



## BEHAVIORAL FINANCE IN CONSUMER LENDING: A SYSTEMATIC REVIEW OF DIGITAL BORROWING PRACTICES IN INDIAN NBFCs

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### Abstract

*The emerging role of digitalization has led to huge transformation in all sectors making client and clientele come together virtually, especially in Indian financial sectors there has been a tremendous amount of change over the past decade. Due to peer to peer lending, fintech revolution and invest of mobile apps, UPI it is gaining popularity among gen Z and millenials. This paper systematically reviews the interplay role between digital borrowing, consumer behavior, and the evolving role of NBFCs using insights from three domains: behavioral finance, NBFC operations and Digitalization trends. The study employed PRISMA model to synthesize and review the existing literature for research gaps and further study.*

**Key words: NBFC, Behavioral Finance, Borrowing practices, Digitalization, PRISMA.**

### Introduction

Behavioral finance is an interdisciplinary subject combining psychology, economics and finance which greatly influences the financial decisions of consumer that deviates from the traditional theory of rational decisions of consumer in financial choices. It emphasizes the investors as well as buyers behave irrational while making the decisions related to finance it recognizes cognitive biases, emotions and social influences that drive borrowing behavior.

In context of consumer lending with the increasing rise of digital borrowing platforms understanding these behavioral biases is crucial for designing a safer lending practices that will build trust and strengthen the security system which will reduce online frauds, over indebtedness resulting in repeated borrowing.

Digital lending has led to a major transformation in recent years as more number of people are acquainting with digital literacy, the fintech and NBFCs should play a role in combining digital literacy and financial literacy which will lead to financial inclusion reach to underserved and rural areas who lack credit history. On the flip side it is challenging for the digital lending platforms has to sustain challenges related to consumer financial behavior, herd behavior and mental accounting.

This paper aims to investigate the how behavioral finance principles can influence decision making process of digital borrowers, identify the biases that affect their choices and improve lending practices.

### Introduction to Behavioral Finance

Behavioral finance is the study of the effects of psychology on investors and financial markets. It is a sub discipline of behavioral economics which argues that psychological influences and biases affect the financial behaviors of investors. Behavioral finance field emerged from the intersection of psychology and economics in 1970s and 1980s as psychologists started questioning the rational behavior as per traditional finance. The pioneers in this field Amos Tversky and Daniel Kahneman, proposed the prospect theory in 1979. This theory explains how people evaluate and make decisions



under certainty challenging the traditional finance rationality assumptions. Since then behavioral Finance is gaining momentum, in the year 2017 Richard Thaler won Nobel Prize in Economics for contribution in economics and Robert Shiller won Nobel Prize in Economics in 2013 for his work on asset pricing and financial bubble.

### **Behavioral Finance Concepts**

#### **Behavioral finance involves five main concepts**

1. Mental Accounting: It describes human place different values to same amount leading to irrational decisions.
2. Herd Behavior: It is the tendency to follow crowd and make decisions based on others actions.
3. Emotional gap: It refers to decision making based on emotions such as anxiety, anger, and fear.
4. Anchoring: It is relying on firsthand information reviewed during decision making.
5. Self-attribution: It refers to tendency to make decisions based on overconfidence in one's knowledge.

### **Introduction to NBFCs**

Non-Banking Financial Companies (NBFC) also known as Non-Banking Financial Intermediaries emerged in the year 1960 which offered credit to people. It started offering a loan and then began to diversify in to asset financing, micro finance, investment and insurance without holding a banking license. It is also called as shadow banks as they function mostly like a banks mostly in to lending with minimum regulatory framework. NBFCs are registered under the companies Act 2013 and regulated by the Reserve Bank of India(RBI). They have played a major role in financial inclusion- serving the one who are unbanked by the traditional banks. With the growth of technology and digital transformation NBFCs have tapped the rural reach and have become biggest players in financial eco system.

