Proceeding Book of ***The 6th ICMEM 2021****, 11-13 August 2021, Bandung, Indonesia*
ISBN*: 978-623-92201-2-9*

The Impact of Lender Trust on Re-Lending Intention: Empirical Evidence from Indonesian Peer to Peer Lending

Nur Vitriani* and Gita Gayatri

Faculty of Economics and Business, Universitas Indonesia, Indonesia

E-mail address: vitri15@gmail.com

Abstract - Peer-to-Peer (P2P) Lending is a new alternative financing solution in Indonesia that is conducted digitally through the internet which involves lenders, borrowers, and platform intermediaries. This study aims to explain the effect of lender trust on the re-lending intention on Indonesian peer-to-peer lending. This study applied a descriptive research design. 300 online respondents were collected followed by Structural equation modeling (SEM) for data analysis. This study focused on lenders who lent between July to December 2020 in the five biggest Indonesian productive peer-to-peer lending platforms. The study showed that trust in both the borrower and in the platform significantly impacted on the lender's intention to re-lend. This study also found moderating variables which significantly impacted lenders' lending intention. To develop lenders' trust, borrowers should provide good quality loan information, and the platform should run good quality service and sufficient security protection.

Keywords - Financial Technology, Lending intention, Trust, Trust in Borrower, Trust in Platform, Peer-to-peer lending, P2P Lending.

I. INTRODUCTION

Digitalization in the economy has proven successful in providing many changes. With the digital economy we feel the benefits of achieving efficiency, effectiveness, reducing production costs, collaboration, connectedness between one party and another [41]. In Indonesia, as part of the digital economy, peer to peer (P2P) lending industry has been rising up with the POJK no. 77 2016 under the supervision of Financial Services Authority of Indonesia (OJK). Unlike traditional financial institutions, in P2P lending lenders have to face borrowers directly and decide whether they want to lend their money to the borrower through a platform [30], [35].

Financial Services Authority of Indonesia data shows that in December 2020 P2P Lending has distributed IDR 132.38 trillion. This number increase101.4% yoy and still show increase trend in 2021. The total loans disbursed to 43,561,362 number of borrowers with 99.9% individuals and 0.11% business entities throughout Indonesia in 2020 year only. In the meantime, the accumulated number of lenders was 761,963. The majority of lenders are individuals (99.13%) with 0.87% are business entities. As of December 31, 2020, 149 companies licensed and registered with the Financial Services Authority of Indonesia were registered [24].

Asymmetry information has become a big issue for lenders in P2P lending [17]. This high risk makes it even more vital for lenders to identify credible borrowers and choose the right platform. On this basis, for P2P lending to be successful, trust must be built upfront [4]; [9]. Earlier studies on the impact of trust has a significant relationship among the trust construct and other constructs for adoption online financial services [26], m-banking [28], and online to offline purchase intention [36]. [38] found that structural assurance and information quality were the main factors influencing initial trust, while information quality and system quality affected the perceived usefulness of mobile banking users in China.

Prior study [1] found that the elements influence the lending intention of a lender in the sharia fintech field are perceived benefits, religiosity, and trust in the sharia P2PL platform. influenced by the lender's trust in the borrower which is determined by the quality of the information submitted by the borrower. Meanwhile [37] found that service quality, information quality and structural assurance affect lenders trust in the platform, besides that trust in borrowers has an important role more than the influence of trust in platform on lenders because lenders have a higher risk. against default of borrower compared to platform.

This study aims to understand how much influence lender trust has on these variables, both in influencing the lender's trust in the platform and on the borrowers on the platform before deciding to provide a loan through a particular platform for certain types of borrowers. It also provides information about lender protection or guarantees from the borrower as an effort to mitigate the risk of the platform against the potential default of the borrower.

II. LITERATURE REVIEW

The high risk on the P2P lending platform for lenders increases the important role for lenders to be able to identify credible borrowers and choose the right lending

ISBN: 978-623-92201-2-9

platform, [4]. Therefore, it is important to build the trust from the first place with the key factors to build lender's trust.

4.1Familiarity

Reference [14] concluded that the familiarity between buyers and sellers through repeated online interactions obtained, for example through previous purchasing practices through the website, will easily encourage consumers to buy again from the website. In this study, familiarity is a special activity-based awareness based on previous knowledge or learning about how to use certain user interfaces in the P2PL platform. In the reference journal [4] when lenders get to know a platform and, in this case, transact through the platform, they turn out more familiar with the platform based on their previous transaction experience. Lenders can anticipate the next action taken by the platform and result in the growth of lenders' trust in the platform. Lenders who have good experiences will continue to use the platform and become more familiar with the platform, while lenders who have bad experiences with the platform will lose their trust and eventually leave the platform. Therefore, this study formulated:

H1: Lender familiarity with the platform significantly positively affects lenders' trust in the trust in the platform.

Service Quality

The P2PL loan platform offers tailored and high service quality, lenders enjoy value being satisfied from new types of financial services, in turn they tend to invest in the future and develop trust in the platform [33]. Service quality refers to the function of the platform to provide a better experience and more convenience for lenders to fund the loan. Lenders get value-added good service quality, they become satisfied and at the same time lenders also expect the same good experience for future transactions with the platform. Therefore, this study formulated:

H2: The service quality of the platform significant positive affects lenders' trust in the platform.

