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**Determinants of Individual Investors’ Intention to Invest in Peer to Peer (P2P) Lending Platform in Malaysia**

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**Abstract**

This study explores the factors influencing individual investors' intention to invest in Malaysia's peer-to-peer (P2P) lending platforms, due to limited awareness. Key problems encompass a lack of transparency in profit presentation, incongruities between service expectations and costs, and the potential repercussion of dissatisfied investors on others. Using the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) framework, the research found that Performance Expectancy, Effort Expectancy, Hedonic Motivation, Habit, and Investing Experience significantly affect investors' intention to invest in P2P lending. However, Social Influence, Facilitating Conditions, and Price Value do not have a significant impact. This research contributes to the understanding of individual investors' perspectives on P2P lending in Malaysia, offering practical insights and suggesting areas for further investigation.

**Keywords:** P2P Lending, UTAUT2, Investing Experience

**Introduction**

Peer-to-peer (P2P) lending platforms facilitate direct online financial transactions, where investors provide loans to businesses (Klein et al., 2021). In Malaysia, P2P lending is focused on businesses and not individual borrowers (Nguyen et al., 2021). This industry has been subject to regulation by the Securities Commission since 2016, with significant growth in funding for Small and Medium-sized Enterprises (SMEs) (Khan & Xuan, 2021; Securities Commission Malaysia, 2023). Despite gaining popularity, P2P lending poses challenges for investors due to information asymmetry Chen et al (2020), riskier borrower profiles Klein et al (2021), and varying credit assessment practices across platforms (Nguyen et al., 2021). Individual investors' decisions to participate may be influenced by societal pressure or discretion (Chaudhary et al., 2023). Comprehending these factors is critical as P2P lending platforms play an increasingly significant role in Malaysia's financial ecosystem.

The Securities Commission Malaysia (SCM) introduced a regulatory framework for P2P financing to stimulate interest among individual investors and fostering a more dynamic investment environment, as the number of investors has not kept pace with the growth of borrowers (Securities Commission Malaysia, 2021). Ghazali and Yasuoka (2018) found many Malaysian investors lack awareness and understanding of P2P lending, even among those who were aware of the existence of P2P lending perceives it as cumbersome and complex (Kompas, 2021). The hesitancy among Malaysian investors towards engaging with P2P lending platforms can be due to concerns related to addressing investors' financial needs, the feasibility of P2P lending platforms, and the presence of information distortion within the ecosystem.

Firstly, P2P lending platforms often do not transparently communicate the potential profits and benefits Soeta et al (2023) for public view which leads to uncertainty about returns and the level of investment protection (George et al., 2022). The perception of risk associated with the platform and its overall reputation play crucial roles in shaping early investment intentions among investors, as highlighted by (Li et al., 2016). Secondly, discrepancies between investors' performance expectations and associated costs can lead to loan problems and complaints (Ambarwati et al., 2019). Information quality plays a crucial role in reducing investment uncertainty, especially in online environments where users heavily rely on displayed information (Ghasemaghaei & Hassanein, 2016). A user-friendly platform is needed to minimize psychological burdens Thaker et al (2019), particularly for novice investors who need sufficient and useful information for analysis. As P2P lending is an emerging business model, serves as a practical financing channel for SMEs and offers investors a profitable, low-threshold financial management method.

Lastly, investors' negative experiences with P2P lending platforms can directly impact others (Ambarwati et al., 2019). Building investor awareness and trust through marketing, education, and transparent practices is essential for attracting more investors to P2P lending platforms Thaker et al (2020); Soeta et al (2023), particularly for individual investors conducting transactions by the individuals directly. Enhanced investor knowledge and experience contribute to improved borrower selection and more effective risk management. Additionally, platform transparency serves as a crucial mechanism in preventing the misrepresentation of information. Existing information primarily stem from well-established markets like China and the United States. The P2P lending industry in Malaysia lacks available information, given its recent emergence. Therefore, with no precedent studies in a developing country like Malaysia, highlights the need for further exploration. Ultimately, this study intends to investigate the factors Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Hedonic Motivation, Price Value, Habit and Investing Experience towards the intention to invest in a P2P lending platform in Malaysia.

**Literature Review**

**Theoretical Review**

The UTAUT framework, originally developed by (Venkatesh et al., 2003) to comprehend and predict technology acceptance. However, these extensions primarily focused on organizational settings, leaving a gap in explaining technology adoption among consumers. To address this, Venkatesh et al (2012) introduced UTAUT2, a comprehensive framework aimed at understanding consumer technology acceptance, introducing new constructs namely hedonic motivation, price value, and habit while modifying some relationships from the original model to align with consumer technology use. Subsequent researchers expanded upon UTAUT2 to study technology acceptance in different contexts. Dajani and Hegleh (2019) added a learning value factor to examine Jordanian university students' behaviour intention to use animation. Eneizan et al (2019) incorporated trust and risk factors to explore customer acceptance of mobile marketing in Jordan. Aisyah et al (2023) investigated Generation Z's adoption of P2P lending in Indonesia, finding significant effects of performance expectancy, social influence, hedonic motivation, and habit on behavioural intention. Kurniadi et al (2021) used the UTAUT2 model to understand the usage of P2P lending, emphasizing trust and risk variables. Mansyur and Ali (2022) researched the adoption of Sharia fintech among Indonesian millennials using UTAUT2, considering the moderating effect of Islamic financial literacy. These studies collectively demonstrate the adaptability of UTAUT2 in various contexts and their capacity to elucidate factors influencing technology acceptance and user behaviour. Consequently, UTAUT2 serves as the foundational theory underpinning this research. This subsection will provide a more comprehensive exploration of these theories.

**Empirical Review**

This section analyses previous empirical studies relating to determinants of individual investors’ intention to invest in a P2P lending platform. Based on previous research, this study considers eight determinants: performance expectancy, effort expectancy, social influence, facilitating conditions, hedonic motivation, price value, habit and investing experience.

**Intention to Invest in P2P Lending Platform**

According to Ajzen (1991), a person's intentions can be used to forecast their future behaviour because the intention is the stimulus for the subsequent pattern of behaviour. The intended behaviour affects the driving force behind a behaviour. The intent will influence behaviour up until the decision is the right one. May determine a person’ behaviour based on their intention, which is defined as their perception of how likely it is that they will engage in a behaviour (Ajzen & Fishbein, 1980). A key factor in predicting a person's future behaviour is their intentions, which are constructs of attitudes based on intrinsic values (Angelle, 2006). The intention to use can be defined as the intention of each individual to use a specific technology for their activities so that it can be explained as an intention to use (Ain et al., 2016). In accordance with Sashikala and Chitramani (2018), an investor's decision to invest is dependent on their motivation and efforts to carry out specific acts. The driving forces behind an investor's investments are their investment intentions. Individual investors, also referred to as retail investors, are those who manage their own portfolios through a broker, mutual fund, bank, or other financial institution. Due to the fact that they are using their own funds, individual investors may be more prone to making emotional decisions (Chaudhary et al., 2023).

Past studies discussed about P2P lending with a different nature of research. The research was done in several country such as Indonesia, China, Brazil, India and Taiwan and some in Malaysia as well. The studies were summarised in Table 2.2. For example, a study done by Kurniadi et al (2021) extended the UTAUT2 model with trust and risk variables to analyse the key variables that influence investors' intentions to use P2P lending. According to the study, factors including effort expectancy, social influence, facilitating conditions, trust, and risk have a positive impact on investors' intentions to use P2P lending platforms. Potential investors are drawn to use the platforms on their understanding of handling the platforms’ resources and platforms customer services. It has been confirmed that investors' intentions to use the P2P lending platform are not significantly influenced by performance expectancy or price value. The study recommended that P2P lending platforms give more detailed and transparent information to assist the in-app experience of investors, including loan information for borrowers, interest calculation, and various customer service contact details. P2P lending platforms must also enhance through brand marketing by providing more informed and detailed information about the platforms in order to prevent a poor public perception of the platforms brought on by the growing number of illegal P2P lending platforms. Lack of understanding of the P2P market and negative headlines about illegal platforms may reduce active investors' trust and disinterest the future investors. As a result, P2P lending requires tight collaboration with several credit rating aggregators to maintain the risk of default by borrowers. To protect investors interests, Indonesia's regulatory authorities should set up a thorough and fair structure because P2P lending has direct effects on economic growth despite still being relatively moderate compared to other financial services institutions.