### **Digitalization**

Digitalization means leveraging financial technologies to change a business model, find new revenue opportunities by producing value based products. Digitalization has been adopted by many financial intermediaries for ease of use and financial inclusion. In India digitalization has been driven by rapid internet penetration, smart phone adoption, government led initiatives like Digital India, Adhar, UPI. There has been a revolution in financial systems due to a shift in way of offering financial services. For NBFCs digitalization has emerged as a game changer enabling automated credit assessment, quick loan disbursal, less paper hassle-KYC.

Digitalisation has also given rise to Peer to Peer lending models, crowd funding, buy now pay later which has reshaped the consumer borrowing behavior.

### **Research Objectives**

1. To understand how behavioral finance can improve consumer lending strategies in NBFC
2. To understand the how digital borrowing behavior is influenced by psychological biases
3. To assess the role of NBFCs in financial inclusion by adopting digitalization.

### **Research questions**

1. What are the behavioral biases that influence Indian consumer digital borrowing?
2. How NBFCs have transformed themselves digitally to cater to changing consumer needs.
3. What research gap exists in the literature on digital borrowing behavior in India's NBFC sector?



## Research Methodology

The study employs Systematic literature review (SLR) method guided by Preferred Reporting Items for Systematic Reviews and Meta –analyses (PRISMA) model for literature review which plays inter role between three domains: Behavioral finance, NBFC operations and digitalization. A total of 75 research articles published between 2005 and 2025 were selected based on their relevance to behavioral finance of consumer lending digitally within the Indian NBFC eco system.

### The selection process includes

1. Identification :Google scholar, Scopus, SSRN and Research gate databases are used and key words like “Behavioral Finance”, ” Consumer lending”, ”Digital Lending”, “NBFCs in India, “Digital borrowing Behavior were used
2. Screening: Papers not relevant to study were eliminated.
3. Eligibility: The studies that focused on behavioral biases, NBFC operations and digitalization impact on lending and borrowing practices were shortlisted.
4. Inclusion: Final 75 papers were reviewed across three domains Behavioral Finance, NBFC operations and Digitalization.

### PRISMA Model Flow Diagram

#### 1. Identification

1. Records identified through database searching (n = 150)
2. Additional records identified through other sources (n = 20)

#### 2. Screening

1. Records after duplicates removed (n = 130)
2. Records screened (n = 130)
3. Records excluded (n = 40)

#### 3. Eligibility

1. Full-text articles assessed for eligibility (n = 90)
2. Full-text articles excluded, with reasons (n = 15)

#### 4. Included

1. Studies included in final review (n = 75)

### Research gaps

1. Few studies has been done on digital borrowing behavior
2. There is lot of work on behavioral finance, NBFC operations and digitalization individually but connection between these three domains is few.
3. The risk of online frauds, over debt and their aware and consumer protection in case of NBFC is ignored.



**Table 1: List of research publications relating to Behavioral Finance**

Sl.No.	Area and Focus of the research	Outcome of the research	Reference
1.	Does Service Quality Influence Loan Repayment Behaviour of Microfinance Institution Clients? An Integrated Model Approach to Access Behavioural Dimensions.	The study found out internal factors such as attitude, ascription of responsibility have a positive influence on loan repayment behavior, Improving service quality can have greater impact on client satisfaction.	Golakh Kumar Behera and M. Sai Mohini(2025)
2.	The Study of Consumer Behavior for Personal Loan	The study concludes even though personal loan are useful to customers they feel personal loan ecosystem should be changed by making it borrower friendly including less fee, interest.	Miss. Nupur Shriram Jadhav, Prof. (Dr.) Vishal Chavan, Prof. (Dr.) Bhawana Sharma(2025)
3.	Behavioural Finance in Banking and Management: A Study on the Trends and Challenges in the Banking Industry	The paper advocates closing the gap between the behavioral theory understanding and its practical implications by highlighting to promote resilience, innovation and efficiency in banking management techniques.	Ritesh Ranjan(2025)
4.	Socio-economic. Demographic Factors, Financial Literacy, Personality Traits, and Indian Households' Borrowing Behaviour: An Empirical Study	The study findings are income and demographic factors does not have significant impact on borrowing behavior but financial literacy and personality traits are major determinants while it should also incorporate credit worthiness and collateral security for further research	P.Ramakrishnan and Dr. P. Ganesan(2024)
5.	Traditional Finance and Behavioral Finance: A Detailed Analysis	The paper compare traditional finance and behavioral finance and found out traditional finance is rational and objective, whereas behavioral finance is subjective and objective.	Pratibha Gupta & Devinder Sharma(2024)
6.	The Future of Banking and Lending: Assessing the Impact of Digital Banking on Consumer Financial Behavior and Economic Inclusion.	The study finds digital banking is reshaping financial behavior of consumers by concentrating on convenience, customization and financial inclusion.	Srinivas Rao Challa (2024)
7.	"Digital Financial Literacy and Financial Behavior"	This paper provides direct relationship between digital financial literacy and financial. The author argues higher digital	Guangming Song and Manuelita G. Valencia (2024)



