ATLANTIS PRESS
Advances in Economics, Business and Management Research, volume 146
Fourth Asian B&R Conference on International Business Cooperation (ISBCD 2019)

The Influence of Consumer Psychology on Consumer Finance for College Students–Based on the Survey in Yunnan Province

Yili Hu*
Yunnan University of Finance and Economics
Kunming, China
495920873@qq.com

Ye Chen
Yunnan University of Finance and Economics
Kunming, China
674106908@qq.com

Xiaoyu Chen
Yunnan University of Finance and Economics
Kunming, China
1310636470@qq.com

Abstract—**This paper discusses the factors that hinder the rational, healthy and sustainable development of consumer finance in college students from the chaos of "campus loan".From the optimization and improvement of these factors, the solution measures are put forward.This paper finds that the shaping of college students' consumption psychology has a direct impact on the development of college students' consumer finance.**

Keywords: college students, consumption psychology, consumption behavior, consumer finance

I. INTRODUCTION

At present, China's financial market is in the stage of rapid development, but financial repression is strong. In order to reduce the degree of financial repression, China needs to take advantage of the development opportunity of "One Belt And One Road" to promote the development level of open economy and deepen financial reform. By studying different financial products and types of customers, it has become an inevitable trend to explore the influence of consumer finance on different groups. College students, as the main force of improving the quality and efficiency of the future economy, have become one of the consumer groups that the society pays more and more attention to. As a potential main force of employment in the labor market, college students have potential for income growth in the future. We can develop some appropriate products for them, improve the efficiency of financial resources allocation, and deepen the positive role of financial reform. This paper studies the factors that interfere with the rational, healthy and sustainable development of consumer finance in college students from the chaos of "campus loan". It is found in this paper that the healthy shaping of college students' consumption psychology has an impact on the consumer finance of college students.

II. LITERATURE REVIEW

Consumer finance is produced by residents for realizing the maximization of consumption utility in the current period. Defined from the perspective of the whole family, it is called family finance, which refers to the use of financial instruments to achieve the financial goals of the family according to the current overall situation and future income expectations (Campbell, 2006) The research scope of consumer finance from the perspective of financial function, and believed that consumers mainly need four financial functions: payment, risk management, credit, savings and investment (Tufano, 2009). Besides that, consumer finance does not only emphasize the function of consumer finance, but also includes laws, policies, products and services, and market environment related to consumer finance in the broad sense. The narrow sense of consumer finance emphasizes consumer loans (Yuan & Li, 2017).

Consumer finance in China is still in the primary stage of development, there are many objective constraints. I believes that there are still many shortcomings (Zhang, 2015). It is of great significance to discuss the development strategies of consumer finance based on the real conditions. China's consumer finance system is not yet sound. In recent years, the growth rate of consumer finance is remarkable, but laws and regulations on consumer finance are still not sound, which causes many risks in credit products. In addition, due to the huge gap between urban and rural areas, the business of consumer finance is carried out in big cities, which causes most people's insufficient understanding of the concept of "over-consumption" (Chen, 2018). For college students, they are lack of social experiences. Many of them come from small cities to study in big cities. It is easy to misunderstand consumer finance and generate excessive consumption psychology.

At present, the Internet consumer finance is the most common among college students. Internet consumer finance for college students can be divided into e-commerce model, P2P online loan model and college students' consumption platform. The electronization of financial industry does not only mean that the traditional financial services trade through the Internet platform, but also to a large extent that the improvement and expansion of Internet technology assimilate its own characteristics to the financial service end, greatly increasing its operation efficiency (Manuchehr, 2008). So college students' Internet consumption finance provides convenience for college students' consumption, but

*Corresponding author

also brings a series of problems. Some platforms grow barbarously, the rate is not transparent, credit line is too high, credit risk control is lax and the probability of default is high.

