INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X
Impact Factor: 6.078
(Volume 10, Issue 4 - V10I4-1193)
Available online at: https://www.ijariit.com

An Analysis and Survey of India's Unsecured Loan Market: Types, Sources and Risks

Tara Chadda
mypublishedpaper@gmail.com
The Shri Ram School, Moulsari, Gurgaon

Abstract

This research paper aims to dive deep into India's concept of unsecured loans. It seeks to find out what these loans are exactly, whether they are beneficial or predatory, and what factors lead to defaults. Furthermore, the paper aims to determine the factors deciding such loans' eligibility's such as credit score, income, and age. The various informal sources of lending like moneylenders, landlords, and friends as well as the types of unsecured loans such as payday loans, signature loans, credit cards, etc are also explored. Bank policy when giving out credit as well as deciding how much risk these institutions can take, keeping in mind minimum liquidity requirements set by the Reserve Bank of India is discussed. Additionally, a survey has been conducted to understand the demographic of people taking various types of loans, whether they prefer secured or unsecured credit, and the factors they consider before borrowing money. People were asked subjective questions such as what they feel are the risks of borrowing from a loan app or whether they feel that credit cards have high interest rates or not.

Keywords: *Credit, Risk, Unsecured Loan, Banks, Predatory Loans, Credit Score*

Introduction

Unsecured loans are those loans that are not backed up by any collateral and include credit card and personal loans. It is given based on the credit score of an individual and generally has a higher rate of interest than secured loans. People make such borrowings for a variety of reasons such as paying off medical expenses, student loans, starting a business, or investing in stocks. In recent years, the demand for such loans has been rising and data from the Reserve Bank 0f India shows that credit card transactions have risen from 1.61 trillion in November 2023 to 1.66 trillion in January 2024. (Varier 2024)

The main difference between unsecured and secured loans is that secured loans are protected by an asset or collateral. Here, if one is unable to repay their debt, they can sell their collateral to pay it off. Some of its features include low interest rates, a longer time to repay the loan, and high amounts that can be borrowed. Alternatively, unsecured loans are not backed up by any security but are lent based on credit score, employment history, and references. Some examples include student loans, credit cards, and personal loans. They have high rates of interest and shorter time limits for repayment. This high interest rate on unsecured loans due to lack of collateral is a major reason for default on such borrowings.

In the case of secured loans, if borrowers default, the bank has the benefit of taking action through the SARFAESI Act to recover its money. Launched in 2002, the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act allows financial institutions to collect loans from delinquent borrowers by bidding on commercial or residential assets. A bank can confiscate the borrower's property without having to go to court. (Manchanda 2023) To recover defaults on unsecured loans, banks send reminders, offer repayment plans, and may engage in legal action or engage in debt collection agencies to recover the debt on their behalf. While doing so, the bank must follow the Reserve Bank of India's regulatory guidelines. (Saran 2008)

There is much debate about whether unsecured lending is predatory or beneficial to society and individuals. Generally, three features determine whether a loan is predatory or not-targeted marketing to households based on their race, ethnicity, age or gender, or other personal characteristics unrelated to creditworthiness; unreasonable and unjustifiable loan terms; and outright fraudulent behavior that maximizes the destructive financial impact on consumers of inappropriate marketing strategies and loan provisions. (Carr 2001) Certain types of unsecured debt, like payday loans, may be considered to be predatory as they tend to have high rates of interest as well as hidden terms or obscure information. Who is lending the unsecured loan is also a very important consideration before determining if it is predatory or not. Alternatively, unsecured loans are beneficial to society as it helps those in need of credit to take a loan without having to submit multiple documents or collateral. However, in the case of a default on such loans, banks may take predatory action through recovery agents to reduce the amount of loss given default. The recovery rate refers to the proportion of bad debt that may be recovered in the event of default.

Statistical analysis has led to the conclusion that the demographic of people taking unsecured loans comprises more males than females, the average age of the borrowers is 35 and 65% of people who opted for an unsecured loan already had some sort of ongoing debt (Mehta 2017). The reason for higher loans taken by males is probably because, in India, they are usually the working members of the household and hence have more financial responsibilities.

According to the Swiss Brokerage UBS, the default rate on unsecured loans has risen from 12% in 2019 to 23% in 2023. (Varier 2024). One reason for this can be the rising interest rates set by banks and other financial institutions. To recover these loans, banks use the Insolvency Bankruptcy Code and Lok Adalats but they still need to work on coming up with better strategies to reduce the burden of nonperforming assets.

There are various reasons for defaulting on unsecured loans. In recent years, this may be due to the pandemic creating loss of jobs and the shutting down of businesses. According to a study done in Kenya, the causes of loan delinquency were 29.2% of participants finding the interest rates too high, 27.8% suffering from business failure, 17.8% respondents facing illness or death in their family and 1.2% having a problem with the transaction cost. (Tiwari 2020)

Additionally, a high EMI size leads to a higher rate of default among borrowers. Long-term loans such as housing credit have a lower default rate than loans with shorter tenures such as those for business purposes. Liquidity issues and the economic condition of the debtor all affect repayment. For banks and financial institutions, the inability of debtors to repay the money owed results in a negative impact on profitability and liquidity. Banks should avoid granting loans to risky customers or for speculative ventures, and renegotiate loans whenever borrowers get into difficulties. (Siaw 2014)

Factors deciding eligibility of unsecured loans

Different banks have slightly different criteria when it comes to determining the eligibility for unsecured loans. For example, if availing credit from ICICI bank, the applicant must earn a minimum ₹ 30,000 a month. If self-employed a turnover of ₹40,00,000 is required for non-professionals or ₹15,00,000 for professionals. Additionally, the age of the salaried employee availing credit must be between 23 and 58 years. A self-employed individual must be aged between 28 and 65 years. The individual should be a resident of India with a good credit score and should have worked for at least two years in their current job or profession. Self-employed individuals must be running their business for 5 years and the minimum duration for doctors is 3 years.
To confirm these details, debtors are required to submit identity proof through an Aadhaar Card, Passport, Voter ID Card, or PAN Card. Address proof must also be submitted through the same documents or utility bills. Income tax returns, salary slips, or business continuity evidence must also be shared. Lastly, bank statements for the past six months and passport-sized photographs are required. (ICICI 2023)

A good credit score is very important when deciding eligibility for an unsecured loan. The Reserve Bank Of India has given licenses to four companies in India to use credit bureaus. We are taking the example of CIBIL, one of the most widely used scores. Its range is given in the table below-

Table 1.1 (Black 2023)

CIBIL Range	Rating
300-499	Poor
500-649	Average
650-749	Good
750-900	Excellent

In some companies, to get a less expensive credit card one must have a minimum credit score of 650 and to get a luxury credit card, a score of over 750 is required. Methods to improve the score include paying bills on time every month and lowering credit utilization. (Black 2023)

In general, a higher credit score is required for an unsecured loan versus a secured one, as money is the only way to repay the lender. Alternatively, in secured loans, one doesn't need as high a credit score because an asset is pledged off in case of default. Both of these loans require documents such as identity proof, address proof, and income proof but a secured loan will require proof of ownership of the asset which is being used as collateral. (Ray 2024)

What happens to the defaulting borrower

When a borrower defaults on an unsecured loan, they have to face the consequences. A fee of up to 25% of the loan amount may be added to the original loan amount. Additionally, it leads to lower credit scores, making it hard for the borrower to take loans in the future as well. If the failure to make payment is on an education loan, this may impact the student's future employability as credit histories are sometimes evaluated during job applications. (Clayton 2018)

