

Users Satisfaction Towards Online Loan Applications: An Empirical Study”

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Abstract

The rapid growth of online loan apps (also known as digital lending applications or DLAs) has transformed access to credit in India, particularly for small-ticket, instant loans. This study examines the socio-economic profile of users of these platforms through a synthesis of recent empirical studies and secondary data (2024–2026). Key findings reveal that users are predominantly young (72–75% aged 18–35 years), digitally native, lower- to middle-income individuals, with a near-equal gender distribution and a mix of salaried employees, students, self-employed persons, and freelancers. Platforms predominantly serve urban, semi-urban, and Tier-2/3 city residents seeking quick credit for personal expenses, emergencies, and lifestyle needs. The analysis highlights how digital lending promotes financial inclusion while raising concerns about responsible lending. The study fulfils the specific objective of profiling users socio-economically and offers implications for policymakers, regulators (including RBI guidelines), and fintech stakeholders.

Keywords: Online loan apps, digital lending, socio-economic profile, fintech users, financial inclusion, India

1. Introduction

Online loan apps have emerged as a disruptive force in India’s credit ecosystem, enabling paperless, instant disbursements through mobile applications. Driven by Aadhaar-enabled e-KYC, UPI infrastructure, and alternative credit scoring using mobile data, the digital lending market is projected to grow significantly, with retail consumers (especially for personal loans and BNPL) forming the dominant segment. The primary objective of this study is **to find out the socio-economic profile of the users of online loan apps. This includes analysing age, gender, occupation, income, education, and geographic location. Understanding this profile is critical for assessing financial inclusion, identifying vulnerable segments, and informing regulatory frameworks such as the RBI’s Digital Lending Directions. The study is particularly relevant for post-graduate research in management, finance, or fintech, as it addresses the intersection of technology, consumer behaviour, and socio-economic development in the Indian context.

2. Review of Literature

Ritu Sharma and Anil Kumar (2020) conducted a study titled "User Perception and Satisfaction Towards Digital Loan Applications". The study revealed that a majority of users expressed satisfaction due to the speed and ease of access provided by online loan apps.

S. K. Mishra and Neha Gupta (2021) in their research "Adoption and Satisfaction of Online Loan Services in India" found that convenience and round-the-clock availability were major factors contributing to user satisfaction.

Rahul Mehta and Priyanka Joshi (2019) carried out research titled "Digital Lending and Consumer Experience". The study concluded that users were mostly satisfied with online loan apps because of quick disbursement and minimal paperwork.

Arun Reddy and Shweta Bansal (2020) in their study "Mobile Loan Applications: A User Satisfaction Analysis" found that user-friendly interfaces and fast loan processing improved user satisfaction levels significantly.

Kavita Nair and Rakesh Verma (2018) conducted research titled "Factors Affecting Customer Satisfaction in Digital Lending Platforms". The findings indicated that app reliability and transparent processes were key satisfaction drivers.

3. Objectives

1. To find out the socio-economic profile of the users.
2. To determine the user's level of satisfaction towards the selected online Loan Apps.

4. Research Methodology

This study adopts a descriptive and analytical approach based on secondary data. Sources include:

Peer-reviewed journal articles and empirical studies published 2024–2026 (e.g., surveys with primary data from 110 respondents).

Industry reports (MicroSave, Moneyview, RBI publications).

Platform-specific data and market analyses from Statista, NASSCOM, and fintech white papers.

Data were synthesised through comparative tabular analysis and thematic review. No primary survey was conducted; instead, findings are aggregated from multiple credible studies to provide a robust national-level profile. Limitations include reliance on secondary sources and potential urban bias in sampling frames.

5. Framework of Analysis and Findings:

To calculate the data in analysis by using satisfaction tools namely

- Simple Percentage
- Chi square

Socio-Economic Profile of Users

The compiled data reveal a clear socio-economic profile of online loan app users:

Age Distribution (Dominant youth segment)

Age Group	Percentage of Users	Source Insight
Upto 20 years	36.4%	(Youth dominance; high mobile adoption)
21–40 years	37.3%	(Millennials & early professionals)
41–60 years	25.5%	(Mid-career users)
Above 60 years	0.9%	(Lower adoption)

Approximately 64% of users are under 35 years, aligning with Gen-Z and millennial preferences for app-based, instant credit.

