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Article

DIGITAL CREDIT REVOLUTION: A STUDY ON THE INFLUENCE OF DIGITAL LENDING PLATFORMS ON CONSUMER BORROWING BEHAVIOUR

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Abstract: Digital lending platforms have transformed the financial services sector by providing consumers with quick, convenient, and technology-driven access to credit. The integration of financial technology (FinTech) into lending services has simplified the borrowing process through paperless documentation, instant loan approvals, and mobile-based applications. Despite these advantages, concerns regarding financial literacy, digital security, transparency, and responsible borrowing continue to influence consumers' adoption and borrowing behaviour. The present study, titled "An Examination of the Influence of Digital Lending Platforms on the Borrowing Behaviour of Consumers in Thoothukudi District," aims to analyse consumers' awareness of digital lending platforms, their usage patterns, borrowing behaviour, and the challenges associated with digital lending services. The study adopted a descriptive research design based on both primary and secondary data. Primary data were collected through a structured questionnaire from 325 respondents using the convenience sampling technique. The collected data were analysed using Percentage Analysis, Independent Sample t-test, One-Way ANOVA, Mann–Whitney U Test, and other appropriate statistical tools with the support of SPSS software. The findings reveal that consumers possess a moderate to high level of awareness regarding digital lending platforms, their services, eligibility criteria, and regulatory guidelines. The study found that age significantly influences consumers' awareness of digital lending platforms, while gender has only a limited influence on the usage of digital lending services, with a significant difference observed only in respondents' preference for paperless loan processing. Further, occupation significantly influences selected dimensions of borrowing behaviour, particularly borrowing frequency, access to financial services, evaluation of repayment capacity, and borrowing based on financial necessity. The results also indicate that digital lending platforms have enhanced financial accessibility and convenience; however, concerns relating to digital security, financial literacy, responsible borrowing, and regulatory awareness continue to affect consumers' borrowing decisions. The study concludes that digital lending platforms play a vital role in promoting financial inclusion by providing faster, more accessible, and customer-friendly lending services. However, strengthening consumer awareness, improving digital financial literacy, enhancing transparency in lending practices, ensuring compliance with RBI regulations, and reinforcing cybersecurity measures are essential for encouraging responsible borrowing behaviour and building long-term consumer confidence. The findings provide valuable implications for financial institutions, FinTech companies, policymakers, regulators, and researchers in developing effective strategies to promote sustainable and responsible digital lending practices in India.

Keywords: Digital Lending Platforms, Borrowing Behaviour, FinTech, Consumer Awareness, Digital Finance, Financial Inclusion, Digital Loans.

1. INTRODUCTION

In the contemporary digital era, financial technology has transformed the traditional banking and lending system by introducing innovative digital lending platforms that provide quick, convenient, and accessible credit facilities to consumers. The emergence of digital lending applications and fintech services has revolutionized the borrowing process by enabling consumers to obtain loans through online platforms with minimal documentation and faster approval procedures. Digital lending platforms such as Paytm, PhonePe, KreditBee, Moneyview, and CASHe have significantly expanded the accessibility of credit services among consumers. The rapid growth of smartphones, internet penetration, digital payment systems, and fintech innovations has encouraged consumers to increasingly depend on digital lending services for personal, educational, emergency, and lifestyle-related financial needs. Unlike traditional banking systems, digital lending platforms offer instant loan approvals, paperless transactions, flexible repayment options, and user-friendly mobile applications, which have enhanced consumer convenience and financial inclusion. However, the easy availability of digital credit has also influenced consumer borrowing behaviour in various ways. Consumers are increasingly adopting digital loans for impulsive spending, online shopping, lifestyle consumption, and short-term financial requirements. Factors such as convenience, attractive promotional offers, simplified procedures, low-interest schemes, and aggressive digital marketing strategies have contributed to the rising usage of digital lending services among different categories of consumers. At the same time, concerns have emerged regarding excessive borrowing, financial dependency, repayment behaviour, hidden charges, and consumer awareness related to digital lending platforms. The behavioural patterns of consumers towards digital borrowing are influenced by demographic, psychological, technological, and economic factors. Therefore, understanding consumer borrowing behaviour in the context of digital lending platforms has become an important area of academic and practical research. Several studies have highlighted that fintech innovations are reshaping consumer financial behaviour and credit accessibility. Researchers have emphasized that digital lending platforms not only improve financial inclusion but also alter consumers' attitudes towards borrowing and spending decisions. Nevertheless, limited studies have focused specifically on how digital lending platforms influence consumer borrowing behaviour in the Indian context, particularly among diverse consumer groups.