There is a significant relationship between the characteristics of personal consumption behavior and consumer finance. The basis of consumer finance is probably the deviation of psychological account in behavioral finance. Psychological accounting bias was proposed by Kahneman and Tversky (1984). In the analysis of "performance experiment", the concept of "psychological account" was used to show that consumers formed corresponding psychological accounts according to different decision-making tasks. Psychological account is the process of people's psychological classification, accounting, coding, evaluation and budgeting of results especially economic results (Kahneman & Tversky, 1984). As the existence of consumer psychological accounts, individuals often violate some simple economic algorithms when making decisions, and thus make many irrational consumption behaviors. The degree of risk preference, consumption habits and wealth held by individuals will influence the choice of consumer finance. The consumer decisions of individuals are similar to those of companies in that they need to make decisions based on their solvency, investment patterns and product preferences. For people who have excessive consumption behavior, if there are no relevant regulations to restrict them, it will stimulate their excessive consumption psychology, and thus more excessive consumption. It is worth noting that individual financial decisions tend to deviate from the optimal decisions of rational people in classical economic theory. Due to the limitations of financial knowledge and different behavioral orientations, individuals cannot make rational and optimal decisions.

Consumer behavior refers to the emotional, psychological and physical activities that occur when consumers choose, purchase, apply and solve goods and services to meet their own needs and desires. College students' consumption behavior is influenced by many factors. Based on this theory, Stone constructs a multidimensional risk model including functional, financial, psychological and social factors, especially the eager to try something new (Stone, 1993). As Goldsmith believes that consumer innovation is the relative degree to which individuals are willing to try or use new products or services (Goldsmith, 1991). After college students enter the campus life, they have a great deal of autonomy in both study and life. They have no economic sources, most of them are sponsored by their family. Family conditions have an effect on college students' consumption behavior. For example, in the purchase of electronic products or expensive consumer durables, college students need to be approved by the family. However, under the upper bound, college students have some independence in consumption decision (Zhen, 2016). In addition, college students' consumption behavior is also influenced by the interaction of group psychology and specific psychology. If college students are not effectively guided, they are likely to over-consume. Many college students choose shopping online. The development of online loan and other lending platforms have boosted the excessive consumption of college students on the Internet. Once the amount of consumption exceeds the economic capacity, heavy burdens could occur.

According to the above research findings, consumer psychology would affect consumer behavior. The performance of consumer behavior will affect the sustainability of consumer financial product. This paper hypothesizes that there is a relationship between college students' consumption psychology and consumption behavior, and the discovery and improvement of this relationship will be helpful to the promotion of consumer financial products.

III. RESEARCH METHODS

This study adopts questionnaire survey, which was mainly distributed by students of International Business School of Yunnan University of Finance and Economics. The sampling object is the university students in Yunnan, including Yunnan University of Finance and Economics, Yunnan University, Dali university, Qujing normal university, etc. The students have different majors in different levels so as to ensure the comprehensiveness of data as far as possible. In order to improve the universality of the questionnaire survey and the reliability of its results, the survey was mainly distributed in the form of network questionnaire, supplemented by paper questionnaire. 1600 electronic questionnaires were distributed to students in Yunnan universities and 1536 questionnaires were recovered. 200 copies of paper questionnaires were distributed to Yunnan University of Finance and Economics, and 161 copies were recovered. A total of 1800 questionnaires were issued and 1697 were recovered in these two ways, among which 1174 were effective questionnaires and the effective questionnaire recovery rate was 65.22%. In addition, in order to ensure the reliability of the survey data, before the questionnaire, no in-depth understanding of their personal situation is conducted to ensure that the study individual is not typical. Additionally, 20 college students were interviewed face by face. 37 college students got return visits based on the electronic questionnaire survey. According to the collected data, the range of marks for excessive consumption Y is 1-5, and the range of marks for excessive consumption psychology X1 is 11-66.

IV. DATA ANALYSIS

This paper used a multiple linear regression model to investigate the relationship between excessive consumption psychology and excessive consumption behavior. The dependent variable is excessive consumption behavior, excessive consumption psychology is the independent variable, control variables include living expense, gender, grade, major. The regression result is shown as model 1 in table 1.