Security Protection

Structural guarantees or structural protection or security protection refers to the evaluation of success such as legal channels, guarantees, and regulations happening in a particular context [22]. Security protection refers to lenders' perceptions of platforms where the platform will assemble security standards in this case is authentication, platform integrity, data encryption, and nonrepudiation (not denying having made a transaction) [4], [9], [33], [16]. Lending transactions through platforms related to finance carry the same risks as other financial transactions. Only if the lenders believe that the platform can provide protection for their funds will the lender make transactions with the platform. Therefore, this study formulated:

H3: Security protection provided by the platform significant positive affects lender trust in the platform.

Social Capital

Big lenders who have experience funding loans through P2PL platforms, form communication networking groups through various communication channels, especially on instant messaging platforms such as telegram or whatssapp [11]. Social capital represents the borrower resources, which are accessed over social networks in lender intermediaries [4], [14] which different than social network which defined as network of social interactions and personal relationships, [42] and social influence as people's attitudes and preference are influence by others, [43]. Therefore, this study formulated:

H4: Borrower social capital significant positive affects the lender's trust in borrowers.

Information Quality

Reference [23] in their study implies the importance of information quality applied in the system as an appropriate transparency control mechanism so as to increase the likelihood of successful information exchange. The majority of the P2PL platforms provide attached information about prospective borrowers that can be used by lenders to evaluate loan offers from borrowers. Reference [4] show that the quality of information from the loan list has the objective of providing information about loans such as loan value, tenor, interest, the purpose of using funds and aims to show the credibility of the borrower. Therefore, this study formulated:

H5: Information quality of the loan offered by the borrower significantly positively affects the lender's trust in the borrower.

Trust in Platform

Reference [38] conceptualizes trust in borrowers as the belief that borrowers will act willingly to meet lender expectations without taking advantage of their weaknesses [20]. This can occur because of the information asymmetry of the borrower's performance, especially if the borrower has no history on the platform. This information asymmetry is a fact that cannot be disregarded in the P2P lending industry [17]. This makes individual lenders who are not well informed about borrowers and the platform to face problems in selecting prospective borrowers and moral hazards. In such situations, lenders can only assess the security of the platform through some of the attributes and information disclosed to them through the platform [5]. Due to the high risk borne by lenders, lender safety and protection are the top priority of the platform. The platform

ISBN*: 978-623-92201-2-9*

makes rules that limit the potential for borrowers to occupy in opportunistic actions and offers guidance on what represents acceptable transaction behavior [25]. Therefore, this study formulated:

H6: The lender trust in the platform significant positive affects the lender trust in borrowers.

Lending Intention

As explained, the highest risk occurs to lenders who come from borrowers and platforms. Once trust grips social uncertainty, a more positive attitude toward borrowing is created, which in turn leads to borrowing intent. Previous research has shown that purchase intentions are also affected by trust in intermediaries, not only affected by customers' trust in vendors [25], [30]. Therefore, this study formulated:

H7: Lender trust in platforms significant positive affects lender lending intention.

H8: Lender trust in borrowers significant positively affects lender lending intention

Disposition of Trust

Reference [9] believes that this trust is given to others as a result of a collection of trust that comes from previous experiences that are interpreted sensitively which is an important disposition in the early stages of a relationship. In this study, the disposition of trust becomes an important disposition because the past experiences of lenders in providing loans are especially relevant for lenders who have past experience in making loans on the P2PL platform. Since the beginning, the disposition of trust plays a role in moderating lenders' trust in dealing with platforms and dealing with borrowers. Lenders with a general tendency to believe through good prejudice make this variable very important in building trust for platforms and borrowers [25]. Therefore, this study formulated:

H9. a: Disposition of trust moderating the relationship between lender familiarity with the platform which significant affects lenders' trust in the trust in the platform.

H9. b: Disposition of trust moderating the relationship between the service quality of the platform which significant affects lenders' trust in the trust in the platform.

H9.c: Disposition of trust moderating the relationship between the security protections provided by the platform which significant affects lenders' trust in the trust in the platform.

H10.a: Disposition of trust moderating the relationship between social capital borrowers which significantly affects the lender trust in borrowers.

H10.b: Disposition of trust moderating the relationship between Information quality of the loan offered by the borrower which significantly affects the lender trust in the borrower.

Perceived benefit

Reference [15] defines perceived benefits as benefits felt by actors which refer to perceptions of positive impacts caused by certain actions. In addition, perceived benefits can also be an important determinant of willingness to provide loans. Reference [38] explains that perceived benefits are the benefits that are felt and realized when new services offer bigger value to customers than existing ones in ways such as increased economic benefits, convenience and satisfaction. Reference [38] also shows that perceived benefits are a variable that moderates the influence of trust on lending intention of lenders, so the perceived benefits are used here as a control over willingness to provide loans. Therefore, this study formulated:

H11.a: Perceived benefits moderating the relationship between lender trust in platforms which significant affects lender lending intention.

H11.b: Perceived benefits moderating the relationship between lender trust in borrowers which significant affects lender lending intention.