2. REVIEW OF LITERATURE

Ramesh et al. (2022) examined the experiences of financially stressed users of instant loan platforms in India. The study found that the convenience of instant digital loans encouraged consumers to accept unfavorable lending terms, disclose personal data, and borrow repeatedly despite financial risks. The authors emphasized the importance of transparency, consumer protection, and responsible digital lending practices.

Cornelli et al. (2023) analyzed the rapid growth of fintech credit across different countries. The study concluded that digital lending platforms have expanded access to consumer credit through advanced data analytics and digital technologies. However, the authors also highlighted concerns regarding credit risk assessment, consumer protection, and regulatory oversight.

Sharma (2024) investigated borrowing behaviour among urban households in India and found that increased digital financial access has positively influenced consumer borrowing decisions. The study reported that income, education, employment status, and digital financial literacy significantly determine the adoption of digital credit services.

Dasari (2025) examined the rapid expansion of digital lending in India and observed that the ease of accessing instant loans has increased borrowing among consumers. However, the study also identified unethical recovery practices, excessive interest charges, and privacy violations as major concerns affecting borrower welfare.

RESEARCH GAP

The previous studies have examined the growth of digital lending platforms, FinTech-based credit services, and consumer borrowing behaviour, several important research gaps remain. Most existing research has focused on financial inclusion, technology adoption, and regulatory aspects of digital lending at the national or international level, while limited attention has been given to how digital lending platforms influence the borrowing behaviour of individual consumers, particularly in semi-urban regions such as Thoothukudi District. Furthermore, earlier studies have primarily emphasized the accessibility and convenience of digital credit, with comparatively less focus on the combined influence of consumer awareness, usage patterns, financial literacy, trust in digital lending platforms, borrowing behaviour, and responsible borrowing practices. In addition, there is a lack of empirical studies that comprehensively examine both the positive outcomes (such as improved credit accessibility and convenience) and the challenges (such as excessive borrowing, repayment difficulties, hidden charges, and privacy concerns) associated with digital lending. Therefore, the present study seeks to bridge these gaps by analyzing the influence of digital lending platforms on consumers' borrowing behaviour in Thoothukudi District, thereby providing empirical evidence to support policymakers, financial institutions, FinTech companies, and consumer protection agencies in promoting responsible digital lending practices and enhancing financial well-being.

STATEMENT OF THE PROBLEM

The rise of Financial Technology (FinTech) has transformed consumer lending through digital platforms offering quick, paperless credit access using technologies like artificial intelligence and big data analytics. In India, factors such as smartphone penetration, internet access, Unified Payments Interface (UPI), and government digital financial inclusion initiatives have propelled digital lending. Consumers increasingly depend on these platforms for personal, educational, and emergency financial needs. However, the swift growth of digital lending raises concerns regarding consumer borrowing behavior, as instant credit may lead to excessive borrowing and impulsive financial choices, particularly among younger, less experienced individuals. Issues like hidden fees, high-interest rates, questionable recovery practices, data privacy, cybersecurity threats, and limited financial literacy pose challenges for borrowers and regulators alike, necessitating an understanding of how digital lending influences borrowing habits and repayment behaviors. Factors affecting consumer borrowing behavior include financial literacy, income, risk perception, trust in platforms, ease of use, perceived usefulness, and awareness of loan conditions. Despite the convenience of digital lending, many consumers lack the knowledge needed to assess borrowing costs and potential risks, which may compromise their long-term financial stability. In Tamil Nadu's Thoothukudi District, a burgeoning commercial and industrial area, digital infrastructure and FinTech adoption have increased access to formal credit. However, limited research exists on how digital lending impacts consumer borrowing behavior at the district level, with most studies focusing on broader national trends. This study aims to bridge this gap by exploring the influence of digital lending platforms on borrowing behavior and identifying the factors that shape borrowing decisions, providing insights for stakeholders in promoting responsible lending and improving financial literacy.