Three major implications of defaults on households are highlighted as follows:
Borrowers can quickly lose access to their marginal sources of credit such as payday loans, credit card loans, or auto loans. However, during the coronavirus pandemic, people were able to avoid defaults if they had been unemployed and received benefits under the Coronavirus Aid, Relief, and Economic Security (CARES) Act if they were US citizens. Secondly, borrowers who have decent credit scores and savings may be able to ward off repercussions faced from missed payments-especially in the case of student loans, whose adverse consequences occur a long time after defaults. Finally, when deciding which debts to pay, borrowers' choices are shaped by institutional features and forbearance initiatives. (Lanning 2020)

Sometimes, banks send defaulted loan missed payments to a collection agency, which results in collection calls and if there is still no payment, legal action may be taken to recover the debt. On the success of such action, assets may be seized, there may be wage garnishments or in the case of student loans-seizure of income tax refunds. (Treece 2023)

When a borrower fails to pay the amount due, that amount becomes the loss given default for the bank, and negatively impacts it in many ways.LGD is expressed as the total exposure that is lost if default occurs. It influences the economic capital required to finance these loans that is available as well as the regulatory capital requirement of the bank. It affects the management of portfolio risks and the development of risk metrics, stress testing, and loan loss estimates. (Ross 2015)

Types Of Unsecured Loans

There are various types of unsecured loans in the market:

-**Personal Loan**: Simply put, it is an unsecured loan taken by individuals from a bank or a non-banking financial company (NBFC) to meet their personal needs. Like most unsecured loans, it is not secured against any asset or collateral and has high interest rates. It may be utilized for purposes such as home renovation, marriage expenses, a family vacation, medical expenses, etc. (Economic Times 2017)

-**Credit Card Loan**: This is an open-ended loan that allows you to borrow money up to a certain limit and carry over the unpaid balance from month to month. There is no fixed time to repay the loan as long as you make the minimum payment due each month. You pay interest on any outstanding credit card loan balance. (CFPB)

-**Student Loans**: The role of student loans is to provide financial aid to students by federal or private lenders specifically intended to cover education-related expenses such as tuition, books, and living costs. They have to be repaid over time with interest after the completion of students' education. There are usually straightforward eligibility criteria for such loans with them sometimes requiring a credit check or co-signer. There are often income-driven repayment plans for such debt. (Debande 2004)

-**Payday Loans**: A payday loan is a short-term loan made for seven to thirty days for a small amount. They are typically not offered by depository institutions, but through online apps, websites, toll-free phone numbers, and stand-alone companies. These loans have very high rates of interest and are typically due on the borrower's next pay date. (Stegman 2007)

-**Signature Loans**: Signature loans are a type of personal loan available from banks, credit unions, online lenders,, and peer-to-peer lenders. One does need to fill out a loan application when taking on such debt which may involve filling in details such as income, employment, and current debts. These loans are for a fixed amount and have a monthly payment due, with repayment durations ranging from 1 to 5 years. (Napoletano 2023)

The diagrams below show the proportion of various sectors that partake in Priority Sector Lending(PSL) and help one get an idea of what types of loans are taken more frequently than others. Priority sector lending refers to the role of the RBI to ensure that banks dedicate funds for specific sectors of the economy like agriculture.

Table 1.2 (Kumar 2016)

M. Kumar et al | IJBFR ♦ Vol. 10 ♦ No. 2 ♦ 2016

Table 1: PSL Target Compliance and Trends

Parameter	Total PSL	Agriculture	SSI	Weaker Section	Other PSL Total	Other PSL Housing	Other PSL Education
Target as per RBI guidelines	40%	18%	none	10%	none	none	none
Average PSL	42.23%	15.53%	12.75%	7.663%	13.10%	5.982%	1.055%
Compounded annual Growth Rate (CAGR) in PSL percentage	0.1808%	0.7328%	-0.9204%	3.582%	-0.6745%	9.260%	16.80%
SBI Group	42.11%	16.58%	12.83%	9.452%	12.97%	6.075%	1.089%
Nationalized Banks	41.73%	15.63%	12.66%	8.268%	13.41%	5.889%	1.020%
Private Banks	43.28%	14.28%	N.A.	5.364%	N.A.	N.A.	N.A.
Foreign Banks	32.85% *(target: 32%)*	No target	No Target	No Target	N.A.	N.A.	N.A.

Table 1 presents data for average PSL, and its growth rate over the study period, for various bank groups, and to different sectors in PSL.

The International Journal of Business and Finance Research ♦ VOLUME 10 ♦ NUMBER 2 ♦ 2016

Figure 1: Trends in PSL

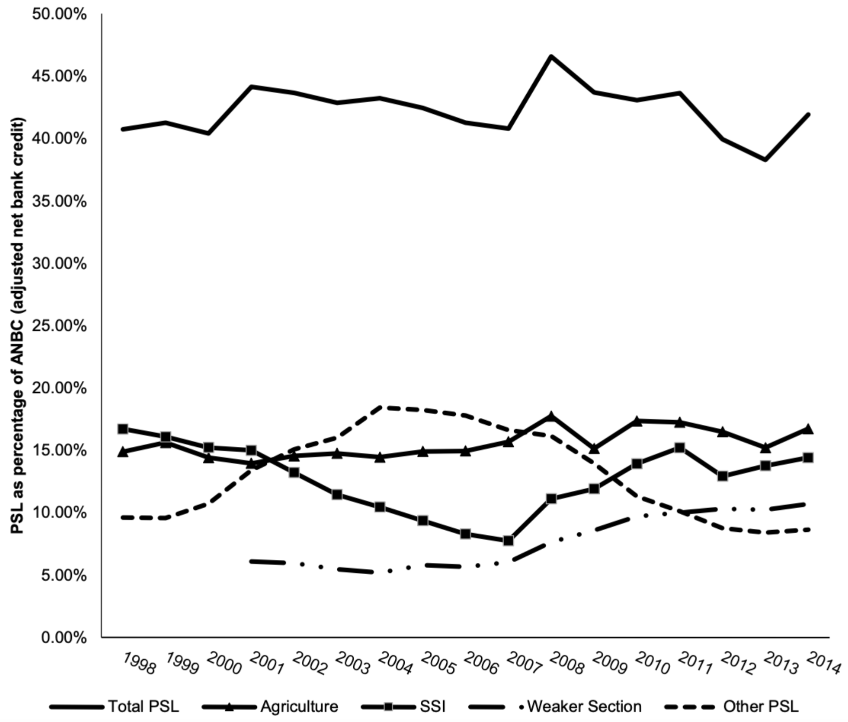


Figure 1 highlights trends in PSL (Total and sect oral) by sample banks, over the years during the study period.

