

Exploring Loan Sharks in Online Peer-to-Peer Lending Applications: A Case Study of Vietnam

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Abstract: Online peer-to-peer lending applications have emerged in some recent years in Vietnam, where the consumer lending market is potential for financial companies. This country faces challenges to control the online lending business. As a result, criminals find loopholes in the legal system on this business to commit loan sharks. This article targets to explore the nature of the connection between a loan shark and online peer-to-peer lending applications through interviewing with police officials in their specific operation investigated. The findings highlight a close structure of criminal groups related to loan sharks via this lending platform and a comprehensive profile of borrowers. These findings suggest some recommendations for fighting against this crime effectively in the coming time.

Keywords: Loan shark, online peer-to-peer (P2P) lending, criminal groups, online lending Apps, police officials, Vietnam.

INTRODUCTION

With more than 90 million people, of which 60% are of working age, Vietnam is considered one of the countries with a potential consumer finance industry. According to a report by Vietnamese State Bank (2019), the value of Vietnam's consumer finance market is estimated at 1 million billion Vietnam Dong (VND) in 2019. However, this report also warns, 79% of people have difficulty or no access to formal financial services (Vietnamese State Bank, 2019). Meanwhile, banks also have a problem or do not support micro-finance services because of high operating costs, insufficient network or human resources (Vietnamese State Bank, 2019). As a result, loan shark in the "black finance" has been surrounded. In contrast, the idle money of the people in society has not been used well to bring more significant benefits (Ministry of Public Security (MPS), 2020). Therefore, consumer lending through online platforms is a new and capable solution to solve the market dilemma (Dietrich & Wernli, 2016; Lai, 2020; Li, Li, Yao, & Wen, 2019; Liang *et al.*, 2021).

Many fintech companies in Vietnam provide online loans to potential customers, including individuals and enterprises (Vietnamese State Bank, 2019). These financial companies develop the peer-to-peer (P2P) lending system to support lenders and borrowers with lower interest rates, shorter time, clearer transparency, and more straightforward procedure than traditional

lending system (Ashta & Assadi, 2009; J. C. Wang, 2018). Meanwhile, this lending platform stills seems to be new in Vietnam (Nguyen, 2019). More importantly, the legal system on this business faces loopholes, which facilitates criminals to commit crimes such as loan sharks or fraud (Bui, 2020).

This article aims to investigate the connection between a loan shark and online P2P lending in Vietnam, which has emerged in the past time without any special attention from policymakers, lawmakers and scholars. This relation brings potential risks for social order, financial safety and civilian's belief. Because of the new problem, this article employs in-depth interview and case study to shed light on how criminal groups related to loan shark work when taking advantage of online P2P lending in Vietnam.

This article consists of five sections. Apart from the introduction, the literature review provides some factors affecting loan sharks via online P2P lending applications (Apps) before this article presents methodology. The main aim of this article is to find the answer of the research question. The discussion aims to add some new information to the current literature review and suggests some further studies as a final part of this article.

LITERATURE REVIEW

Internet on Mobile Phones and P2P Lending in Vietnam

Along with developing information technology, mobile phones and the Internet have become familiar

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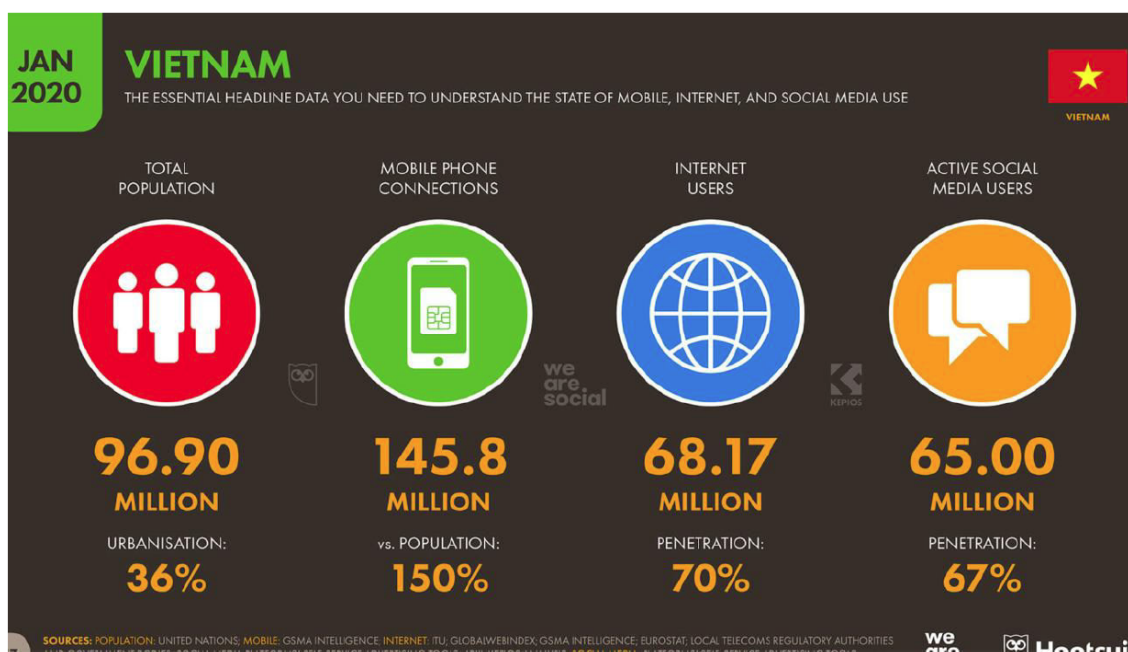