RESEARCH QUESTION

RQ: How do digital lending platforms influence the borrowing behaviour of consumers in Thoothukudi District?

RQ1: How do digital lending platforms influence the borrowing behaviour of consumers in Thoothukudi District?

RQ2: What is the level of awareness and usage of digital lending services among consumers in Thoothukudi District?

RQ3: What is the impact of digital lending platforms on consumers' borrowing behaviour in terms of loan accessibility, borrowing decisions, and repayment practices?

RESEARCH OBJECTIVES

To examine the influence of digital lending platforms on the borrowing behaviour of consumers in Thoothukudi District. To assess the level of awareness and usage of digital lending services among consumers. To analyze the impact of digital lending platforms on consumers' borrowing behaviour.

NULL HYPOTHESIS

H01: There is no significant relationship between age of the respondents and Awareness of Digital Lending Platforms

H02: There is no significant relationship between gender of the respondents and Usage of Digital Lending Platforms

H03: There is no significant relationship between Occupation of the respondents and Borrowing Behaviour

3. RESEARCH METHODOLOGY

The present study entitled "Digital Credit Revolution: A Study on the Influence of Digital Lending Platforms on Consumer Borrowing Behaviour" adopts a descriptive research design to examine the influence of digital lending platforms on consumers' borrowing behaviour in Thoothukudi District. The study focuses on analysing consumers' awareness, usage patterns, borrowing decisions, and the factors influencing the adoption of digital lending services. Both primary and secondary data were used for the study. Primary data were collected from consumers through a structured questionnaire, while secondary data were gathered from journals, research articles, reports, websites, and other relevant sources related to digital lending and FinTech services. The study population consists of consumers who have awareness or experience with digital lending platforms in Thoothukudi District. A sample size of 325 respondents was selected using the convenience sampling technique. The questionnaire was designed using a five-point Likert scale to measure different dimensions such as awareness of digital lending platforms, usage behaviour, borrowing patterns, and challenges associated with digital lending services. The collected data were systematically analysed using Percentage Analysis, Independent Sample t-test, One-Way ANOVA, Kruskal–Wallis Test, Mann–Whitney U Test, and other appropriate statistical tools with the support of SPSS software. The demographic variables considered in the study include age, gender, occupation, and area of residence. The statistical analysis was conducted to test the formulated hypotheses and identify the significant relationships between demographic factors and consumer borrowing behaviour. The methodology adopted in the study helps to provide meaningful insights into how digital lending platforms influence consumer credit decisions and responsible borrowing practices in the digital financial environment.