Bank Credit Policy and Bank Risk

Banks have to follow various prudential banking principles while conducting their business activities, as they are working with public funds. The bank must comply with all laws and regulations as a responsibility to their depositors and to maintain public trust. Some principles include the principle of good faith, where the execution of agreements should be honest and transparent; the principle of binding force, which states that neither party can back out after signing contracts when taking loans; and the principle of consensualism, or mutual agreement between the two parties concerned. (Mulyati 2018)

One very important policy is to maintain a certain amount of liquidity at all times. According to section 42(1) of the RBI Act 1934, banks have to maintain a minimum average daily balance of 3% of their total demand and time liabilities. In addition to this, banks have to maintain a minimum Incremental Cash Reserve Ratio, which should not be less than the rate specified by the Reserve Bank in the notification published in the Gazette of India from time to time. (RBI 2011)

Credit Approval Authority has been set up at the head office level by a fourth of the banks. Regarding instruments of Credit Risk Management, the survey brought out that 'Risk Rating', Credit Approval Authority, prudential limits, and Loan Review policy are used by more than 80 percent of the banks. For Credit Risk Management, most of the banks (if not all) are found performing several activities like industry study, periodic credit calls, periodic plant visits, developing MIS, risk scoring, and annual review of accounts. (Verma 2009)

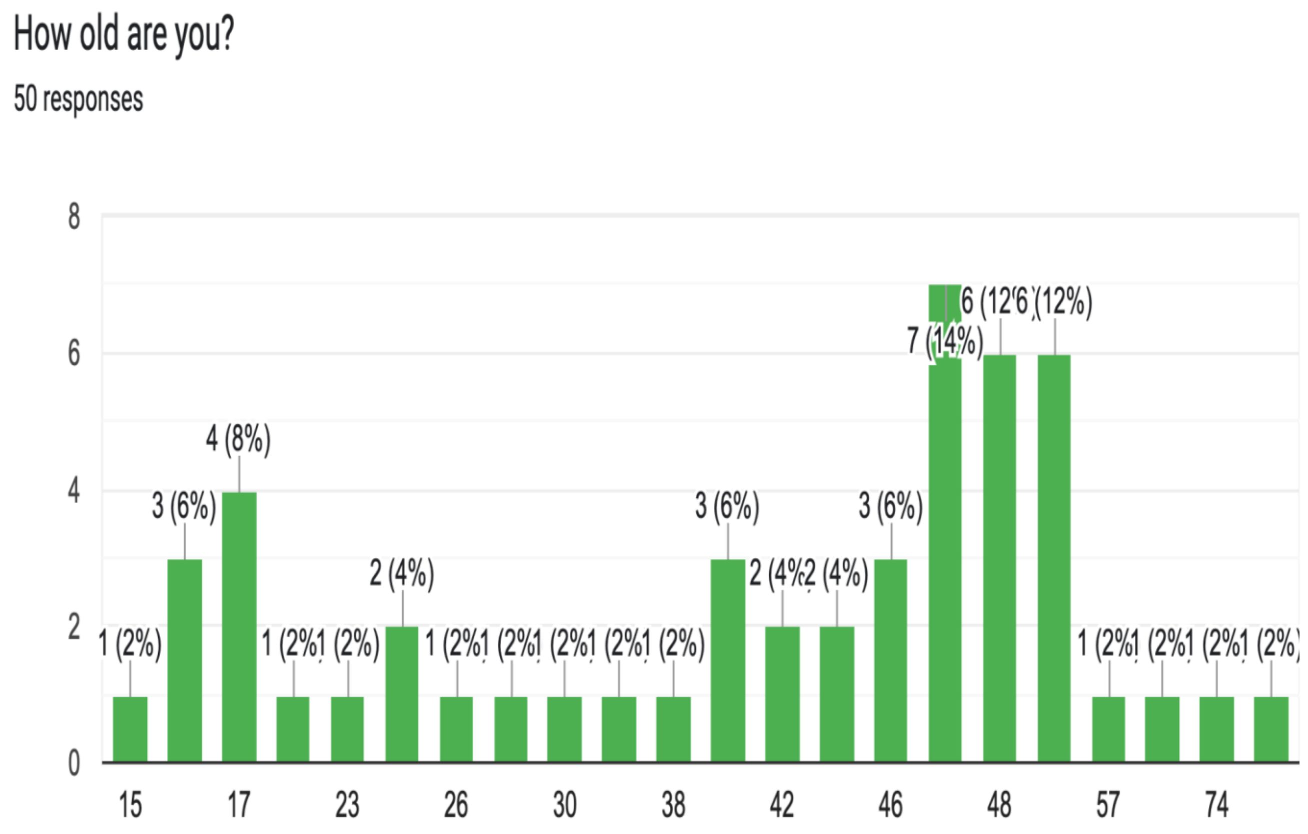
Informal Sources of Lending

Informal finance encompasses all financial transactions that occur outside the formal banking system. This includes lending by friends, family, and other individuals or entities that do not operate within regulated financial frameworks. (Udry 1995) Unlike formal lending, which is regulated by collateral and other documents, informal lending operates on trust and social connections. These loans are unregulated and flexible in terms of interest rates and repayment schedules, making them more accessible to individuals who don't have regular employment or credit history.

These loans are often thought of as predatory, as they usually have higher rates and more/larger fees than conventional products offered by traditional banks and lending institutions. However, the promise of lower payments, more money, and relative ease of completing the transaction (since the customer has a prior relationship with the lender) lead many poor consumers to pursue these loans without additional search for alternatives that have better rates and more favorable terms. However, some organizations argue that the premiums charged on unsecured loans are due to the risk associated with high default rates. (Silver 1998)

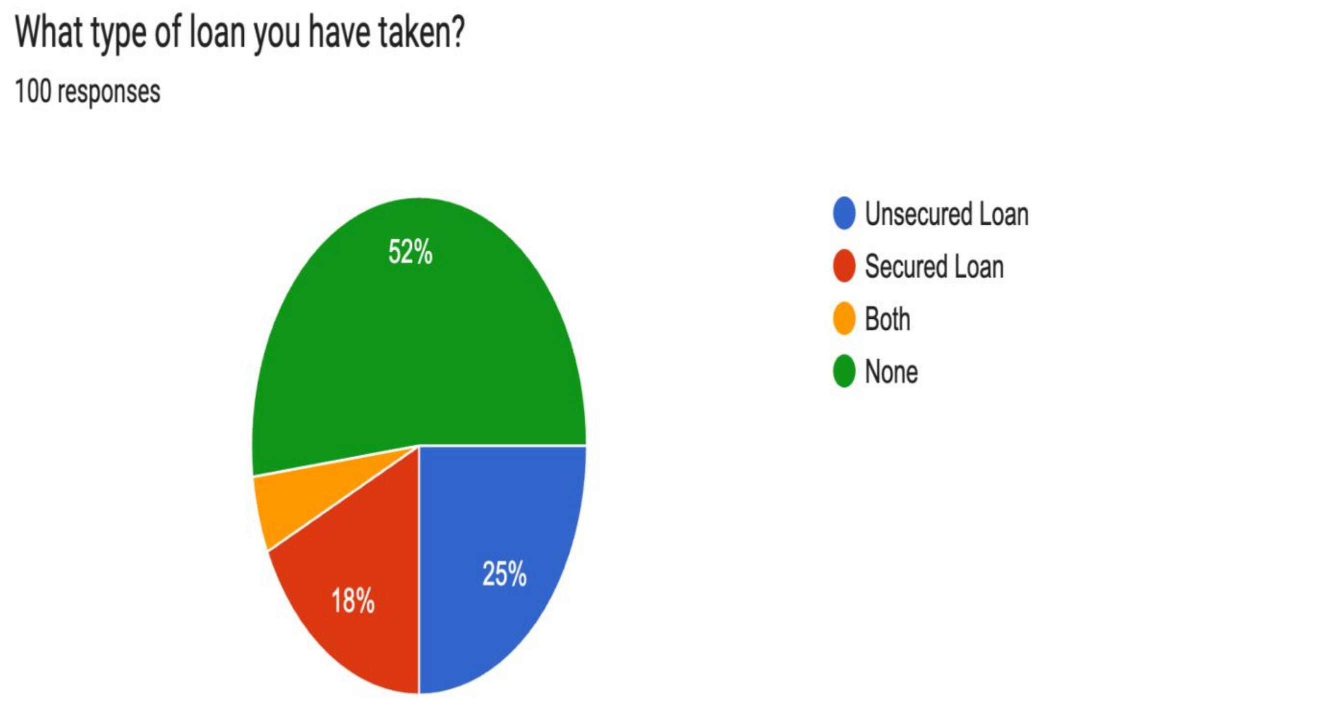
Case Study

Upon taking a sample size of over a hundred people, a survey was conducted to analyze people's knowledge of the various types of loans available in the market, the requirements to be eligible to borrow, and their personal opinion on various types of loans. The participants were of a wide range of ages from 15 years old to 78 years of age.