TABLE I. REGRESSION RESULTS

	EXCESSIVE CONSUMPTION BEHAVIOR	
	Model 1	*Model 2*
Excessive Consumption Psychology	0.014890** (0.047)	0.0146401 (0.295)
Psychology Intervention		-0.337264*** (0.000)
Living Expense	0.047210* (0.066)	0.113654*** (0.008)
Gender	-0.030193 (0.650)	0.173933** (0.043)
Grade	-0.015590 (0.537)	0.085551* (0.010)
Major	0.155923** (0.031)	0.140860 (0.174)
C	1.879891*** (0.000)	1.831451*** (0.009)
R-Squared	0.010542	0.015814
Sample sizes	1174	1174
Prob>F	0.029761	0.004829
F	2.488943	3.125153

P-value is given in parentheses. *, **, *** means significance at 10%, 5% and 1% of the confidence level respectively.

As is shown in model 1, the excessive consumption psychology has significant positive effect on the dependent variable at the confidence level of 5%. The living expense is positively correlated with excessive consumption behavior at 10% confidence level. The major is positively correlated with the dependent variable at 5% confidence level. The constant is significant at all confidence levels, implying that there is strong stickiness in consumption habits. According to the regression result, gender and grade does not affect the excessive consumption behavior, and yet major does affect the consumption behavior. It is inferred that education on finance and economics could prevent the excessive consumption behavior. It is concluded that excessive consumption psychology has an positive influence on excessive consumption behavior, the excessive consumption behavior presents strong consumption habits, professional education on finance and economics affect the consumption behavior of undergraduates. The difference of gender and grade affects excessive consumption behavior to a certain extent.

As is shown in Fig. 2, the result of heteroskedasticity test indicates that the probability of F-statistic is larger than the 10% confidence level, implying that residuals coincides with random distribution and there is no heteroskedasticity in the regression model.

Heteroskedasticity Test: White

F-statistic	1.341516	Prob. F(18,1155)	0.1530
Obs*R-squared	24.04188	Prob. Chi-Square(18)	0.1537
Scaled explained SS	19.06759	Prob. Chi-Square(18)	0.3877

Fig. 1. Heteroskedasticity Test for Residuals

In order to investigate the effect of psychology intervention, the paper uses the stepwise regression method to analyze the effect of psychology intervention. This paper used a dummy variable to represent psychology intervention. The value of the dummy is 1 when psychology intervention was introduced, and otherwise the dummy is 0 when there was no psychology intervention. Because there is implicit correlation between excessive consumption psychology and excessive consumption behavior, this paper uses the Weighted Least Square (WSL) method to evaluate the effect of psychology intervention. The result is shown as model 2 in table 1

In model 2 the coefficient of the excessive consumption psychology becomes insignificant when the effect psychology intervention is considered. The coefficients of psychology intervention and living expense are significant at 1% of the confidence level, and psychology intervention is negatively correlated with excessive consumption behavior. The significance of living expense implies that budget constraints for consumption play a role when psychology intervention inhibits excessive consumption psychology. In addition, the coefficients of gender and grade are significant at 5% and 10% of the confidence level. It means general factors for normal consumption take effects. Although the stickiness of constant for consumption behavior is still significant, the degree is less than that in model 1. It implies that psychology intervention could enhance resilience on consumption behavior to a certain extent. In contrast with model 1, the coefficient of major is insignificant. It implies that psychology intervention could decrease the effect of major on consumption. It is concluded that the psychology intervention establishes "buffer blocks" for excessive consumption. The psychology intervention can cut off the contact between excessive consumption psychology and excessive consumption behavior, and budget constraints, gender and grade could play roles on consumption. Consumption habits still take effect. However, once psychology intervention was introduced, the rigidity would decrease. Based on the regression result, the introduction of the psychology intervention in college students is necessary.

