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# Major Research Project Report on

# Consumer Perception and Adoption of Digital Lending Fintech Apps in India

Submitted By:

Tripti Khaitan

2K23/DMBA/134

2

Under the guidance of

Prof. Rajan Yadav

Professor


**DELHI SCHOOL OF MANAGEMENT**

**Delhi Technological University**

**Bawana Road Delhi 110042**

# DECLARATION

I, **Tripti Khaitan**, hereby declare that the Major Research Project Report titled **"Consumer Perception and Adoption of Digital Lending Fintech Apps in India"** submitted to Delhi Technological University is a record of my original work. This report has been prepared in partial fulfilment of the requirements for the award of the degree of MBA in Finance and Human Resource.

I also affirm that this report has not been submitted to any other university or institution for the award of any degree or diploma.

Tripti Khaitan

2K23/DMBA/134

Date:

# ACKNOWLEDGEMENT

I would like to express my sincere gratitude to my university supervisor, **Prof. Rajan Yadav, Professor, Delhi School of Management, Delhi Technological University**, for his invaluable guidance, continuous support, and constructive feedback throughout the course of this research. His insights and suggestions have significantly contributed to the development and completion of this project report.

I am also deeply thankful to my family and friends for their unwavering support, motivation, and encouragement during this journey.

Lastly, I extend my heartfelt thanks to everyone who assisted me in any way during the course of this project.

Tripti Khaitan

2K23/DMBA/134

Date:

# CERTIFICATE

This is to certify that **Tripti Khaitan**, roll no. **2K23/DMBA/134** has submitted the major research project report titled **"Consumer Perception and Adoption of Digital Lending Fintech Apps in India"** in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) from Delhi School of Management, Delhi Technological University, Delhi during the academic year 2024-2025.

Prof. Rajan Yadav

Professor

Delhi School of Management

Delhi Technological University



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## ABSTRACT

The Indian financial landscape is amid a paradigm change, with the sudden spread of fintech lending apps for digital lending. The fintech lending apps, built on mobile, data, and user experience technologies, have redefined the consumer experience of credit consumption in a new, unprecedented manner. The study seeks to examine consumer awareness and acceptance of fintech digital lending apps in India, with a focus on the major drivers of trust, service quality, ease, data security, and regulatory awareness.

The study utilises a descriptive study design on primary data collected through guided questionnaires from 106 respondents across different demographic groups. The results show that knowledge of digital lending apps is extremely age-dependent with young consumers reporting greater familiarity. Use of the platforms, however, is not restricted to any particular demographic group, which is an indication that digital lending has leveled the credit access playing field by age, gender, occupation, and income groups.

Trust and value perceived are the drivers that matter the most while adopting. Trust in digital lending apps is given high ratings by nearly half the users, and the satisfaction scores are predominantly in the moderate-to-positive range. The convenience of facilitating the application process, instant sanction, and being able to manage emergency financial needs are the predominant reasons for turning to these websites. LazyPay and Cred are the first preferences among the users, reflecting the high brand recall and perceived trust associated with these apps.

Despite the convenience and ease being provided by internet lending fintech apps, there are still some obstacles. Unexpected charges and data privacy issues are the most consumers' grievances, and more than half of the consumers are worried about the safety of their data and the clarity of the loan terms. Non-consumers mostly avoid them because of no need for credit, aversion to visiting conventional banks, and doubts about the web portals. Regulation by the Reserve Bank of India (RBI) and reduced interest charges are being considered as the strongest drivers that would make risk-averse consumers use them more.

The study reveals that demographic characteristics such as gender, occupation, and income have a minimal impact on the usage, along with the willingness to use online lending apps. Consumer behaviour depends on direct experience, risk aversion, as well as subjective value of online credit products. The study makes a demand for efficient

regulatory schemes, open disclosure, and good consumer education that can mitigate data abuse fears, coercive loan recovery, as well as obfuscation on loan terms.

Recommendations to stakeholders include increasing transparency and disclosure, improving data privacy and security controls, encouraging ethical lending practices, and investing in financial literacy programs. Fintech players can be encouraged to use technology to facilitate more personalisation and inclusion, and regulators must ensure rigorous enforcement of digital lending regulations and encourage industry cooperation. Briefly, mobile lending fintech apps are fueling financial inclusion and innovation in India by increasing access to credit and convenience for a big consumer base. The long-term sustainability of the growth, however, depends on the ability of the industry to establish and sustain consumer trust, transparency, and responses to changing regulatory requirements. Through all these challenges, stakeholders can develop a secure, transparent, and consumer-friendly digital lending ecosystem that fosters the financial health of Indian consumers.

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# 1. INTRODUCTION

## 1.1 Background of the Study

The Indian financial sector has witnessed a revolutionary transformation over the last decade, driven by lightning-speed growth in digital technology and smartphone penetration among the masses. One of the most impactful innovations in this area is the expansion and proliferation of digital lending fintech apps. These websites and apps use technology to simplify lending, providing instant, easy, and often unsecured credit to consumers who might otherwise not have access to banking. India's digital lending market has expanded exponentially, driven by rising internet penetration, a growing middle class, and a change in consumer behaviour towards digital channels to access financial needs (Deloitte, 2022).

Fintech online lending platforms have revolutionised conventional banking with instant loan approvals, minimal documentation, and user-friendly interfaces. This has made credit available to most society segments, such as millennials, gig economy workers, and small business owners who otherwise fall outside the reach of conventional banks. The Indian digital lending market is expected to grow to $350 billion in 2023, an indicator of the industry's huge potential and rising reliance of consumers on such platforms (RBI, 2022).

Although there are advantages, the recent mobile lending apps boom has also been linked with data privacy issues, hidden charges, regulatory hurdles, and consumer protection. The incidences of data misuse and misuse of customer data have caught the regulators' attention and have necessitated the need for improved frameworks for consumer interest protection (KPMG, 2021). Understanding consumer behaviour and adoption drivers of such apps thus becomes relevant to the stakeholders, such as policymakers, fintech operators, and even consumers.

## 1.2 Problem Statement

While digital lending fintech apps have brought a level playing field for India's credit access, there is still a huge knowledge gap on how consumers perceive such apps and how their uptake is affected. Trust issues, data privacy, transparency of terms, and hidden charges have still been impacting consumer attitudes. Moreover, the absence of an overarching regulation and the presence of unscrupulous behaviour by a minority have further shrouded the issue. This research aims to solve the following main issue:

"What are the determinants of consumer perception and acceptance of digital lending fintech apps in India, and how do privacy, transparency, and regulatory trust issues affect their consumption?"

## 1.3 Objectives of the Study

The main objectives of this study are:

- To study consumer awareness and usage patterns of digital lending fintech apps in India.
- In attempting to define drivers of consumer attitude, i.e., trust, usability, data privacy, and transparency.
- To explore the demographic determinants (such as occupation, income, age, and sex) that affect the use of digital loan apps.
- To identify what the concerns and problems of the users are, in particular on data protection, hidden charges, and customer service.
- For the sake of advising regulators and fintech companies on how to maintain consumer trust and facilitate sound lending practices.

