.875	1	0.000	0.767
x_5	2.352	0.289	1.482	1	0.023	1.422
x_6	2.748	0.302	6.114	1	0.013	2.113
x_7	4.364	0.269	1.839	1	0.010	1.440
x_8	9.282	0.263	1.149	1	0.040	1.326
x_9	-3.076	0.252	0.090	1	0.010	0.927
x_{10}	-10.234	0.263	0.791	1	0.040	0.792
x_{11}	-8.005	0.258	0.000	1	0.040	0.995
x_{12}	-2.096	0.257	0.139	1	0.020	0.909
x_{13}	-6.223	0.259	0.745	1	0.000	0.800
x_{14}	5.481	0.253	3.608	1	0.010	1.618
x_{15}	-6.913	0.252	13.118	1	0.000	0.401
x_{16}	7.245	0.258	0.903	1	0.020	1.278
x_{17}	-6.119	0.247	0.231	1	0.000	0.888
x_{18}	0.379	0.249	2.317	1	0.128	1.461
x_{19}	-3.014	0.242	0.003	1	0.000	0.987
x_{20}	-6.519	0.249	4.327	1	0.000	0.595
x_{21}	-10.624	0.248	6.312	1	0.012	0.536
x_{22}	-7.051	0.249	0.042	1	0.000	0.950
x_{23}	11.037	0.246	0.023	1	0.110	0.964
Constant	15.142	0.512	0.077	1	0.010	0.867

2.5. Model fit test and parameter significance test

From the Hosmer and Lemeshow test (**Table 4**), it was found that the significance value is less than 0.01, indicating that the model has a good fit. The Pearson significance level is 1, further suggesting a high level of model fit (**Table 5**). **Table 6** shows the likelihood ratio test results.

Table 4. Hosmer and Lemeshow test

Step	χ^2	df	Sig
1	0.283	0.165	0.000

Table 5. Goodness-of-fit

	χ^2	df	Sig
Pearson	7.259	0.018	1.000
Deviance	4.122	0.018	1.000

Table 6. Likelihood ratio test

Effects	Model fit criteria	Likelihood ratio test		
	-2 log-likelihood of the simplified model	χ^2	df	Sig
Intercept	91.362	0.000	1	-
Gender	98.955	7.594	1	0.015
Age	93.781	2.420	1	0.000
Occupation	96.126	4.746	1	0.000
Marital status	91.273	-	1	0.000
Annual credit card expenditure	1.006×10^2	9.223	1	0.002
Overdue repayment situation	97.698	6.337	1	0.000
Average annual personal income	94.587	3.121	1	0.000
Primary sources of personal income	93.273	-	1	0.000
Annual repayment amount for items such as housing, car, etc.	91.781	-	1	0.000

2.6. Summary of empirical analysis results

(1) Gender: At the 5% significance level, with a parameter value of 0.00, it is evident that gender plays a significant role among the influencing factors of Internet consumer finance credit risk. Distinct roles and consumption patterns between men and women contribute to varying credit perceptions. Young men, focused on career-building, often incur higher default rates due to increased loan and credit card usage for major purchases. Conversely, women's expenditures, concentrated around events such as the "Singles' Day" shopping festival, result in different risk profiles. Gender emerges as a substantial influencer of credit risk in online consumer finance.

(2) Age: At the 5% significance level, with a parameter value less than 0.05, age significantly impacts Internet consumer finance credit risk. The study's demographic, aged 18 to 40, reveals distinct borrowing patterns. The younger demographic (18–25) have lower incomes, leading to more frequent but smaller loan amounts driven by heightened consumption desires. In contrast, those aged 25–30 borrow more often and in larger amounts, often motivated by a desire to affirm their social status. Individuals aged 30–40 exhibit a more uneven distribution of loan frequency and amount. These findings highlight age-related variations in consumption motivations and financial behavior.

(3) Occupation: At the 5% significance level, with a parameter value less than 0.05, occupation

significantly influences Internet consumer finance credit risk. White-collar workers and students emerge as the most influenced groups, with white-collar employees living paycheck to paycheck, and students, driven by curiosity and the desire to fit in their social circle, relying on credit cards or internet-based peer-to-peer lending platforms for advanced consumption. While many students take up part-time jobs, their earnings are often insufficient to cater to their consumption needs. The white-collar demographic, mostly forming the lower-middle class of society, has basic expenses like rent. Coupled with recent graduates eager to establish social status, there is a trend toward premature consumption through online channels [8].

(4) Marital status: At the 5% significance level, with a parameter value less than 0.05, marital status notably impacts Internet consumer finance credit risk. Married individuals, burdened by mortgages and car loans, often turn to online lending for short-term solutions despite the high interest rates. Conversely, unmarried individuals, unencumbered by such obligations, typically borrow smaller amounts compared to their married counterparts.

(5) Credit activity: At the 5% significance level, with a parameter value less than 0.05, the level of credit activity significantly influences Internet consumer finance credit risk. Larger borrowers, making minimum repayments or paying in installments, face a higher probability of defaults. Conversely, smaller borrowers can typically repay debts with their subsequent month's salary.