As is shown in Fig. 2, the result of heteroskedasticity test indicates that the probability of F-statistic is larger than the 10% confidence level, implying that residuals coincides with random distribution and there is no heteroskedasticity.

Heteroskedasticity Test: White

F-statistic	1.202501	Prob. F(6,1167)	0.3023
Obs*R-squared	7.213687	Prob. Chi-Square(6)	0.3015
Scaled explained SS	5.801575	Prob. Chi-Square(6)	0.4458

Fig. 2. Heteroskedasticity Test for Residuals

TABLE II. CONTEMPORARY COLLEGE STUDENTS' CHARACTERISTICS IN THE SURVEY

Characteristics	Category	No.	Minimum	Maximum	Mean	Standard Deviation	Percentage
Gender	Male	682	1	2	1.42	0.494	58.1%
	Female	492	1	2			41.9%
School	Undergraduate	942	1	2	1.20	0.392	80.2%
	College	232	1	2			19.8%
Major	Non Economics	835	1	2	1.29	0.453	71.1%
	Economics	339	1	2			28.9%
Grade	Freshman	298	1	5	2.63	1.300	25.4%
	Sophomore	296	1	5			25.2%
	Junior	230	1	5			19.6%
	Senior	247	1	5			21.0%
	Graduate	103	1	5			8.8%
Source of living expenses	All from family	460	1	3	1.89	0.813	39.2%
	Partly from family	384	1	3			32.7%
	All from themselves	330	1	3			28.1%
Monthly living expenses	Monthly balance	293	1	4	2.23	1.051	25.0%
	Just finished	429	1	4			36.5%
	Occasionally overruns	226	1	4			19.3%
	Always overspending	226	1	4			19.3%

As table 2 is shown, 71.1% of students' major is non economics, implying that most students are lack of acknowledgement of risk management, especially the quantitative technology of risk evaluation. These phenomena may be caused by the unconsciousness of crisis. Psychology intervention could promote the cautious self-consciousness by increasing the degree of risk aversion. 60.8% of students are self-sponsored partly or completely, which indicates that the growth potential of consumer finance in college is huge. Only 38.6% of students are overextended.

Based on the above analysis, it is inferred that due to partly or entirely self sponsor for college students, the potential for the development of consumer finance in college is huge. However, most students spend money on normal overheads. It means that the consumer finance is mainly used to meet bridge loans or working capital loan. The solvency is based on the contemporary financial support from families. The consumer finance should be supported with some restraints.

Regarding to the factors which affect consumption psychology for college students, most of them illustrated that the personality, lifestyle, personal belief, product culture, emotion and group effect would affect their consumption psychology, and the degree of effect varies d. According to the survey, lifestyle (concept) and mood are prominent. Under the influence of successful professionals, some college students construct the perception that success is relevant to high quality, high quality is relevant to high consumption. The aspiration for success ignites pursuing high consumption. The specific psychology takes effect. There are other students whose families are not well off. However, they do not want to lag behind on the threshold of consumption. The group psychology makes them to keep up the higher level of consumption. In reality, the economic development with high speed objectively create prosperous environment for college students to consume more goods. Under the trend of the high consumption level in today's society, the factors affecting the consumption psychology of contemporary college students are becoming more and more diversified.

As is shown in table 3, if students encounter excessive consumption, 47.9% of students will apply campus loans to keep turnover, 39.2% will apply Ali loans to repay installments, 50.8% will ask help from their families, 45.9% will borrow from their friends and classmates, 48.4% will reduce their expenditure in the next months, 48.9% will control their daily expense. It can be seen that once college students encounter excessive consumption, there are various countermeasures to take, and a significant part of them will use financial products. From these statistics, it can be inferred that everyone has different personalities and different ways of dealing with problems. Some may rely on their parents and relatives if they have a good family, while others may turn to their friends for help if they are sociable. All in all, each factor plays a decisive role. For each individual, these are indispensable to influence.

