

# Analysis on the Causes and Hazards of Campus Internet Loan and Counselors' Rectification Path

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## Abstract

Facing the campus network loan risk brought by the rapid development of network finance, college counselors should give full play to their supervision function and take effective measures to control the campus net loan risk. This paper first introduces the development and classification of campus network loan, and analyzes the causes and harms of it. On this basis, puts forward some Suggestions and countermeasures to strengthen the rectification of campus net loan for college counselors, in order to optimize the effect of campus net loan risk management.

## Keywords

Campus net loan; Counselor; Rectification.

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## 1. Introduction

With the development of Internet finance, campus net loan has gradually come into people's sight. The "3.15" evening party in 2017 made "campus naked loan" become one of the most concerned topics. Objectively speaking, campus loans to some extent solve the financial needs of some college students, such as starting a business or reasonable consumption. However, some campus network loan platform is not standardized operation, some college students unlimited consumption and other factors stack up, lead to Violent reminder of the Internet loan institutions and tragedy happened to some students who's unable to repay the loans. In December 2019, a media randomly interviewed 20 college students in Jinan and found that among the 20 college students, 13 had used loan apps or carried loans, indicating that online loans have become a common phenomenon on campus<sup>[1]</sup>.

## 2. The rise and cause of campus net loan

The development of the credit market for college students has roughly experienced three development stages: college students' credit CARDS, offline usury and online loan platforms. The suspension of college students' credit CARDS and the popularity of online shopping have brought development opportunities to the campus net loan platform, and the rise of Internet consumer finance has further catalyzed the outbreak of the campus net loan market.

In 2004, Jincheng credit and China Guangfa bank jointly issued the first credit card for college students, and then the major banks followed suit, and the industry entered the outbreak period.

In 2009, the CBRC issued a document stating that credit CARDS should not be issued to students under the age of 18. When issuing credit CARDS to students over the age of 18 who have no fixed job or stable source of income, a second source of repayment should be implemented, and so the issuance of credit CARDS for college students was stopped.

In 2013, online loan platforms for college students emerged, including Qufenqi, Fenqile, Aixuedai and Mingxiaodai...

In 2016, campus net loans entered the rectification period.

In 2017, state-owned Banks launched campus net loans<sup>[2]</sup>.

From the above data, we can see that campus loans rose in 2013, grew in 2014 and 2015, attracted regulation in 2016, and experienced huge fluctuations in a short period of four years. The author believes that campus loans can break out in such a short time and attract the attention of relevant departments for the following reasons:

One is the college students' abnormal consumption view. Contemporary college students are at the age of immature outlook on life, values and world outlook, and are prone to the wrong guidance of non-mainstream thoughts in the society, resulting in overconsumption, comparison consumption and hedonistic consumption of college students. In addition, college students have grown up in an era of prosperous development of China's market economy and relatively rich material resources. With the steady improvement of the overall economic level of the society and China's overall national strength, most of the students have nothing to worry about and can devote themselves to their study. However, while improving people's living standards, market economy has also led to the emergence of some wrong concepts such as egoism and money worship, which has caused a great negative impact on the healthy development of contemporary college students' thoughts<sup>[3]</sup>.

The second reason is the induction of campus net loan advantages. Campus net loan platform has its unique advantages for attracting the attention of college students. On the one hand, the convenience of application. Not like the complex procedures of bank loan, campus net loan platform in order to attract student customers reduce the loan threshold. Students do not need to prove their ability to repay, just with id card, student id card and family information, they can handle the campus network loan business, and the application process is simple, review time is short, the next day can be lent, the amount can be large or small. On the other hand, the agitativity of propaganda. Campus network loan platforms capture the characteristics of college students' strong consumption desire but lack of social experience and risk prevention and control ability, start with the electronic and digital products that college students like, use "Help you realize your dream, transfer the positive energy of the campus", "Spending tomorrow's money makes today's dream come true" as propaganda slogans, take "low threshold, zero interest, free of guarantee" as inducement condition, let college students step by step go into the preset mire trap<sup>[4]</sup>.

Third, industry laws and regulations are weak. Campus net loan is a new product which appears in recent years, the legal supervision to it is still weak. From an objective view of the development of campus network credit market, it can be seen that its development speed is much faster than the formulation and revision of laws and regulations in China, which leads to the fact that there is no legal content related to the phenomenon of campus network loans in China's current laws, and there is no corresponding legal provisions to support when problems appear<sup>[5]</sup>. Even though relevant documents have been issued for the campus net loan to restrict it, but due to the lower level of the department that makes regulations, the unfair and vicious competition of enterprises is intensified.