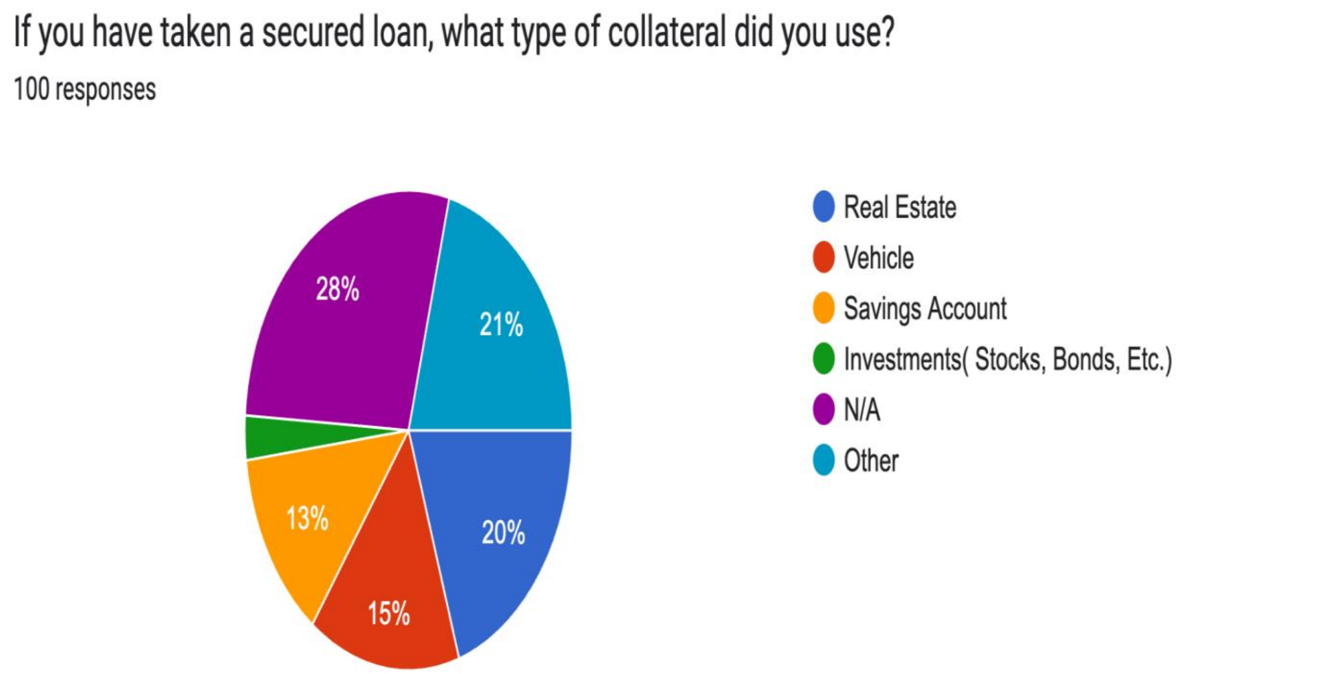
(Graph 1)

Most of the individuals surveyed have never taken any type of loan in their life. However, from those who have taken loans, the percentage of people who have taken unsecured loans is 25% and higher than the 18 % of people taking secured credit. Also, a small proportion of people have taken both types of loans at 5 %.



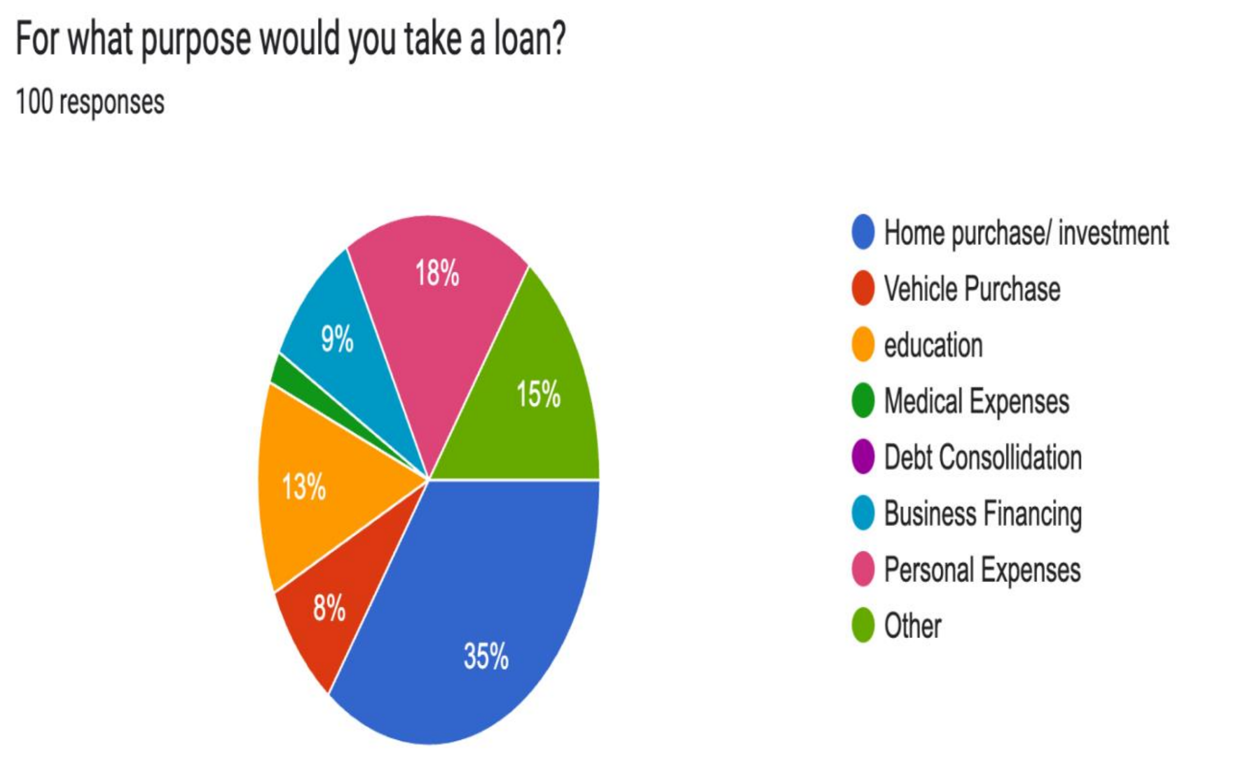
(Pie Chart 1)

If people have taken a secured loan, they tend to use real estate, vehicles, savings accounts, and investments such as stocks and bonds as their security. Real estate is the most popular choice to use as a security at 20 % while only 3 % of individuals have used investments like stocks and bonds to secure their loans.