		financial literacy will help individuals to make rational decisions when using digital financial services.	
8.	Behavioural Finance Theory: Evidence From Previous Literature	The study demonstrates behavioral science as a scientific study which examines investors' sentiments, studying multitude biases affecting investment decision. The research should further explore different geographical contexts going beyond the retail investors.	Muzafar Ahmad Shah, Sumeer Ahmad Ganie, and Khursheed Ahmad Bhutt (2024)
9.	A Systematic Literature Review on Overconfidence and Related Biases Influencing Investment Decision Making	The study was done on overconfidence biases in investment decision which led to three outcomes positive, negative and internal financing. The findings of the study were there were two more biases confirmation and hindsight biases relating to overconfidence.	Uttam Karki, Vaneet Bhatia, Dheeraj Sharma(2024)
10.	A Bibliometric Analysis of Borrowers' Behavior	The study reveals there should be shift from lending behavior to buying behavior. There should be collaboration between research scholars of developed nations and under developed nations for further study.	Douglas Mwirigi, Mária Fekete-Farkas, and Zoltán Lakner(2024)
11.	Behavioral Finance: Several Key Effects of Investor Decision-Making"	The study advocates how investors make decision based on emotions and mental shortcuts rather being logic.	Shicheng Yi(2024)
12.	Behavioral Economics and Consumer Financial Decision-Making: An Indian Perspective	This paper explores how social factors such as caste system and cultural factors such as family norms influence consumer financial decision in Indian context. The gap of digital illiteracy should be avoided to utilize 'Digital India'	Palak, Simran Jaiswal, Ayush Shukla(2024)
13.	Behavioral Finance: A Study of Literature	The author concludes behavior finance of people is different in real market than traditional finance and behavioral finance needs to evolve over time focusing on human emotions such as fear, anger, upset, joy than traditional psychological biases.	Yuchen Hu(2022)
14.	The Influence of Conventional Finance and Behavioural Finance on Financial Decisions	The study outcomes investor consider behavior finance elements while taking investment decisions compared to traditional rational investment.	Dr. Roopkishore Singhal, Prof. Kapil Kapdiya (2022)
15.	Understanding the Impact of Borrowers' Behavioural and Psychological Traits on Credit Default: Review and	The study concludes the inclusion of borrowers character and intentions in the credit scoring model of the ones who do not have credit history to make accurate	Akanksha Goel & Shailesh Rastogi(2021)