## 1.4 Scope of the Study

This research is based on the Indian digital lending fintech industry and consumer adoption trend and sentiment. The research has wide demographic coverage, such as different age groups, income groups, and occupation segments. The research compares the user and non-user usage of digital lending apps to have a proper understanding of the market scenario. The research also comprises an analysis of leading digital lending apps such as LazyPay, Cred, Dhani, KreditBee, and others and how they measure their contribution to consumer experience and satisfaction.

The research covers consumer-facing mobile apps of digital lending and excludes business-to-business (B2B) lending websites and traditional banking. The research is carried out on the basis of primary data collected with the assistance of a structured questionnaire and secondary data in the form of industry reports, regulator reports, and research studies. The research attempts to provide practical suggestions to the stakeholders to develop a safe, transparent, and consumer-friendly digital lending ecosystem in India.

## 2. LITERATURE REVIEW

### 2.1 Overview of Digital Lending Fintech in India

The digital lending sector in India has experienced rapid growth, driven by increased smartphone penetration, improved digital infrastructure, and supportive government policies promoting a cashless economy. Fintech companies have leveraged technology to provide innovative solutions for credit access, especially to segments underserved by traditional banks. Digital lending platforms, including peer-to-peer (P2P) apps and instant personal loan providers, offer streamlined processes, minimal documentation, and quick disbursal, fundamentally changing how Indian consumers access credit.

### 2.2 Consumer Perception: Service Quality, Trust, and Ease of Use

A significant body of literature identifies service quality, trust, and ease of use as primary determinants of consumer perception and adoption of digital lending platforms. Asamani and Majumdar (2024) empirically demonstrated that perceived utility and ease of use are strongly correlated with consumer adoption, with trust emerging as a critical factor in building confidence and driving usage. High service quality not only reduces perceived risk but also enhances trust, which, in turn, increases adoption intention. These findings are consistent with the Technology Acceptance Model (TAM), which posits that perceived usefulness and ease of use are central to technology adoption.

### 2.3 User Experience and Awareness

Recent surveys indicate that while a majority of users report positive experiences with digital lending apps—76% according to a 2024 survey by the Fintech Association for Consumer Empowerment (FACE) and MicroSave Consulting (MSC)—there remains a substantial gap in user awareness regarding verification of app legitimacy and understanding of loan terms. Many users rely on social media advertisements and peer recommendations when choosing lending apps, often overlooking critical factors such as data-sharing policies and regulatory compliance. This gap between perceived confidence and actual knowledge exposes users to risks such as fraud and misuse of personal data.

### 2.4 Barriers to Adoption: Risk, Trust, and Financial Literacy

Despite the convenience offered by digital lending apps, several barriers hinder their widespread adoption, particularly among informal sector workers and rural populations. Studies have identified perceived risk, lack of trust, limited perceived benefit, social influence, and lack of awareness as major obstacles. Agrawal (2022) and Ahmad et al. (2021) found that building trust and increasing financial literacy through education and outreach are essential for promoting adoption, especially among street vendors and hawkers. These groups are often more vulnerable to predatory lending, data privacy breaches, and aggressive recovery practices.

### 2.5 Regulatory Environment and Consumer Protection

The regulatory landscape for digital lending in India has evolved in response to concerns about data privacy, transparency, and consumer protection. The Reserve Bank of India (RBI) issued comprehensive Digital Lending Guidelines in 2022, emphasizing compliance, disclosure, and accountability for both regulated entities and lending service providers. These guidelines aim to address issues such as hidden charges, data misuse, and unethical recovery practices, while clarifying the roles and responsibilities of digital lending apps and intermediaries. However, ongoing challenges remain, particularly in ensuring effective enforcement and raising consumer awareness about regulatory safeguards.

### 2.6 Changing Consumer Behaviour and Debt Cycle Risks

Consumer attitudes towards borrowing have shifted, with modern consumers displaying greater willingness to use credit for lifestyle purchases and emergencies. Instant personal loan apps have made credit more accessible, but also raise concerns about over-indebtedness and debt traps. Studies highlight that while these apps fulfill immediate financial needs, they may contribute to unsustainable debt cycles if users take multiple loans without adequate repayment capacity. High interest rates, hidden charges, and lack of transparency further exacerbate these risks, underscoring the need for robust consumer education and responsible lending practices.

### 2.7 Summary and Research Gaps

The literature consistently underscores the importance of trust, service quality, and ease of use in shaping consumer perception and adoption of digital lending fintech

apps in India. While regulatory measures have strengthened consumer protection, gaps in user awareness and financial literacy persist, particularly among vulnerable groups. Future research should focus on evaluating the long-term impact of digital lending on financial well-being, the effectiveness of regulatory interventions, and strategies to enhance consumer education and digital literacy.

## 3. RESEARCH METHODOLGY

### 3.1 Research Design

**Descriptive research** design is applied in the current study, whose aim is to understand consumer perception, usage behaviour, and digital lending fintech app adoption in India. Different dimensions, such as awareness, trust, satisfaction, loan usage, problems, and intentions for future use among users and non-users, are studied in the current investigation.

### 3.2 Data Collection Method

**Primary data** were collected with the help of a **systematic questionnaire administered via Google Forms**. The questionnaire was quantitative and qualitative in nature and was divided into sections for app users and non-users. It contained multiple-choice, Likert scale, and multiple-select questions to achieve extensive coverage of all important research.

### 3.3 Sampling Method

The sampling method used was **non-probability convenience sampling**, targeting respondents from varying age brackets, income levels, occupations, and education levels. The sample included both urban and semi-urban respondents to give a broader view of digital lending behaviour.

### 3.4 Sample Size

A total of **106 valid responses** were received. Among these, participants were classified into users and non-users of digital lending apps, based on their responses to initial screening questions.

### 3.5 Tools of Data Collection

The survey was created using **Google Forms** and distributed through **social media platforms and personal networks**. The survey was open to answer for two weeks. The survey contained questions on demographic data, awareness, usage, app choice, loan details, satisfaction, concerns, and future intentions to use.

### 3.6 Data Analysis Tools

The data was **analysed, cleaned, and coded using SPSS (Statistical Package for the Social Sciences). Cross-tabulations, percentages, and frequencies** were used to obtain a description of trends and patterns. Inferential statistical testing was utilised to

test hypotheses that involved the association between demographic variables and consumer behaviour.

### 3.7 Statistical Techniques Used

3.7.1 Chi-Square Test

Used to examine correlations between categorical variables, such as age, gender, occupation, and income, with variables like awareness, app use, satisfaction, trust, and future intention.

Example: Is there a significant relationship between age and awareness of digital lending apps?

3.7.2 Descriptive Statistics

Used to explain demographic characteristics, preference for apps, reasons for using apps, worries, and intent to recommend or use digital lending apps in the future.

Example: What percentage of respondents are most concerned about data privacy?

## 4. DATA ANALYSIS

### 4.1 Awareness of Digital Lending Apps

4.1.1 Hypothesis

- **$H_0$**: Respondent's awareness of digital lending apps does not vary significantly across different age groups.
- **$H_1$**: Respondent's awareness of digital lending apps varies significantly across different age groups.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 7.941[a] | 2 | .019 |
| Likelihood Ratio | 8.013 | 2 | .018 |
| N of Valid Cases | 106 | | |

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 1.39.