4. ANALYSIS AND INTERPRETATION

H01: There is no significant relationship between age of the respondents and Awareness of Digital Lending Platforms

ANOVA						
Factors		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
I am aware of various digital lending platforms available in India.	Between Groups	14.389	4	3.597	5.829	.000
	Within Groups	197.500	320	.617		
	Total	211.889	324			
I have adequate knowledge about the services offered by digital lending applications.	Between Groups	13.357	4	3.339	4.626	.001
	Within Groups	230.994	320	.722		
	Total	244.351	324			
I understand the eligibility criteria for obtaining digital loans.	Between Groups	10.333	4	2.583	2.880	.023
	Within Groups	287.064	320	.897		
	Total	297.397	324			
I am familiar with the interest rates and repayment terms of digital loans.	Between Groups	7.992	4	1.998	1.978	.098
	Within Groups	323.220	320	1.010		
	Total	331.212	324			
I am aware of the risks associated with digital lending platforms.	Between Groups	7.348	4	1.837	2.059	.086
	Within Groups	285.421	320	.892		
	Total	292.769	324			
I know how to compare different digital lending platforms before borrowing.	Between Groups	13.444	4	3.361	6.004	.000
	Within Groups	179.128	320	.560		
	Total	192.572	324			
I am aware of the RBI guidelines governing digital lending platforms.	Between Groups	18.730	4	4.683	4.375	.002
	Within Groups	342.500	320	1.070		
	Total	361.231	324			
I understand the importance of reading loan terms and conditions before borrowing.	Between Groups	4.499	4	1.125	1.087	.363
	Within Groups	331.051	320	1.035		
	Total	335.551	324			

Source: Primary data

Interpretation - The ANOVA results reveal that age has a significant influence on respondents' awareness of digital lending platforms, particularly with respect to awareness of digital lending platforms, knowledge of services offered, understanding of loan eligibility criteria, ability to compare digital lending platforms, and awareness of RBI guidelines. However, age does not significantly influence respondents' familiarity with interest rates and repayment terms, awareness of digital lending risks, or understanding of the importance of reading loan terms and conditions before borrowing. Hence, the null hypothesis (H_{01}) is partially rejected, as significant differences exist among age groups for several dimensions of awareness of digital lending platforms, while no significant differences are observed for the remaining dimensions.

H02: There is no significant relationship between gender of the respondents and Usage of Digital Lending Platforms

Factors		F	Sig.	t	df	Sig. (2-tailed)
I frequently use digital lending platforms to meet my financial needs.	Equal variances assumed	.179	.672	-1.235	323	.218
	Equal variances not assumed			-1.246	319.755	.214
I prefer digital lending platforms over traditional bank loans.	Equal variances assumed	.001	.973	1.393	323	.165
	Equal variances not assumed			1.395	321.925	.164
I use digital lending applications because they provide quick loan approval.	Equal variances assumed	.116	.734	-1.140	323	.255
	Equal variances not assumed			-1.147	322.744	.252
I use digital lending platforms due to their paperless loan process.	Equal variances assumed	1.015	.314	1.989	323	.048
	Equal variances not assumed			1.978	308.578	.049
I find digital lending platforms convenient and time-saving.	Equal variances assumed	.274	.601	.842	323	.401
	Equal variances not assumed			.841	318.757	.401
I use digital lending services for emergency financial requirements.	Equal variances assumed	.063	.802	1.056	323	.292
	Equal variances not assumed			1.058	322.364	.291
I prefer mobile applications for applying for loans.	Equal variances assumed	.338	.562	1.614	323	.108
	Equal variances not assumed			1.614	320.441	.107

Source: Primary data

Interpretation - The Independent Samples t-test results indicate that gender does not significantly influence most aspects of the usage of digital lending platforms, including frequency of usage, preference over traditional bank loans, quick loan approval, convenience, emergency borrowing, and preference for mobile loan applications. However, a significant gender difference exists regarding the use of digital lending platforms due to their paperless loan process ($p = 0.048$). Hence, the null hypothesis (H_{02}) is partially rejected, as gender significantly influences one dimension of digital lending platform usage but does not significantly influence the remaining dimensions.