	Conceptual Model	credit decisions	
16.	Relationship among financial literacy, attitude and behaviour	The study emphasizes the financial literacy and financial attitude influences financial behavior of borrowers. The consumers need to have better financial knowledge and positive attitude for money management	Ramesh Chaulagain(2021)
17.	Measuring Bias in Consumer Lending	The study concludes incentive based biases is significant in lending market because loan officer concentrate more on short term profits than long term profits.	Will Dobbie, Andres Liberman, DanielParavisini, Vikram Pathania(2021)
18.	Behavioral Finance Biases in Investment Decision Making	The empirical results found out that Heuristic behaviors such as overconfidence, representativeness and anchoring had a major impact on investment decision making followed by prospect theory biases and personality traits.	Muhammad Atif Sattar, Muhammad Toseef, Muhammad Fahad Sattar(2020)
19.	Explorations in Managerial Lending Behaviour	The paper advocates blending neuro managerial science and managerial lending management which will help to understand why manager deviate from traditional rational thinking. By adopting brain and eye based models it will easier to study the pattern of lending management in banks by managers.	(Dr.)Jyotirmaya Satpathy and Professor (Dr.) D. P. Mishra(2019)
20.	Comprehensive Review of Literature on Behavioural Finance	The author emphasizes behavioral finance as a human centric provides good understanding of financial decisions. A smart investor will be due diligent while investing but most investors overlook this and are irrational which will lead to poor financial decisions.	Ashima Saxena and Bhavesh Prakesh Joshi(2018)
21.	BehavioralFinanced: Household Investment and Borrowing Decisions	The paper focuses on behavioural finance in household investment and borrowing decisions which is yet under explored highlighting the fact that financial literacy and balanced behavioural approach will	Pavlo Illiashenko(2017)





		protect the household from rental extractions.	
22.	Behavioral Finance: Finance with Normal People	The study concludes behavioral finance is a subject which is evolving and more scientific, it is shifting from traditional rational behavior to human centric understanding.	Meir Statman(2014)
23.	Impact of Behavioral Finance in Investment Decisions and Strategies – A Fresh Approach	The paper studied why investors make rational decisions, their behavior patterns and anomalies. The causes like cognitive, anchoring, herd behavior, loss aversion, over and under reaction are responsible for the investor behavior.	AmarKumar Chaudhary(2013)
24.	Consumer Financial Behavior: An Interdisciplinary Review of Selected Theories and Research	The study used three theories from different disciplines life cycle theory, prospect theory and consumer socialization theory to understand consumer financial behavior. The paper gives valuable insights for researchers, policy makers and financial educators	Jian Xiao, Matthew Ford, and Jinhee Kim(2011)
25.	Reconciling Efficient Markets with Behavioral Finance: The Adaptive Markets Hypothesis	The adaptive market hypothesis provides a more realistic view in market behavior, while market efficiency is subject to be volatile. This study encourages to adapt more psychological, neurological and ecological factors while doing asset management.	Andrew W. Lo, Ph.D.(2005)

**Table 2: List of research publications relating to NBFC**

Sl. No.	Area and Focus of the research	Outcome of the research	Reference
1.	A Study of Non-banking Financial Companies, Roles, and marketing Strategies in India	NBFCs have played major role in developing Indian economy in terms of infrastructure building. Its served as bridging gap between banked and unbanked. Their marketing strategies involving traditional and digital have been very important in reaching diverse customer base. NBFCs should focus on robust framework that increase their competitiveness in the market	Abhilash Mishra, Dr. Vinay Gupta(2025)
2.	Role of Non-Banking Financial Companies (NBFCs) in Enhancing MSME Credit Access and Economic Growth in	The study advocates the vital role of NBFC in bridging the MSME credit gap, with its innovative lending driving expansion in rural and semi urban area. It also plays a leadership role in	Ahmad Adnan Yusuf & Prof. GauravDixit(2025)