Besides, Aisyah et al (2023) investigates the variables that affect Generation Z's utilization of P2P lending in Indonesia. 200 individuals from Generation Z who had used P2P lending participated in this study. Since Generation Z is the generation that now makes up the majority of Indonesia's population, it is crucial to know the elements that influence the Generation Z’s use of P2P lending. While effort expectancy, enabling conditions, and price value do not have a positive and significant impact on behavioural intention. The variables performance expectancy, social influence, hedonic motivation, and habit do have a positive and significant impact on behavioural intention. In another study, Kurniaputri and Fatwa (2022) conducted a study on 250 investors who invested through Islamic P2P lending platform in Indonesia using UTAUT2 model. According to the findings, investors intention is influenced by effort expectancy, habit, facilitating conditions, and hedonic motivation. The investors discovered that using Islamic P2P lending is simple and that investing their money increases their earnings. The investors will continue to invest in the Islamic P2P lending.

Furthermore, Dias et al (2022) suggested P2P lending platforms may undertake social media campaigns to raise the visibility of their platforms, in light of the poor awareness of P2P lending among Indian consumers. A study done by George et al (2022) identified Oman's degree of awareness and perception of P2P lending. The questionnaire was distribution via online to 108 people. The study's findings indicate that very little is known about P2P lending platforms. The people don't know a lot about the many forms of investing chances offered by the P2P lending. They consider it as risky and inconvenient P2P lending platform. They don't intend to invest in P2P lending services, and they are not going to recommend it to their friends and relatives either. But, millennials of Indonesia’s interest to invest are driven by their perceptions of their utility and their risk aversion. It has been demonstrated that people who are cautious about uncertainty and risk can be persuaded to invest in P2P lending. Regarding the technological aspect, users who think that the P2P lending application's features are valuable and useful will urge others to invest. It was found in a study by Lina et al (2021) to understand what motivates millennials to invest in P2P lending in Indonesia, the TAM was extended by including factors for financial literacy and risk tolerance.

Study by Wang et al (2019) found performance expectancy, effort expectancy and social influence moderated by age and gender positively affects behavioural intention on utilizing P2P lending in Indonesia. The study concluded the P2P lending users’ comfort is vital. employed the Elaboration Likelihood Model (ELM) of Persuasion Theory to research Taiwanese working professionals' intentions to use P2P lending platforms. It was discovered that P2P lending platforms, acting as online intermediaries, should choose the proper components to increase the reliability of their sources and their communication abilities to improve the quality of their arguments. Information availability is crucial in influencing potential investors decisions (Ghasemaghaei & Hassanein, 2016) to mitigate the risk of asymmetrical information while simultaneously increasing the confidence in investment via the P2P lending platform because not every recent financial service is easily understandable, particularly for investors with little financial experience (Poeteri et al., 2021).

Perceived information asymmetry and perceived regulatory uncertainty positively influences an investor’s financial risk perceptions, while perceived financial risk negatively impacted an investor’s continuance intention to invest in P2P lending platforms. This indicates that asymmetric information and regulatory uncertainty are essential to the investor when evaluating the risks involved in P2P lending. Along with lowering information asymmetry and regulatory uncertainty, due to an extensive experience investor will go through a learning process that will make them more eager to invest through a P2P lending platform (Saykita et al., 2019). To identify the investors' behavioural intention to invest in P2P lending platforms, the UTAUT2 model was extended to include interest rate attractiveness, perceived risk, with perceived trust serving as the mediating variable. The study demonstrated that performance expectancy, social influence, facilitating conditions, attractive interest rates, and perceived risk has an impact on investors' behavioural intentions to participate in P2P lending through perceived trust. The behavioural intention of investors to invest in P2P lending platforms was unaffected by effort expectancy because Indonesian users’ familiarity with technology (Maiani et al., 2022).

Soeta et al (2023) analysed the desire of potential investors to invest in a Jakarta P2P lending platform. 138 potential investors filled the questionnaires. According to the result, social influence and reputation platforms have a favourable impact on trust, which in turn has a positive impact on investment intention and actual investment. A person is more likely to make an actual investment directly if they already have the intention to invest. As a result of the good offerings and benefits they would receive from the platform, they may even recommend it to their coworkers. For instance, feedback from those who have used the drug is essential when developing a new medicine. When it comes to P2P lending investments, if an individual investor has any plans to invest, they will consult other experienced P2P lending investors for advice. This is consistent with the conclusions of Kumra et al (2021) used the TPB model discovered that investors are positively influenced by the high returns and diversified risk. P2P lending is appealing to pro-social investors because it makes them feel involved in society. Further, ease of lending also affects investors' perceptions of P2P lending.

Study by Dharmastuti and Laurentxius (2021) used potential risk factors such as character, capital, capacity and collateral to investigate the influence of investors’ interest in financing in P2P lending platforms in Indonesia. Character is the borrower's repayment history, as well as whether or not they make their payments on time, late, or even not at all, are used to judge their character. Capital is financial data from P2P lending platforms that demonstrates the operation or financial standing of the borrower's company. Capacity is the grade (credit level) used to evaluate the borrower's credit risk, repayment capacity, and default risk. Collateral indicates its presence or absence to the borrower in an offer of money lending. The findings demonstrate that none of the variables affect investors' interest in giving loans. Benefit elements like high interest rates, quick approval times, and long repayment terms have a big impact on investors’ willingness to lend.

**Performance Expectancy**

Performance expectancy can be defined as the degree to which an individual believes that using the system will result in improvements in their job performance (Davis, 1989; Davis et al., 1989). According to Compeau and Higgins (1995), suggest that the theoretical foundation for this variable draws from concepts like perceived usefulness (TAM/TAM2 and C-TAM-TPB), extrinsic motivation (MM), job-fit (MPCU), relative advantage (IDT/DOI), and outcome expectations (SCT). In various individual models examined, it has consistently been observed that the variables associated with performance expectancy emerge as the most potent predictors of the intention to use a specific technology(Chang, 2012).

In this study, performance expectancy pertains to the extent to which investors believe that participating in P2P lending can enhance and improve their overall productivity, income, and quality of life. In addition, performance expectancy is closely associated with the extent of investing in P2P lending for the daily productivity of the investors. It is proven that performance expectancy have an impact on the daily life and productivity of the users, especially investors who may gain more additional benefits than merely financial value (Mariani et al., 2022). Individuals typically assess or anticipate the potential advantages before making a final decision to embrace a recommended technology. Logically, the higher the anticipated benefits and utility of a particular technology, the more motivated a potential adopter becomes to accept and utilize it.

The influence of performance expectancy on behavioural intention was empirically supported by (Mariani et al., 2022). Mariani et al (2022) employed the UTAUT model to study the behavioural intention of investors to use the P2P lending platform in Indonesia using a sample of 138 investors. The results of the study revealed behavioural intention for investors to use the P2P lending platform was proven to be influenced by performance expectancy with perceived trust as the intervening variable. Similarly, Widyarga et al (2019) study revealed behavioural intention to use P2P lending can be reliably and significantly predicted by performance expectancy. Furthermore, the platforms are suggested to provide characteristics and features that could differentiate themselves from the other platforms.

In addition, a study on investing in P2P lending in Indonesia by Rahma and Sari (2021) used a sample of 166 undergraduate students. The authors using multiple regression analysis tests accepted the hypothesis that performance expectancy has a positive effect on intention behaviour to invest in P2P lending. This outcome was in line with earlier studies that were done by Lv et al (2018) who examined the intention of 260 college students’ investing in P2P lending. The results of their study proved a positive effect of performance expectancy on behavioural intention. In short, P2P lending service offers convenience and speed in the process of lending and borrowing transactions when compared to conventional services such as banks, and this will undoubtedly increase student interest in using it.