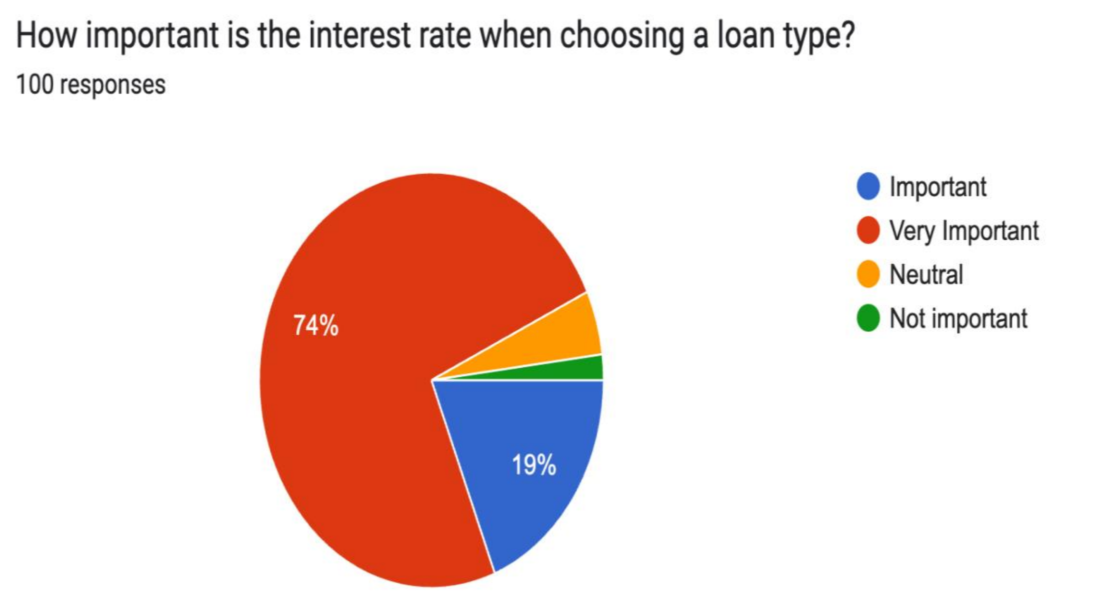
(Pie Chart 2)

When asked why they would take a loan, most people said it would be for home purchases or investments at 35%,8 % of people like to borrow for personal expenses,15% for other reasons, 13% for education loans, only 9 % to finance their business operations, 8 % to purchase vehicles and a mere 2 % for medical purposes, which is quite surprising to note.



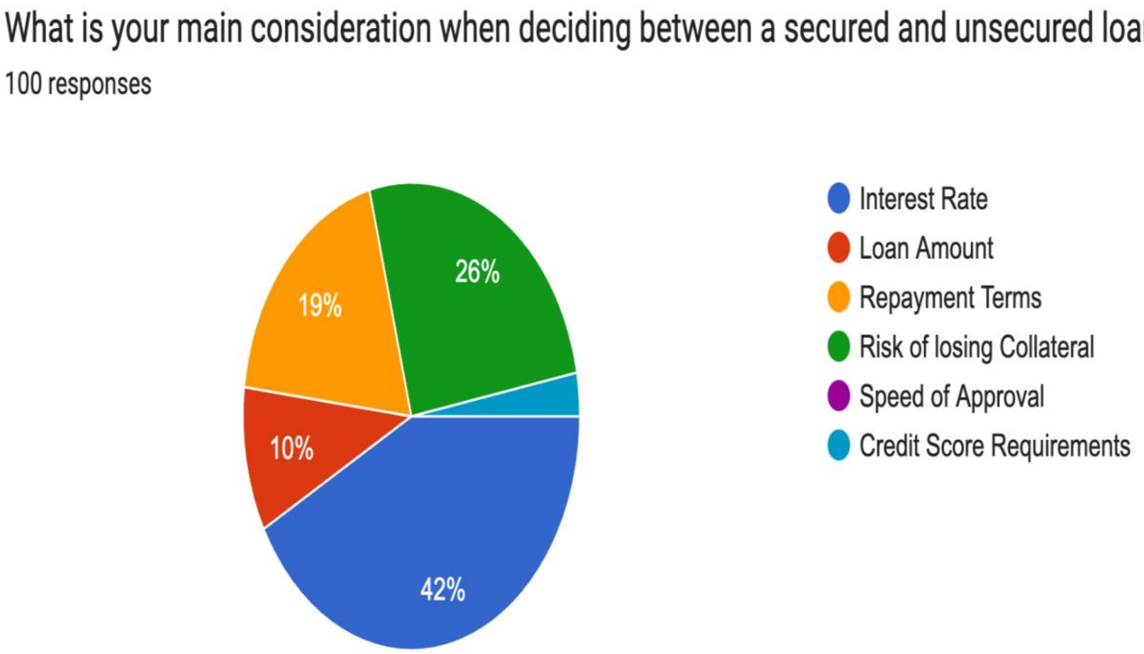
(Pie chart 3)

Upon being surveyed about how important the interest rate of the loan is when choosing what kind of debt to undertake, a huge 74 % said it was very important,19 % said it was important, 4% were neutral and 2 % felt that interest rate was not an important consideration at all when taking loans.



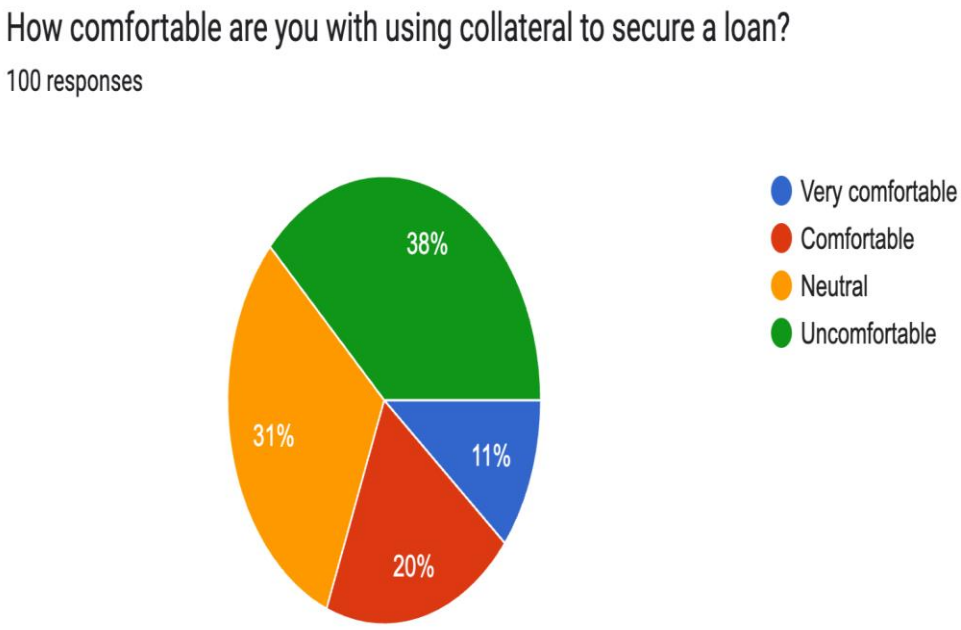
(Pie Chart 4)

When making considerations over whether unsecured or secured credit is better while taking a loan, most people 42 % felt that the interest rate on the loan was the most important factor to consider. Another significant 26% of people felt that the risk of losing their collateral upon default impacted their decision as well. The terms of repayment such as the duration over which the amount has to be paid back, the installments due per month, and so on also impacted 19% of individuals. The amount of loan and credit score requirements affected the decisions of 10% and 3% percent of people respectively.