Interpretation:

The Pearson Chi-Square test indicates that **age is statistically associated with respondents' awareness**, as signified by a Pearson Chi-Square **p-value of 0.019**, which is less than 0.05. This suggests that awareness is not uniform in all age groups. The finding should be viewed with caution since 33.3% of the cells have low counts of less than 5, making the test results unreliable. The test is performed using 106 respondents.

4.1.2 Hypothesis

- **$H_0$**: There is no significant difference in awareness of digital lending apps between genders.
- **$H_1$**: There is a significant difference in awareness of digital lending apps between genders.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 3.183[a] | 1 | .074 | | |
| Continuity Correction[b] | 2.525 | 1 | .112 | | |
| Likelihood Ratio | 3.201 | 1 | .074 | | |
| Fisher's Exact Test | | | | .083 | .056 |
| N of Valid Cases | 106 | | | | |

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 23.58.

b. Computed only for a 2x2 table

Interpretation:

The Pearson Chi-Square test revealed **no statistically significant relationship between gender and awareness of digital lending apps (p = 0.074 > 0.05).** Thus, we fail to reject the null hypothesis, indicating that gender does not significantly influence respondents' awareness of these apps.

4.1.3 Hypothesis 3

- **$H_0$**: Occupation is not significantly associated with awareness of digital lending apps.
- **$H_1$**: Occupation is significantly associated with awareness of digital lending apps.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 2.681[a] | 3 | .443 |
| Likelihood Ratio | 2.916 | 3 | .405 |
| N of Valid Cases | 106 | | |

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.39.

Interpretation:

The Pearson Chi-Square test between occupation and the awareness of digital money-lending apps gave a **p-value of 0.443**. Since the p-value is far greater than 0.05, there is **no statistically significant relationship between the occupation and awareness**

**of digital lending apps among respondents**. Also, note that 50% of the cells have less than 5 expected counts, which can render the results of the test unreliable.

### 4.2 Usage of Digital Lending Apps

#### 4.2.1 Hypothesis

- **$H_0$**: Age is not significantly associated with the usage of digital lending apps.
- **$H_1$**: Age is significantly associated with the usage of digital lending apps.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | .644[a] | 2 | .725 |
| Likelihood Ratio | .570 | 2 | .752 |
| N of Valid Cases | 106 | | |

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is .54.

Interpretation:

The Pearson Chi-Square test examining the **relationship between age and digital lending app usage yielded a non-significant result ($\chi^2 = 0.644$, $p = 0.725$)**. This indicates we fail to reject the null hypothesis, demonstrating no statistically significant association between age and app usage in our sample.

#### 4.2.2 Hypothesis

- **$H_0$**: Gender is not significantly associated with usage of digital lending apps.
- **$H_1$**: Gender is significantly associated with usage of digital lending apps.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|---|---|---|---|---|---|
| Pearson Chi-Square | 2.099[a] | 1 | .147 | | |
| Continuity Correction[b] | 1.429 | 1 | .232 | | |
| Likelihood Ratio | 2.113 | 1 | .146 | | |
| Fisher's Exact Test | | | | .205 | .116 |
| N of Valid Cases | 106 | | | | |

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 9.14.

b. Computed only for a 2x2 table

Interpretation:

The Pearson Chi-Square test examining **the relationship between gender and usage of digital lending applications yielded a non-significant result ($\chi^2$ = 2.099, p = 0.147).** At the conventional $\alpha = 0.05$ significance level, we fail to reject the null hypothesis, indicating no statistically significant association between gender and app usage in our sample.

4.2.3 Hypothesis

- **$H_0$**: There is no significant relationship between occupation and usage of digital lending apps.
- **$H_1$**: There is a significant relationship between occupation and usage of digital lending apps.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | .816[a] | 3 | .846 |
| Likelihood Ratio | 1.340 | 3 | .720 |
| N of Valid Cases | 106 | | |

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .54.

Interpretation:

The Pearson Chi-Square test revealed **no significant association between occupation and digital lending app usage ($\chi^2$ = 0.816, p = 0.846).** At the standard $\alpha = 0.05$

significance level, we fail to reject the null hypothesis, indicating occupational groups do not differ significantly in their usage patterns.

### 4.3 Loan Amount Usually Borrowed

71 4.3.1 Hypothesis

- **$H_0$**: Age is not significantly associated with loan amount borrowed.
- **$H_1$**: Age is significantly associated with loan amount borrowed.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 3.020[a] | 6 | .806 |
| Likelihood Ratio | 3.113 | 6 | .795 |
| N of Valid Cases | 106 | | |

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .03.

Interpretation:

15 The Pearson Chi-Square test found **no significant association between age and loan**
44 **amount borrowed ($\chi^2 = 3.020$, $p = 0.806$).** At the $\alpha = 0.05$ threshold, we fail to reject the null hypothesis, suggesting age does not significantly influence borrowing amounts in this sample.

25 4.3.2 Hypothesis

- **$H_0$**: There are no significant differences in loan amounts borrowed between genders.
- **$H_1$**: There are significant differences in loan amounts borrowed between genders.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 4.036[a] | 3 | .258 |
| Likelihood Ratio | 5.191 | 3 | .158 |
| N of Valid Cases | 106 | | |

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .48.

Interpretation:

The Pearson Chi-Square test revealed **no significant association between gender and loan amount borrowed ($\chi^2 = 4.036$, $p = 0.258$).** At the conventional $\alpha = 0.05$ significance level, we fail to reject the null hypothesis, indicating no statistically significant gender-based differences in borrowing amounts.

### 4.4 Main Purpose of Loan

4.4.1 Hypothesis

- **$H_0$**: Loan purpose distribution does not differ across age groups.
- **$H_1$**: Loan purpose distribution differs significantly across age groups.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 39.698[a] | 14 | <.001 |
| Likelihood Ratio | 13.676 | 14 | .474 |
| N of Valid Cases | 106 | | |

a. 22 cells (91.7%) have expected count less than 5. The minimum expected count is .03.

Interpretation:

The Pearson Chi-Square test revealed a statistically significant association between age and loan purpose ($\chi^2 = 39.698$, $p < 0.001$), suggesting that borrowing purposes vary substantially across age groups.

4.4.2 Hypothesis

- **$H_0$**: There is no significant relationship between gender and the purpose of the loan.
- **$H_1$**: There is a significant relationship between gender and the purpose of the loan.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 9.603[a] | 7 | .212 |
| Likelihood Ratio | 12.154 | 7 | .096 |
| N of Valid Cases | 106 | | |

a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is .48.

Interpretation:

The Pearson Chi-Square test between gender and the main purpose of the loan gave a **p-value of 0.212**. Since the p-value is greater than 0.05, there is **no statistically significant relationship between gender and the purpose for which loans were taken among respondents**. Additionally, 87.5% of the cells have expected counts less than 5, which limits the reliability of these results.

4.4.3 Hypothesis

- **$H_0$**: There is no significant relationship between occupation and the purpose of the loan.
- **$H_1$**: There is a significant relationship between occupation and the purpose of the loan.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 13.047[a] | 21 | .907 |
| Likelihood Ratio | 14.212 | 21 | .860 |
| N of Valid Cases | 106 | | |

a. 30 cells (93.8%) have expected count less than 5. The minimum expected count is .03.