According to a conflicting finding by Kurniadi et al (2021) performance expectancy were found to be insignificant towards investors intention to use P2P lending. The sampled potential investors who had never tried the P2P lending conclude that investors in Indonesia do not put the transaction efficiency as priority to improve their productivity, whereas this result is also supported by Moon and Hwang (2018); Mahfuz et al (2016) that performance expectancy has no effect on behavioural intention. Based on previous research, there are still inconsistencies in the results found, it is also dominated by research conducted in Indonesia, so it is not possible to generalize the results. Therefore, this study hypothesized that Performance Expectancy (PE) has a positive and significant relationship on intention to invest in a P2P lending platform.

*H1: There is a positive relationship between Performance Expectancy (PE) and intention to invest in a P2P lending platform.*

**Effort Expectancy**

Effort expectancy can be described as the degree of simplicity associated with using a system. This concept of effort expectancy is encompassed by three constructs from existing models: perceived ease of use (TAM/TAM2), complexity (MPCU), and ease of use (IDT/DOI) (Venkatesh et al., 2003). According to Giesing (2003) effort expectancy is a highly significant factor influencing the intention to use. Davis (1989) discovered that applications perceived as easier to use tend to have a higher likelihood of being accepted. In the context of this study, effort expectancy pertains to the perception of how user-friendly P2P lending is. Essentially, this construct gauges the extent to which the ease of interacting with P2P lending and the level of complexity involved influence an individual's decision to become an investor in a P2P lending platform.

According to Bonsu et al (2021), the introduction of a new technology can shape the perceptions of prospective users concerning the ease or complexity of implementing the system in an actual workplace scenario. Potential users are able to create solutions to current challenges since they are typically used to past ways and have extensive experience performing tasks over a long span of time. The introduction of a new technology will necessitate new adjustment strategies, and this will determine whether they place an emphasis on ease of use. This view is in align with the study done by Kurniadi et al (2021) stating that the investors feel the P2P lending is very easy to learn by 87.8 %, indicating a strong relationship between investors’ intention to invest. It denotes that if a new technology is easier to learn and comprehend how to use, users’ users are more likely to accept it.

In China, a study done on college students proved that effort expectancy has a positive effect on behavioural intention of investing in P2P lending indicating easy access, browsing, and learning to use P2P lending websites (Lv et al., 2018). Wang et al (2019) also found positive influence of effort expectancy on behavioural intention to use P2P lending applications moderated by age and gender. Even in a study done by Bakri et al (2021) concluded that process of investment should be carried out easily and can be learned effortlessly to increase the retailer’s intention to participate in crowdfunding projects. Several previous studies by Alazzam et al (2018); Chao (2019) have shown that when consumers choose to compare the latest technology options with the latest technology and find that the latest technology has advantages in its use, their interest in adopting the technology increases.

Nonetheless, Taylor and Strutton (2010); Choi et al (2011) claimed that when it comes to determining behavioural intention, effort expectancy may not hold as much significance as performance expectancy, even though it might have a more pronounced impact on the usage of a technology after its adoption. Mariani et al (2022) employed the UTAUT model to study the behavioural intention of investors to use the P2P lending platform in Indonesia. The results of the study revealed there is no significant association between the ease of use (effort expectancy) and the intention of investors to utilize P2P lending when perceived trust serves as the mediating factor. The results prove that the level of convenience, ease of use, interaction with the platform, and ease of access are not the reasons associated with intention to use P2P lending.

Mariani et al (2022) also stated that the increase in new technologies challenges the ability to use the technology for people who do not want to seem to be outdated or behind the times despite its complexity in using it. For instance, in the financial payment industry where previously people were required to go to bank counters or ATMs physically to transfer money. But with the innovation of mobile and internet banking, people can transfer money and do other banking transactions using smartphones and gadgets Since the majority of people are able to use it and the technology gives more convenience, the adoption of the technology or ease of use in technology become less significant. Septiani et al (2020) also provided the same results where there is no significant relationship between effort expectancy and behavioural intention directly it vividly reflects that effort expectancy does not appear to be attractive anymore for the users to adopt the P2P lending platform due to current technological advances that have enabled the public to easily understand the use of digital technology. Therefore, this study hypothesized that Effort Expectancy (EE) has a positive and significant relationship on intention to invest in a P2P lending platform.

*H2: There is a positive relationship between Effort Expectancy (EE) and intention to invest in a P2P lending platform.*

**Social Influence**

Social influence can be defined as the degree to which an individual perceives that significant other, such as family, friends, and colleagues, have an impact on their use of a new technology. This variable is constructed from three constructs Venkatesh & Davis (2000), namely subjective norm (TAM2, TRA, C-TAM-TPB and TPB/DTPB), image (IDT/DOI) and social factors (MPCU) (Venkatesh et al., 2003). Social influence affects an individual's behaviour through three mechanisms: compliance (which urges an individual to conform to social influence), internalization, and identification (which can alter an individual's belief system and/or prompt them to respond to potential gains in social status) (Venkatesh & Davis, 2000).

With the popularity of social media in recent times, people are more likely to be affected by other’s behaviours and thoughts via interacting with each other (Hwang et al., 2018). Social influence provides views on where an individual perceives other people as having an obligation to use certain technology (Yaseen & El Qirem, 2018). For instance, individuals are socially affected by their peers’ convictions around e-services, which in this way impacts their behaviour to utilize e-services (Ain et al., 2016).

Research on P2P lending revealed that social influence has a significant influence on individual intention to use P2P lending. In other words, when someone the users valued suggested or recommended them to use the technology, it will highly influence their level of interest and intention to use the technology (Wang et al., 2019). Kurniadi et al (2021) obtained a result that the sampled potential investors’ colleagues suggested in using the P2P lending by 89.4%. Besides, Singh et al (2020) also stated that social influence will make the user to start trusting the technology offered. Pinochet et al (2019) showed a significant relationship between social influence and behavioural intention to use fintech lending services in Brazil. People who are still unsure or insecure about innovation will usually consult their social networks before engaging in new technology (Lopez et al., 2008). The construct has significant effect on improving recommendation system, online communities sharing, and commerce marketing Hwang et al (2018) which in a way can contribute to the user’s social life.

On the contrary, if the social surroundings of the investors are not supportive and have a negative perception towards P2P lending, this would as well strongly discourage the investors interest to invest in the platforms (Mariani et al., 2022). Even a study by Lv et al (2018) provided that social influence does not have a significant influence on behavioural intention of college students to invest in P2P lending. This may be partly because social influence might not have an effect on the younger generation as affiliation increased with age (Rhodes, 1983). Singh et al (2020) found social influence having significant negative influence in fintech adoption in India. It can also be attributed to the higher age group of most of the respondents as with an increase in age and experience, users are not much influenced by peer pressure for use of fintech services (Venkatesh et al., 2003).These differing findings are particularly essential to expound in more detail on this construct to understand the intention of investing in P2P lending in Malaysia. Therefore, this study hypothesized that Social Influence (SI) has a positive and significant relationship on intention to invest in a P2P lending platform.

*H3: There is a positive relationship between Social Influence (SI) and intention to invest in a P2P lending platform.*

**Facilitating Conditions**

Venkatesh et al (2003) defined facilitating conditions as the degree to which an individual believes that an organizational and technical infrastructure exists to support use of the system. The factor is based upon perceived behavioural control (TPB/DTPB, C-TAM-TPB), facilitating conditions (MPCU) and compatibility (IDT/DOI). The construct is theorized to model the relationship between an organization's efforts to remove barriers to use and potential users' intention to use (Chang, 2012). A facility is a framework of new technology to support utilization in an organization (Venkatesh et al., 2008; Venkatesh et al., 2012). This concept is instrumental in fostering awareness and a strong connection between individuals and their intentions (Ghalandari, 2012).