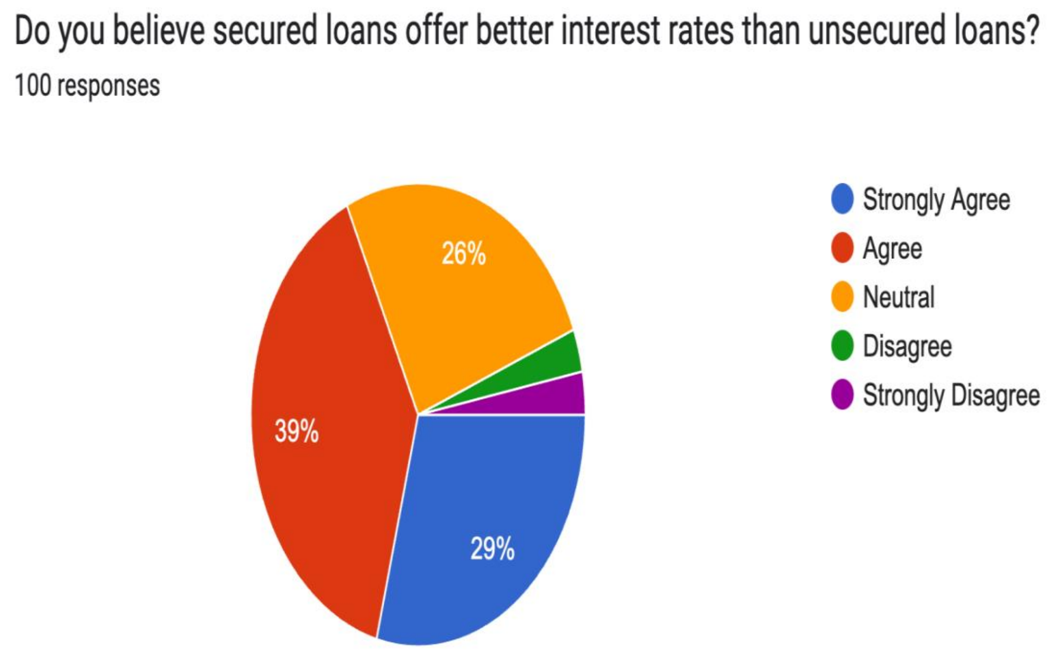
(Pie Chart 5)

Most individuals feel uncomfortable using collateral to secure their loans and 31% are neutral about doing so. Around 31% of people are comfortable with using collateral as a security and only 38 % are uncomfortable with doing so.



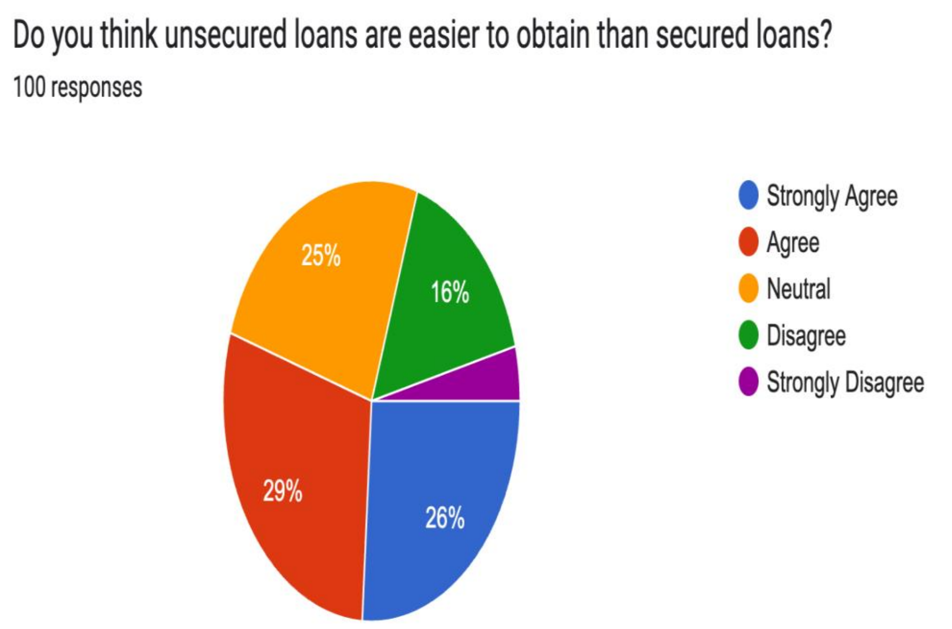
(Pie chart 6)

This question tests the knowledge of individuals as secured loans almost always offer better interest rates than unsecured credit due to the documents required and collateral that has to be guaranteed when taking on secured loans. Hence, most people agree or strongly agree with the fact that secured loans have better interest rates than unsecured credit. Around 26% of people are neutral regarding this and only a small 2% and 4% disagree or strongly disagree with the above statement.



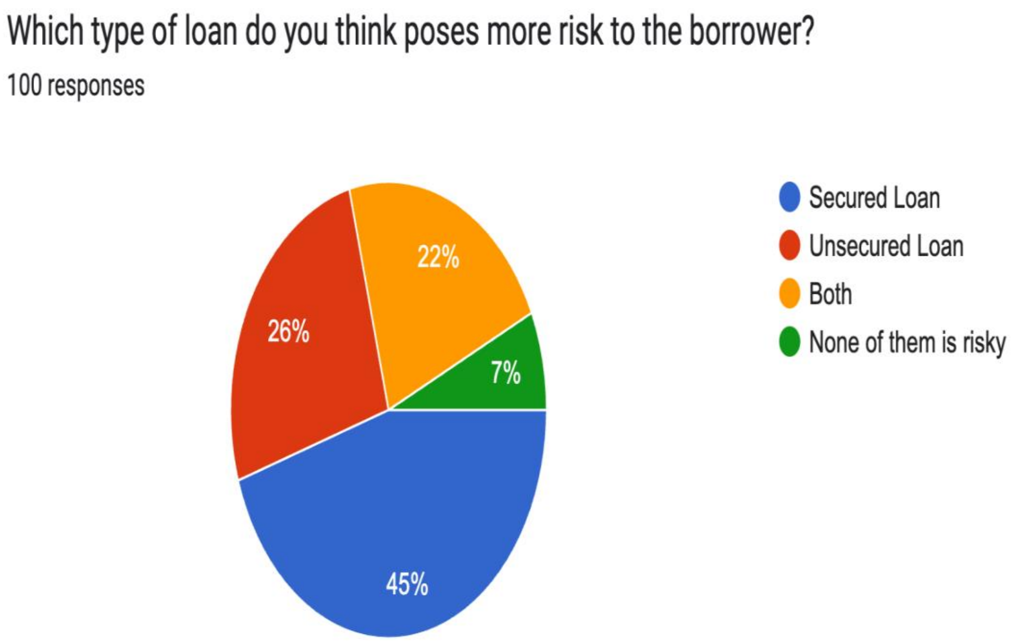
(Pie chart 7)

When asked whether they feel unsecured or secured credit is easier to attain, most people correctly stated that they agree or strongly agree with this statement 26 %. Around 25% were neutral and 16 % disagreed with this statement showing that there is some lack of knowledge amongst individuals on whether unsecured loans are easy to attain or not.