TABLE III. MEASURES FOR COLLEGE STUDENTS TO MEET EXCESSIVE CONSUMPTION

Actions	Number of Students	Percentages
Campus loans	562	47.9%
Ali Loans	460	39.2%

Borrow from parents and Relatives	596	50.8%
Borrow from classmates and friends	539	45.9%
Living expenses have been greatly reduced	568	48.4%
Control self	574	48.9%

From the behavior, it can be seen that different psychological characteristics affect the decision-making, when college students encounter the excess consumption. If government takes appropriate psychology intervention, some wrong behavior would not incur, so that the financial risk from the chaos of campus loans would be controlled.

Through the literature research and empirical analysis of excessive consumption, the conclusion is summarized as follows:

There is indeed a link between excessive consumption psychology and excessive consumption behavior, and excessive consumption behavior is the externalization of excessive consumption psychology.Excessive consumption behavior is the result of excessive psychology.Excessive consumption causes college students to invert the purpose and means of consumption in their life, and they tend to do so regardless of their own ability or expansion of demand. When the feasibility of excessive consumption is recognized psychologically, it will be shown in the behavior of consumption.

Excessive consumption psychology of college students is becoming more and more common. In addition to their own factors, family, society and environment are also the reasons why college students form excessive consumption psychology. If we want to improve excessive consumption behavior through excessive consumption psychology, the external world needs to carry on psychological intervention to excessive consumption psychology.

V. CONCLUSIONS

Through this paper, the study found that psychological intervention has positive effect to the consumer behavior, consumer behavior will enhance the suitability and sustainability of consumer finance, consumer finance, therefore, must be need the consumption psychology intervention. Healthy consumer psychology prompts consumers to make the correct consumption behavior. Regarding to college students, a special consumer group with a lack of social experience, finance, should learn the basic concepts and risk control for consumer finance, related laws and regulations, especially about the Internet consumer financial product developers. The government should raise the barriers to entry into the consumer finance market, terminate the provisions of illegal financial products, such as "borrowed" campus "net lending", and alert the dangers of these financial products to college students .Meanwhile,the university should enhance psychology intervention and psychology education to foster healthy consumption concepts and support legal financial products into the campus.

ACKNOWLEDGMENT

This paper is sponsored by General Programs of Education Department in Yunnan Province (the project number is 80044010129).

REFERENCES

[1] Chen, X. “Restrictive Factors and Strategies for the Development of Consumer Finance in China”, China Collective Economy, 2018 vol. 549(1), pp. 112-113.

[2] Campbell, J. Y. “Household Finance”, Journal of Finance, 2006 vol. 4(2), pp. 1553-1604.

[3] Goldsmith, R. E. and Hofacker, C. F. “Measuring-Consumer Innovativeness”, Journal of the Academy of Marketing Science, 1991 vol. 19(3), pp. 209-221.

[4] Kahneman, D. and Tversky, A. “Choices, Values and Frames”, American Psychologist, 1984 vol. 39(4), pp. 341-342.

[5] Manuchehr, S. “E-Finance: Status, Innovations, Resources and Future Challenges”, Managerial Finance, 2008 vol. 38(2), pp. 15-16.

[6] Peter, Tufano. “Consumer Finance”. Annual Review of Financial Economics, 2009 vol. 5(1), pp. 227-247.

[7] Stone, R, N. “Perceived Risk: Further Considerations for the Marketing Discipline”, European Journal of Marketing, 1993 vol. 27(3), pp. 39-50.

[8] Yuan, T. and Li, X. X. “Restrictive Factors and Countermeasures for the Development of Consumer Finance in China”, Times Finance, 2017 vol. 17(3), pp. 15-16.

[9] Zhang, J. “Development Prospect and Strategy Selection of Consumer Finance in China”, Economic Review, 2015 vol. 7(3), pp. 109-112.

[10] Zhen, Y, L. “Research on Contemporary College Students' Consumption Psychology and Consumption Behavior”, China Youth, 2016 vol. 13(2), pp. 650-680.