Interpretation:

The Pearson Chi-Square test between occupation and the main purpose of the loan gave a **p-value of 0.907**. Since the p-value is much greater than 0.05, there is **no statistically significant relationship between occupation and the purpose of loan among respondents**. However, 93.8% of the cells have expected counts of less than 5, which greatly limits the reliability of these results.

4.4.4 Hypothesis

- **$H_0$**: There is no significant relationship between monthly income and the purpose of the loan.
- **$H_1$**: There is a significant relationship between monthly income and the purpose of the loan.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 37.954[a] | 21 | .013 |
| Likelihood Ratio | 24.174 | 21 | .285 |
| N of Valid Cases | 106 | | |

a. 28 cells (87.5%) have expected count less than 5. The minimum expected count is .09.

Interpretation:

The Pearson Chi-Square test between monthly income and the main purpose of the loan gave a **p-value of 0.013**. Since the p-value is less than 0.05, there is a **statistically significant relationship between monthly income and the purpose for which loans**

**were taken among respondents**. However, 87.5% of the cells have expected counts of less than 5, which limits the reliability of these results.

### 4.5 Would You Recommend the App?

4.5.1 Hypothesis

- **$H_0$**: There is no significant relationship between age and willingness to recommend.
- **$H_1$**: There is a significant relationship between age and willingness to recommend.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 3.818[a] | 4 | .431 |
| Likelihood Ratio | 2.900 | 4 | .575 |
| N of Valid Cases | 106 | | |

a. 5 cells (55.6%) have expected count less than 5. The minimum expected count is .23.

Interpretation:

The Pearson Chi-Square test between age and willingness to recommend digital lending apps gave a **p-value of 0.431**. Since the p-value is greater than 0.05, there is **no statistically significant relationship between age and willingness to recommend these apps among respondents**. However, 55.6% of cells have expected counts of less than 5, which may affect the reliability of these results.

4.5.2 Hypothesis

- **$H_0$**: There is no significant relationship between occupation and willingness to recommend.
- **$H_1$**: There is a significant relationship between occupation and willingness to recommend.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 2.644[a] | 6 | .852 |
| Likelihood Ratio | 3.610 | 6 | .729 |
| N of Valid Cases | 106 | | |

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .23.

Interpretation:

The Pearson Chi-Square test between occupation and willingness to recommend digital lending apps gave a **p-value of 0.852**. Since the p-value is much greater than 0.05, there is **no statistically significant relationship between occupation and willingness to recommend these apps among respondents**. Additionally, 66.7% of the cells have expected counts of less than 5, which may affect the reliability of these results.

### 4.6 Future Usage Intention

4.6.1 Hypothesis

- **$H_0$**: There is no significant relationship between age and future usage intention.
- **$H_1$**: There is a significant relationship between age and future usage intention.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 1.958[a] | 4 | .743 |
| Likelihood Ratio | 1.897 | 4 | .755 |
| N of Valid Cases | 106 | | |

a. 3 cells (33.3%) have expected count less than 5. The minimum expected count is .54.

Interpretation:

The Pearson Chi-Square test between age and future usage intention of digital lending apps gave a **p-value of 0.743**. Since the p-value is much greater than 0.05, there is **no statistically significant relationship between age and the intention to use digital**

**lending apps in the future among respondents.** Additionally, 33.3% of the cells have expected counts of less than 5, which may affect the reliability of these results.

4.6.2 Hypothesis

- **$H_0$**: There is no significant relationship between occupation and future usage intention.
- **$H_1$**: There is a significant relationship between occupation and future usage intention.

**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 2.230[a] | 6 | .897 |
| Likelihood Ratio | 2.800 | 6 | .833 |
| N of Valid Cases | 106 | | |

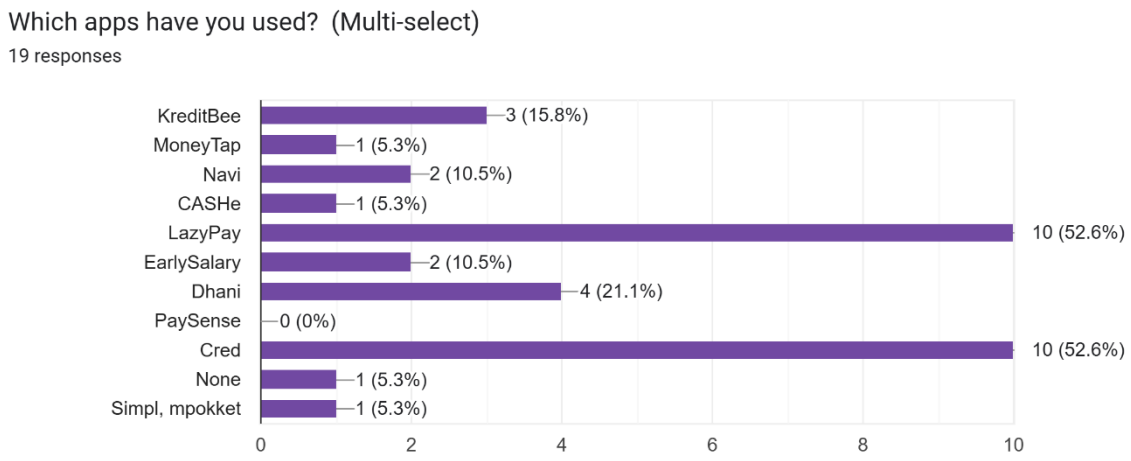
a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is .54.

Interpretation:

The Pearson Chi-Square test between occupation and future usage intention of digital lending apps gave a **p-value of 0.897**. Since the p-value is much greater than 0.05, there is **no statistically significant relationship between occupation and intention to use digital lending apps in the future among respondents.** Additionally, 50% of the cells have expected counts of less than 5, which may affect the reliability of these results.

### 4.7 Other Visualizations & Analysis

Chart 4.1 Apps used by respondents

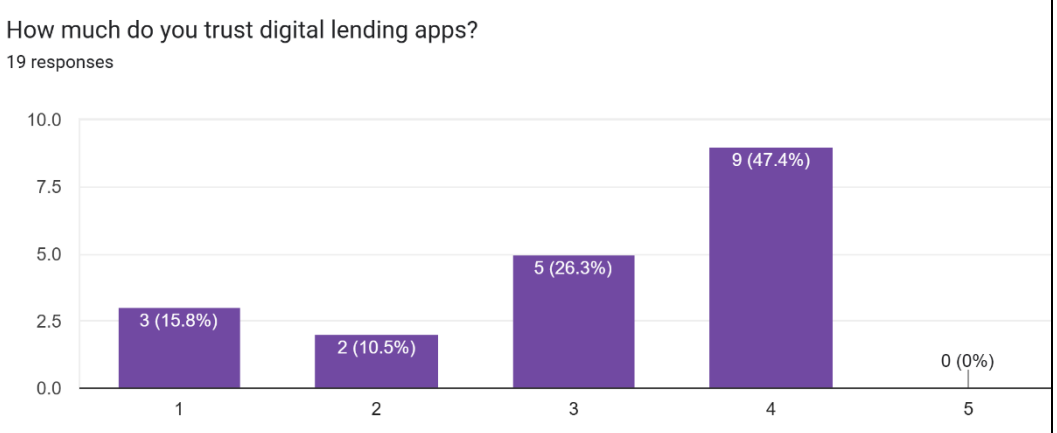



*Source: own analysis*

Interpretation:

The chart 4.1 indicates that **Cred and LazyPay are the most popularly used digital lending apps with 52.6% usage rates**, respectively. Second in line is Dhani with 21.1%, while 10–16% of users use other apps like Navi, KreditBee, and EarlySalary. No respondent used PaySense, while some used other applications like MoneyTap, CASHe, Simpl, or mpokket with 5.3% usage rate for each.