Figure 1: Number of Internet users and mobile phone connections in Vietnam.

(Source: <https://vnetwork.vn/news/thong-ke-internet-viet-nam-2020>).

to Vietnamese people. The number of mobile subscribers in Vietnam has increased in recent years. Many individuals use two or more phone numbers, which makes it easy to see the popularity of mobile phones. It results from the low smartphone's price; for example, just over one million VND can buy smartphones. Therefore, applying technology and using smartphone applications or the Internet is relatively easy and convenient for most users. Similarly, the rate of individuals using the Internet is also increasing and popular. For example, the percentage of Internet users in Vietnam was approximately 70% of the population in 2018 (The World Bank, 2020). A large number of Internet users face highly potential risks of cyber-crimes.

Compared to the world's P2P lending market, P2P lending in Vietnam remains inceptive. According to Vietnamese State Bank (2019) reports, online P2P lending in Vietnam started in 2016, but there is a remarkable increase in online financial companies. Most of these companies originated from foreign countries such as Russia, Singapore, and Indonesia; however, China remains the most significant source country (Vietnamese State Bank, 2019). There are about 40 online P2P lending companies such as Tima, Trustcircle, We Cash, Interloan, Lenbiz or Vnvn.com (Vietnamese State Bank, 2019). Notably, these are traditional online P2P lending models which combine the online connection between borrowers and lenders.

These platforms enable individuals to search for information and conduct financial transactions via websites, apps on smartphones, Facebook, Zalo and hotlines. The process of approving a loan contract takes a short time and is simple compared to the bank's reviews (MPS, 2020).

Currently, there are four models of P2P financial lending companies, as shown in Table 1 (Vietnamese State Bank, 2019). The first model aims to provide technology. Simply put, these companies offer technology recommendations to receive fees because they act as intermediaries between lenders and borrowers. These technology companies can also cooperate with banks in payment and account management of customers at banks. For example, the Lendbiz Joint Stock Company collaborates with PGbank and VIB Bank to deploy account services for investment customers in Lendbiz (Vietnamese State Bank, 2019).

The second model not only aims to support technology platforms but also cooperate with banks and credit institutions. Accordingly, some banks collaborate with technology companies to lend to individual customers and micro-enterprises. For example, three joint-stock companies, including Dragon Bank, Thebank and Gobear, connect with banks in finding potential customers. These financial companies target to cooperate with different banks to achieve a significant rate of borrowers (Vietnamese State Bank,

Table 1: List of P2P Lending Companies in Vietnam

No	P2P lending platform	Type of operation	Customers	Invested money	Place
1	Finn	Traditional	Consumer loans	700 thousand	Hanoi
2	Eloan	Traditional	Household business, SME enterprise	One million	Ho chi Minh
3	Vaymuon	Traditional	Consumer loans, Household business, SME enterprise	One million	Hanoi
4	Vnvn	Traditional	Consumer loans, Household business, SME enterprise	10 million	Hanoi
5	Huydong	Traditional	Firms with a maximum capital of two billion	500 thousand	Ho Chi Minh
6	money back	Traditional	Consumer loans	One million	Hanoi
7	Mofin	Traditional	Consumer loans	One million	Ho Chi Minh
8	Interloan	Traditional	Consumer loan by salary	One million	Ho Chi Minh
9	Tima Lender	Traditional	Consumer loans	Five million	Hanoi
10	Lenbiz	Traditional	Household business, SME enterprise	Two million	Hanoi
11	Dragonland	Connect to bank	Consumer loans, Household business, SME enterprise		Ho Chi Minh

Source: <https://www.sbv.gov.vn/>

2019). The third model is that P2P lending companies mobilize capital by themselves via technology platforms such as apps or websites before lending (MPS, 2020). In nature, this is a banking activity and must be licensed. However, this is a gap in controlling and preventing criminals from happening (MPS, 2020).