According to Venkatesh et al (2012), there are four indicators of facilitating conditions, namely, the resources/ facilities to use a new technology, the knowledge of the new technology, the new technology compatibility with other technology used, and the availability to get help from others when having difficulty using the new technology. In relation to this study, facilitating conditions will be measured by individual investors belief that necessary resources, knowledge, compatibility and support would be available in P2P lending platforms to assist in the process of investing in P2P lending. According to Mariani et al (2022) the available resources such as customer service and relationship managers (RM) when encounter with difficulty investing in P2P lending platforms has an impact on respondents to become an investor on the P2P lending platform.

Kurniadi et al (2021) found facilitating conditions with intention to use has a significant positive relationship. The study found the sampled potential users’ resources they have, and the services of customer service drives them to use the platforms. These findings may encourage P2P lending platforms in Indonesia to consider further developing their application, providing more transparent and comprehensive information to support the investors in-apps journey, such as borrowers’ loan information, interest calculation and various customer service contact information. In addition, previous research supported that facilitating conditions had a positive influence on consumers’ behavioural intention to use mobile apps (Hew et al., 2015) the greater the accessibility to facilitating conditions, the greater the behavioural intention to adopt a mobile app (Madan & Yadav, 2016). The researcher identified facilitating conditions has a strong impact in encouraging behavioural intentions (Venkatesh et al., 2008). However, research has not examined how facilitating conditions influence individual investors’ intention to invest in a Malaysian P2P lending platform.

As specified by Mariani et al (2022) the availability of supporting services by the platforms when the investors are facing obstacles found to impact the users trust to use the technology. Ayedh et al (2022) in a similar study which used 200 Muslim respondents in Malaysia found facilitating conditions have a significant impact on Malaysian Muslim communities’ investment in the Bitcoin market. The finding reflects investing in Bitcoin and profiting from diversification opportunities if they are compatible with their values if the authorities support and encourage the investment in Bitcoin, and if they have enough awareness and knowledge of Bitcoin principles, benefits, and management techniques. Also, a study by Azman and Zabri, (2022) revealed facilitating conditions have positive and significant effects on the use of shariah-compliant fintech on a study where 165 questionnaires were distributed to Muslim microentrepreneurs who are users of shariah-compliant fintech. With factors to the above discussion, facilitating condition is an important predictor that attribute to investment in P2P lending.

However, there exists conflicting empirical evidence concerning the impact of facilitating conditions on the adoption of information technologies (Martin & Herrero, 2012). A study by Sultana (2020) extended the UTAUT model, revealed that facilitating conditions do not exert influence on the usage of the Mobile Cloud Learning (MCL) platform Blackboard. Blackboard. Even, Venkatesh et al (2003) argued that facilitating conditions might lose significance if both performance expectancy and effort expectancy are substantial. In a similar vein, Ali et al. (2018) investigated the relationship between fintech services and facilitating conditions, uncovering a weak connection. They discussed that the notion of fintech services remains relatively new in many developing nations, where organizations encounter numerous challenges in facilitating users' understanding of how to effectively utilize fintech services for improved and timely financial transactions. Therefore, it appears valuable to look into how facilitating conditions affect individual investors intention to invest in a P2P lending platform. Therefore, this study hypothesized that Facilitating Conditions (FC) has a positive and significant relationship on intention to invest in a P2P lending platform.

*H4: There is a positive relationship between Facilitating Conditions (FC) and intention to invest in a P2P lending platform.*

**Hedonic Motivation**

In this study, hedonic motivation is defined as the degree to which an individual perceives the fun or pleasure derived from investing in P2P lending (Venkatesh et al., 2012). In a consumer context, hedonic motivation is a powerful driver in determining technology acceptance and use (Brown & Venkatesh, 2005). According to an individual, hedonic motivation is the benefit from his choice, in this case, to earn more money and assist others who are in need (Kaczmarek, 2017). Hedonic motivation is defined as the pursuit of personal happiness or pleasure (Huta & Ryan, 2010). Kumra et al (2021) discovered that pro-social investors prefer P2P financing because they feel more a part of the society. Additionally, elements like convenience of lending and direct lending relationships have an impact on how investors and borrowers feel about P2P lending. Hedonic motivation is thus a predictor to determine an individual investors' intention to invest in a Malaysian P2P lending platform in this study.

In the realm of financial technology refers to the sense of pleasure derived from engaging in a service for financial transactions, primarily due to the various advantages it offers, such as robust security and ease of access, which enhance positive feelings among its users (Gharaibeh et al., 2018). In accordance with the concept of hedonic motivation, marketing strategies should strive to be appealing and likable to positively impact a brand (Eneizan et al., 2019). People are drawn to actions with the aim of deriving personal satisfaction, irrespective of whether the outcomes are advantageous or unfavourable (Kaczmarek, 2017). Hedonic motivation can be defined as the experience of pleasure and enjoyment during the use of technology. According to Merhi et al (2019), hedonic motivation creates values that customers personally associate with, such as the delight experienced while utilizing a technological service. Within the scope of this study, hedonic motivation in individual investors is assessed by gauging the perceived level of fun, entertainment, enjoyment, thrill, and excitement associated with investing in a P2P lending platform.

For example, Salimon et al (2017) discovered that hedonic motivation affects the adoption of e-banking. Furthermore, it was discovered that hedonic motivation is a predictor in determining the intention and adoption to use e-wallets in the study of Muzaldin et al (2022) and Seng and Hee (2021) where Wong and Ong (2021) proposed that joy and gadget love have an impact on the intention to adopt the e-wallets. As e-wallets have a relatively high advantage, quick and convenient payment processes will surely increase payment efficiency, freeing consumers from the inconvenience of planning adjustments and calculations. According to Yang (2010), US customers' intentions to use mobile purchasing services are significantly influenced by hedonic motivation. Additionally, Adirinekso (2021) stated that the reasoning behind using Gojek Paylater and Traveloka Paylater is hedonic motivation. These findings are consistent with the UTAUT2 (Venkatesh et al., 2012), which emphasizes the joy or satisfaction obtained from using a new technology.

The findings of studies on the previous paragraph are at odds with those of Mansyur and Ali (2022) which claimed that hedonic motivation has a detrimental impact on a person's behaviour on their intention to use sharia fintech. It is clear that the millennial generation uses sharia fintech as a source of money for both investments and commercial needs. Another study by Kwateng et al (2018) resulted in insignificant correlation between hedonic motivation and behavioural intention to adopt and use mobile banking. Even Adnan (2014) study found that hedonic motivations, such as enjoyment, are not a significant predictor of internet buyers' purchasing behaviour, suggesting that Pakistani consumers prefer online only shopping due to utilitarian factors, such as perceived ease of use, facilitating conditions, price value, performance expectancy or effort expectancy (Tam et al., 2020; Kim et al., 2019). Al-Edrus et al. (2023) discovered that because online crowdfunding platforms are linked to financial and legal risks when users desire to pursue investment or seek money, hedonic motivation is not a strong predictor on intention to use online crowdfunding. Thusi and Maduku (2020) discovered that hedonic motivation does not affect the behavioural intentions of individual using fintech services due to shortcomings in a number of service components, including customer support, social media, and promotions. To shed light on this construct in greater detail and comprehend the motivation behind P2P lending in Malaysia, it is especially important to take into account these divergent findings. Therefore, this study hypothesized that Hedonic Motivation (HM) has a positive and significant relationship on intention to invest in a P2P lending platform.

*H5: There is a positive relationship between Hedonic Motivation (HM) and intention to invest in a P2P lending platform.*

**Price Value**

The pricing value is based on how much money a person believes they will need to pay and what they believe they will gain in return. Because customers will take into account the expenses associated with using a technological service, their judgments on consumption are influenced by the price dimension (Venkatesh et al., 2012). Customers will be more interested in using the technology when the pricing value is higher and proportional to how beneficial it is. More significantly, the infrastructure and supplies required, such as 4G services, cell phones, Wi-Fi, or internet limits, are also taken into account. Costs that people must pay when they wish to utilize or consume a technology are included in these facilities and resources (Alalwan et al., 2017). In regards to this study, price value is the investors trade-off between the perceived benefits of investing in P2P lending and the monetary cost of investing in P2P lending platform.