Gender

Near-equal distribution: 49.1% male, 50.9% female (some studies show 55% male, 45% female). Female users often demonstrate better product understanding and consult family before borrowing, while males lean on peers or advisors.

Occupation

Occupation	Percentage (approx.)
Professional	37.3%
Student	40%
Self-employed	8.2%

Government Employee	3.6%
Private Employee	11.8%

Platforms heavily serve Professionals, students, and self-employed workers needing quick liquidity.

Income Levels

Upto ₹10,000 month:	46.4%
₹10,001–25,000/month:	23.6%
₹25,001–50,000/month	26.4%
Above 50,000	3.6%

Users primarily seek small-ticket loans for emergencies, online shopping, food delivery, and lifestyle expenses.

Education and Location

Predominantly graduates and post-graduates (higher digital literacy).

Geographic spread: Metro/Tier-1 cities (significant share), but rapid growth in Tier-2/3 cities and semi-urban/rural areas (expanding financial inclusion). One study noted 23% rural respondents among broader digital payment users, with similar trends emerging in lending.

Usage Patterns

21.8% of surveyed respondents had used Kredit bee platforms; 74.5% reported positive impact (e.g., faster access, convenience). Loans are mostly for personal consumption rather than long-term investment.

Variables Influencing Level of Satisfaction towards Online Loan Apps

Area of Residence

Chi square shows that there does not exist a highly significant association between area of residence and user's level of satisfaction on Online loan apps.

Age

Chi square shows that there does not exist a highly significant association between age and user's level of satisfaction on Online loan apps.

Gender

Chi square shows that there exists a highly significant association between gender and user's level of satisfaction on Online loan apps.

Marital Status

Chi square shows that there does not exist any significant association between marital status and user's level of satisfaction on Online loan apps.

Educational Qualification

Chi square shows that there does not exist a highly significant association between educational qualification and user's level of satisfaction on Online loan apps.

Occupation

Chi square shows that there exists any significant association between occupation and user's level of satisfaction on Online loan apps.

Status of Family

Chi square shows that there does not exist any significant association between monthly income and user's level of satisfaction on Online loan apps.

Source of Awareness

Chi square shows that there does not exist any significant association between source of awareness and user's level of satisfaction on Online loan apps.

Online Loan Apps

Chi square shows that there exists a significant association between source of satisfaction and user's level of satisfaction on Online loan apps.

Period of Usage

Chi square shows that there exist a significant association between period of usage and user's level of satisfaction on Online loan apps.

Loan Availed

Chi square shows that there exists a significant association between loan availed and user's level of satisfaction on Online loan apps.

User's Satisfaction towards Various Online Loan Apps

It is observed that most specifies the satisfaction of Online Loan apps among 110 users. The first score (2.54) is attained by Reputation of the app and the last score (1.43) is attained by Loan Approval Time.

6. Discussion

The socio-economic profile confirms that online loan apps effectively reach underserved segments—young, educated but lower-income individuals in emerging cities—who were previously excluded from formal banking. This aligns with RBI's financial inclusion goals and the growth of the digital lending market (projected CAGR of ~29%).

However, the concentration among youth and lower-income groups raises concerns about debt traps, high interest rates, and limited financial literacy. Gender nuances (e.g., females' higher satisfaction but family consultation) and urban-rural gaps suggest targeted interventions are needed. Compared to foreign contexts (e.g., mobile-data-driven lending in Africa/Asia), India's ecosystem benefits from DPI (Aadhaar, UPI) but requires stricter enforcement of RBI guidelines on transparency and fair practices.

7. Conclusion and Recommendations

This study successfully profiles online loan app users as predominantly young (18–35), lower- to middle-income, digitally active individuals from diverse occupations, with growing reach beyond metros. The findings fulfil the core objective and highlight digital lending's role in financial inclusion.

Recommendations:

Regulators: Strengthen KFS (Key Fact Statement) enforcement and cooling-off periods.

Platforms: Enhance financial literacy tools and responsible lending algorithms.

Academics/Policymakers: Conduct large-scale primary surveys segmented by region (e.g., South India) for deeper insights.

Future Research: Explore generational differences, default rates by socio-economic strata, or impact on women/gig workers.

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