Finally, pawn companies create their apps and websites to lend in usury or link to technology companies to apply in pawn lending. It is also a standard form that needs to be prevented because it either causes harmful social consequences or makes people misunderstand the nature of P2P lending companies (MPS, 2020). More importantly, criminals take advantage of the current gaps in these models to commit loan sharks, which authorities need to be fixed by management in the coming time.

Gaps on Legal System on Loan Shark and Online P2P Lending in Vietnam

According to Article 201 of the 2015 Penal Code (Vietnamese National Assembly, 2015b), the definition of loan shark shows as below:

Any person who, in a civil transaction, lends money at an interest rate of five times or more than the highest interest rate prescribed in the Civil Code, earns an illicit profit of between VND 30,000,000 and under VND 100,000,000 or has been

sanction an administrative violation for this actor has been convicted for this crime, has not yet been erased but continues to commit it, shall be subject to a fine of between VND 50,000,000 and 200,000,000 or non-custodial reform up to three years

Although Vietnam's government pays special attention to usury, law enforcement agencies face challenges to combat this phenomenon effectively (MPS, 2020). Firstly, law enforcement agencies have no formal protocol to consider loan sharks' interest rates and illicit profits (Nguyen, 2019). Mainly, online P2P lending business related to loan sharks hires someone who acts as a director and performs online lending with an acceptable "service fee" (Bui, 2020). Meanwhile, the amount of interest and fees may be small; the accumulation of all borrowers is up to many VND billions (Bui, 2020). According to the guidance of the Supreme People's Court, if the act of lending heavy interest is continuous and consecutive in terms of time, the number of illicit profits will be accumulated. Online lenders will lend to many borrowers with different loans through the applications. Consequently, it is likely to lead to difficulties and barriers to determine precisely the source of illicit profit: the total amount of money that the subjects profit from all borrowers and all loans? (Bui, 2020).

Secondly, there is no administrative violation regarding loan sharks in the legal system (Bui, 2020). As presented by Decree No. 167/2013/ND-CP (Vietnamese Government, 2013), only administrative violations can be sanctioned for the act of lending money with a pledge of property. Still, the lending interest rate exceeds 150% of the introductory interest rate set by the State Bank of Vietnam announced at the time of lending. Currently, there is no regulation on sanctioning administrative violations for other lending acts, apart from property mortgage. Therefore, it is challenging to apply sanction administrative violations and impose penalties to handle criminal cases.

Thirdly, it is complicated to apply temporary detention for these offenders because these are less severe crimes (Vietnamese National Assembly, 2015b). Therefore, it may cause misunderstandings in public opinion when not catching these criminals (Bui, 2020). Furthermore, this leads to obstacles for law enforcement agencies to prosecute these offenders. Criminal groups related to a loan shark play many roles in committing this crime, such as providing capital, managing IT, considering loan files, approving loans, and approving loans claiming money back. It is time-consuming and complicated (Nguyen, 2019).

Finally, there is a conflict regarding the authority of investigating loan sharks in civil transactions (Lai, 2020). Specifically, the current legal system enables economic police to address this crime because it relates to enterprises/companies (Vietnamese National Assembly, 2015c). However, the facts indicate that loan sharks frequently go with criminal groups and lead to many criminal crimes such as homicide, assault, robbery, kidnapping, or illegal arrest, which belong to criminal police responsibility (Vietnamese National Assembly, 2015a). Therefore, it results in fragmentation during the investigation.

In short, the gaps in the current legal system regarding loan sharks cause obstacles to combat this crime effectively, which requires policymakers and lawmakers to address it as soon as possible. In terms of P2P lending, there has been no regulation on managing this business in Vietnam. As reported by the Vietnamese State Bank (2019), the demand and market of P2P lending in Vietnam are considered to be potential and attractive. The maximum minus point is that Vietnam has not justified the business of fintech, including online P2P lending. It causes negative consequences for lenders and borrowers. For example, lenders take advantage of the distortion of P2P lending

to commit loan sharks through dawn shops; meanwhile, borrowers commit fraud after borrowing money without paying back because laws have not yet protected this financial transaction. Hence, the legal system needs to cover this gap to ensure the safety of lending/borrowing transactions.

METHODOLOGY

This research aims to investigate the research questions as follows:

Q1: What is the nature of online P2P lending in Vietnam?

Q2: How do criminals commit loan sharks on online P2P lending in Vietnam?

Q3: Who are victims of loan sharks on online P2P lending in Vietnam?