Alalwan et al (2017) perceived value in terms of pricing has a significantly positive influence on the behavioural intention of Jordanian bank customers to use mobile banking services. Tak and Panwar (2017) research in India predicted that the intention to use mobile app-based shopping is significantly influenced by the perceived value in terms of pricing, highlighting its importance as a determinant. A study by Baptista and Oliveira (2017) identified that the perceived value in pricing plays a crucial role in shaping the potential impact of gamification in the acceptance of mobile banking services. Furthermore, in a recent meta-analysis conducted by Bommer et al (2023) it is suggested that the intention to use cryptocurrency is strongly influenced by how users perceive the benefits in relation to the associated costs. This underscores the importance of the cost-benefit evaluation in the adoption of cryptocurrency.

In contrast, research by Baptista and Oliveira (2015) research conducted in Southeast Africa revealed that the perceived value in terms of pricing was not a significant factor affecting the behavioural intention to use mobile banking. Studies conducted by Koenig‐Lewis et al (2010); Yang et al (2012) also concluded that price value did not exert influence on the intention to use mobile banking services. Al-Edrus et al (2023) explored the factors impacting user acceptance of online crowdfunding. Given that online crowdfunding platforms are typically free to access, users did not consider price value as a significant determinant influencing their behavioural intention. Setiyani et al (2023) discovered that price value had no significant impact on the intentions of users to utilize Shopee e-commerce services in Indonesia. Building upon the findings from these aforementioned studies, the present study aims to investigate the influence of price value on the intention to invest in a P2P lending platform. Therefore, this study hypothesized that Price Value (PV) has a positive and significant relationship on intention to invest in a P2P lending platform.

*H6: There is a positive relationship between Price Value (PV) and intention to invest in a P2P lending platform.*

**Habit**

Habit is defined as degree to which an individual perceives familiarity of the technology usage (Venkatesh et al., 2012). According to Venkatesh et al (2016), the extent to which an individual uses a technological system determines their ability to use it consistently for a considerable amount of time and to do so without being asked or feeling pressured. As someone becomes used to using a technological service, the intention will grow to constantly use it (Thusi & Maduku, 2020). Habit has been arranged in two different ways, although being understood quite similarly. According to Kim et al (2005), habit is first understood as past behaviours. Second, the degree to which a person perceives a behaviour as automatic is how habit is measured (Chang, 2012). In the case of P2P lending, habit is the predictor for investors to continually invest in P2P lending. From an information systems standpoint, the fundamental prediction suggests that habit plays a significant role in shaping the emotional attachment to the practical utilization of a system. These intrinsic learnt facts become habits when there is prior product knowledge (Johora & May, 2015). Thus, this study would investigate on individual investors who have made prior investments would naturally invest in P2P lending. The perceived value will grow as a result of information and product expertise being used to carry out an anticipated activity (Ming‐Sung et al., 2009).

In a study conducted on mobile banking adoption in Pakistan by Raza et al (2019) habit emerged as a significant factor influencing individuals' intentions to embrace mobile banking. Similarly, a study on the adoption of digital banking services in Vietnam by Nguyen et al (2020) underscored the significance of habit in encouraging consumers to adopt digital banking. This habit formation is often a result of users conveniently handling various transactions, such as money transfers, savings, and bill payments, which naturally become routine for customers, as highlighted by Kurniaputri and Fatwa (2022) in their study on the behavioural intention to use Islamic P2P lending. In this context, individuals who are already accustomed to using financial technology services tend to influence their intentions to use Islamic P2P lending. Maharani et al (2023) discovered a significant positive impact on the behavioural intention to use the Crowdfunding-Waqf Model (CWM). This finding suggests that the habit or belief of paying for online transactions has become deeply ingrained in people's daily lives in the contemporary digital era, making it a routine and necessary aspect of their everyday activities.

According to a study Fachrurrozie et al (2023), habit had no impact on users' intentions to buy halal food in Semarang City when using the Go Food and Shopee Food apps. Even Reza and Jabnabillah (2023) study discovered that habit did not influence user behaviour while adopting e-commerce. In terms of the intention to use mobile payments, it was found that performance expectancy held the most significant influence compared to hedonic motivation, habits, and social variables, which had notably less impact (Saini, 2023). Therefore, this study hypothesized that Habit (HB) has a positive and significant relationship on intention to invest in a P2P lending platform.

*H7: There is a positive relationship between Habit (HB) and intention to invest in a P2P lending platform.*

**Investing Experience**

Investing experience refers to an investors’ previous experience of investing in different financial products and assets (Nicolini et al., 2013). It is reasonable to believe that the more previous investments an investor has made, the more experience he or she has gained in the P2P lending marketplace (Luo et al., 2011). After they know the nuances to get the best borrowers, their consistency in investing in P2P lending will increase along with the rate of return they get (Kurniawan et al., 2023). Even Chou et al (2010) emphasize that behaviour of investor is influenced by their past investing experience. At a 5% significance level, past loan experience is also favourably connected with the knowledge of at least one P2P lending site in Malaysia. This finding suggests that people who have actively lent money in the past would continually search for new lending possibilities and possibly would be aware of Malaysia's P2P lending platform (Thi et al., 2021).

Besides, investment decisions are influenced by investment experience. This implies that a person's investment selections will be greatly influenced by how much experience they have. The investor's aptitude or competency is significantly influenced by the experience element. According to Heath and Tversky (1991), one of the elements influencing investor competence in stock trading is the experience factor. Investors with a lot of investment expertise say they are better able than novice investors to make choices in betting transactions. The investors with a small investment size or with less experience tend to face significant volatility and low returns (Zeng et al., 2017). This is so because seasoned investors are familiar with how to handle a variety of potential scenarios (Kalsum et al., 2018). In the case of P2P lending, with more knowledge and experience, investors will have their own plans to select a qualified borrowers who yields high returns and low default risk.

According to Malmendier et al (2020), investment experience may have an impact on individual investors' and households' decision to accept new financial products. Particularly, it was discovered that investment experience was a major predictor of cryptocurrency investment (Xi et al., 2020). Positive attitudes from earlier usage, such as trust and contentment, affect consumers to choose similar or related products and continue to use the same mobile financial apps (Ofori et al., 2017; Zhou, 2013). A study by Ng et al (2011) found a substantial correlation between investment experience and aspirations for retirement planning. In Malaysia, married couples and older individuals with greater salaries and more investment expertise are more likely to have retirement plans. For those who have little to no expertise or experience with investing, it might be challenging to make a decent investment.

Investors choose their investments differently depending on their own tastes, experience, expertise, and other factors (Guo et al., 2021). An experienced investor is more likely to choose a riskier portfolio since he has learned how to handle it successfully in the past. The research of Corter and Chen (2006) has shown a connection between investing expertise and risk tolerance throughout the decision-making process for investments. They came to the conclusion that an experienced investor sows the attitude of high-risk tolerance by selecting a risky investment portfolio. Roszkowski and Davey (2010) thus support the observation that inexperienced investors are less able to hold hazardous investments than experienced investors. An experienced investor is assured of the abilities and prior experience he possesses, which identify him as having the condition. In order to determine whether investment expertise affects an investor's decision to invest in a P2P lending platform, this study will examine that possibility. Therefore, this study hypothesized that Investing Experience (IE) has a positive and significant relationship on intention to invest in a P2P lending platform.

*H8: There is a positive relationship between Investing Experience (IE) and intention to invest in a P2P lending (II) platform.*

**Research Framework**

The research framework, based on a comprehensive review of theoretical and empirical literature, includes eight determinants to investigate individuals' intention to invest in P2P lending platforms (Figure 1). Four determinants are drawn from the UTAUT model by Venkatesh et al (2003) which are performance expectancy, effort expectancy, social influence, and facilitating conditions. Additionally, three determinants which are hedonic motivation, price value, and habit by Venkatesh et al (2012) from UTAUT2 model are incorporated. Investing experience is included as an additional predictor.