Chart 4.2 Apps used by respondents

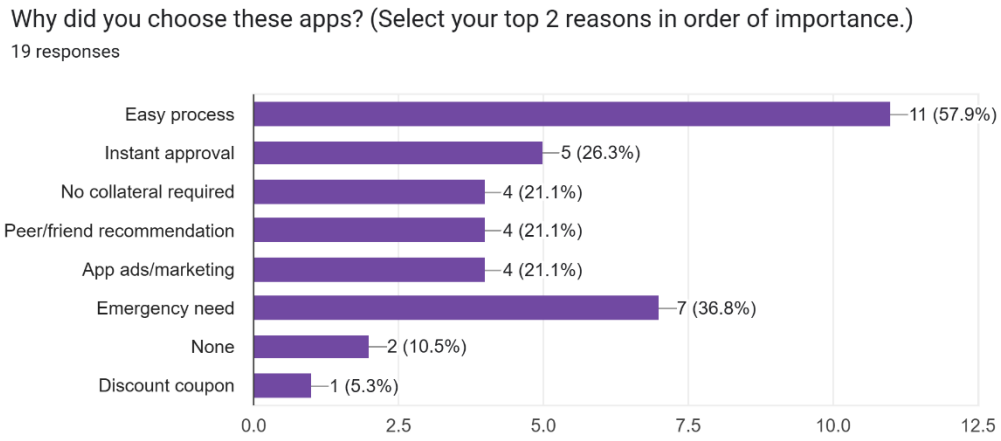



*Source: own analysis*

Interpretation:

The chart 4.2 indicates that **most respondents (47.4%) gave their trust in digital apps as 4 out of 5**, reflecting comparatively high trust. Very few respondents gave the maximum (5), while together 26.3% gave the lower points (1 or 2), with implicit reservations still existing amongst users.

Chart 4.3 Reasons for selecting specific apps by respondents

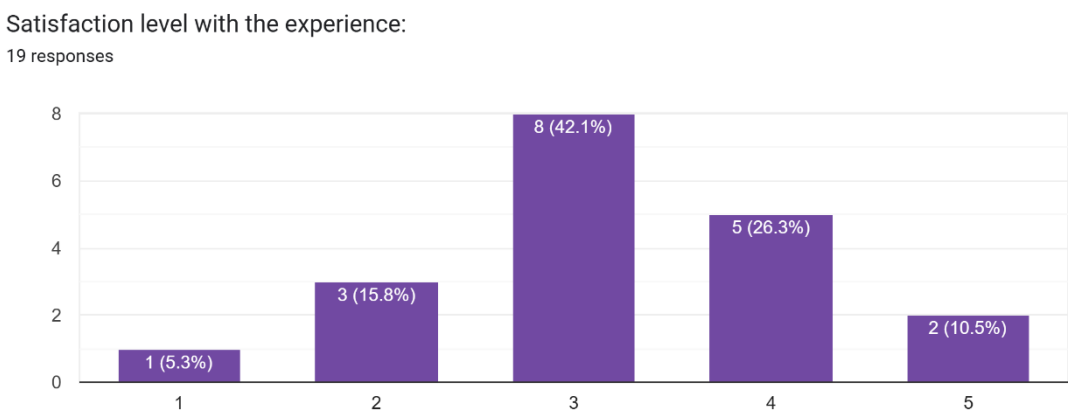



*Source: own analysis*

Interpretation:

The chart 4.3 shows that **the majority of users selected digital lending apps for their easy process (57.9%), followed by emergency needs (36.8%) and instant approval (26.3%)**. Other motivations such as no collateral, peer recommendation, and app marketing were equally cited at 21.1%, while discount coupons and no specific reason had minimal influence.

Chart 4.4 Satisfaction level of the users of the app

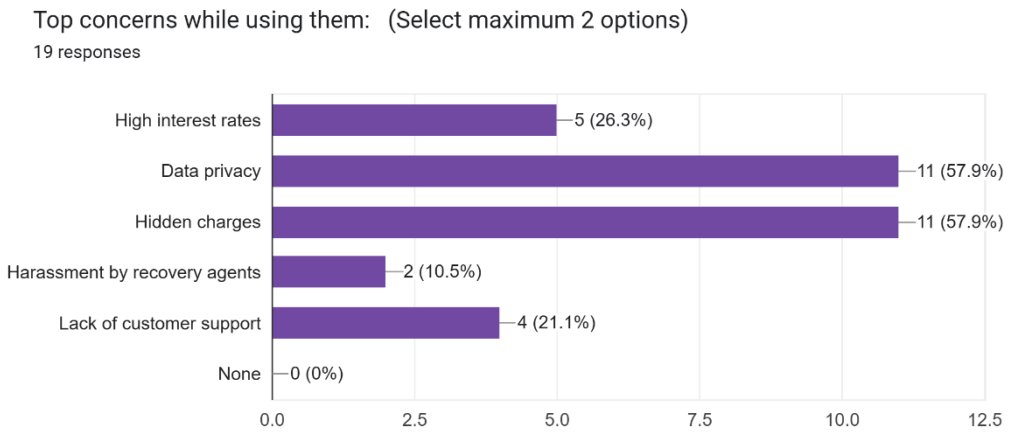



*Source: own analysis*

Interpretation:

The chart 4.4 indicates **the majority of customers provided an average score for their digital app satisfaction with 42.1% choosing score 3**. 36.8% of customers used higher satisfaction scores (4 and 5), whereas 21.1% used low satisfaction scores (scores 1 and 2). This means user satisfaction is generally average with some of the customers having a positive experience.

Chart 4.5 Top concerns of the users of the app

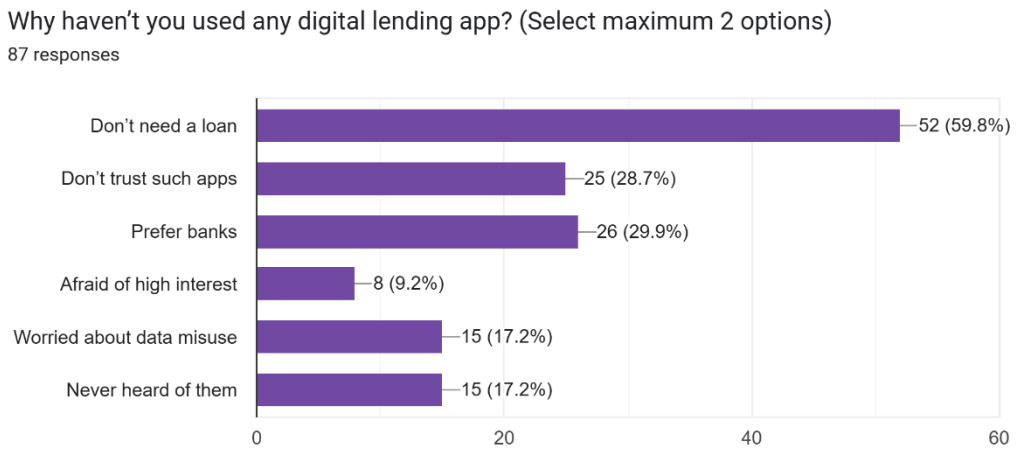



*Source: own analysis*

Interpretation:

The chart 4.5 indicates that **the main concerns of users of digital credit apps are data privacy and charges not disclosed, both of which were cited by 57.9% of users**. High rates of interest (26.3%) and absence of customer care (21.1%) are also of concern, with 10.5% of users citing harassment from recovery agents. No user stated none of the concerns.