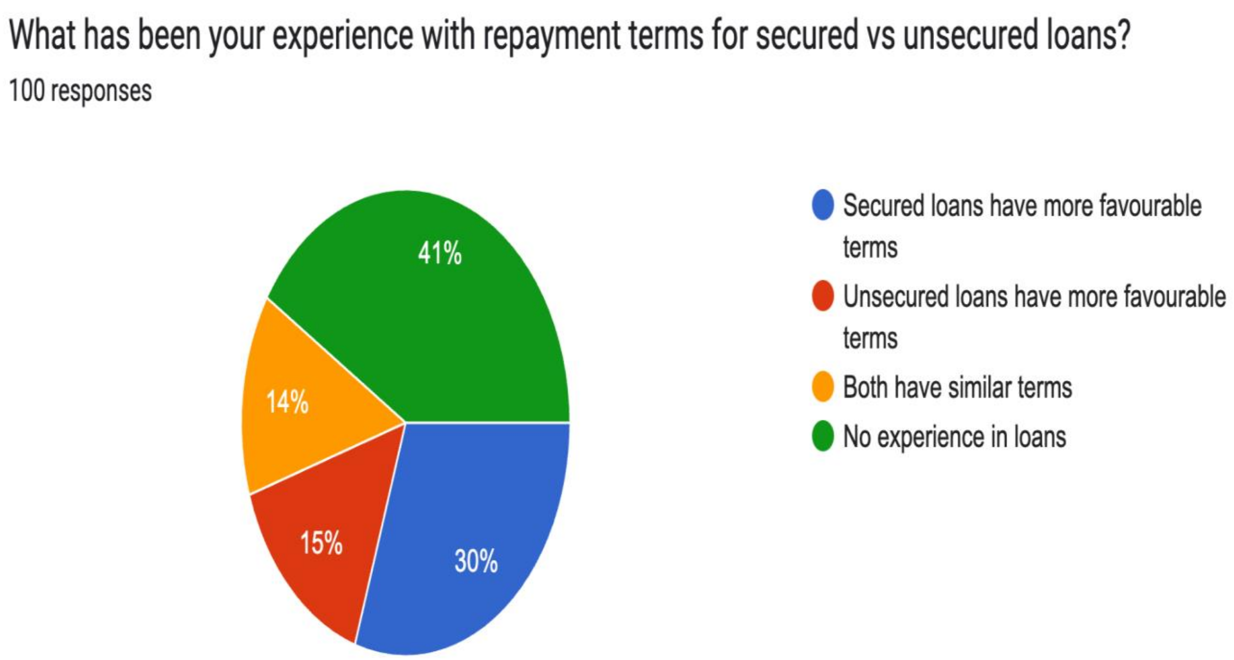
(Pie Chart 8)

Most people 45% feel that secured loans pose more of a risk to borrowers, probably because they have to give up their collateral upon failure to repay the amount due. Around one-fourth of the people surveyed felt that unsecured loans pose more of a risk due to potential harassment and abuse they will have to deal with if they default. While around 22% of people felt that both loans posed a risk to the borrower. Only 7 % felt that none of these loans were risky.



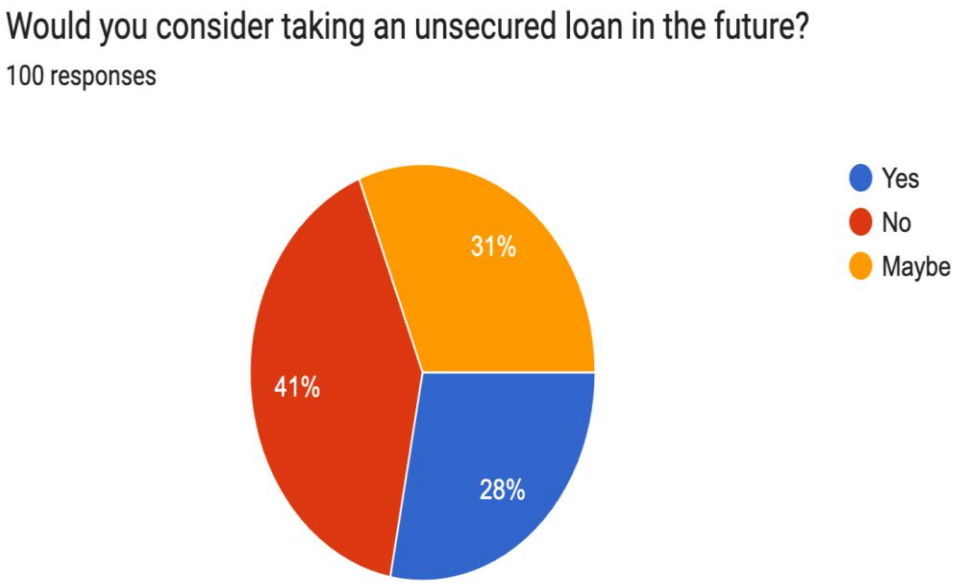
(Pie Chart 9)

When asked about their own experiences with repayment of secured and unsecured loans, most people said that they had no experience 41% taking these loans. Around 30 % felt that secured loans have more favourable terms of repayment while others felt that unsecured loans had more favourable terms. A few said that both types of credit have similar terms.



(Pie Chart 10)

Most people felt that they would not want to take an unsecured loan in the future, probably because of the high terms of repayment, while 26 % felt that they might consider it and 41% felt that they wouldn't.



(Pie Chart 11)

Conclusion

This comprehensive analysis of India's unsecured loan market reveals a multifaceted and rapidly changing landscape characterized by diverse loan types, varied sources including digital lending, and significant risks. Unsecured loans, including personal loans, credit card loans, payday loans, and student loans, provide crucial financial solutions for individuals without requiring collateral, minimum documentation, and immediate disbursal. This accessibility can be especially beneficial for those who do not possess substantial assets. However, the ease of obtaining unsecured loans comes at a substantial cost, primarily due to elevated interest rates and stringent repayment terms.

A critical factor determining eligibility for unsecured loans is the CIBIL score, which plays a pivotal role in assessing an individual's creditworthiness. A high CIBIL score can significantly enhance the likelihood of securing an unsecured loan with favorable terms, while a low score can lead to higher interest rates and limited borrowing options. Maintaining a good credit score is essential, as it influences not only the availability of credit but also the terms and conditions of the loan. It is evident that financial behavior, such as timely repayment of dues and prudent use of credit, contributes to a better credit score and thus better loan terms.

The study also underscores the severe consequences associated with defaulting on unsecured loans. Borrowers who fail to meet their repayment obligations face multiple repercussions, including legal action, harassment from debt collection agencies that are not under direct supervision of RBI, and a significant reduction in their credit scores. This deterioration in creditworthiness can create a vicious cycle of debt, making it increasingly difficult for defaulters to secure credit in the future. The emotional and psychological stress of dealing with aggressive debt recovery processes further exacerbates the challenges faced by defaulters.

Moreover, informal lending sources, such as friends, family, moneylenders, and landlords, play a substantial role in India's unsecured loan market. While borrowing from close relatives may offer more lenient repayment terms, informal lenders often impose higher interest rates and exploitative terms due to the absence of regulatory oversight. This scenario highlights the urgent need for increased financial literacy and regulation to protect borrowers from predatory lending practices. Well-developed regulatory frameworks can ensure that lending practices are fair and transparent, safeguarding borrowers' interests.

The survey conducted as part of this research provides valuable insights into the demographic trends and preferences of unsecured loan borrowers. It reveals a higher propensity among males to take unsecured loans, with the average borrower being around 35 years old. The survey also emphasizes the significant impact of interest rates on borrowers' decisions, with a majority considering it a crucial factor when choosing a loan. Furthermore, the survey findings indicate that most borrowers are wary of using collateral to secure their loans due to the fear of losing their assets upon default.

The survey also delves into the reasons for adopting different forms of credit. Borrowers often take unsecured loans for urgent financial needs, such as medical emergencies, educational expenses, and business investments. The absence of collateral requirements makes these loans accessible to a broader population, including those who may not have substantial assets to pledge. However, this accessibility also leads to higher default rates, as evidenced by the rising default rate from 12% in 2019 to 23% in 2023, according to UBS.