(6) Creditworthiness: At the 5% significance level, with a parameter value less than 0.05, creditworthiness considerably affects Internet consumer finance credit risk. Multiple instances of overdue repayments indicate higher financial credit risk. Financial institutions often enforce policies barring customers with repeated overdue repayments from borrowing for extended periods.

(7) Income: At the 5% significance level, with a parameter value less than 0.05, both income level and its source significantly influence Internet consumer finance credit risk. Higher-income brackets exhibit better financial risk awareness, while lower-income individuals, typically at the lower echelons of society, demonstrate lower personal credibility and poor financial risk awareness. Income level, especially from wage-earning and borrowing, significantly affects credit risk.

(8) Consumption: At the 5% significance level, with a parameter value less than 0.05, consumption has a significant influence on Internet consumer finance credit risk. Default rates are lower for smaller repayment amounts but considerably higher for larger amounts. Higher consumption correlates with greater repayment pressure, leading to higher chances of overdue payments and accumulating debts. Consumption patterns significantly impact credit risk in online consumer finance.

3. Preventative measures and recommendations to mitigate credit risk in China's Internet consumer finance

3.1. Enhancing financial income for young adults while prioritizing academics

From the preceding discussions, it is apparent that young adults, particularly students, frequently engage in impulsive spending. Given this demographic's general lack of stable income and financial capability, it is imperative to assist them in finding ways to augment their income. While these young individuals primarily focus on education, the following suggestions aim to acquaint them with societal responsibilities and simultaneously enhance their personal income.

3.1.1. Part-time jobs to supplement income without compromising academics

During their spare time, young adults can take up part-time jobs to leverage their accumulated knowledge and skills. For instance, they can utilize their academic strengths to become tutors, assisting other students and earning compensation in return. Alternatively, they might opt for manual labor tasks, such as distributing flyers, working as waitstaff, or taking up promotional roles in supermarkets. Through these endeavors, they can earn money to support repayments and daily expenses.

While income from part-time jobs may not be substantial, most of these roles offer daily or short-term payments. This allows students to make the best use of their free time and vacations for work, providing them with valuable foundational work experience and a modest income. Regardless of the type of part-time job they undertake, the effort and labor they invest result in some form of remuneration, addressing immediate financial needs.

3.1.2. Entrepreneurship without sacrificing academic commitments

Young adults possess the vigor of youth, and both schools and governments encourage their entrepreneurial endeavors. These individuals can seek collaboration opportunities, leveraging their entrepreneurial skills to acquire capital. By teaming up with friends or classmates, they can embark on a business venture, working diligently and utilizing each other's strengths to earn their initial capital. This not only alleviates the pressures of debt but also ensures they have a financial source for repayments.

A brilliant innovative idea, when combined with sound financial backing, can pave the way for a fresh business venture. By leveraging their unique strengths and ensuring their academics are not compromised, young adults can enhance their capabilities, learn how to manage their own enterprises, gain entrepreneurial experience, and secure assistance from friends. Such an entrepreneurial journey not only provides financial support but also offers rich experiential learning.

3.1.3. Internships without impacting academic responsibilities

Young adults, armed with the knowledge acquired during their educational journey, are well-prepared to enter the job market. Their academic achievements can serve as a foundation during job interviews. They can capitalize on their free time by taking up internships, enriching their work experience and practical skills while also earning additional income. This can be particularly beneficial in mitigating credit risks arising from unstable income or financial shortages.

Internship roles offer a degree of stability and serve as a foundational step before fully entering the workforce. They provide a platform for accumulating substantial work experience, enabling young adults to gain valuable insights into professional life while securing a stable income source. This can be instrumental in addressing debt issues stemming from credit-based spending.

3.2. Guiding young adults to establish correct consumer values and integrity awareness

As evident from the analysis in this paper, young adults often lack a strong sense of self-protection and prudent spending habits. In this context, they can easily succumb to temptations. Thus, establishing a correct and rational consumption perspective can help avoid such scenarios more effectively.

3.2.1. From a family perspective

The family, often the first teacher in a child's life, should assist in instilling appropriate consumption and value perspectives. In daily life, parents can teach their children about the judicious use of Internet financial products. By enlightening them on the terms and conditions of various financial agreements and capping their allowances, parents can diminish the tendency among children to engage in comparative or competitive consumption. Parents should guide their children to make choices based on their individual financial situation rather than societal pressures.

Parents, due to the significant time spent with their children, can leverage their seniority and experience to better educate their offspring about Internet financial institutions. They can impart appropriate value systems and consumption habits, introduce them to the concept of credit-based spending in a controlled manner, and use dialogues to communicate the risks associated with credit. In the process, parents themselves subtly reinforce good consumption values and, in tandem with their children, jointly foster a growth-oriented mindset and behavior.

3.2.2. From the perspective of schools

Educational institutions can offer courses and lectures related to consumer finance, using classroom teachings to help young adults establish benchmarks for consumption and value perspectives. Outside of classroom hours, relevant school clubs or student associations can organize integrity education activities for the youth to help them develop a sense of honesty and enhance their creditworthiness. Cultivating students' personal qualities can elevate not only their individual competencies but also raise the overall standard of the school.

