An Analysis of the Impact of Digital Payments on Consumer Credit Constraints

Haotian Chao*

School of Economics and Management, China University of Petroleum (East China), Qingdao, China

Email address:

13247864149@163.com (Haotian Chao)

*Corresponding author

Abstract

With the development of digital finance, digital payment has become the mainstream transaction method for urban and rural households. However, urban and rural households still generally face formal credit constraints, and the interaction mechanism between the two has not been fully clarified. Based on the 2019 micro-data from the China Household Finance Survey (CHFS), this paper systematically analyzes the impact of digital payment on the credit constraints of urban and rural households by adopting a correlation analysis model. The results are as follows: (1) Digital payment significantly exacerbates the formal credit constraints of urban and rural households, and has a positive impact on both demand-side and supply-side constraints. (2) The exacerbating effect of digital payment on household credit constraints is more prominent among urban households, households in non-first-tier cities, high-income households, and elderly households. (3) Total household debt plays a significant mediating role in the impact of digital payment on the credit constraints of urban and rural households, but there are differences among formal credit constraints, demand-side credit constraints, and supply-side credit constraints. (4) Robustness tests confirm the reliability of the conclusions. Finally, composite paradigm suggestions are put forward for three subjects, namely the government, financial institutions, and urban and rural households, including guiding the "accurate interpretation" of digital payment data, optimizing credit approval models, and rationally using digital payments.

Keywords

Digital Payment, Credit Constraint, Consumer Behavior, Data Element