The study utilized a qualitative design that helps to explore the features of loan sharks through online P2P lending Apps to address the above research questions. (Berg, 2009; Broadhurst, 2015). The researchers selected the semi-structured interview to investigate participants' knowledge, understanding, experience, perspectives, and behaviour (Boyce & Neale, 2006; Bryman, 2012; Labaree, 2013). Additionally, this study also employed a case study method to conduct an in-depth exploration of online P2P lending loan sharks within specific contexts, which illustrates themes coming from interviews (Ellinger & McWhorter, 2016; Rashid, Rashid, Warraich, Sabir, & Waseem, 2019). Therefore, this research design examines the regime of online P2P lending, the connection between loan sharks and this financial lending system, and the victim's profile of this crime in Vietnam.

Study Sites

As earlier mentioned, loan sharks related to online lending Apps happen nationwide; therefore, this study selected five representative provinces/cities, including Can Tho, Ho Chi Minh City, Dak Lak, Thanh Hoa and Hanoi. As reported by the Ministry of Public Security (MPS, 2020), these places experienced the outbreak of online lending Apps, the large number of criminals committing this crime, and borrowers' increase via these apps. In addition, these were the first provincial agencies to successfully investigate the cases of loan sharks related to online financial business. In detail, the researchers aimed at the department of criminal police

and department of high-tech police in these provinces. These departments are in charge of combat against loan sharks concerning online lending Apps. Therefore, these study sites help investigate the facts of this crime, such as the business operation, techniques of loan shark criminals, and demography of borrowers-victims.

Sample and Recruitment

This study targeted police officials to become participants who were involved in our in-depth interviews. However, the researchers noted some criteria to select the participants. Firstly, the researchers prioritized police officials with more than five-year-working experience in tackling criminals related to loan sharks. Otherwise, these potential respondents participated in successfully investigating at least five cases of loan sharks. Additionally, the researchers required potential participants with their background in IT because this crime works online. Their understanding of IT and professional experience enabled the researchers to explore how loan shark criminals used the Internet to trap victims-borrowers, how these criminals claimed money with the advantages of the technology and the profile of borrowers-victims of this crime.

The researchers used a Letter of Introduction of the Director of the People' Police Academy to connect the Heads of these study sites to report this project to two sections, including criminal police and cyber police. Potential police officials who paid their interest to this research actively contacted the researchers via phones or emails. Otherwise, they passed the information of this research to their colleagues who might be interested in it. After that, the researchers contacted potential participants to check terms when conducting this study, such as consent forms, benefits, or responsibilities. Overall, there were ten police officials, including six criminal police and four cyber police working in Hanoi (three), Thanh Hoa (one), Ho Chi Minh (four) and Dak Lak (two). These interviewees understood their rights and benefits and signed their consent's forms before conducting.

In terms of case study, based on annual reports of these study sites and participants' answers, the researchers selected four cases related to online loan sharks via Apps to discover. There were three cases in Ho Chi Minh and one case in Hanoi. These cases enabled the researchers to clearly understand how

police officials deal with loan shark-related to online lending Apps.

Data Collection and Analysis

All interviewees agreed to have conversations based on their particular time and place (Creswell, 2013). The participants living in Hanoi, interviewed in coffee shops in the evening, as they suggested. Meanwhile, the participants working in Ho Chi Minh city, interviewed in coffee houses at the weekend when they were free to work. For those in Dak Lak and Thanh Hoa, we conducted the interviews via Zalo in the evening as the respondents wished. Vietnamese is used officially to conduct interviews. The interview lasted about 30 minutes to 45 minutes and was also recorded. After each interview, the second author transcribed the tape recording into a word file and shared it with the rest of the authors to check the quality and accuracy before analyzing. The data collection happened from October 2020 to March 2021.

Regarding case studies, because these cases are secret, the researchers needed the permission of the head of study sites. Therefore, the researchers only considered and noted at the police station without bringing out the office. The researchers focused on taking notes or drawing diagrams about the structures of loan sharks on online lending Apps and the information about borrowers/victims. The researchers spent three days considering those cases, happening in January (Ho Chi Minh) and February (Hanoi).

The researchers directly translated all transcriptions from Vietnamese to English, with primary efforts from the third author who graduated with the advanced diploma of interpreting (RMIT University). And then, a matrix of themes and sub-theme with their related contexts was extracted from transcriptions created through coding by the Nvivo 11 (Creswell, 2013). All authors collaborated to double-checked the coding of the data together between April 2021. Only includable context relating to loan sharks on online lending Apps will be selected and presented in the following section.