	India	infrastructure projects contributing to economic development.	
3.	Exploring User Adoption of Digital Lending Platforms in NBFCs: Insights from the Retail Loan Segment	The study explored the behavioural factors that influence user in adopting digital lending platforms among retail customers of NBFCs in Gujarat using Technology acceptance model(TAM).The result showed perceived ease of use of use has a stronger influence on borrowers' attitudes toward digital lending platforms than perceived usefulness.	Arun Boliya & Sonam Arora (2025)
4.	Addressing Employee-Centric Risks in Post-Merger Integration: A Framework for Sustainable Growth in NBFCs	This paper results show insist the company to take care of employee interest first post-merger to attract financial abundance and create an atmosphere that make people appreciate and committed to vision	Thushar madhusudhan Chinmoy Kumar(2025)
5.	How Artificial Intelligence is Going to Revolutionize the Non – Banking Financial Companies.	The study outlines adoption of AI is fundamentally transforming NBFCs from traditional manual systems to automated verification and risk management.	Vaivaw Kumar Singh and Kunal Sinha(2024)
6.	The Role Of Non-Banking Financial Companies (NBFCs) In Enhancing Financial Inclusion In India: Opportunities And Challenges.	The paper advocates that NBFCs have made a pivotal role in deepening financial inclusion in India where traditional banks fail. It also suggests NBFCs to adopt fintech to innovate its providence of financial services.	Ananyaa Baid(2024)
7.	An Analytical Study of Consumer Behavior Towards instant Personal Loan Apps	This study focuses on consumers' perception towards instant loan .Further it also delves in to the ease of use of instant loan verses the debt culture. The consumer needs to be protected and regulation must be put on fintech lending.	Ms.Deeksha Sharma & Ms.Yamini Kaushik(2023)
8.	Impact on Perception of Consumers Towards cashless Transactions in NBFCs in Kerala.	The study represents the impact of NBFCs role in financial eco system which has surpassed traditional banks. With financial inclusion, outreach and their role in different sectors have made them to establish as financial super financial markets.	Dr. D. Mahila Vasanthi Thangam, Mr Sumesh.R, Ms Asha K(2023)





9.	Review of Literature on the Nonbanking Financial Sector in India	NBFCs play a better role than traditional bank from macroeconomic point of view .NBFC need new RBI regulations which will not hamper its work of providing additional loan.	Prof. Chetan Jaikishan Bhutada & Dr. Shivanand SanmathUR(2022)
10.	An Empirical Study of Banking and Non-Banking Financial Companies in India with Special Reference to Initial Public Offering (IPO) and Its Performance in New Era	The paper concludes NBFCs showed greater volatility and high risk in terms IPO offering when compared to banks.	Dr. Geetanjali Purohit(2022)
11.	Role Played by NBFCs in Indian Economy	The study represents the impact of NBFCs role in financial eco system which has surpassed traditional banks. With financial inclusion, outreach and their role in different sectors have made them to establish as financial super financial markets.	Dr. Purvi Shah(2022)
12.	Influence of NBFC on Spending Behaviour: Study with Reference to Digital Wallets	The study shows that NBFCs driven digital wallet services have impact on consumer spending behavior .It encourages greater spending It also carries the risk of impulsive or overspending among users with low financial efficacy	Ayush G Kottary Prajna P.B Swati Prabhu(2022)
13.	Changing the Culture of Credit. Insights from Bibliometric Analysis	The study used Bibliometric analysis to analyse the credit culture which found out if it is used with proper planning it will be a effective tool in NBFC for excellence.	Kailash Chander &Dr.Surinder Singh(2022)
14.	Study of the Gaps of the NBFC sector in India	This study focused on why some institutions sustain in the long run and while many quit the game. The reason was the art of keeping simple; the institution needs to keep simple balancesheet, simple revenue streams, and simple expenses.	CA Harsh Thakrar (2021)
15.	Panel Data Modelling on Factors Affecting Profitability-Empirical Evidence from Indian Non-Banking Financial Companies	This paper investigates the determinants of profitability in Indian NBFCs using panel regression model focusing on quantitative indicators operating revenue, cashflow and debt equity ratio.	Raktim Gosh,Subhajit Bhadra,Sayaka Mitra(2021)