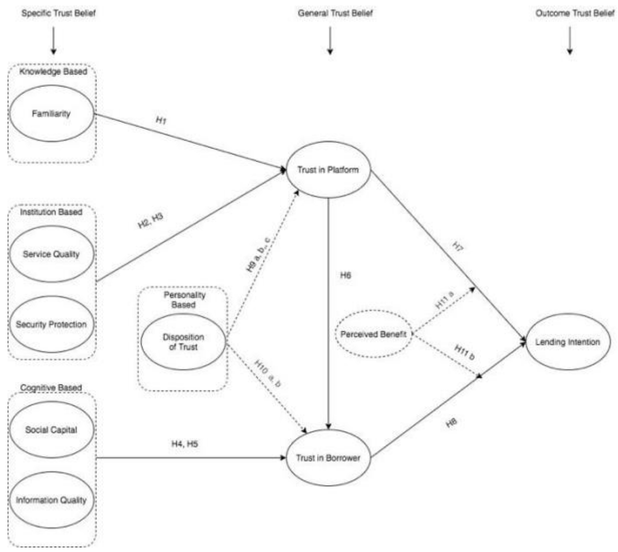

Fig. 1. Conceptual Model

III. METHODOLOGY

The survey items to measure lender trust on re-lending intention used in this study adopted from previous related studies [4], [9], [14], [16], [26], [24], [38]. The survey questionnaire (was developed in the Bahasa language and evaluated by 5 investors relations teams who are working in the platform P2P Lending industry. Survey was conducted through Google forms between March 2021 to May 2021. The survey was measured using a Likert scale with seven - points, representing from strongly disagree = "1" to strongly agree = "7" to except demographic variables. The questionnaire was examined by running a

ISBN*: 978-623-92201-2-9*

pilot study to 30 respondents that match the population criteria which lenders lent in the five big P2P Lending platforms in Indonesia within 2017 - 2020. Main test using a total of 2432 phone numbers through whatssapp with questionnaire hyperlink were sent to the lender data listed. 320 response gather from respondent and only 300 respondents eligible with requirement of the last 6 months transaction history in productive p2p lending platform. The respondents' demographic profile is presented below

TABLE I
RESPONDENT PROFILE

Character	Percentage
Gender	
Male	73%
Female	27%
Total	100%
Age	
21 - 30 Years	24%
31 - 40 Years	51%
41 - 50 Years	25%
Total	100%
Education	
Senior High schools	7%
Diploma	10%
Bachelor	67%
Master	16%
Total	100%
Occupancy	
Employee	58%
Government employee	5%
Business owner	29%
Others	2%
Investor	5%
Total	100%
Domicile	
Jakarta greater area	70%
Java	28%
Others	2%
Total	100%
Average expenses	
IDR 1Mio - IDR 10 Mio	47%
IDR 10 Mio - IDR 30 Mio	42%
IDR 30 Mio - IDR 50 Mio	9%
> IDR 50 Mio	2%
Total	100%
Platform in transaction within the last 6 months	
Crowdo	28%
Investree	17%
Koinworks	13%
Akseleran	9%
Asetku	8%
Modalku	7%
Others	20%
Total	100%
Average Lending amount	
IDR1 Mio - 5 Mio	52%
IDR 6 Mio - Rp. 20 Mio	35%
IDR 21 Mio - 100 Mio	8%
> IDR 100 Mio	2%
Total	100%
Platform usage	
1 - 2 years	58%
< 1 years	23%
> 2 years	22%
Total	100%

Reference [6] explains that validity is an act of testing to measure the level of validity of what we want to measure. Through this validity test, we can find out whether a measuring instrument used can measure exactly what we want to measure. To measure the validity, researchers used factor analysis against the pretest questionnaire result to get the Anti Image Matrix, KMO Measure, Bartlett's test of sphericity, Total variance explained and component matrix. Reliability is evaluated by determining the proportion of systematic variation in a scale. This is done by defining the relationship between the scores obtained from the different scale administrations. A high association means the scale produces consistent and therefore reliable results [18]. The formula used to test the reliability in this study is the Cronbach alpha value> 0.6 which is consistent and acceptable [10].

IV. RESULTS

Structural equation modelling using software Lisrel has been done to analyze the data by estimating the Maximum Likelihood (ML) through two-step procedures. First by measured the construct reliability and validity which followed by the structural model test to evaluated the casual relationship within the theoretical construct. Convergent validity was assessed with result in the variance extracted (VE) and factor loadings as shown in Table 3, the 34 items resulting loadings factor > 0.7 and at the p<0.01 level are significant, suggesting convergent validity at the item level. All VE are greater than 0.5, the minimum standard, means that convergent validity at the construct level were accepted [4]. Discriminant validity, Convergent validity and Reliability of the result shows values of Cronbach's alpha are greater than 0.7. All composite reliability values are greater than 0.8 suggesting acceptable reliability.

TABLE 2
RELIABLITY & VALIDITY SEM RESULT

Variable	Indicator	λ	λ^2	e	CR	VE
Familiarity	F1	0,870	0,757	0,243	0,887	0,663
	F2	0,860	0,740	0,260		
	F3	0,780	0,608	0,392		
	F4	0,740	0,548	0,452		
Service Quality	SQ1	0,770	0,593	0,407	0,811	0,588

ISBN*: 978-623-92201-2-9*

	SQ2	0,780	0,608	0,392		
	SQ3	0,750	0,563	0,438		
	SP1	0,640	0,410	0,590		
Security Protection	SP2	0,760	0,578	0,422	0,800	0,576
	SP3	0,860	0,740	0,260		
	SC1	0,630	0,397	0,603		
Social Capital	SC2	0,780	0,608	0,392	0,765	0,523
	SC3	0,750	0,563	0,438		
	IQ1	0,810	0,656	0,344		
Information Quality	IQ2	0,780	0,608	0,392	0,848	0,651
	IQ3	0,830	0,689	0,311		
	DT1	0,780	0,608	0,392		
Disposition of Trust	DT2	0,910	0,828	0,172	0,873	0,698
	DT3	0,810	0,656	0,344		
	TP1	0,840	0,706	0,294		
Trust in Platform	TP2	0,790	0,624	0,376	0,848	0,651
	TP3	0,790	0,624	0,376		
	TB1	0,800	0,640	0,360		
Trust in Borrower	TB2	0,800	0,640	0,360	0,799	0,572
	TB3	0,660	0,436	0,564		
	LI1	0,780	0,608	0,392		
Lending Intention	LI2	0,820	0,672	0,328	0,839	0,635
	LI3	0,790	0,624	0,376		
	PB1	0,810	0,656	0,344		
	PB2	0,800	0,640	0,360		
Perceived Benefit					0,881	0,649
	PB3	0,770	0,593	0,407		
	PB4	0,840	0,706	0,294		