The study also examines the role of bank credit policies and risk management in the context of unsecured loans. Banks must adhere to various prudential banking principles to ensure responsible lending practices. Maintaining adequate liquidity and complying with regulatory requirements set by the Reserve Bank of India (RBI) is crucial to sustaining public trust and financial stability. The implementation of robust credit risk management practices, such as risk rating, periodic credit reviews, and the use of credit approval authorities, is essential for mitigating the risks associated with unsecured lending.

In conclusion, while unsecured loans provide an essential financial lifeline for individuals in need of immediate credit with limited collateral, they also pose significant risks. The high interest rates, stringent eligibility criteria, and severe consequences of default necessitate cautious borrowing and robust regulatory measures. Financial institutions must balance the need for accessibility with responsible lending practices to ensure that unsecured loans do not become a source of financial distress for borrowers. Enhancing financial literacy and providing clear, transparent information about loan terms and conditions can empower borrowers to make informed decisions, mitigating the risks associated with unsecured lending. Additionally, fostering a culture of responsible borrowing and lending can contribute to the overall stability and sustainability of the financial system.

Bibliography

[1] Aryeetey, Ernest, and Christopher Udry. “The characteristics of informal financial markets in Africa.” *ResearchGate*, https://www.researchgate.net/publication/228607225_The_characteristics_of_informal_financial_markets_in_africa. Accessed 10 July 2024.

[2] Black, Michelle, and Armaan Joshi. “What Is A Good Credit Score In 2024 – Forbes Advisor INDIA.” *Forbes*, 6 March 2023, https://www.forbes.com/advisor/in/credit-score/what-is-a-good-credit-score/. Accessed 28 June 2024.

[3] Bodie, B. S., and Richa Verma. “Credit Risk Management Framework At Banks In India.” *IUP Journal of Bank Management*, vol. 8, no. 1, 2009, pp. 47-72.

[4] Carr, James H., and Lopa Kolluri. *Predatory lending: An Overview*. 2001. *Google Scholar*, https://citeseerx.ist.psu.edu/document?repid=rep1&type=pdf&doi=c560ee4943dc32fdc76e40a7541d8e080b150b33.

[5] Clayton, Judith Scott. “What accounts for gaps in student loan default, and what happens after.” *Brookings Institution*, 21 June 2018, https://vtechworks.lib.vt.edu/server/api/core/bitstreams/cccbdac8-9890-453a-883c-f8dd3b35da2d/content. Accessed 25 June 2024.

[6] Consumer Financial Protection Bureau. “Financial terms glossary.” *files.consumerfinance.gov.*, https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_glossary.pdf. Accessed 29 June 2024.

[7] Economic Times. “Personal Loan: What is a personal loan? Here's a guide for personal loan eligibility, documents required, and interest rates.” *The Economic Times*, 5 January 2017, https://economictimes.indiatimes.com/wealth/borrow/all-about-personal-loans/articleshow/56352098.cms. Accessed 29 June 2024.

[8] ICICI Bank. “What are the Eligibility & requirements for a personal loan?” *ICICI Bank*, 2023, https://www.icicibank.com/blogs/personal-loan/eligibility-and-requirement-for-a-personal-loan. Accessed 25 June 2024.

[9] Kumar, Muneesh, and Neetika Batra. “The International Journal of Business and Finance Research.” *Determinants of Priority Sector Lending: Evidence from Bank Lending Patterns in India*, vol. 10, 2016, pp. 55-80.

[10] Lanning, Jonathon, and Jonathon Rose. “What are the consequences of missed payments on consumer debts?” *The Federal Reserve Bank Of Chicago*, vol. 437, no. 1, 2020, pp. 1-8. *Google scholar*.

[11] Manchanda, Rhea. “SARFAESI Act,2002:A glimpse and its impact on NPA.” *Indian Journal Of Law And Legal Research*, vol. 5, no. 1, 2023, p. 1. *heinonline*, https://heinonline.org/HOL/LandingPage?handle=hein.journals/injlolw10&div=327&id=&page=.

[12] “Master Circular-Cash Reserve Ratio(CRR) and Statutory Liquid Ratio(SLR).” *Reserve Bank Of India*, 2011.

[13] Mehta, Shubham, and Bishakha Majumdar. *Factors that influence people taking unsecured personal loans from banks*. 2017. *Google Scholar*, FORE School of Management, https://dspace.fsm.ac.in/jspui/handle/123456789/2443.

[14] Mulyati, Etty. “The Implementation of Prudential Banking Principles to Prevent Debtor with Bad Faith.” *Padjadjaran Journal of Law*, vol. 5, no. 1, 2018.

[15] Napoletano, E. “What Is a Signature Loan? | Personal Loans | U.S. News.” Edited by Melanie Pincus. *US News Money*, 25 May 2023, https://money.usnews.com/loans/personal-loans/articles/what-is-a-signature-loan. Accessed 1 July 2024.

[16] Paul, Ronald, et al. “The rent-to-own industry and pricing disclosure tactics.” *Journal of public policy and marketing*.

[17] Ray, Abeer. “Secured vs unsecured personal loans: What is the difference between the two?” *Mint*, 5 March 2024, https://www.livemint.com/money/personal-finance/whats-the-difference-between-secured-and-unsecured-personal-loans-mintgenie-explains-11709639774141.html. Accessed 29 June 2024.

[18] Ross, Emily Johnston, and Lynn Shibut. “What Drives Loss Given Default? Evidence From Commercial Real Estate Loans at Failed Banks.” *FDIC Center for Financial Research*, vol. 3, 2015, p. 35.

[19] Saran, Prashant. “Recovery Agents Engaged By Banks.” *Reserve Bank Of India*, 2008, https://www.rbi.org.in/CommonPerson/english/Scripts/Notification.aspx?Id=347. Accessed 25 June 2024.

[20] Siaw, Anthony, et al. “Loan Default Rate and its Impact on Profitability in Financial Institutions.” *Research Journal Of Finance And Accounting*, vol. 5, no. 14, 2014, pp. 67-72. *Google Scholar*. Accessed 25 June 2024.

[21] Stegman, Michael A. “Payday Lending.” *Journal Of Economic Perspectives*, vol. 21, no. 1, 2007, pp. 169-190.

[22] Tiwari, Kapil Kumar, et al. “DETERMINANTS OF LOAN DELINQUENCY IN PERSONAL LOAN.” *International Journal Of Management*, vol. 11, no. 11, 2020, pp. 2566-2575. *Google Scholar*. Accessed 24 June 2024.

[23] Treece, Kiah, and Jordan Tarver. “Unsecured Loan: What It Is, How It Works And How To Get One.” *Forbes*, 8 March 2023, https://www.forbes.com/advisor/personal-loans/what-is-an-unsecured-loan/. Accessed 28 June 2024.

[24] Vandenberghe, Vincent, and Oliver Debande. *Financing Higher Education With Student Loans. The crucial role of income-contingency and risk pooling*. *Research Gate*, https://www.researchgate.net/publication/228665626_Financing_Higher_Education_With_Student_Loans_The_crucial_role_of_income-contingency_and_risk_pooling.

[25] Varier, Aathira. “Credit card spends rise 27% to Rs 18.26 trillion in FY24: RBI data.” *Business Standard*, 24 April 2024, https://www.business-standard.com/finance/news/credit-card-spends-rise-27-to-rs-18-26-trillion-in-fy24-rbi-data-124042400949_1.html. Accessed 12 June 2024.