FINDINGS

Loan Shark as an Organized Crime in Online P2P Lending

The data from the interviews and case studies highlighted loan sharks on online P2P lending act as a kind of organized crime. All of the participants in this research confirmed that criminals update the



Figure 2: Steps of a loan shark on online P2P lending.
(Source: To be designed and illustrated by the authors).

advantages of technology in finance to earn loan sharks. The data from interviews and case studies showed a transparent process to get a loan shark through online P2P lending in Vietnam, as described in Figure 2. However, the participants shared their experiences on specific activities of offenders in this field of crime. It means that offences in the system of online P2P lending are organized tightly. The offenders are divided into various steps with various methods, as the participants discussed belows.

The most exciting finding of this research pointed out that loan sharks on online P2P lending are organized criminal groups, including Chinese and Vietnamese people. The data from police officials and case studies mentioned Chinese offenders often hire the Vietnamese to run their P2P lending business in Vietnam for legal barriers and safe escape if being detected by Vietnamese authorities. These police official interviewees explained the Vietnamese people are directors on the business certifications; however, the Chinese people control activities of this business. As one police official from Ho Chi Minh Police Station spoke:

Instigators in many cases of loan sharks via P2P lending are Chinese. When we [police] arrested five offenders in the criminal groups related to online P2P lending loan sharks in April 2020, three companies, including V Advising Services Company, B Technology Company and D Finance Company, were run by two Chinese instigators. However, they hired two Vietnamese people to register for business. Then, these Vietnamese

offenders also employed Vietnamese people to be managers, interpreters, accountants, IT, and loan withdrawers. These staff followed the instructions and activities of the Chinese people rather than the Vietnamese ones. [Interviewee 1]

Another colleague added that they did not know either how the companies worked or what kind of area these firms run business in when interviewing these directors. They only got a monthly salary of about 10 million VND (about 450 USD) and signed on reports rather than having cared about the business of Chinese owners.

Team of Technology

The participants claimed an excellent IT team in charge of online lending Apps during their offences related to loan sharks. Criminals in this group have to facilitate online lending, such as producing and managing Apps. To support this statement, respondents mentioned main activities as belows:

Creating P2P Lending Apps

To get online P2P lending for illegal profits, the interviewees admitted that criminals must possess apps before running this business. It is an effective tool to make their ideas/thoughts into reality. These participants in this research discussed the connection between the Chinese people and the apps. According to the police officials, many Apps have been designed and created by Chinese markets before releasing into Vietnam. In other cases, they hired Vietnamese IT to develop software that can run on the Android or IOS system. It means that these Apps are convenient for those who use smartphones. These correspondents

continued analyzing the responsibility of offenders who manage these Apps. The data from this study revealed that the Chinese owners employed Vietnamese IT to manage these Apps during their business. However, some of these IT were only hired to create Apps instead of supervising them. As several interviewees explained, each criminal group has different strategies to control loan contracts safely. For instance, one experienced police official from Hanoi Police Station shared:

Some Chinese offenders who are good at IT manage loans directly after Apps work because they do not believe in local IT (Vietnamese people). It probably comes from illegal benefits, and they want to hide their criminals. [Interviewee 2]

The data from the case study showed that the pawn owner who was good at IT coached one website to create a new App. In other words, that website had low security; the offender hacked it before adding some program words to become an online lending App of his pawn.

Advertising Apps on Social Networks

To attract potential lenders to the online system, the participants in this study echoed that all offenders post advertisements on lending Apps with a wide range of advantages on social networks. In some cases, offenders use handouts attached on the trees, tension poles or walls to advertise the convenience of these Apps in terms of money lending. These respondents detailed that offenders offer endless benefits from these Apps, including a straightforward lending procedure, low rates, and secret information. In practice, a team of ITs is in charge of running advertisements daily to marketing the Apps. The strategy of these criminals groups aims to impress the Apps via colours, pictures, sounds, words, and kinds of marketing. Because of the critical messages of the Apps to future borrowers, offenders typically spend much money marketing their products on the digital system.

The data from five case studies indicated that criminals selected Youtube, Facebook and Zalo as main channels to do marketing regarding online lending Apps. To detail these findings, several police official respondents shed light on using these networks to run advertisements. One interviewee from the Department of Criminal Police stated:

To introduce their lending Apps, criminals often use social networks such as Facebook, Youtube, and Zalo, which many Vietnamese users access, especially young ones who use these networks hourly. Therefore, the strategy of marketing is successful in providing lending Apps. [Interviewee 3]

In addition, these case studies reported, some loan sharks created their websites to market and maintain lending Apps, as another colleague from Hanoi Police Station explained:

During the past time, we [police] found many websites used by criminals to run their lending Apps, for example, carpcredits, jeff-app, takomo, or beecredit. These websites required users to search with keywords such as online lending, apps, online support, which makes them [apps] secret in their criminals, although there would be fewer borrowers than social networks. [Interviewee 7]

Guiding to Install Apps on Smartphones

The participants argued that potential borrowers have to install the online lending Apps on their mobile phones when conducting their transactions. Depend on cell phones, the borrowers download these apps on the systems such as IOS or Android. The respondents also discussed how to install these apps as one police official from Ha Noi Police Station declared:

It is effortless for users to download the lending Apps on their mobile phones. For example, for those who use iPhone with the IOS operation, they only open the App Store and search the name of a specific lending app, such as "Moreloan, VD online or vaytocdo". Then, they click on the symbol of that app before being installed quickly. [Interviewee 4]

Additionally, several respondents emphasized that lending borrowers can install many apps on their mobile phones. It depends on the demand and the purpose of potential borrowers because each app has a different interest rate and various lending policies such as money, times of lending, and time of repaying. These criminals offer some guidelines for users, such as filling in the full names, providing their ID numbers, and accepting the terms and conditions of Apps. If

borrowers are in trouble installing these apps, the IT criminals will support them on time.

Team of Managing

The respondents evaluated that this group play an important role in ensuring the financial transaction through online lending Apps. More importantly, evidence on loan sharks is that this team manages the lending system. In this circumstance, the borrowers only borrow a small amount of money from these Apps. It is suitable for borrowers who need a short-term loan for instant demands. The loan limit depends on the level of credibility; if the previous loan is fully repaid on time, the story of the following loan will be increased. Typically, the criminals in this group are responsible for considering lending requests from borrowers and reminding debtors. One police official working in Ho Chi Minh Police Station analyzed:

When a borrower applies their request of lending money from apps, a team of reviewing profiles has an account and password to contact that borrower to verify information such as names, age, address, job and the capacity to repay the money. These offenders will consider critical conditions before approving that loan. [Interviewee 5]

Another correspondent emphasized that offenders in this group check the terms and conditions of borrowers to be accepted, such as they can access the contacts, pictures, video, records and information in the cell phones of borrowers. If refusing this condition, this group will reject the lending request of borrowers. When borrowers wanted to pay the debt, the criminals opened the account of many banks such as ACB bank, Vietcombank, Techcombank or VP Bank to receive money. During the loan appraisal, these offenders are polite to lure borrowers. Several participants explained that criminals have some translators responsible for interviewing potential online borrowers to decide whether to approve their lending contracts. As one official working at Ho Chi Minh Police Station highlighted:

In my case's investigation, T, H, Q [names of offenders] were hired with a high salary for accountants, translators who interview Vietnamese borrowers before reporting to the Chinese boss. Based on this information, criminals agreed to lend money to borrowers. [Interviewee 8]

More importantly, the participants highlight the duty of financial management –calculating the rate of interest of each lending contract. The criminals in this group converted that amount of high interest into management fees or service fees. These fees hide loan sharks from the financial transactions of the criminal group.

In the case of X, offenders created apps named "vaytocdo" on smartphones. Through this app, debtors only borrowed from 1,7 - 2,75 million VND (about \$74-\$119); however, they only received 1,42 million VND (about \$62). The service fee dominated 272 thousand VND. After eight days of borrowing money, borrowers must pay 2,04 million VND (about \$8,8) for interest. If paying late, they [borrowers] will be added more than 102 thousand (about \$4) per day. [Interviewee 4]

Another participant added that:

If lending money via apps, namely "Moreloan" and "VD online", borrowers only borrow the maximum amount of money that is 1,5 million VND (about \$65), but the received cash is 900 thousand VND (about \$39). The rest of the loan includes the service fee and the interest of one week. After seven days, borrowers must pay 1,5 million VND and add more from 2 - 5% per day of paying late. It means that the interest via these apps is 3%/day, 90%/month. [Interviewee 2]

The respondents noted that although there is no interest rate when borrowing via these apps according to the advertisement, borrowers must pay many kinds of fees, including insurance, service and punishment-in which borrowers pay loans early or later. This formula means a trap of these apps when using. As a consequence of these apps, borrowers face loan sharks.

Team of the Recovery of Debts

The data from the five case studies revealed the organization of criminal groups regarding loan sharks. These cases illustrated that collecting debts dominated the most significant rate of the structure of loan sharks on online P2P lending Apps involving at least 30 offenders assigned to ask for money from debtors when the payment for a loan comes. These criminals

both are ferocious and have many criminal records regarding homicide, assault, burglar and robbery. The results of these five studies depicted that this team has many benefits from collecting debts such as salary and other fees so that they are fierce and violent to claim money for their owners.