The researcher also tested the CFA process's overall suitability, and the test results showed that Chisquare/df as a good match was followed by RMSEA, NFI, CFI, IFI, PNFI, and PGFI. One marginal result that comes from GFI and the RMR figures shows a poor fit. Overall, the results of the CFA still show a good fit and the variables used are reliable.

Evaluation of discriminant validity can be done by several methods which this study used cross loading technique by competing the AVE roots with the relationship among constructs and by testing the differences between the proposed CFA model and the CFA model when all indicators are taken as one factor. The third method is to test the difference between the hypothesized CFA model and the CFA model when all indicators are taken as one factor. The null hypothesis is that the CFA for all indicators is taken as one factor. The difference in Chi square value between the two models is used to see whether the indicators used in the study have good discriminant validity. If the result of the difference in the chi square values of the two CFA models is obtained with a p-value of less than = 5%, then the indicator that measures the latent variable is of good discriminant validity. Here are the comparison results:

TABLE 3
DISCRIMINANT VALIDITY SEM RESULT

Model	Chi-Square	df	P-value	AIC	CAIC
(H_0) :1 Factor	3449	464	0	3577	3878.04
(H_1): 10 Factor	1061.81	419	0	1279.81	1792.52
Differe n-ce	2387.19	45	0	10 factor> 1 factor	10 factor> 1 factor
C	Good, because p-value difference (0,000) < 0,005			Good, because AIC & CAIC 10 factor < 1 factor	

In this study, there were 10 factors analyzed, namely F, SQ, SP, SC, IQ, DT, PB, TP, TB, and LI. Meanwhile, when combined into one factor, it can be called a variable factor [39]. Based on the test results using Lisrel software, which are listed in the table above, H0 is a model that makes all indicators measure the same factor and H1 is a model in which each indicator measures its own factor or construct. Based on the table above, the difference in the chi-square value is 2387.19 with df is 45. To find the p-value, it is done using Microsoft Excel by typing =chidist (chisquare value; df) namely = chidist (2387.19; 45) and obtained a p-value of 0.00 < 0.05, then reject H0 which indicates that the indicators used to measure the research construct have good discriminant validity. Apart from the GoF Chi-square we can use the GoF size comparison of models such as AIC and CAIC where the AIC and CAIC values for the 10-factor model are 1279.81 d and 1792.52 smaller than the AIC and CAIC values for 1 factor is AIC 3577.00 and 3878.04.

The overall model fit analysis shows that there are 6 measures of Goodness of Fit that show good fit results, namely RMSEA, NFI, CFI, IFI, PNFI, and PGFI. Those that show marginal fit results are GFI, as well as measures of Goodness of fit that show bad fit results which is GFI and ECVI. Thus, the overall fit of the model is still not good so it is necessary to modify the model used. Model modification was made according to LISREL output which then give new Goodness of Fit results. The goodness fit of data measured with the degree of freedom = 391, Chi-square = 656.07 and RMSEA = 0,05 which lower than the suggested value 0.1 and the NFI = 0,98, IFI = 0,99, CFI = 0,99 which greater than the limit of 0,90.

ISBN*: 978-623-92201-2-9*

The next step is to calculate the error value and factor loading for the interaction variables between exogenous variables and moderating variables. Calculations performed manually in Excel software obtained the following results:

TABLE 4
FACTOR LOADING & VARIAN ERROR FOR MODERATING VARIABLE

No	Interaction Variable	Category	Result
1	*Familiarity*Disposition of Trust*	interaksi (λ)	8,117
		var (θ)	17.421
2	Service Quality* *Disposition of Trust*	interaksi (λ)	5,204
		var (θ)	12,746
3	Security Protection* *Disposition of Trust*	interaksi (λ)	5,229
		var (θ)	12,842
4	*Social Capital* Disposition of Trust*	interaksi (λ)	5.503
		var (θ)	12.,194
5	*Information Quality* Disposition of Trust*	interaksi (λ)	5,777
		var (θ)	11,854
6	*Trust in Platform*Perceived Benefit*	interaksi (λ)	7,728
		var (θ)	23,596
7	*Trust in Borrower*Perceived Benefit*	interaksi (λ)	7,245
		var (θ)	25,958

From the results obtained in the table above, a new variable is added to the model, the moderating interaction variable with the value for each indicator as a result of multiplying the total score of the exogenous variable with the moderating variable. In formulating a variable that contains an interaction effect between 2 latent variables, multiplication between these variables is used to estimate the model.