**H**8

**H1**

Intention to Invest in a P2P Lending Platform

Performance Expectancy

Effort Expectancy

Social Influence

Facilitating Conditions

Price Value

Habit

Hedonic Motivation

**H3**

**H5**

**H2**

**H4**

**H7**

**H6**

Investing Experience

Figure 1 Research Framework

**Methodology**

A quantitative research methodology was used to conduct this study. According to Creswell (2003), if the research problem is identifying factors that influence an outcome, the utility of an intervention or understanding the best predictors of outcomes, then a quantitative approach is most preferable. Purposive sampling was adopted in this study since it is difficult to define the population of individual investors explicitly, and to the best of the researcher’s knowledge, there is no census or a complete list of all individual investors in Malaysia. Data were collected from Malaysian individual investors’ focused social media platforms through an online survey questionnaire which was created using a Google form. Before commencing the primary study, a pilot study was undertaken, involved the distribution of surveys to a group of 50 individual investors who are part of the "Malaysia Entrepreneurs, Investors & Startups" online community in January 2023. Of these, only 30 individual investors responded. These respondents in pilot study were omitted in the actual study. Consequently, the reliability coefficients for all the items within a construct in the pilot study were found greater than the standard of 0.70 and are considered reliable. A total of 210 questionnaires were distributed on social media platforms, such as Facebook, LinkedIn and others from February 2023 until April 2023. Subsequently, 175 questionnaires were usable, resulting in a response rate of 83.33%. IBM SPSS was used to perform preliminary analysis on the data (descriptive analysis). The research model was subjected to a partial least squares-structural equation modelling (PLS-SEM) analysis using SmartPLS 4.0 software (Ringle et al., 2015). The measurement model (validity and reliability of the measures) was tested first, followed by an examination of the structural model (testing the hypothesised relationships) in accordance with Anderson and Gerbing's (1988) recommended two-stage analytical procedure (see (Cheah et al., 2021; Hair et al., 2014; Ramayah et al., 2012) To test the significance of the path coefficients and loadings, the bootstrapping method (500 samples) was used (Hair et al., 2013).

**Result and Analysis**

Referring to Table 1, the majority of the respondents belongs to the age of 31-40 years (50.9%) and followed by 19-30 years old (28.6%). In term of gender, 103 (58.9%) of the respondents were males and 72 (41.1%) were females. Most of the respondents who participated in this study were from Selangor with 24% followed by Penang with 21.1%. The majority of the respondents were Chinese consisting of 42.9%. The highest attained education level of respondents was bachelor’s degree which is 57.1%. 62.9% of the respondents have 1-2 years of investing experience compared to less than 1 year experience with 30.9% respectively. In terms of the types of investment, most respondents invest in stocks and shares which comprised of 66.3% followed by fixed deposit 16% and unit trust 7.4%. As for the range of amount invested in a month, most of the respondents are at RM 1000 to RM 2000, which is about 44.6 %. Only about 12% of respondents invest amount less than RM 1000. About 52% of respondents invest twice in a month. Last but not least, the demographic profile also shows that 42.3% which are 74 respondents invests to build their wealth and followed by 36 (20.6%) respondents invests to meet their financial goals.

Table 1

*Descriptive Analysis of Respondents’ Profile*

|  |  |  |
| --- | --- | --- |
|  | **Category** | **Frequency [%]** |
| Age | 19-30 | 50 [28.6] |
|  | 31-40 | 89 [50.9] |
|  | 41-50 | 31 [17.7] |
|  | 51-60 | 5 [2.9] |
| Gender | Male | 103[58.9] |
|  | Female | 72 [41.1] |
| State | Federal Territory of Kuala Lumpur | 12 [6.9] |
|  | Federal Territory of Putrajaya | 1 [0.6] |
|  | Johor | 13 [7.4] |
|  | Kedah | 14 [8.0] |
|  | Kelantan | 1 [0.6] |
|  | Malacca | 16 [9.1] |
|  | Negeri Sembilan | 13 [7.4] |
|  | Pahang | 7 [4.0] |
|  | Penang | 37 [21.1] |
|  | Selangor | 42 [24.0] |
|  | Perlis | 4 [2.3] |
|  | Perak | 13 [7.4] |
|  | Sabah | 2 [1.1] |
| Race | Malay | 49 [28.0] |
|  | Chinese | 75 [42.9] |
|  | Indian | 51 [29.1] |
| Education | Secondary School | 32 [18.3] |
|  | Certificate/Diploma | 34 [19.4] |
|  | Bachelor | 100 [57.1] |
|  | Master | 8 [4.6] |
|  | PhD | 1 [0.6] |
| Investing Experience | Less than 1 year | 54 [30.9] |
|  | 1-2 years | 110 [62.9] |
|  | 3-4 years | 9 [5.1] |
|  | 4-5 years | 2 [1.1] |
| Type of Investment | Fixed deposit | 28 [16.0] |
|  | Unit trust | 13 [7.4] |
|  | Investment-Linked Insurance Policies (ILPs) / Insurance | 10 [5.7] |
|  | Stocks and shares | 116 [66.3] |
|  | Cryptocurrency | 6 [3.4] |
|  | Real estate | 2 [1.1] |
| Amount of Investment (1 month) | Less than RM 1000 | 21 [12.0] |
|  | RM1000-RM2000 | 78 [44.6] |
|  | RM3000-RM4000 | 50 [28.6] |
|  | More than RM 4000 | 26 [14.9] |
| Frequency of Investment (1 month) | 1 time | 69 [39.4] |
|  | 2 times | 91 [52.0] |
|  | 3 times | 12 [6.9] |
|  | 4 times | 1 [0.6] |
|  | More than 4 times | 2 [1.1] |
| Reason of Investing | To build wealth | 74 [42.3] |
|  | To meet financial goals | 36 [20.6] |
|  | To save for retirement | 12 [6.9] |
|  | For financial security | 21 [12.0] |
|  | For financial independence | 32 [18.3] |

*n=175*

The measurement model as shown in Figure 2 was examined in this study. The assessment of convergent validity, which examines the extent to which multiple items measuring the same construct are correlated, In PLS-SEM analysis, it is advised to have a minimum level of reliability (CR) at 0.70, a minimum required AVE of 0.50, and the exclusion of items with very low outer loadings (below 0.40) (Fornell & Larcker, 1981; Gefen et al., 2000; Hair et al., 2017; Hair et al., 2011, 2017; Henseler et al., 2009). Table 2 displays the outer loadings of all items for each variable in the measurement model. Based on these results, all outer loadings, except for two items (EE4 and PV1) within the effort expectancy and price value variables, were removed from the measurement model due to their low loading factors, which were less than 0.4, confirming their limited contribution to the respective constructs.

