

CONSUMER CREDIT: ESSENCE OF THE CONCEPT

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Consumer credit is one of the most offered banking products in the world. At the same time, with the help of this lending type, the economic and social spheres of society are developing, as it increases demand and expands the financial capabilities of individuals.

Many economists and practitioners' works have been devoted to the consumer credit theoretical aspects study. However, despite the popularity of such a financial product, at the moment in the scientific literature there is no single accepted approach to the interpretation of the "consumer credit" definition. Each of them in their works presents their own vision of the essence of this concept. In view of the above, there is a need to analyze theoretical approaches to the "consumer credit" definition and develop a single version.

In this context, Professor Pikus R. V.'s opinion that the category "consumer credit" essence study should be carried out in terms of three components is reasonable:

1) the essence of the phenomenon – describes the most significant aspect of the phenomenon under study;

2) content – the researcher indicates how the essence of the phenomenon unfolds within a certain, clearly defined content;

3) result – indicates what result in the economic system the realization of this phenomenon leads to.

Accordingly, in our opinion, it is worth considering the following definitions, which take into account both Ukrainian and foreign approaches. In addition, when conducting the study, it is impossible to ignore the definition provided in the legislation:

– The Law of Ukraine "On Consumer Lending": "Consumer credit (loan) is money provided to a consumer (borrower) for the purchase of goods (works, services) to meet needs not related to entrepreneurial, independent professional activity or performance of duties of an employee" [5];

– Mochernyi S. V.: "Consumer credit is an economic property relationship between creditors and consumers regarding the appropriation by the former (creditors) of a certain percentage for the resources provided by them in cash to consumers for temporary use" [3];

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– Stoyko O. Y.: "Consumer credit is a loan provided only in the national currency to individuals – residents of Ukraine for the purchase of consumer durables and services and is returned in installments, unless otherwise provided by the terms of the loan agreement" [6];

– Internet source Britannica Money: "Short- and intermediate-term loans used to finance the purchase of commodities or services for personal consumption or to refinance debts incurred for such purposes. The loans may be supplied by lenders in the form of cash loans or by sellers in the form of sales credit" [1];

– Banking encyclopedia: "Consumer credit is funds provided by a lender (bank or other financial institution) to individuals for the consumer goods or services purchase for temporary use, at interest, on terms of collateral, maturity, payment and purpose" [2];

– Moroz A. M.: "A consumer credit is a loan that is aimed at meeting the people personal needs, i.e. serves the sphere of personal consumption" [4].

Considering the above definitions, it is worth noting that they all contain a certain essence and content. In the Law of Ukraine "On Consumer Lending" and the Banking Encyclopedia, the essence of a consumer loan is considered to be cash funds. Stoyko O., Moroz A. and Britannica Money mention the loan itself as the essence. And only O. Mochernyi believes that the most essential aspect of consumer credit is the relationship between the two main parties of this category (see Table 1).

As for the content, here the opinions of the authors differ. Often in definitions of categories consisting of two words, the definition of each of them is given. This approach, in our opinion, is not correct, since, first of all, it is necessary to reveal the phenomenon under consideration general definition.

Considering the "consumer credit" category it is worth mentioning that credit (as an independent category) has 5 features: payment, reversibility, urgency, security (or absence) and orientation (purpose). Therefore, it is not advisable to single out these features as the essence or content of the phenomenon, but it should be emphasized that "consumer credit" is, first of all, a credit or a loan, as Stoyko O., Moroz A. and Britannica Money have done in their definitions. Thus, the presence of content is present in each of the definitions, but not every author has determined this correctly.

The final element in the three-part structure is the presence of a result. Analyzing the definitions, we see that only four of the six contain this element. Thus, a common feature of each of these four definitions is that the result of the phenomenon is aimed at satisfying personal needs. This approach is quite logical, since the purpose of a consumer loan is to meet the personal needs of the population that are not related to their professional activities.

Table 1

**Analysis of existing approaches to the "consumer credit" definition
in terms of three-component structure**

No.	Author / source	The essence of the phenomenon			Content	Result
		Money / funds	Relationship	Loan / credit		
1	Law of Ukraine "On Consumer Lending"	+			+	+
2	Mochernyi S. V.		+		+	
3	Stoyko O. Ya.			+	+	+
4	Internet source Britannica Money			+	+	+
5	Banking Encyclopedia	+			+	
6	Moroz A. M.			+	+	+

Source: composed by the author

However, not all authors define direct satisfaction of personal needs as the only result. For example, the definition of Britannica Money also indicates the refinancing of debts that arose for the purpose of financing the purchase of goods or services for personal consumption.

Thus, the absence of a unified approach to the "consumer credit" concept interpretation leads to some problems in the practical plane. In order for the concept of consumer credit to be used in practice, it should clearly define the essence of consumer credit, indicate the main participants that are directly related to this phenomenon and explain its result. An example of such a definition could be the following: a consumer loan is a loan (credit) provided by a lender to individuals to meet their personal needs not related to professional activities. In other words, in the bank consumer lending risk management, this definition makes it possible to understand and separate the phenomenon of consumer credit, which in turn will help to conduct more accurate analyzes and research on it.

Thus, due to the analysis of the conceptual and categorical apparatus relating to consumer lending, it can be concluded that there is no single approach to the "consumer credit" definition. However, the main structural elements that should be included in this definition were identified through a critical analysis, and variants of scholars and other sources were analyzed. Also, based on the results of the analysis, the author presents his own version of the interpretation of this concept in order to better reveal the essence, content and result of the phenomenon.

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