Chart 4.6 Reasons for not using the apps by the respondents

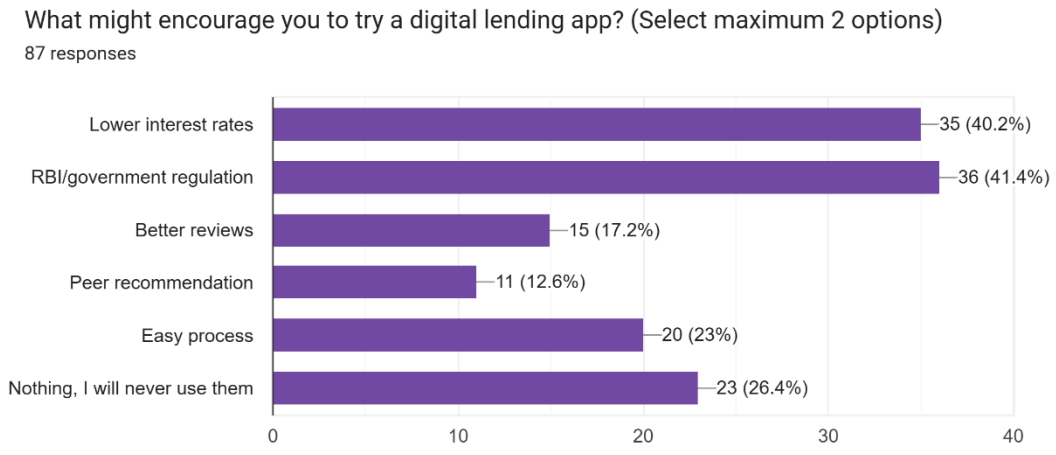



*Source: own analysis*

Interpretation:

The chart 4.6 indicates that **respondents have not used digital credit applications either because they do not need credit (59.8%).** The other reasons cited include preferring banks (29.9%) and not trusting such applications (28.7%). Fear of misusing their data as well as ignorance about them contribute 17.2%, whereas 9.2% are scared of excessive rates.

Chart 4.7 Respondents encouragement reasons for trying digital lending apps

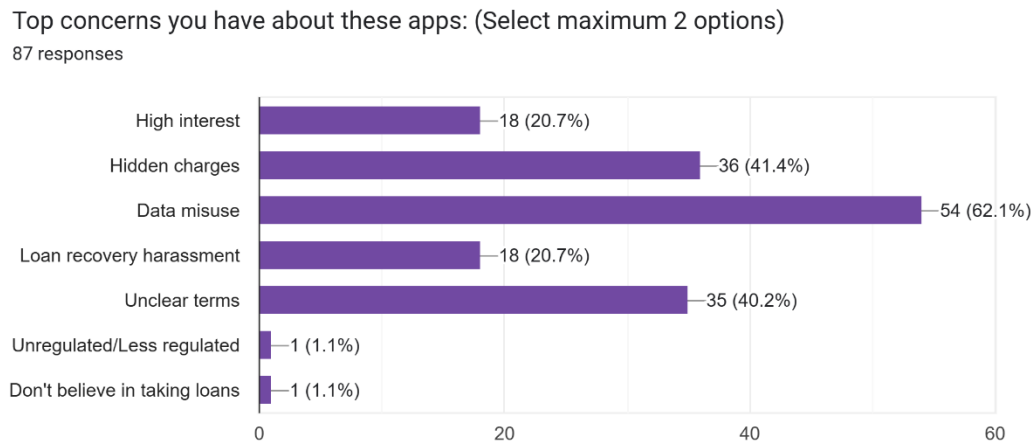



*Source: own analysis*

Interpretation:

The chart 4.7 shows that the **main factors that could encourage respondents to try a digital lending app are RBI/government regulation (41.4%) and lower interest rates (40.2%).** Other motivations include an easy process (23%), better reviews (17.2%), and peer recommendations (12.6%), while 26.4% of respondents stated they would never use such apps.

Chart 4.8 Top concerns of the non-users of the app




*Source: own analysis*

Interpretation:

The chart 4.8 shows that **data misuse (62.1%) is the top concern among respondents regarding digital lending apps, followed by hidden charges (41.4%) and unclear terms (40.2%).** High interest rates and loan recovery harassment are each cited by 20.7%, while very few respondents are concerned about regulation or do not believe in taking loans.

| No. | Association Between | Test Used | Null Hypothesis ($H_0$) | Alternative Hypothesis ($H_1$) | Result |
|---|---|---|---|---|---|
| H1.1 | Age Group × Awareness of Digital Lending Apps | Chi-Square | $H_0$: There is no significant relationship between age and respondent's awareness of digital lending apps. | $H_1$: There is significant relationship between age and respondent's awareness of digital lending apps. | Significant |
| H1.2 | Gender × Awareness of Digital Lending Apps | Chi-Square | $H_0$: There is no significant relationship between gender and awareness of digital lending apps. | $H_1$: There is significant relationship between gender and awareness of digital lending apps. | ❌ Not significant |
| H1.3 | Occupation × Awareness of Digital Lending Apps | Chi-Square | $H_0$: There is no significant relationship between occupation and awareness of digital lending apps. | $H_1$: There is significant relationship between occupation and awareness of digital lending apps. | ❌ Not significant |

| | | | | | |
|---|---|---|---|---|---|
| H2.1 | Age Group × Usage of Digital Lending Apps | Chi-Square | $H_0$: There is no significant relationship between age and usage of digital lending apps. | $H_1$: There is significant relationship between age and usage of digital lending apps. | ❌Not significant |
| H2.2 | Gender × Usage of Digital Lending Apps | Chi-Square | $H_0$: There is no significant relationship between gender and usage of digital lending apps. | $H_1$: There is significant relationship between gender and usage of digital lending apps. | ❌Not significant |
| H2.3 | Occupation × Usage of Digital Lending Apps | Chi-Square | $H_0$: There is no significant relationship between occupation and usage of digital lending apps. | $H_1$: There is significant relationship between occupation and usage of digital lending apps. | ❌Not significant |
| H3.1 | Age Group × Loan Amount Borrowed | Chi-Square | $H_0$: There is no significant relationship between age and loan amount borrowed. | $H_1$: There is significant relationship between age and loan amount borrowed. | ❌Not significant |