16.	Study of Shadow Banking in India with a Specific Reference to P2P-NBFCs	The paper studies lending process in India along with operational efficiency and risk management. RBI needs to reduce the stringent measures that has been put on P2P lending so that it can sustain and grow in the financial ecosystem.	Prudhvi Sankar, Mousumi Bhattacharya(2020)
17.	Behaviour of Mutual fund investors with regards to income and gender: An empirical study.	The paper concludes that gender and income shape investor behavior in mutual fund selection. Especially women investors follow herd behavior in terms of mutual fund investment.	Dr.Rekha Gothe(2020)
18.	Role of NBFC Gold Loan on the Socio-Economic Position of its Customers in Koothattukulam Municipality	Paper concludes NBFCs play a significant role in having access to finance for underserved category. Its also warns against unnecessary reliance of gold loan is not acceptable, so financial literacy is a must.	Dr. Santhimol M.C., James Joseph(2019)
19.	Analysis of Professional development Training procedures and its Significant Impact on operational excellence in NBFC	This study advocates professional development and training programs play a crucial role in increasing operational efficiency, customer service and risk reduction.	Trilok Singh & Sapna Singh(2019)
20.	A Review of Role and Challenges of Non-Banking Financial Companies in Economic Development of India	The study advocates the pivotal role of NBFCs in socio economic expansion, financial inclusion. The findings suggest to reduce risk taking capacity of NBFCs to perform better.	Afroze Nazneen & Sanjeev Dhawan (2018)
21.	Customers' Attitude Towards banks and Non-Banking Financial Companies.	The study revealed younger generations were highly happy towards NBFCs service faster loan processing and personalized service when compared to banks. NBFCs are reshaping consumer lending dynamics through tech driven strategies	Dr.M.Somasundaram, Ph.D
22.	Role of Training in the Development of Employee Skills in Reference to Indian NBFCs	The study advocates training is compulsory for employees to serve more customers which also substantially increase their performance and NBFCs operational efficiency.	Trilok Singh* and Sapna Singh(2017)
23.	Non-Banking Finance	The study concludes that NBFC act as	Harsimran Kaur,



	Companies: Role & Future Prospects	financial intermediary that help unserved populations. It should adapt to changing environment to be in the competition .It has strong growth if they maintain financial discipline.	Dr.Bhawdeep Singh Tanghi(2013)
24.	Examining Validity of Known Dividend Models in Indian Non-Banking Finance Companies	The implication of the study is <b>past dividends, current profits, and interest rates</b> are factors influencing dividend decision among the models tested The British Explicit Depreciation model is suitable one.	Sumninder Kaur Bawa, Prabhjot Kaur(2013)
25.	Using Available Non-Demographic Data for Default Probability Estimation in Automobile Loans: Case of an Indian NBFC	The study validates the use of non-demographic contract specific variables to predict default in car loans for NBFCs in Indian context.	Mohit Agrawal(2012)

**Table 3: List of research publications relating to Digitalization**

SI. No.	Area and Focus of the research	Outcome of the research	Reference
1.	FintechRevolution: Digitalization of Payments and Future of Lending in Indian Banking System	The paper examines the role of fintech in revolutionizing the banking system in India which will offer the services any time anywhere.RBI has made a robust framework in creating user lending interface which should concentrate on NPAs and strengthen cyber security.	Rishi Raghuwanshi(2025)
2.	Intermediation of lending: Platforms, mobile money, and data transactions in India	The paper emphasizes how digital inclusion programs such as Aadhaar, UPI, and JAM are transforming financial transactions into data-centric value chains	Rahul Mukherjee(2025)
3.	Scrutinizing the Effectiveness of the NBFC-P2P (Peer-To-Peer) Lending System in India	The study concludes that NBFC-P2P lending system in India is gaining popularity which serves underserved group who cannot have access to traditional banks. It brings lenders and borrowers on online platforms without the intervention of traditional banks	Amit Kumar Jha(2025)