TABLE 5
HYPOTHESIS TESTING

Hypothesis	Path coefficient	T-Values	Result
F →TP	-0,20	-2,32	Significant
SQ → TP	0,62	3,15	Significant
SP →TP	-0,051	-0,29	Not Significant
SC →TB	0,42	2,64	Significant
IQ →TB	-0,048	-2,95	Significant
TP →TB	0,022	7,25	Significant
TP → LI	0,44	3,03	Significant
TB → LI	0,69	2,75	Significant
DTxF → TP	0,27	3,40	Significant
DTxSQ → TP	-0,25	-3,61	Significant
DTxSP → TP	-0,090	-2,22	Significant
DTxSC → TB	0,16	4,16	Significant
DTxIQ → TB	-0,16	-3,45	Significant
PBxTP → LI	0,33	2,78	Significant

As shown in table 6, we can see that only T-value from variable Security Protection is < 1.96 in this case means that this variable doesn’t have significant impact which means the Security Protection doesn't have significant impact on Trust in Platform (H3). On the other hand, all hypotheses, From Familiarity impact in trust in platform (H1) Service Quality impact on Trust in platform (H2), Social Channel impact on trust in Borrower (H4), & Information Quality impact on Trust in Borrower (H5) was accepted. Other hypotheses which are the Trust in Platform impact in Trust in Borrower H6), Trust in Platform impact in Lending Intention (H7) & Trust in Borrower impact in Lending Intention (H8) have T-values > 1,96 as the standard. This means that the Trust in Platform has significant impact in Trust in Borrower, Trust in Platform & Trust in Borrower also has significant impact in Lending Intention (Accept H6, H7, H8).

On the moderating effect of Disposition of Trust impact to Trust in Platform (H9 a, b, c), and Disposition of Trust impact to Trust in Borrower (H10 a, b) shows T-values >1,96 as standard which means that it has significant moderating impact and the hypothesis accepted. While for the Perceived Benefit impact to Lending Intention (H11 a, b) has T-values >1,96 means that Perceived Benefit has significant moderating impact of Trust in Platform and Trust in Borrower to Lending Intention.

V. DISCUSSION

In contrast with previous research [4], [41], this research discover lender trust in platform has the greatest influence compared to other variables. Researchers suspect that this is due to differences in the context of the country and existing regulations as well as the year of research. Below the summary of the hypothesis testing:

1. Lender trust in platform has the greatest influence in influencing lender trust in borrower and lending intention. Where lender trust in platform is significantly affected by service quality [1], while the effect of security protection is not significant for lender trust in platform. This means that the higher the lender's trust in platform, the higher lender's trust in borrowers and the lender's desire to do re-lending through the platform. While lender familiarity with the platform has a significant negative effect on lender trust in the platform, which means that even though the lender is more familiar with using the platform, it does not mean that lenders will have higher re-lending intentions. This is still in line with research, [22] revealing that most patients who know and trust or are familiar with prevention services and traditional health care from China are less willing to pay for it.

2. Lender trust in borrower has an influence on lending intention although it is not as high as trust in platform. This means that the higher the lender's trust in the

ISBN*: 978-623-92201-2-9*

borrower, the more likely it is that the lender will provide another loan to the borrower. In addition, this study also found that borrower social capital positively affects the lender trust in borrower, which means that the existence of social capital from the borrower has an influence in increasing the lender's trust in the borrower. On the other hand, information quality actually has a significant negative effect on the lender trust in borrower which can be interpreted that although the quality of information held by the borrower increases, it actually decreases the trust of the lender to the borrower. Research by [13] found that when there is a risk the quality of information has a significant influence on the diagnosis of consumer perceptions because when consumers are concerned about risk, they will increase their diagnostic ability to assess whether the quality of information is high or low, and then decide whether to adopt information. When the risk is absent, i.e. the cost of consumption is low, the level of information quality affecting the perceived diagnostics decreases. In the context of this study, researchers suspect that this happens because more than 90% of respondents are individual lenders so that the risk of potential borrower default is an important part for lenders in assessing the quality of the information provided, so that although the quality of the information provided is quite high, it does not necessarily encourage the lender's desire to provide loans back to the borrower. Researcher suspect that this also happen due to the

3. Disposition of trust which moderates positively and is the most significant in improving the relationship between borrower social capital and lender trust in borrower, followed by lender familiarity with lender trust in platform. However, in this study, the results of the data processing showed that the three hypotheses had a negative significant impact (H9.b, H9.c, H10.b). As stated earlier, disposition of trust differs from trust intention because it refers to other people in general [21]. According to [2] that the use of mediation technology increases the interpersonal distance between banks and their customers, both of which can decrease trust and exacerbate mistrust. In the context of this study, the researcher found that the presence of disposition of trust through technology actually reduced lenders' trust in the platform for the security protection & service quality variable and lenders' trust in the borrower for the information quality variable. The researcher considers with 90% of respondents who make funding in the range of one million rupiah to twenty million rupiah are individual lenders, that the respondents are getting less and less trust in the platform despite their experience with security protection & service quality because these transactions are carried out through technology. This includes the decreasing trust of lenders to borrowers in line with the increase in information quality mediated by the disposition of trust through technology.
4. In addition, the moderation of perceived benefits also has a significant positive effect in increasing the relationship between lender trust in borrowers and lending intention. This means that the belief that lenders have in the benefits of lending through the platform further increases the lenders' confidence in the platform which in turn affects the intention to re-lending lenders. But on the other hand, perceived benefits act as a moderating variable that has a negative impact on lenders' trust in borrowers on borrowing intentions. Lenders who were respondents in this study did not say that the benefits received by borrowers were a factor that influenced their positive intention to give gifts to them. They see more of the economic benefits they get as a more positive influence. This is in line with research [8] that the perception of economic benefits that are expected to have a direct impact on participation in trust economic participation is found not to mediate the relationship between economic benefits and sustainable consumption is a natural thing because, for a large number of consumers, cost reduction is the main motivator to participate in the sharing economy.