| | | | | | |
|---|---|---|---|---|---|
| H3.2 | Gender × Loan Amount Borrowed | Chi-Square | $H_0$: There is no significant relationship between gender and loan amount borrowed. | $H_1$: There is significant relationship between gender and loan amount borrowed. | ❌Not significant |
| H4.1 | Age Group × Purpose of Loan | Chi-Square | $H_0$: There is no significant relationship between age and purpose of loan. | $H_1$: There is significant relationship between age and purpose of loan. | Significant |
| H4.2 | Gender × Purpose of Loan | Chi-Square | $H_0$: There is no significant relationship between gender and purpose of loan. | $H_1$: There is significant relationship between gender and purpose of loan. | ❌Not significant |
| H4.3 | Occupation × Purpose of Loan | Chi-Square | $H_0$: There is no significant relationship between occupation and purpose of loan. | $H_1$: There is significant relationship between occupation and purpose of loan. | ❌Not significant |

| | | | | | |
|---|---|---|---|---|---|
| H4.4 | Monthly Income × Purpose of Loan | Chi-Square | $H_0$: There is no significant relationship between monthly income and purpose of loan. | $H_1$: There is significant relationship between monthly income and purpose of loan. | Significant |
| H5.1 | Age Group × Willingness to Recommend | Chi-Square | $H_0$: There is no significant relationship between age and willingness to recommend. | $H_1$: There is significant relationship between age and willingness to recommend. | ❌Not significant |
| H5.2 | Occupation × Willingness to Recommend | Chi-Square | $H_0$: There is no significant relationship between occupation and willingness to recommend. | $H_1$: There is significant relationship between occupation and willingness to recommend. | ❌Not significant |
| H6.1 | Age Group × Future Usage Intention | Chi-Square | $H_0$: There is no significant relationship between age and future usage intention. | $H_1$: There is significant relationship between age and future usage intention. | ❌Not significant |

| | | | | | |
|---|---|---|---|---|---|
| H6.2 | Occupation × Future Usage Intention | Chi-Square | $H_0$: There is no significant relationship between occupation and future usage intention. | $H_1$: There is significant relationship between occupation and future usage intention. | ❌Not significant |

## 5. RESULTS & DISCUSSION

### 5.1 Awareness of Digital Lending Apps

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The results showed that **age is a significant predictor of awareness of digital lending apps among the respondents**. The chi-square test showed a statistically significant relationship between awareness and age ($p = 0.019$) to indicate that younger individuals are more likely to be aware of these websites. No significant association of awareness with gender and occupation was found. This shows that even though mobile lending apps are commonly recognised among most populations, younger generations are particularly more familiar with them, likely due to the fact that they have more exposure to digital technology and financial innovation.

### 5.2 Usage of Digital Lending Apps

When looking at actual **usage of digital lending apps, the data were not statistically associated with age, gender, or occupation**. The chi-square tests for all of these variables were greater than 0.05, indicating usage is evenly distributed across socio-economic groups. This means that if there is awareness, then users from various backgrounds are as likely as any other to use digital lending apps, showing the democratizing influence of fintech on access to credit.

### 5.3 Loan Amount Borrowed

**No clear correlation was identified between demographic characteristics and average amounts borrowed using online lending platforms** by the study. Age or gender did not impact the size of the loan. The greatest response was for amounts below ₹25,000, which tallies with data on the sector where the fintech channels are largely focused on sub-prime or new-to-credit consumers requiring small-ticket sizes.

### 5.4 Purpose of Loan

One of the salient findings was **the robust association between age and the main reason to take a loan ($\chi^2 = 39.698$, $p < 0.001$) and income and purpose of the loan ($\chi^2 = 37.954$, $p = 0.013$)**. Younger respondents were inclined to borrow for emergency or lifestyle purposes, while those with greater incomes tended to borrow via digital loans for the purpose of emergencies. However, the validity of the findings is limited since there exists a large proportion of low expected cell counts in all the statistical

tests. There was no robust correlation with other demographic controls and why the loan was given.

### 5.5 Willingness to Recommend Apps

The intention to **recommend digital lending apps analysis was not found to be significantly related to age and occupation**. This shows that advocacy and satisfaction with these platforms are not strongly correlated with demographic characteristics, but possibly with personal experience in terms of service quality, trust, and transparency.

### 5.6 Future Usage Intention

Likewise, **future intention to use digital lending apps was not significantly related to occupation and age**. This implies that there is extensive room for market growth since intention to adopt or continue the services is not constrained to any one group.

### 5.7 User Experience and Concerns

5.7.1 App Preferences: LazyPay and Cred were the most commonly used apps among respondents, each with a usage rate of 52.6%. Dhani, KreditBee, Navi, and EarlySalary also had notable user bases.

5.7.2 Trust and Satisfaction: Nearly half of the users (47.4%) rated their trust in digital lending apps as 4 out of 5, and 42.1% rated their satisfaction as average. However, a significant portion (26.3%) expressed low trust, indicating ongoing concerns about these platforms.

5.7.3 Key Concerns: The most prominent concerns were data privacy and hidden charges, both cited by 57.9% of users. High interest rates and a lack of customer support were also notable issues. Among non-users, the most cited reasons for not using digital lending apps were a lack of need for loans, preference for traditional banks, and lack of trust.

### 5.8 Motivators and Barriers

5.8.1 Adoption drivers: RBI or government regulatory control (41.4%) and lowering of interest rates (40.2%) were viewed as the main drivers that would initiate adoption among non-users.

5.8.2 Inhibitors: Abuse of data (62.1%), hidden fees (41.4%), and unclear terms (40.2%) were the main inhibitors for non-users considering digital lending apps.

### 5.9 Discussion

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The findings indicate that **perceived value, trust, and ease of use are the strongest drivers in adopting digital lending platforms**. Service quality is also found to be influential in shaping perceptions of risk, and those with clear, easy-to-use, and regulated services have better opportunities to attain user trust. While fintech companies have played a major role in expanding credit to more individuals, data privacy concerns, hidden fees, and compliance issues persist. These issues highlight the need for continued consumer education, regulatory adherence, and disclosure of services to foster greater trust and satisfaction with online lending.

## 6. RECOMMENDATIONS

Based on the conclusions of this research on adoption and attitude of consumers towards digital lending fintech apps in India, a number of recommendations are made to fintech players, regulators, and policymakers to establish user trust, facilitate fair lending, and secure sustainable growth in the sector.

### 6.1 Strengthen Transparency and Disclosure

Fintech lenders must give clear, upfront disclosure of all interest, fees, and terms and terms of repayment to consumers. Transparency discourages consumer fear of surprise fees and builds trust in online lending portals. Loan conditions and privacy policy must be expressed clearly and simply accessible by consumers.

### 6.2 Improve Data Privacy and Security

Given that data misuse and privacy concerns are major deterrents for users, digital lending platforms must strictly comply with the RBI's Digital Lending Guidelines on data collection, storage, and processing. Only essential data should be collected, with explicit user consent, and sensitive information must be securely stored within India. Regular audits and robust cybersecurity measures should be implemented to protect consumer data and prevent breaches.

### 6.3 Promote Ethical Lending Practices

To offer assurance to the consumers for recovery procedures and practices, the fintech players need to adhere to an industry code of conduct such as best practices and adopted by RBI. These practices must include ethical collection procedures, grievance redressal procedures transparent in nature, and ethical marketing. Industry associations and self-regulatory bodies can further improve the ethical standards.