Commonly, the participants argued that if paying late, the debtors must pay more interest to lenders via these apps. As one working in the Department of Criminal Police spoke:

In case of not paying loans on time, the rate of interest increases gradually day by day. Some days later, that rate is over the loan of the borrower. [Interviewee 8]

The interviewees explained that this team has the right to access the account and password of apps, which helps them know which payment is coming soon to contact borrowers. These participants detailed their ways of asking for money from debtors. The most common form, for instance, is to conduct "terrorism" on the phone because when installing the apps, users must provide their personal information, images, videos, and bank account and access their phone contacts as mentioned above. Simply put, they know all of the numbers of friends, relatives, and families to contact these people if borrowers do not pay the money back to them on time. As one police stated:

When customers [borrowers] do not pay loans timely, debt collectors threaten debtors by messages and calls all day. When debtors turned off their phones, debt collectors contact the husband (wife), friends, relatives and colleagues of debtors to threaten or curse. The purpose of this activity aimed to increase the pressure on the burden of debtors until they must find money to pay their loan as soon as possible. [Interviewee 7]

Other participants commented that debtors often received their nudes or videos from criminals who can access the picture of debtors. Those offenders also threaten debtors to post their sex clips/photos on social networks. Even some offenders posted negative statuses on account of the social network of debtors to defame. This technique makes debtors ashamed and finds ways to earn money before paying loans. In some bad cases, debtors committed suicide after the financial increasingly pressure of debt collectors.

However, the family members of borrowers are constantly disturbed by criminals who call for asking for loans. Offenders still threaten via words and activities many days, making them stressful, as detailed in the following story.

There were two people in the family, the debtor and his mother. After the debtor died, his mother got seriously sick, and her health was weak. The criminals continued calling me day by day to threaten and defame his mother. Each day, she had nearly one hundred calls, although her son died. These offenders also found the number of relatives to call them to defame honour. [Interviewee 6]

Another police participant told his experience of the consequence of late loan payment:

My victim (the debtor) reported that who he called, who called him back, these applications collected his name and his kind of relationship. He was late in paying; the staff of these applications called his parents and wife, his sister, even his friends to scare him. When there was a call from a debt collector, his friend replied that he had not contacted him for a long time, but the loan application staff also read the call between the two men two weeks ago. Even his friends on Zalo were "questioned". The debt collection team also combined photos of his wife, children with his parents and friends, then took pictures to comment on the personal Facebook accounts of his friends. The content of these photos is insulting and abusive. [Interviewee 4]

One participant emphasized that the debtors face danger, namely kidnapping if they do not pay the money back on time. This respondent reminded a case that happened in Bac Lieu province. A borrower was late in paying the loan, criminals conducted a kidnapping and called her to spend money if she wanted her daughter to come back home safely. This case illustrated the organization of the criminal group committing loan sharks on online P2P lending.

However, the case study in Hanoi revealed that online loan sharks also employ traditional methods to make payments. The data from this case study

presented criminals who used physical violence and threats to the borrowers' parents by words, pictures and actions such as painting the wall of the borrowers' houses or sending funeral flowers. These actions happened with online borrowers if online lenders know borrowers' addresses.

Borrowers: Victims or not

The data from this study indicated that the purposes of borrowers via online P2P lending vary. As the respondents explained, Vietnamese men are considered vital people of the family to undertake the economy. Other respondents commented that boys and males tend to access online apps on their phones to satisfy their demands, hobbies, or only curiosity. However, most interviewees justified the reasons for males who borrowed money via these apps: gambling, games, small business, personal expenses, or debt payment. Several respondents mentioned male's loans for education fees.

Meanwhile, female borrowers used these apps to borrow money for education, fashion, beauty, loan payments, and child care, such as buying milk and clothes. Here, these purposes express the feature of gender. It is illustrated in the following case:

In 2019, T [female borrower] installed an app, namely IDONG. The first time, she only borrowed one million VND (about \$43). This money was used for buying milk for her daughter. T was too poor to bring up her child. [Interviewee 5]

The participants mentioned the payment for hospital fees of the beloved members of the family as a specific purpose for borrowing money. As for these emergencies, many borrowers need cash as soon as possible by online lending Apps. One interviewee shared the convenience of these apps regarding lending money.