V. CONCLUSION

This study has managerial implication that can be drawn into result which are:

1. Lender trust in platform is a dimension that has a significant influence on lenders in lending and lending back. Therefore, it is important for the platform to ensure and maintain the trust that lenders have in the platform. Lenders feel that the platform has made sufficient efforts to protect lender interest, has systems and policies that can protect lenders and has done its best to fulfill the demands and requirements. Researchers suspect this is due to the high role of the government in socializing financial inclusion and consistently providing education to the market regarding the use of legal platforms in P2PL fintech activities for the community [19]. Findings from [12] show that government support has a significant positive impact on the adoption of the use of financial technology in society where the trust factor has a positive impact on this adoption. So, it is important for platform management to ensure its participation in ensuring the protection of lenders' interests and communicating it to lenders in accordance with the direction of the regulator. Several examples have been made by the platform to display information on the 90-day Pay Success Rate (TKB90) on their website for information disclosure [32]. In this study, it was found that 45% of respondents were still actively funding since the period before COVI19 until the end of 2020, in fact there were 55% of lenders who only funded

ISBN*: 978-623-92201-2-9*

after the occurrence of COVID19. They are lenders who have confidence in the platform to be able to adopt the technology provided by the P2PL platform in providing loans as part of their financial investment instruments.

2. In this study, it was found that familiarity has a significant negative impact on lender trust in the platform. This shows that although lenders are quite familiar with how to use the platform, this cannot yet be a guarantee to encourage lenders to refinance on the platform. From several additional questions in this study, it was found that for some lenders, other factors such as the success rate in paying (TKB90), clarity of the purpose of using funds by borrowers, and insurance against payment failures had a greater influence on lending back from lenders. For this reason, it is important for platform management not only to ensure that all lenders and users understand the use of the platform but also to provide guarantees against the risk of default in accordance with the provisions set by financial regulators. Research by [27] on the effect of familiarity in the use of m-banking in Brazil also found the same thing. For this reason, researchers suggest industry players provide various ways such as video tutorials, articles, and education through events and seminars to make users of the platform and ways to understand risk mitigation in managing their loan portfolio on the platform.
3. The platform should think more deeply about the service quality factor, which in this study focuses on the service quality of the platform for lenders in transacting through the P2PL Fintech platform. In Indonesia, the draft regulations related to personal data protection are still under discussion, but specifically for the P2PL Fintech OJK Regulation Number 77/POJK .01/2016 [24] where the platform is required to have ISO 27001:2013 certification
4. regarding information security management systems. The implementation of this security management system is important for the platform and must also be communicated properly so that users know that the implementation of this certification can answer user doubts about the quality of services including related to security in the use of technology offered by the P2PL platform.
5. Platforms should start paying more attention to the social capital of the borrower. This study found that social capital has a significant positive impact on increasing the trust of lenders to borrowers. In addition, there is a moderation of disposition of trust where lenders have expectations of social capital from borrowers, which in this case further increases lenders' confidence in borrowers. Reference [3] states that external and internal social capital have a positive relationship to the dynamics of crowdfunding. In this case, the researcher suggests the platform to ensure the existence of external social capital for the first loan funding and accuracy for internal social capital for loans that have a history of borrowing on the platform before.
6. Another thing that was captured by the researcher in this research questionnaire was the need for information to increase trust in borrowers. From the results of the study, it was found that trust in borrowers had a significant positive impact on influencing the re-lending intention of lenders. As for the answers of lenders to questions asked to explore further information on what borrowers are needed by lenders in making lending decisions, most lenders say that information related to financial data, credit history, payment history, and the purpose of using loans is important for lenders. In fact, this is even more crucial for several lenders in the 61% of respondents who only provide loans in the productive sector, especially after the occurrence of COVID19.

LIMITATION AND FURTHER REASEARCH

Researchers used a database from one company which cannot fully describe the P2PL fintech industry in Indonesia. This research still focuses only on the effect of trust on re-lending intentions for lenders who have provided loans to borrowers in the productive segment so that it does not describe the situation for borrowers in other segments. This research also does not specifically separate institutional lenders and individual lenders so that it cannot provide specific advice on each cluster of these lenders.

Further research can expand the scope of respondents not limited to these five platforms but also to other platforms so that they can reach a larger audience with different characteristics and describe the P2PL fintech industry more thoroughly. In addition, subsequent research can also target multipurpose or consumer financing clusters in addition to productive financing for MSMEs carried out in this study. Further research can also focus on lenders who provide loans for the first time and how the trust factor can influence lenders in terms of lending intentions for novice lenders. Subsequent research can also divide the segmentation of lenders into individual lenders and institutional lenders or segmentation of lenders with financial and non-financial industry backgrounds in providing loans.