Table 2

*Factor Loading*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Construct | Item | Loading | CR | AVE |
| Performance Expectancy (PE) | I find the P2P lending platform will be useful as an investment in my daily life (PE1) | 0.799 | 0.946 | 0.777 |
|  | Investing in P2P lending would improve my opportunity to receive additional/extra income (PE2) | 0.915 |  |  |
|  | Investing in P2P lending would enhance my effectiveness in managing my money (PE3) | 0.949 |  |  |
|  | Investing in P2P lending would improve my living (PE4) | 0.873 |  |  |
|  | Investing in P2P lending will increase my investment productivity (PE5) | 0.865 |  |  |
| Effort Expectancy (EE) | Learning to invest in P2P lending would be easy for me (EE1) | 0.902 | 0.965 | 0.872 |
|  | I expect my interaction with a P2P lending platform would be clear and understandable (EE2) | 0.945 |  |  |
|  | It would be easy for me to become skilful at investing in a P2P lending platform (EE3) | 0.96 |  |  |
|  | I expect it will be easy to get P2P lending to do what I want it to do (EE5) | 0.927 |  |  |
| Social Influence (SI) | People who influence my behaviour think that I should invest in P2P lending (SI1) | 0.937 | 0.973 | 0.877 |
|  | People who are important to me think that I should invest in P2P lending (SI2) | 0.946 |  |  |
|  | People whose opinions that I value, prefer that I invest in P2P lending (SI3) | 0.947 |  |  |
|  | I would invest in P2P lending because of the proportion of my peers investing in P2P lending (SI4) | 0.907 |  |  |
|  | I expect that investing in P2P lending would be a status symbol in my social life (SI5) | 0.945 |  |  |
| Facilitating Conditions (FC) | I would expect to have necessary resources to invest in P2P lending platforms (FC1) | 0.95 | 0.965 | 0.847 |
|  | I could acquire the necessary knowledge to invest in P2P lending platforms (FC2) | 0.924 |  |  |
|  | I would be able to get help from others when I have difficulties investing in P2P lending platforms (FC3) | 0.95 |  |  |
|  | I would expect P2P lending to be compatible with other technologies that I use (FC4) | 0.908 |  |  |
|  | I prefer specialized instruction concerning the P2P lending available for me (FC5) | 0.868 |  |  |
| Hedonic Motivation (HM) | Investing in a P2P lending platform would be fun (HM1) | 0.922 | 0.959 | 0.824 |
|  | Investing in a P2P lending platform would be entertaining (HM2) | 0.888 |  |  |
|  | Investing in a P2P lending platform would be enjoyable (HM3) | 0.908 |  |  |
|  | Investing in a P2P lending platform would be thrilling (HM4) | 0.933 |  |  |
|  | Investing in a P2P lending platform would be exciting (HM5) | 0.885 |  |  |
| Price Value (PV) | The interest given would be in accordance with the investment I spend (PV2) | 0.869 | 0.96 | 0.858 |
|  | I would be able to invest in the value that I desire in P2P lending (PV3) | 0.945 |  |  |
|  | Investing in P2P lending would be reasonable in terms of time and money spent (PV4) | 0.947 |  |  |
|  | Investing in P2P lending would be cost-effective (PV5) | 0.942 |  |  |
| Habit (HB) | Investing in P2P lending would become a habit for me (HB1) | 0.849 | 0.97 | 0.866 |
|  | I would be devoted to investing in P2P lending (HB2) | 0.938 |  |  |
|  | Investing in P2P lending would become natural to me (HB3) | 0.95 |  |  |
|  | Investing in P2P lending would become something I would do without thinking (HB4) | 0.965 |  |  |
|  | Investing in P2P lending would become a part of my daily life (HB5) | 0.946 |  |  |
| Investing Experience (IE) | I will invest in a P2P lending platform in the expectation of making a financial return (IE1) | 0.874 | 0.971 | 0.87 |
|  | I will invest in P2P lending after analysing the platforms’ associated risks (IE2) | 0.937 |  |  |
|  | I will invest in a P2P lending platform because I have personal expertise in the industry (IE3) | 0.949 |  |  |
|  | I will invest in a P2P lending platform for the security offered (IE4) | 0.949 |  |  |
|  | I will invest in a P2P lending platform for the popularity with other investors (IE5) | 0.954 |  |  |
| Intention to Invest in a P2P Lending Platform (II) | I intend to invest in P2P lending in the future (in 3 to 6 months’ time) (II1) | 0.893 | 0.954 | 0.806 |
|  | Assuming that I had access to P2P lending now, I predict that I would invest in P2P lending right away (II2) | 0.923 |  |  |
|  | When it comes to investing, I will prefer to invest in P2P lending platforms than any other financial instruments (II3) | 0.958 |  |  |
|  | There is a high probability I will invest in P2P lending platforms in 3 to 6 months’ time (II4) | 0.783 |  |  |
|  | I think it wouldn’t be a waste for me to invest in P2P lending (II5) | 0.923 |  |  |

CR = Composite Reliability; AVE = Average Variance Extraction

This study investigated the model’s discriminant validity further. Fornell and Larcker (1981) propose the calculated square root of AVE for each construct exceeded the inter-correlations of that particular construct, ensuring sufficient discriminant validity. The discriminant validity of the study is shown in Table 3.

Table 3

*Discriminant Validity*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **EE** | **FC** | **HB** | **HM** | **IE** | **II** | **PE** | **PV** | **SI** |
| **EE** | **0.934** |  |  |  |  |  |  |  |  |
| **FC** | -0.816 | **0.920** |  |  |  |  |  |  |  |
| **HB** | 0.786 | -0.820 | **0.930** |  |  |  |  |  |  |
| **HM** | 0.842 | -0.958 | 0.823 | **0.908** |  |  |  |  |  |
| **IE** | -0.801 | 0.848 | -0.889 | -0.918 | **0.933** |  |  |  |  |
| **II** | 0.893 | -0.805 | 0.773 | 0.826 | -0.766 | **0.898** |  |  |  |
| **PE** | 0.782 | -0.791 | 0.758 | 0.809 | -0.748 | 0.797 | **0.882** |  |  |
| **PV** | -0.813 | 0.858 | -0.83 | -0.949 | 0.771 | -0.782 | -0.763 | **0.926** |  |
| **SI** | 0.716 | -0.916 | 0.834 | 0.846 | -0.808 | 0.701 | 0.685 | -0.802 | **0.937** |

PE=Performance Expectancy, EE=Effort Expectancy, SI=Social Influence, FC=Facilitating Conditions, HM=Hedonic Motivation, PV=Price Value, HB=Habit, IE=Investing Experience II=Intention to Invest in a P2P Lending Platform

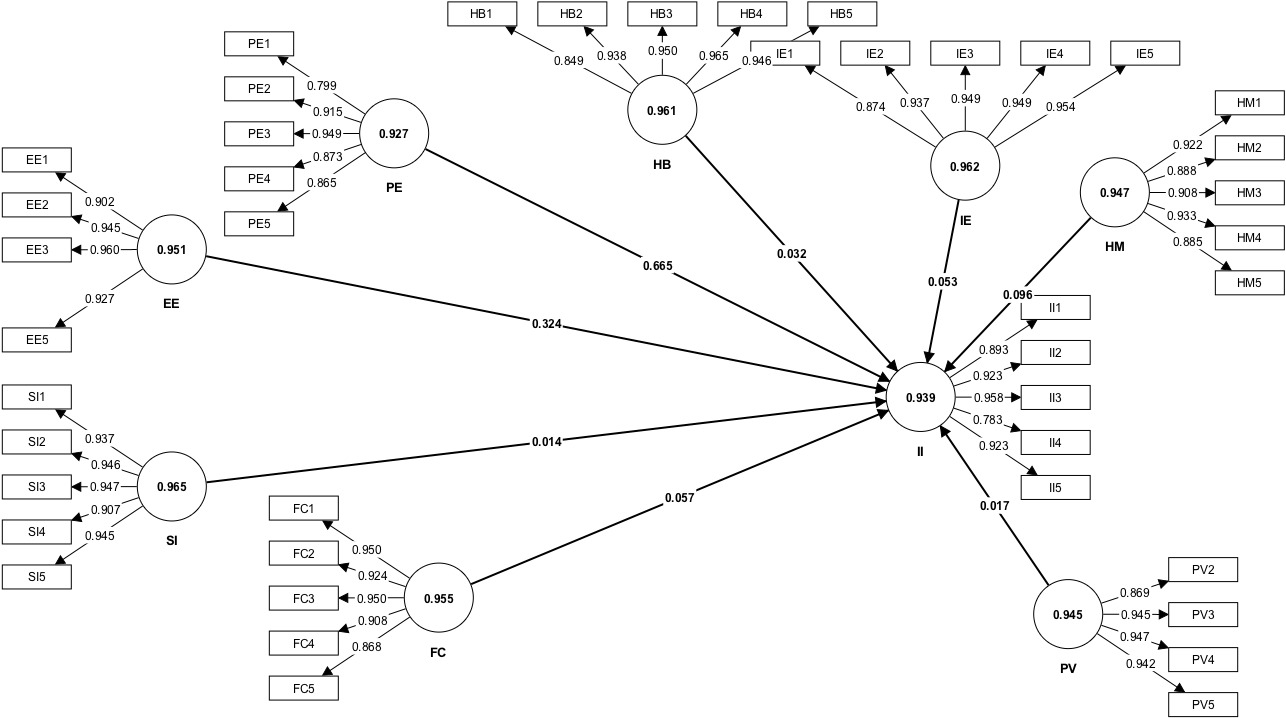


Figure 2 Measurement Model

The path model, as defined by Hair et al. (2014) , serves as a visual representation connecting variables or constructs based on theoretical and logical foundations, illustrating the hypotheses to be tested. In this research, the significance of the relationships among the constructs in the path model was evaluated using a bootstrapping sample of 500, in accordance with the recommendation of Hair et al. (2013). The results of the hypothesis testing are presented in Table 4.

