

# Unveiling The Impact of Illegal Online Loans on Cashless Lifestyles And Digital Marketing: A Case Study of Students At Bengkalis State Polytechnic's Language Department

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**Abstract.** This study explores the repercussions of illegal online loans on cashless lifestyles and digital marketing among students at the Language Department of Bengkalis State Polytechnic. The primary objective is to analyze how these unregulated financial activities influence students' financial behaviors and their interaction with digital marketing. Employing a mixed-methods research design, the study integrates quantitative surveys and qualitative interviews to capture a broad spectrum of impacts. The quantitative component involved administering structured questionnaires to 10 students, selected through stratified random sampling to ensure diverse representation across academic levels and disciplines. The qualitative aspect comprised semi-structured interviews with 10 students who had direct or indirect experiences with illegal loans, providing deeper insight into the personal and psychological effects of their financial decisions. The findings reveal a significant trend towards increased use of cashless payment methods among students entangled with illegal loans, primarily due to the ease of transaction it offers for loan disbursement and repayment. Moreover, there was a noticeable uptick in students' exposure to aggressive digital marketing campaigns, which often exploit their financial vulnerabilities. Despite these conveniences, the study also uncovered substantial adverse effects, including heightened financial stress and concerns over data privacy, with over 60% of respondents reporting increased anxiety and intrusive advertising. The research underscores the dual-edged nature of illegal online loans in shaping financial and digital engagement, highlighting the need for comprehensive regulatory frameworks and consumer education to protect vulnerable populations in the digital age

**Keywords:** *Illegal Online Loans, Cashless Payments, Digital Marketing, Financial Behavior, Data Privacy, Student Finance*

## INTRODUCTION

In recent years, the proliferation of digital technology has significantly reshaped financial behaviors, particularly among college students who are increasingly adopting cashless payment methods. This shift towards digital finance, while providing convenience and efficiency, also exposes vulnerable populations to the risks associated with illegal online lending practices. Illegal online loans, often characterized by their lack of regulatory compliance, high interest rates, and aggressive recovery tactics, have raised serious concerns about their impact on consumers, especially in academic settings.

The Bengkalis State Polytechnic's Language Department presents a unique case to explore these dynamics. As digital natives, the students at this institution are prime targets for digital marketers and illegal financial schemes, which often blend seamlessly into their digital lives. This study, titled "Unveiling the Impact of Illegal Online Loans on Cashless Lifestyles and Digital Marketing," aims to dissect the influence of these unregulated financial activities on student behavior concerning cashless transactions and digital marketing exposure.

Given the context, this research is structured to achieve two main objectives: first, to quantify the extent to which illegal online loans influence students' adoption of cashless payment systems; and second, to explore how these financial behaviors interplay with digital marketing practices that students encounter. The implications of this study

are critical, as understanding these relationships could guide policy-making, enhance consumer protection frameworks, and inform educational initiatives aimed at promoting responsible financial behavior among students.

This introduction sets the stage for a detailed examination of the intersection between illegal financial practices, technological adoption, and marketing strategies, thereby highlighting the need for a balanced approach to digital finance that safeguards consumer interests while fostering financial literacy.

The involvement of students with illegal online loans can lead to serious negative impacts, including psychological, financial, and social consequences. Here is a detailed explanation of each impact based on studies conducted by [14],[19], [6].

**Psychological Impact Stress and Anxiety:** Students entangled in illegal online loans often experience high mental pressure. Stress arises due to financial difficulties and the pressure to meet payment deadlines, which are often accompanied by high interest rates. Anxiety also increases due to fears of possible aggressive collection actions and threats that can damage their reputation or mental stability. This can disrupt their academic focus, lower their achievements, and impact their overall mental health, such as frequently lying, changing phone numbers, and disappearing without notice. These findings are consistent with research by [5]

**Financial Impact Debt Trap:** Illegal online loans often have an opaque and excessively high interest rate structure, making it difficult for students to clear their debts. Payment schemes designed to maximize penalties and additional fees can quickly lead to spiraling debts, sometimes exceeding the students' ability to pay. This creates a cycle of debt that is hard to break, which can continue even after students have completed their studies. Similar findings have been noted in research by [10].

**Social Impact Interpersonal Relationship Deterioration:** The social impacts of engaging in illegal online loans may include social isolation, where students may feel embarrassed or stigmatized, thus choosing to hide their problems from friends and family. This can result in a loss of much-needed social support. Additionally, the pressure to repay debts can lead them to engage in relationship-damaging behaviors, such as borrowing money from friends or family without the ability to repay, which can permanently damage these relationships. These effects are aligned and supported by research by [8], [2], [13], [3].