Schools, whether as university administrators or as guardians of students, should assist students in shaping correct value and consumption perspectives. They should guide students towards prudent spending without overextending their credit and curb impulsive desires. Helping students move beyond mere trend-following can satisfy their daily needs and psychological well-being without necessarily being in vogue. Such changes represent not only an evolution for the students but also an enhancement and leap in their value perspectives, consumption habits, and overall personal qualities.

3.2.3. From the students' perspective

Students, as the direct recipients of credit risk, are better served by self-regulation than mending after mistakes. They should immerse themselves in financial management information and learn personal finance techniques to establish scientific money management methods. When confronted with material temptations and peer comparisons, students should be equipped to stay firm and resist these temptations. Moreover, sharing their management styles with peers, learning from others, and compensating for their own shortcomings can further reinforce the right consumption values and integrity awareness. Establishing appropriate value and consumption views can better prepare them for future life experiences.

As they are on the cusp of entering society and leaving the protection of family and school, the lack of experience necessitates further enhancement in other aspects. By setting up a sound value and consumption perspective, they can engage in economic activities more effectively, rationally resist temptations, and self-improve, which is purely beneficial.

Of course, establishing a robust financial management system and fostering the right consumption and value perspectives can offer invaluable assistance. Learning to increase income and save wisely, making thoughtful arrangements, and preparing for future necessities, the accumulation of experience, and personal growth will better equip them to stand firm in society and excel in life.

3.3. Enhancing the operation and policies of internet platforms

As digital financial institutions represent an emerging industry, traditional regulatory and policy frameworks may not comprehensively cover all its facets. Young adults frequently face situations where inadequate information disclosure, insufficient monitoring, and limited recourse after deception are prevalent. In light of this, it is imperative to bolster the operations and policies concerning digital financial entities.

3.3.1. Refining laws and regulations pertaining to credit consumption

Given that digital financial institutions diverge from their traditional counterparts, there is a need to enhance their management from both legislative and law enforcement perspectives. It is essential to solidify the legal foundation. Building on the legal basis of traditional finance, refining related laws can help create a secure and stable online information environment, providing legal protection for young adults. Concurrently, when rolling out credit information platforms for the younger demographic, it is vital to establish comprehensive credit information networks, ensuring full understanding and disclosure while intensifying regulatory procedures.

As protectors of the young generation and the broader public, the refinement of laws and regulations is of paramount importance. People coexist under the protective umbrella of legal frameworks, and it is due to these rules that individuals can conduct their daily lives confidently. As digital finance is a nascent domain, much of it remains unfamiliar or concealed. Establishing a comprehensive legal system can offer safety guarantees for consumers and simultaneously promote the prosperous and stable growth of digital finance.

3.3.2. Standardizing digital financial institutions

Addressing the nature of digital financial entities, there is a primary need to standardize credit application criteria. By appropriately elevating prerequisites, situations where young individuals secure loans merely based on student IDs and national identity cards may be avoided. Institutions should raise their credit rating standards, placing those with questionable credit histories on a blacklist, and ensuring that approvals are only granted to those meeting the criteria with no recent infractions. Furthermore, these entities should evaluate the debt repayment capabilities of the youth, rating their credit risk and capacity to endure such risks. For individuals with malicious defaulting behavior, legal actions should be initiated to recover owed funds.

3.3.3. Establishing third-party fund protection agencies

When young adults engage in credit-based transactions, most of their engagements pertain to unsecured loans. At this juncture, the establishment of third-party fund protection agencies is paramount. Leveraging credit default swaps can serve as a hedge against credit risks, facilitating the repayment of portions of the debt that students cannot address. A fraction of the interest revenue generated by students would also be allocated to these third-party entities.

Implementing online financial loan insurance can safeguard the rights and interests of both young individuals and lending institutions. When young adults tap into digital financial loans, this insurance can better ensure their protection. In scenarios where they face credit risks, such insurance can swiftly intervene, mitigating the adverse impacts of potential losses. This not only safeguards online financial lending but, through timely premium payments, also ensures that young adults do not lapse into overdue behaviors.

4. Conclusion

Through this study, it's evident that the Internet frequently offers endless conveniences to people. In today's rapidly progressing society, with swift economic growth and increasing prosperity, technology has been evolving and improving alongside economic advancements. Student demographics, acting as credit recipients, often engage in transactions with e-commerce platforms, digital finance companies, online consumer loans, and traditional commercial bank credit cards. It is imperative for these students to augment their financial literacy. Being sufficiently informed about specialized areas in their lives, especially in areas of credit consumption, becomes a crucial element.

For the youth demographic, regardless of whether they engage in digital financial consumption or other tasks, effective and informed use is paramount. Establishing robust fund protection agencies benefits not just the young consumers but also the digital financial institutions themselves. When confronted with credit risks, safeguarding the mutual interests of both parties ensures stable transaction processes. It is vital to shield students from potential rights infringements and to ensure that digital financial entities can mitigate their losses when faced with adverse situations.

Disclosure statement

The author declares no conflict of interest.

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