REFERENCES

[1] Abidat, A. H., Handayani, P. W., & Azzahro, F. (2019). Analysis of Factors Affecting People's Intentions in Investing Through Sharia Peer-To-Peer Lending. *Proceedings of 2019 International Conference on Information Management and Technology, ICIMTech 2019*, 224–229. https://doi.org/10.1109/ICIMTech.2019.8843790

[2] Benamati, J. S., Serva, M. A., & Fuller, M. A. (2010). The productive tension of trust and distrust: The coexistence and relative role of trust and distrust in online banking. *Journal of Organizational Computing and Electronic Commerce*, *20*(4), 328–346. https://doi.org/10.1080/10919392.2010.516632

[3] Cai, W., Polzin, F., & Stam, E. (2021). Crowdfunding and social capital: A systematic review using a dynamic perspective. *Technological Forecasting and Social Change*, *162*, 120412. https://doi.org/10.1016/j.techfore.2020.120412

[4] Chen, D., Lai, F., & Lin, Z. (2014). A trust model for online peer-to-peer lending: a lender's perspective. *Information Technology and Management*, *15*(4), 239–254. https://doi.org/10.1007/s10799-014-0187-z

[5] Chen, X., Hu, X., & Ben, S. (2021). How Individual Investors React to Negative Events in the FinTech Era? Evidence from China's Peer-to-Peer Lending Market. *Journal of Theoretical and Applied Electronic Commerce Research*, *16*. https://doi.org/10.4067/S0718-18762021000100105

[6] Cooper, D., & Schindler, P. (2013). *Business Research Methods: 12th Edition*. McGraw-Hill Higher Education. https://books.google.co.id/books?id=AZ0cAAAAQBAJ

[7] Corbitt, B. J., Thanasankit, T., & Yi, H. (2003). Trust and e-commerce: A study of consumer perceptions. *Electronic Commerce Research and Applications*, *2*(3), 203–215. https://doi.org/10.1016/S1567-4223(03)00024-3

[8] Dabbous, A., & Tarhini, A. (2019). Assessing the impact of knowledge and perceived economic benefits on sustainable consumption through the sharing economy: A sociotechnical approach. Technological Forecasting and Social Change, 149(July), 119775. https://doi.org/10.1016/j.techfore.2019.119775

[9] Gefen, D. (2003). Trust and Tam in online shopping. *MIS Quarterly; Mar 2003; 27, 1; ABI/INFORM Global Pg. 51*, *27*(1).

[10] Hair, J. (2008). Multivariate Data Analysis : Multivariate Data Analysis : Why multivariate data analysis ? (8th ed.). Cengage Learning, EMEA.

[11] Haswindi, A., & Yuniarni, S. (2020). *Grassroots anger threatens Indonesian P2P lenders' efforts to repair image*. Dealstreetasia.Com. https://www.dealstreetasia.com/stories/p2p-lenders-indonesia-181717/

[12] Hu, Z., Ding, S., Li, S., Chen, L., & Yang, S. (2019). Adoption intention of fintech services for bank users: An empirical examination with an extended technology acceptance model. *Symmetry*, *11*(3). https://doi.org/10.3390/sym11030340

[13] Jiang, G., Liu, F., Liu, W., Liu, S., Chen, Y., & Xu, D. (2021). Effects of information quality on information adoption on social media review platforms: moderating role of perceived risk. Data Science and Management, 1(1), 13–22. https://doi.org/10.1016/j.dsm.2021.02.004

[14] Kim, D. J., Ferrin, D. L., Raghav RAO, H., Raghav, H., Kong Chian, L., & Raghav Rao, H. (2008). *A trust-based consumer decision-making model in electronic commerce: The role of trust, perceived risk, and their antecedents*. *44*(2), 544–564. https://doi.org/10.1016/j.dss.2007.07.001

[15] Leung, Y. (2013). Perceived Benefits. In *Encyclopedia of Behavioral Medicine* (pp. 1450–1451). Springer New York. https://doi.org/10.1007/978-1-4419-1005-9_1165

[16] Lu, Y., Zhao, L., & Wang, B. (2010). From virtual community members to C2C e-commerce buyers: Trust in virtual communities and its effect on consumers' purchase intention. *Electronic Commerce Research and Applications*, *9*(4), 346–360. https://doi.org/10.1016/j.elerap.2009.07.003

[17] Lynn, T., Mooney, J. G., Rosati, P., & Cummins, M. (2019). *PALGRAVE STUDIES IN DIGITAL BUSINESS AND ENABLING TECHNOLOGIES SERIES EDITORS: Disrupting Finance FinTech and Strategy in the 21st Century*. http://www.palgrave.com/gp/series/16004

[18] Maholtra, N. K., & Dash, S. (2016). *Marketing research and applied orientation* (7th ed.). Pearson India Education Services Pvt Ltd.

[19] Marginingsih, R. (2021). Financial Technology (Fintech) Dalam Inklusi Keuangan Nasional di Masa Pandemi Covid-19. *Moneter - Jurnal Akuntansi Dan Keuangan*, *8*(1), 56–64. https://doi.org/10.31294/moneter.v8i1.9903

[20] Mcknight, D. H., Review, M., Jul, N., & Chervany, N. L. (1998). *Initial Trust Formation in New Organizational Relationships Author (s): D . Harrison McKnight , Larry L . Cummings and Norman L . Chervany Published by : Academy of Management Stable URL : http://www.jstor.com/stable/259290 REFERENCES Linked references*. *23*(3), 473–490.