Overall, engagement with illegal online loans places significant stress on students, affecting their mental health, financial stability, and social interactions. These negative experiences underscore the need for better financial education among students and stronger policies to protect them from harmful lending practices. In this context, universities and financial regulatory bodies need to take active steps to educate students about financial risks and provide resources to support those trapped in these debt cycles. The findings from this study are expected to contribute to the academic literature on the negative impacts of illegal online loans in a cashless society context, and offer practical insights for policymakers and practitioners in the education and financial sectors to develop more effective policies to address these issues

## **METHODS**

This study employs a qualitative approach to gain a deep understanding of the subjective experiences of students involved with illegal online loans at Bengkalis State Polytechnic's Language Department. The design of the research is a case study, allowing the researcher to examine the phenomenon within its real context among these students.

### **Respondent Criteria**

Respondents for this study were selected based on the following criteria:

- **Student Status:** Active students from the Language Department at Bengkalis State Polytechnic.
- **Loan Experience:** Students who have taken online loans, whether legal or illegal, in the last two years.
- **Demographic Diversity:** Efforts were made to ensure a diverse range of respondents in terms of age, gender, and year of study to obtain a broad and representative perspective.
- **Voluntary Consent:** All respondents agreed to participate voluntarily and signed a consent form outlining the study's purpose, involved procedures, and their rights to privacy and confidentiality.

### **Data Collection**

Primary data was collected through several methods:



- **In-depth Interviews:** Conducting semi-structured interviews with respondents to delve into their experiences with online loans, including motivations, risk perceptions, and impacts felt. Interviews were conducted face-to-face or online, depending on respondent availability, and were recorded for further analysis.
- **Document Analysis:** Evaluating related documents such as university online loan policies, financial reports, and loan promotion materials to assess the regulatory context and information available to students.
- **Focus Groups:** Holding focus group sessions with participants to collectively discuss their experiences and views on illegal online loans. This can help identify common themes and variations in individual experiences.

#### Data Analysis

- The collected data will be analyzed using content analysis techniques. The analysis steps include:
- **Transcription:** Converting all audio recordings from interviews and focus group discussions into text.
- **Coding:** Identifying, categorizing, and labeling key elements in the data according to themes related to the research objectives.
- **Theme Synthesis:** Integrating coding results to build a comprehensive understanding of the impact of illegal online loans on students.

#### Research Ethics

The research will adhere to strict ethical guidelines, including ensuring the confidentiality and anonymity of respondent information. The study has received approval from the ethics committee at Bengkalis State Polytechnic. By using these methods, the research aims to provide in-depth insights into the impact of illegal online loans in the context of student life and suggest ways for risk mitigation and interventions that can be undertaken by the university and financial institutions.

## RESULTS AND DISCUSSION

Student involvement with illegal online loans can result in a series of serious and diverse negative impacts, affecting the psychological, financial, and social aspects of their lives. Here are the details of each category of impact:

#### Psychological Impact

- **Anger and Irritability:** Constant stress due to financial pressures and fear of debt collection can make students more prone to anger and irritability. When they feel cornered and out of control over their financial situation, these negative emotions often surface in daily interactions, whether with friends, family, or even in the academic environment.
- **Lying:** To hide financial issues or sources of stress from others, students may begin to lie. This could include lying about their financial situation, reasons for needing money, or why they are unable to attend social events or fulfill financial obligations.

#### Financial Impact

- **Debt Trap:** Illegal online loans often involve high interest rates and fees, which accumulate quickly and make it difficult for students to repay the debt. Students may take on additional loans to cover previous debts, creating a dangerous cycle that can disrupt their financial future long after graduation.
- **Default:** The inability to meet payment obligations can negatively impact a student's credit score, hindering their ability to obtain future loans, rent apartments, or even secure employment.
- **Social Impact**
- **Social Isolation:** The stigma and shame associated with debt can prompt students to withdraw from their social networks. They may avoid situations where their financial circumstances might be revealed or discussed, reducing social support when they need it most.

**Relationship Conflicts:** Financial strain and changed behaviors (such as anger and lying) can exacerbate relationships with friends and family. This often results in conflicts or severed relationships, adding emotional stress to students.