### 6.4 Encourage Financial Literacy and Consumer Awareness

Most consumers are ignorant of app legitimacy, terms of loan, and protection from regulation. Fintech firms and regulators have to spend on consumer campaigns to educate consumers concerning secure lending, spotting approved applications, and danger of unregulated lenders. Educating users will enable them to make informed choices and minimise exposure to scams.

### 6.5 Strengthen Regulatory Oversight and Industry Collaboration

The regulators should impose stringent compliance with digital lending rules, such as frequent monitoring and reporting norms for all industry players. Having algorithm audit tools and self-regulatory bodies can further increase responsibility and prevent discriminatory effects. RBI-fintech-consumer association collaboration will ensure a stable and well-balanced lending system.

### 6.6 Continuous Improvement and User Feedback

Online lending websites will greatly profit by actively seeking suggestions from their customers with an eye to knowing them better, their grievances and needs. By hearing customers out and bringing down-to-earth changes, such websites can build loyalty among customers and invite new ideas. These will build confidence, improve the quality of service, and enable the responsible growth of India's fintech industry.

## 7. CONCLUSION

The rapid evolution of digital lending fintech apps in India has fundamentally transformed the way individuals access credit, making borrowing more accessible, convenient, and efficient compared to traditional banking channels. This research aimed to investigate consumer perception and adoption behaviour of digital lending platforms, with emphasis on trust, quality of service, ease of use, data privacy, and regulatory awareness.

The study finds that trust, perceived value, and ease of use strongly influence the adoption of digital lending apps. High service quality helps reduce perceived risk and boost confidence. However, data privacy concerns, hidden charges, and lack of transparency remain key barriers. Demographic factors like gender and occupation have little impact, though younger users show higher awareness.

Despite the sector's impressive growth, challenges persist. Many users and non-users alike express concerns about data misuse, aggressive recovery practices, and unclear loan terms. These issues underscore the importance of robust regulatory frameworks, such as the RBI's Digital Lending Guidelines, which aim to safeguard consumer interests and foster ethical lending practices. In addition, the research identifies a disparity in financial literacy and awareness, specifically were accessing legitimate apps and comprehending loan terms are concerned, and indicates the necessity of continuous consumer education campaigns.

Mobile lending apps have increased credit accessibility for underserved and new-to-credit users in India, promoting financial efficiency and inclusion. To maintain growth, however, trust must be established, there must be transparency, and regulation must keep up with changing laws. Fintech should prioritise user-driven design and responsible practices for sustainable long-term success, while regulators need to refine guidelines further to mitigate emerging threats.

In summary, digital lending fintech apps represent a powerful force for financial innovation and inclusion in India. By addressing consumer concerns and strengthening the regulatory environment, stakeholders can ensure that these platforms continue to deliver value while protecting the interests of borrowers. The insights from this study offer actionable guidance for fintech companies, policymakers, and researchers aiming to foster a more transparent, secure, and consumer-friendly digital lending ecosystem.

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# 9. APPENDICES

## 9.1 Questionnaire



# Digital Lending Apps: Adoption & Perception Survey

**Help us decode India's digital lending trend!**

This quick **3-minute** survey is part of an academic study exploring **how people perceive and use digital lending apps like KreditBee, Navi, and CASHe.** Your responses are 100% anonymous and will help shape real insights into the future of fintech in India.

* Indicates required question

1. **Name:** *

2. **Age Group:** *

*Mark only one oval.*

- Below 18
- 18–24
- 25–34
- 35–44
- 45+

3. **Gender:** *

*Mark only one oval.*

- Male
- Female

4. **Occupation:** *

*Mark only one oval.*

- ◯ Student
- ◯ Salaried Professional
- ◯ Self-Employed
- ◯ Unemployed
- ◯ Retired

5. **Monthly Income:** *

*Mark only one oval.*

- ◯ Less than 25,000
- ◯ 25,000 – 50,000
- ◯ 50,001 – 1,00,000
- ◯ Above 1,00,000

6. **Are you aware of digital lending fintech apps like KreditBee, CASHe, Navi, MoneyTap etc.?** *

*Mark only one oval.*

- ◯ Yes
- ◯ No

7. **Have you ever used any digital lending app?** *

*Mark only one oval.*

- ◯ Yes *Skip to question 8*
- ◯ No *Skip to question 17*

**For Users of Digital Lending Apps**

8. **Which apps have you used?** *(Multi-select)* *

*Check all that apply.*

- [ ] KreditBee
- [ ] MoneyTap
- [ ] Navi
- [ ] CASHe
- [ ] LazyPay
- [ ] EarlySalary
- [ ] Dhani
- [ ] PaySense
- [ ] Cred
- [ ] Other: _____

9. **How much do you trust digital lending apps?** *

*Mark only one oval.*

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Not | ◯ | ◯ | ◯ | ◯ | ◯ | Very much |

10. **Why did you choose these apps?** *(Select your top 2 reasons in order of importance.)* *

*Check all that apply.*

- [ ] Easy process
- [ ] Instant approval
- [ ] No collateral required
- [ ] Peer/friend recommendation
- [ ] App ads/marketing
- [ ] Emergency need
- [ ] Other: _____

11. **Loan amount usually borrowed?** *

*Mark only one oval.*

- ◯ Less than ₹5,000
- ◯ ₹5,001 – ₹10,000
- ◯ ₹10,001 – ₹50,000
- ◯ More than ₹50,000

12. **Were all fees clearly explained before borrowing?** *

*Mark only one oval.*

- ◯ Yes
- ◯ No

13. **Main purpose of taking the loan:** *

*Mark only one oval.*

- ◯ Emergency (medical, etc.)
- ◯ Education
- ◯ Shopping/lifestyle
- ◯ Business
- ◯ Paying off other loans
- ◯ Other: _____

14. **Satisfaction level with the experience:** *

*Mark only one oval.*

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Very | ◯ | ◯ | ◯ | ◯ | ◯ | Very Satisfied |

15. **Top concerns while using them:** *
*(Select maximum 2 options)*

*Check all that apply.*

- [ ] High interest rates
- [ ] Data privacy
- [ ] Hidden charges
- [ ] Harassment by recovery agents
- [ ] Lack of customer support
- [ ] None

16. **Would you recommend digital lending apps to others?** *

*Mark only one oval.*

- ◯ Yes
- ◯ No

**For Non-Users of Digital Lending Apps**

17. **Why haven't you used any digital lending app?** *
*(Select maximum 2 options)*

*Check all that apply.*

- [ ] Don't need a loan
- [ ] Don't trust such apps
- [ ] Prefer banks
- [ ] Afraid of high interest
- [ ] Worried about data misuse
- [ ] Never heard of them

18. **Would you consider using a digital lending app in the future?** *

*Mark only one oval.*

- ◯ Yes
- ◯ No

19. **What might encourage you to try a digital lending app?** *
*(Select maximum 2 options)*

*Check all that apply.*

- [ ] Lower interest rates
- [ ] RBI/government regulation
- [ ] Better reviews
- [ ] Peer recommendation
- [ ] Easy process
- [ ] Nothing, I will never use them

20. **Top concerns you have about these apps:** *
*(Select maximum 2 options)*

*Check all that apply.*

- [ ] High interest
- [ ] Hidden charges
- [ ] Data misuse
- [ ] Loan recovery harassment
- [ ] Unclear terms
- [ ] Other: _____