[21] McKnight, D. H., & Chervany Norman, L. (2001). Trust and distrust definitions: One bite at a time. Lecture Notes in Artificial Intelligence (Subseries of Lecture Notes in Computer Science), 2246(January), 27–54. https://doi.org/10.1007/3-540-45547-7_3

[22] Meng, F., Ji, Z., Song, F., Bai, T., Fan, X., & Wang, D. (2020). Patients' familiarity with, trust in and willingness to pay for traditional Chinese medicine in Chinese community health care centres. European Journal of Integrative Medicine, 36, 101118. https://doi.org/10.1016/j.eujim.2020.101118

[23] Nicolaou, A. I., & McKnight, D. H. (2006). Perceived information quality in data exchanges: Effects on risk, trust, and intention to use. *Information Systems Research*, *17*(4), 332–351. https://doi.org/10.1287/isre.1060.0103

[24] Otoritas Jasa Keuangan, O. (2021). *Statistik Fintech Lending Periode Desember 2020*. https://www.ojk.go.id/id/kanal/iknb/data-dan-statistik/fintech/Pages/-Statistik-Fintech-Lending-Periode-Desember-2020.aspx

[25] Ozbal, O., Duman, T., & Topaloglu, O. (2020). A trust-based peer-to-peer digital brand equity (P2P-DBE) model. *Journal of Marketing Theory and Practice*, *28*(4), 497–520. https://doi.org/10.1080/10696679.2020.1794901

[26] Pavlou, P. A., & Gefen, D. (2004). Building effective online marketplaces with institution-based trust. *Information Systems Research*, *15*(1), 37–59. https://doi.org/10.1287/isre.1040.0015

[27] Ramos, F. L., Ferreira, J. B., De Freitas, A. S., & Rodrigues, J. W. (2018). The effect of trust in the intention to use m-banking. *Brazilian Business Review*, *15*(2), 175–191. https://doi.org/10.15728/bbr.2018.15.2.5

[28] Sahi, G. K., Sekhon, H. S., & Quareshi, T. K. (2016). Role of trusting beliefs in predicting purchase intentions. *International Journal of Retail and Distribution Management*, *44*(8), 860–880. https://doi.org/10.1108/IJRDM-10-2015-0157

[29] Siegrist, M., Gutscher, H., & Earle, T. C. (2005). Perception of risk: The influence of general trust, and general confidence. *Journal of Risk Research*, *8*(2), 145–156. https://doi.org/10.1080/1366987032000105315

[30] Sukmaningsih, D. W. (2018). A Model for Lender-Borrower Trust in Peer-To-Peer Lending. *ComTech: Computer, Mathematics and Engineering Applications*, *9*(1), 15. https://doi.org/10.21512/comtech.v9i1.4287

[31] Walfajri, M. (2019). *OJK wajibkan fintech tampilkan TKB 90 di website, ini tujuannya*. Kontan.Co.Id. https://keuangan.kontan.co.id/news/ojk-wajibkan-fintech-tampilkan-tkb-90-di-website-ini-tujuannya

[32] Wang, W., Qiu, L., Kim, D., & Benbasat, I. (2016). Effects of rational and social appeals of online recommendation agents on cognition- and affect-based trust. *Decision Support Systems*, *86*, 48–60. https://doi.org/10.1016/j.dss.2016.03.007

[33] Wixom, B. H., & Todd, P. A. (2005). A theoretical integration of user satisfaction and technology acceptance. *Information Systems Research*, *16*(1), 85–102. https://doi.org/10.1287/isre.1050.0042

[34] Wu, J., Yuan, M., & Kou, Y. (2020). Disadvantaged early-life experience negatively predicts prosocial behavior: The roles of

***ISBN**: 978-623-92201-2-9*

Honesty-Humility and dispositional trust among Chinese adolescents. *Personality and Individual Differences*, *152*, 109608. https://doi.org/10.1016/j.paid.2019.109608

[35] Xiao, L., Fu, • Bin, & Liu, W. (2018). *Understanding consumer repurchase intention on O2O platforms: an integrated model of network externalities and trust transfer theory*. https://doi.org/10.1007/s11628-018-0370-0

[36] Yamin, S. (2014). *Rahasia Olah Data Lisrel* (Original e). Mitra Wacana media.

[37] Yang, Q., & Lee, Y.-C. (2016). Influencing Factors on the Lending Intention of Online Peer-to-Peer Lending: Lessons from Renrendai.com. *The Journal of Information Systems*, *25*(2), 79–110. https://doi.org/10.5859/kais.2016.25.2.79

[38] Zhou, T. (2011). An empirical examination of initial trust in mobile banking. *Internet Research*, *21*(5), 527–540. https://doi.org/10.1108/10662241111176353

[39] Yan, Y., Lv, Z., & Bin Hu, •. (2018). Building investor trust in the P2P lending platform with a focus on Chinese P2P lending platforms. *Electron Commer Res*, *18*, 203–224. https://doi.org/10.1007/s10660-017-9255-x

[40] Yang, Q., & Lee, Y.-C. (2016). Influencing Factors on the Lending Intention of Online Peer-to-Peer Lending: Lessons from Renrendai.com. *The Journal of Information Systems*, *25*(2), 79–110. https://doi.org/10.5859/kais.2016.25.2.79

[41] Yuan, S., Musibau, H. O., Genç, S. Y., Shaheen, R., Ameen, A., & Tan, Z. (2021). Digitalization of economy is the key factor behind fourth industrial revolution: How G7 countries are overcoming with the financing issues? *Technological Forecasting & Social Change*, *165*, 120533. https://doi.org/10.1016/j.techfore.2020.120533

[42] *Oxford Languages and Google - English | Oxford Languages*. (n.d.). Retrieved August 1, 2021, from https://languages.oup.com/google-dictionary-en/

[43] Li, Y., Lu, X., Zheng, W., & Luo, J. (2021). Neuropsychologia The role of the mPFC in the social influence of majority and expert opinion. *Neuropsychologia*, *159*(April), 107951. https://doi.org/10.1016/j.neuropsychologia.2021.107951