**Academic Impact**

**Decreased Academic Performance:** The emotional and mental burden of debt can disrupt students' ability to concentrate on their studies. This can lead to a decline in academic performance, potentially affecting their future career opportunities.

**Long-Term Impact**

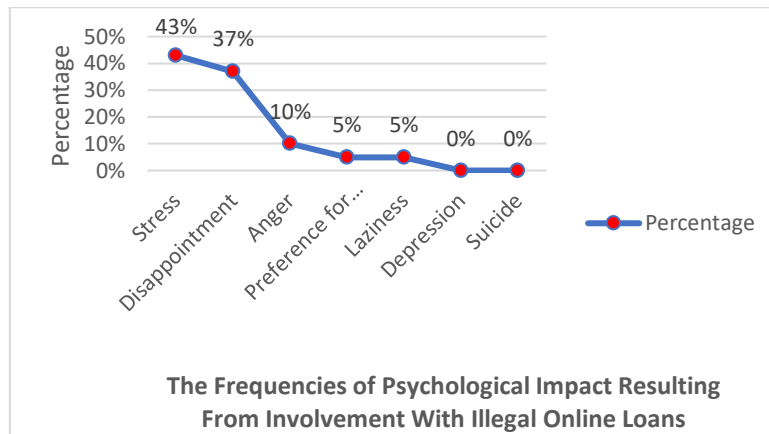
**Mental Health:** The long-term psychological impact of stress, anxiety, and social isolation can evolve into more serious mental health issues such as depression or anxiety disorders.

The frequency of psychological impacts due to involvement with illegal online loans can vary based on many factors, including individual circumstances, social support received, and the amount of debt incurred. However, based on general observations of the psychological effects of financial stress, the sequence of occurrences from most to least frequent is as follows:

- **Stress at 43%:** Stress is a very common psychological response to financial pressure and uncertainty, often the first symptom to appear when someone faces financial difficulties.
- **Disappointment at 37%:** Disappointment often arises when expectations or desires are not met, in this case, the failure to manage or overcome debt.
- **Anger at 10%:** Anger can emerge as a reaction to stress or uncontrollable situations, such as pressure from debt collectors or ongoing financial difficulties.
- **Preference for Lying at 5%:** Lying can be a defense mechanism to hide the true financial situation or to avoid shame and stigma.
- **Laziness at 5%:** Loss of motivation or feelings of apathy are often reactions to chronic stress and emotional exhaustion caused by prolonged stress.
- **Depression at 0%:** Depression can develop if stress and other psychological impacts are not properly managed, especially if individuals feel trapped and hopeless.
- **Suicide at 0%:** This is a very serious and thankfully rarer consequence, but it can occur when all means of coping seem futile and an individual feels completely hopeless.

**Table 1** .shows the frequencies of psychological impacts resulting from involvement with illegal online loans

No	Psychological	Percentage
1	Stress	43%
2	Disappointment	37 %
3	Anger	10 %
4	Preference for Lying	5 %
5	Laziness	5 %
6	Depression	0 %
7	Suicide	0 %



**Picture 1.1** The Frequencies of Psychological Impacts Resulting from Involvement with Illegal Online Loans

## CONCLUSIONS

This research explores the impact of illegal online loans on language students at Politeknik Negeri Bengkalis, highlighting how financial digitalization, while providing easy access to financial services, also opens the door to serious potential abuses. The study identifies significant negative effects, including stress and anxiety, debt traps, and deteriorating interpersonal relationships.

**For readers:** This research underscores the importance of awareness and education about online loans. Readers, particularly students and young adults, are encouraged to understand the risks and legal consequences of using illegal financial services. Education about sound financial management and choosing legal, ethical financial services is key to avoiding these negative impacts.

**For online loan users:** Users should conduct thorough verification and critical assessment of online loan service providers. Ensure you select services that are registered and regulated by national financial authorities. Always read and understand all terms and conditions before agreeing to a loan to avoid unfavorable conditions.

**For educational institutions:** Educational institutions should play an active role in providing financial education to students. They should also collaborate with regulators and financial institutions to support educational programs and provide access to information about safe and responsible financial services. For example, Politeknik Negeri Bengkalis could develop training modules and workshops on digital financial literacy.

**For researchers:** Further research is needed to more broadly map the economic and social impacts of illegal online loans across various demographics and locations. This is crucial to fully understand the scope of the problem and to develop more effective interventions. Through these conclusions and recommendations, it is hoped that various stakeholders can enhance their efforts to protect the public, especially the younger generation, from the negative effects of illegal online loans.

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