The fourth reason is the lack of financial education and weak credit consciousness of college students. On the one hand, college students lack the ability to judge the real rate of the loan, because the loan amount is small, the high rate is not easy to detect. On the other hand, the awareness of protecting personal information and credit record is weak, and the situation that lending ID card to help classmate borrow money often happens.

### 3. Classification of campus loans

There are three types of campus net loans:

The first one is the installment shopping platform for college students, such as Qufenqi, Renfenqi, and some of petty cash withdrawal;

The second one is the P2P loan platform, which is used for college students' study and entrepreneurship, such as Toutouodai, Mingxiaodai and so on;

The third one is credit services provided by traditional e-commerce platforms such as alibaba, jd.com and taobao<sup>[6]</sup>.

The above three types of platforms are the mainstream platforms for campus net loans, but there are also some illegal and secretly operated campus net loan platforms.

#### **4. The hazards of campus net loans**

(1) Interest on a lot more than the principal. At present, the annual borrowing rate of most products of online loan platforms is above 15%, so the so-called "low interest" is not credible. To evade the law, campus net loans convert part of the interest into service fees, and college students are eager to take out loans, not knowing that each small fee added to the principal will greatly increase the repayment interest. Besides, campus net loans are usually use monthly interest, which is often ignored by college students.

(2) Bring trouble to classmates and families around. Some net loans are very convenient, only need an ID card can get. Some students use their own ID cards to help others apply for net loans. It is risky to do this because if the one they helped is unable to repay, the remaining debt is left to themselves.

(3) Once overdue, pressing for payment is "omni-directional". In some cases, once the student loan is not paid, the online loan platform will not seek the money through proper means, but through mass messaging to parents, relatives and friends, teachers, Posting posters on campus, and even arranging personnel to stop at the door, etc.

(4) Easy to breed the bad habit of borrowing. Some students love comparison and have the bad habit. The money provided by their parents cannot meet their needs. These students may turn to campus loan sharks for funds, lead to gambling, alcohol abuse and even skip classes or drop out of school because they can't pay their bills.

(5) Easy to induce other crimes. Lenders may use campus "usury" to defraud students of collateral, margin, or use student information to engage in telephone fraud, credit card fraud, etc.

#### **5. Rectification path of campus net loan for counselors**

(1) Pay attention to guide the student to establish the science health consumption view, enhance the self-protection consciousness, not to compare, consume blindly; Advocate moderate consumption and rational consumption, set up the correct consumption view and concept of money among college students, correct their advance consumption, emotional and conformity consumption; Cultivate the sense of rules and the spirit of contract among college students by holding theme class meetings, seminars, conferences and other forms; Educate and guide students to form a civilized and rational consumption concept, help students learn some basic financial knowledge, suggest them make monthly expenditure plan in advance, keep accounting, learn the reasonable allocation and use of money;

(2) Check the situation of campus net loans on a regular basis according to the requirements of the country, province (autonomous region, municipality directly under the central government), city and university, that is to say, establish a monitoring mechanism for bad campus net loans;

(3) Pay close attention to the development of campus net loan business through various information channels, regularly investigate and check students' participation in campus net loan, timely find out the bad signs and trends, and timely judge the risks of campus net loan;

(4) Issue warning information to students through interviews, phone calls, text messages, emails and other forms, focusing on guiding and helping students who have already participated in campus loan. Bad campus loans that infringe upon the legitimate rights and interests of college students should be reported to the public security department in a timely manner, and request the financial regulatory agency to deal with them in a serious manner in accordance with the law.

(6) Gradually complete a developmental funding system that integrates individual needs and individual differences, that is to say, while providing financial aid to college students, we should make it precise. On the basis of avoiding students to take out loans resulting from poverty, relevant

resources should be fully exploited and special funds should be raised to meet the college students' expanding learning, innovative undertaking and other reasonable development needs;

(7) Strengthen the popularization of financial knowledge, laws and regulations, and be good at taking advantage of various opportunities to invite financial experts and bankers from financial institutions or Internet information security departments to popularize financial credit knowledge and network security knowledge to students in the form of reports, lectures and forums;

(8) Educate and guide students to enhance risk prevention awareness, network financial security awareness and self-protection awareness, and stay away from bad network lending behavior;

(9) Using campus websites, campus networks, microblog, WeChat, and other ways to push out cases of bad campus net loans, enhance students' awareness of financial network security, improve their ability to understand financial products and self-protection;

(10) Counselors themselves should also strengthen learning, to understand the relevant financial risk knowledge, be good at identifying bad campus net loans.

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