The fast and straightforward procedure of these apps makes more and more borrowers approach. This benefit suits borrowers who are in emergency cases, such as treatment fees or education fees. They [borrowers] only need to provide their personal information on these apps; the money comes to their bank account after that. As a result, they have money to pay hospital fees or other purposes. [Interviewee 1]

However, the respondents emphasized a common purpose of borrowing money coming from the debt payment. These interviewees clarified that borrowers could access many online accounts to borrow money via different apps/websites when they cannot pay their loan on time. They aim to make money from this app to pay for their loan in another app. Therefore, their loans quickly rise day by day until they cannot control them. Loan sharks go up after they use another app to borrow money. General speaking, they drop into a financial trap, as interviewees concluded. The following statement showed how this trap appeared while using online lending Apps.

In many cases, victims (borrowers) had already installed Apps on their smartphones when we [police] interviewed. Those borrowers reported that their loan of a previous App paid money for them. Gradually, there was a debt circle on apps for these victims who experienced a much more considerable loan amount than the number they borrowed the first time. [Interviewee 3]

DISCUSSION AND CONCLUSION

Consistent with the statements of Wang, Su, and Wang (2021), our findings continued to confirm the connection between criminal groups related to a loan shark and online lending Apps. However, the emerging results of our study contribute to the current gaps in the literature on the profile of online borrowers, the harmful purposes of online borrowers, loan sharks on online lending Apps, and the structure of the loan shark criminal group.

In Vietnam, the borrowers do not have enough information about the lenders, which supports the finding that there is information asymmetry between the borrower and the lender in online P2P lending. However, this research finding is the opposite of other studies' findings in which the lenders do not clearly know the borrowers' information (Yum, Lee, & Chae, 2012).

In terms of credit risks, most current studies examine that the borrowers cannot probably repay a loan from online P2P lending, which contradicts our research findings that loan sharks come to the borrowers. However, they try to pay money to the lenders. The borrowers face potential risks when applying for money from this platform (Duarte, Siegel,

& Young, 2012; Emekter, Tu, Jirasakuldech, & Lu, 2015). Our research showed that loan sharks requested borrowers to supply their mobile numbers, their phone contact gets more information about borrowers, ensuring their repayment, which adds to the literature review. This finding reveals that personal data is not protected in the online P2P lending system, which supports borrowers' low level of confidentiality (Wang, Chen, Zhu, & Song, 2015). Loan sharks use borrowers' data to force themselves to repay the money; otherwise, they post personal pictures, videos, sensitive information on the Internet through Zalo or Facebook, as concluded in the research of Wang *et al.* (2021).

Our study findings detail the harmful purposes of borrowers when participating in online lending Apps/websites, which is limited in the current research. Even worse, the online borrowers share how to get money from online lending companies without paying back, as our study concluded. So this finding illustrates that online lenders face risks not to claim money back when lending via the Apps or websites, which adds to the current literature in which other studies argue online borrowers get into the trap of loan shark (Emekter *et al.*, 2015; Lee & Lee, 2012; Yum *et al.*, 2012). It means that our finding considers some online borrowers to be criminals rather than victims of a loan shark, which is a new issue needing to research further in the coming time. Furthermore, this finding suggests that police investigation should consider borrowers' harmful purposes, apart from the vulnerability of borrowers. Therefore, comprehensive analysis enables police to find both loan sharks and other fraud cases when approaching information about online lending companies.

In terms of loan sharks from online lending Apps/websites, our finding highlights the fees of lending hide the high interest rates. However, Apps confirm to have no interest, which is not investigated in the current literature. This finding contrasts with the statements of Wang *et al.* (2015) that online financial exchange is straightforward. Simply that, online borrowers are created by the complicated techniques of online lending Apps. However, this finding brings a precious and urgent recommendation regarding amending the legal system about the loan shark. Lawmakers should consider the fees related to online lending as interest rates when handling cases of a loan shark. It is a significant obstacle for law enforcement agencies to combat online loan sharks in Vietnam, which needs to be fixed as a new protocol for

calculating fees in loan sharks. Additionally, organized loan sharks use both cyber violence and physical violence to force online borrowers to pay the money back, which adds to the findings of Wang *et al.* (2021) that criminals only focus on cyber violence to claim loans. Our finding research details a traditional strategy of claiming money in the form of an online loan shark that suggests policing approaches to loan sharks may use traditional techniques to collect data. However, these criminals take advantage of the Internet. Different studies relating to the age and occupation of those victims in P2P lending and loan sharks in Vietnam should be called for further research in the future. By doing this, we can investigate the nature of these organized crimes in the nexus of offender-victim and their education's level in comparison to others.

In summary, it is time for public sectors in Vietnam to think about how to fight against loan sharks on online lending Apps more effectively. The first action to ending this crime is to adjust the legal systems on loan sharks and P2P lending. This legal framework facilitates law enforcement agencies to detect, investigate, prosecute and handle cases of loan sharks via online lending Apps in the coming time.

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