H03: There is no significant relationship between Occupation of the respondents and Borrowing Behaviour

Factors	Kruskal-Wallis H	df	Asymp. Sig.
Digital lending platforms encourage me to borrow more frequently.	25.786	4	0.000
Easy availability of instant loans influences my borrowing decisions.	8.681	4	0.070
The quick approval process motivates me to take loans.	5.955	4	0.203
Digital lending platforms reduce my dependence on traditional banks.	6.874	4	0.143
Attractive loan offers encourage me to borrow.	7.958	4	0.093
Flexible repayment options influence my decision to borrow.	9.164	4	0.057

Digital lending has improved my access to financial services.	18.703	4	0.001
I compare loan offers from different digital lending platforms before borrowing.	3.384	4	0.496
I carefully evaluate my repayment capacity before taking a digital loan.	28.010	4	0.000
I borrow only when it is financially necessary.	11.972	4	0.018

Source: Primary data

Interpretation - The Kruskal–Wallis H test results reveal that occupation significantly influences several dimensions of borrowing behaviour, including borrowing frequency, improved access to financial services through digital lending, evaluation of repayment capacity before borrowing, and borrowing only when financially necessary. However, occupation does not significantly influence borrowing decisions related to instant loan availability, quick loan approval, reduced dependence on traditional banks, attractive loan offers, flexible repayment options, or comparison of loan offers. Hence, the null hypothesis (H_{03}) is partially rejected, as statistically significant differences exist among occupational groups for some dimensions of borrowing behaviour, while no significant differences are observed for the remaining dimensions.

5. CONCLUSION

The present study, "To Examine the Influence of Digital Lending Platforms on the Borrowing Behaviour of Consumers in Thoothukudi District," investigated consumers' awareness, usage, and borrowing behaviour with respect to digital lending platforms. With the rapid advancement of financial technology (FinTech), digital lending has emerged as a convenient alternative to traditional borrowing by providing faster loan processing, paperless documentation, and easy accessibility. The study aimed to understand consumers' awareness of digital lending platforms, their usage patterns, borrowing behaviour, and the demographic factors influencing these aspects. The findings reveal that consumers possess a moderate to high level of awareness regarding digital lending platforms, their services, eligibility criteria, and regulatory guidelines. However, awareness regarding loan repayment terms, associated risks, and the importance of reading loan agreements before borrowing requires further improvement. The analysis indicates that age significantly influences several dimensions of awareness, particularly awareness of digital lending platforms, knowledge of available services, understanding of eligibility criteria, comparison of lending platforms, and awareness of RBI guidelines. However, age does not significantly influence awareness of interest rates, repayment terms, lending risks, and the importance of reading loan conditions. The study further reveals that gender has only a limited influence on the usage of digital lending platforms. Most usage-related factors, including frequency of use, preference for digital lending over traditional banking, quick loan approval, convenience, emergency borrowing, and preference for mobile loan applications, do not differ significantly between male and female respondents. The only significant difference observed relates to the preference for digital lending due to its paperless loan process. The findings also indicate that occupation significantly influences certain dimensions of consumers' borrowing behaviour. Respondents from different occupational groups differ significantly in terms of borrowing frequency, access to financial services through digital lending, evaluation of repayment capacity before borrowing, and borrowing only when financially necessary. However, occupation does not significantly influence borrowing decisions related to instant loan availability, quick approval, attractive loan offers, flexible repayment options, comparison of loan offers, or dependence on traditional banking institutions.

Overall, the study concludes that digital lending platforms have significantly transformed borrowing behaviour by providing consumers with faster, more convenient, and easily accessible financial services. Nevertheless, concerns relating to financial literacy, responsible borrowing, regulatory awareness, repayment discipline, and digital security continue to influence consumers' borrowing decisions. Therefore, digital lending service providers, banks, and regulatory authorities should focus on strengthening consumer awareness programmes, enhancing transparency in lending practices, improving digital financial literacy, ensuring compliance with RBI guidelines, and implementing robust consumer protection measures. Such initiatives will promote responsible borrowing behaviour, improve consumer confidence in digital lending platforms, and contribute to the sustainable growth of India's digital financial ecosystem.

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