4.	The Rise of Digital Credit: An Analysis of FinTech NBFCs in India's Personal Credit Market	The study found out that Fintech play a critical role in credit access in India by focusing on quick disbursal and simplified documentation..Fintech should concentrate on higher value loan as digital market matures.	SudhirYadav(2025)
5.	A Comparative Analysis of Digitalization in Small Finance Banks: India and UK Scenario	The study concludes India improved financial inclusion through digital platforms like UPA and Aadhaar while UK relies on microfinance institution. Hence both needs to concentrate on fintech innovations and customer centric innovation for growth	Samar Srivastava and Salil Panchal(2025)
6.	Digital Transformation in NBFC Loan Applications: An Examination of Effects on Financial Inclusion in India	The study shows use of digital tools by NBFCs have made loan availability easier and quicker for low income groups in rural areas. The focus should be on digital learning skills and secured access will further strengthen the growth of NBFC.	Amit Kumar Jha(2025)
7.	Digital Inclusion and Financial inclusion: Evidence from Peer to Peer lending	The study emphasizes the need for expanding broadband infrastructure for financial inclusion through P2P lending .This makes repeated borrowing for high risk borrowers.	Xiaoran Jia And Kiridaran Kanagaretnam(2024)
8.	Factors Driving the Adoption and Application of Internet-Based Bank Services with Special Emphasis on e-Banking. Utilizing the Technology Acceptance Model (TAM's) Structure	The study advocates cultural factors are driving force for adoption of internet banking services in Sudan along with trust using TAM mobile banking has become more popular which can play a major role in digital inclusion.	Aisha Badawi Abdelrhman(2024)
9.	Determinants of re-borrowing intention in peer-to-peer lending	The study outlays people will borrow more often if P2P lending platforms are easy to use and trustworthy. So platforms should build trust among the users.	TriPurwani, Listijo,Harto, Naziruddin Abdullah(2024)
10.	Impact of Digital Financial Inclusion (DFI) Initiatives on the Self-Help Group for Sustainable Development.	The digital financial inclusion initiatives have greater impact on SHG for sustainable development as it makes easier to take loans and save more. By proper training and aware they can empower women leading to	Dr. R. Krishna and Dr. B. Sarita(2024)



		local development.	
11.	Transforming Financial Access: The Growth of digital lending	The paper discusses how there is huge transformation in digital lending in India with the invent of mobile apps, fintech platforms and NBFCs.	B.Keerthana and S.R.Vaishnavi(2024)
12.	Challenges, Opportunities, and Drivers in Digital Finance	The paper emphasizes the growth of digital finance can happen if technology is integrated with several disciplines. Being multi-disciplinary in its approach digital transformation can happen. The discipline can be ethical, social, behavioral and institutional	Nicolas Oriol, Mengyao Chen,William Knottenbelt,Ihor Veryzhenko(2024)
13.	A Study on the Augmentation of Digital Lending and the Factors Propelling Its Meteoric Rise	The study uses ARIMA model to identify the value of digital lending market in India which will reach USD 900 billion 2030.the paper also emphasizes the financial inclusion in rural areas.	Akhileshwari Asamani and Jayavani Majumdar(2023)
14.	Digitalization and Productivity Game changer or Sideshow	The study concludes digitalization boosts productivity in European firms but the selected ones. So one size fits all strategy cannot be used.	Anderton, Botelho, and Reimers(2023)
15.	Technology adoption of digital banking and women consumers: An empirical investigation.	The study uses technology adoption model and structural equation model to identify the factors influencing women to adopt technology. Results found out ease of use and perceived benefits can encourage women to adopt technology.	Bimaldeep Kaur and <b>Narinder Kaur Batra(2023)</b>
16.	Exploring the impact of behavioural biases on digital financial product adoption: An empirical study of decision-making among Indian consumers	The study highlights impact of behavioral biases and the trust as mediation for adoption of digital financial product in India. So augmentation can make the process of adoption easy	Dr. Aparna Ger, Dr. Vimal Kumar Mistry, Dr. Aswathi Nair and Maitri Oza(2023)
17.	Revolutionizing Finance: The Impact of Information Technology in Digital Banking.	The study highlights the use of information technology has made banking services easier and more convenient, with mobile banking and UPI apps enhancing customer satisfaction. But still it has to concentrate on online fraud.	Shubhangi Ganorkar(2023)
18.	Strategy of Illegal Technology Financial Management in Form of Online Loans”	The paper advocates the danger of online illegal loans which misuse data, unethical collection and risky for borrowers. This gives a call for proper regulatory framework to reduce this.	Raden Ani Eko Wahyuni(2020)



19.	Digital Lending in India: The Loan Trap	The digital lending market is growing rapidly in India but some apps are misusing borrowers with high interest rate. The RBI needs to create awareness among borrowers regarding fraudulent practices.	Dr. Ashish Kumar Srivastava(2021)
20.	The opportunities and risks of digitalization for sustainable development: A systemic perspective.	Digitalization has both opportunities and risks related to sustainability. On one hand it can create eco-friendly practices and increase social participation and on the other hand it can make increased consumption, create waste.	Prof. Dr. Ortwin Renn, Dr. Grischa BeierandDr. Pia-Johanna Schweizer (2021)
21.	Borrowed access' – the struggle of older persons for digital participation	The study found out older people face difficulty in accessing financial services through digital participation which will lead to social inclusion they often rely on family, relatives and other people, so an informal training of digital usage will help in digital inclusion of older people	Linda Reneland-Forsman(2018)
22.	Digital Transformation: The Next Big Leap in Microfinance	The paper studies the digital transformation in NBFCs in three phases in MFI. The micro finance institutions are using mobile appas and tablets for collection and disbursal of loan.So definitely it has enhanced the performance of MFIs.	Dr. Vijayalakshmi Srinivas Mahal(2017)
23.	<i>Consumer Credit Behavior in the Digital Context: A Bibliometric Analysis and Literature Review</i>	The study concludes there has been a lot work done on digital consumer credit behavior from commerce perspective overlooking the challenges that faced by young adults regarding educational loan.	Hanna Carlsson, Stefan Larsson, Lupita Svensson and Fredrik Åström(2017)





24.	Consumer Protection Issues for Digital Financial Services in Emerging Markets	The paper highlights introduction of financial inclusion via digital financial services can successful only if proper consumer protection framework is used.	Louise Malady(2016)
25.	Behavioural finance and the Study of the Irrational Financial Choices of Credit card Users	The study found out credit card users do not make choice because of interest or rewards but based on psychological biases.	Murat Kiyilar and Okan Acar(2009)

### Discussion and analysis

The analysis of 75 papers revealed:

1. There is an influence of behavioral biases on borrowing decisions. Overconfidence leads to under estimate borrowing risk and leads to over and recurrent borrowing, herd behavior makes individual to follow peers borrowing trend without personal assessment, mental accounting leads to irrational separation of fund resulting in improper payment, emotion decision will make one impulsive and borrow.
2. The role of NBFCs has evolved transitioning from traditional lending system to digital financial institutions. Adoption of technology has made loan disbursement quick and easy and with the invention of mobile apps, UPI, Aadhaar and government initiative “Digital India” has made financial inclusion in rural and underserved segments, consumers also go for reborrowing because of perceived ease of use. also introduces challenges of trust deficit and regulatory gaps.
3. The literature gives a call for behavioral informed digital lending framework supported by proper regulations, protection, and education and borrower centric tech design.

### Conclusion

The study conducted on reviewing 75 papers found out consumer borrowing behavior are influenced by cognitive biases mental short cuts and emotions rather than logic. Though NBFC have evolved and has carved a niche for themselves in serving the people who are not qualified by banks, with the digital transformation they are growing tremendously by innovating the digital platforms making it easier for consumer to borrow which also encounters challenges misfit, trust deficit, online frauds. By incorporating the study of behavioral biases in digital consumer lending NBFCs can make a big impact in the future, should also think on collaborating with fintech, P@P lending platforms to develop a borrower centric tech design which is secured and has regulatory framework.

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