Table 4

*Path Coefficient and Hypothesis Testing of Direct Relationship*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Hypothesis** | **Relationship** | **Beta** | **Std Error** | **t-value** | **Decision** |
| H1 | PE > II | 0.665 | 0.059 | 11.276\*\*\* | Supported |
| H2 | EE > II | 0.324 | 0.061 | 5.312\*\*\* | Supported |
| H3 | SI > II | 0.014 | 0.022 | 0.607 | Not supported |
| H4 | FC > II | 0.057 | 0.053 | 1.082 | Not supported |
| H5 | HM > II | 0.096 | 0.064 | 1.505\* | Supported |
| H6 | PV > II | 0.017 | 0.038 | 0.448 | Not supported |
| H7 | HB > II | 0.032 | 0.014 | 2.291\*\* | Supported |
| H8 | IE > II | 0.053 | 0.03 | 1.777\*\* | Supported |

PE=Performance Expectancy, EE=Effort Expectancy, SI=Social Influence, FC=Facilitating Conditions, HM=Hedonic Motivation, PV=Price Value, HB=Habit, IE=Investing Experience II=Intention to Invest in a P2P Lending Platform

Note: \*\*\*p<0.001, \*\*p<0.05, \*p<0.10

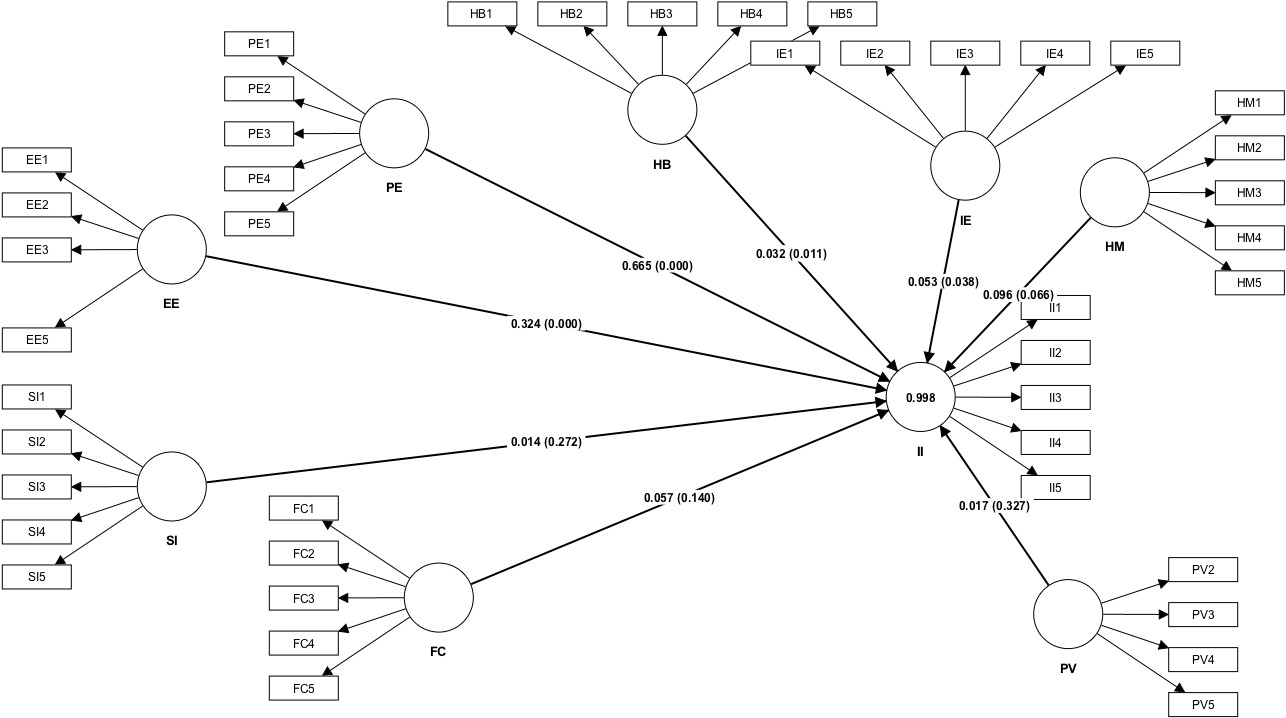


Figure 3 Structural Model

**Discussion**

The study aims to investigate the factors influencing individual investors' intention to invest in a P2P lending platform in Malaysia. According to the study, a comprehensive UTAUT2 frameworks was primarily utilized consisting of seven factors namely performance expectancy, effort expectancy, social influence, facilitating conditions, hedonic motivation, price value, and habit. The framework was extended with investing experience as a factor as well. According to the results of the analysis, Performance Expectancy (H1), Effort Expectancy (H2), Hedonic Motivation (H5), Habit (H7) and Investing Experience (H8) significantly influences the individual investors’ intention to invest in a P2P lending platform.

The intention of individual investors to invest in P2P lending platforms is influenced by several key factors. These include the perceived usefulness of the platform in terms of extra earning opportunities, effective money management, and improved living standards. Additionally, the ease of interaction with the platform, clarity in operations, and the ability to become proficient at investing are critical determinants of investor intent. The emotional aspect, such as the fun and excitement of investing, also plays a role, as does the development of an investing habit and the expectation of financial returns, risk analysis, personal expertise, platform security, and popularity among other investors. Collectively, these factors shape individual investors' intentions to invest in P2P lending platforms.

The study's findings are consistent with prior research. Performance expectancy, as identified by Widyarga et al (2019), is a significant predictor of the intention to use P2P lending platforms, underscoring the significance of user expectations in platform performance. Additionally, Kurniadi et al (2021) highlighted the ease of learning associated with P2P lending, emphasizing the importance of user-friendliness in technology adoption. Wong and Ong (2021) introduced emotional factors, such as joy and gadget attachment, as influencers of e-wallet adoption. Furthermore, habit formation, as discussed by Kurniaputri and Fatwa (2022), results from user convenience in handling transactions, ultimately becoming a routine. Positive attitudes derived from previous usage, including trust and satisfaction, also shape consumer choices and the continued use of related financial apps, aligning with the findings of (Ofori et al., 2017; Zhou, 2013).

Surprisingly to note, social influence (H3), facilitating conditions (H4) and price value (H6) do not significantly influence the individual investors’ intention to invest in a P2P lending platform. Social influence factors, including the influence of individuals important to the investor, the proportion of the investor's peers engaged in P2P lending, and the perception of P2P lending as a status symbol in the investor's social life, do not highly influence the investor's decision. Instead, the opinions of individuals whose judgments are valued by the investor only influence the investor's preference for investment in P2P lending. Facilitating conditions in the context of P2P lending, which encompass factors such as acquiring knowledge, compatibility with other technology use, and the availability of specialized instruction, are found to be less influential compared to the expectation of having the necessary resources and the ability to seek assistance when facing challenges in P2P lending investment. Regarding price value, individual investors exhibit a lower preference for interest rates aligned with their investment expenditure, emphasizing their ability to invest in their desired value. They prioritize cost-effectiveness but place a higher preference on the reasonableness of the time and money spent in P2P lending.

Referring to Table 2, the loading for the opinions of individuals whose judgments are valued by the investor holds the highest significance among all loading items, with a value of 0.947. Similarly, the loading for the expectation of having the necessary resources and the ability to seek assistance when encountering challenges in P2P lending also holds the highest significance, with a loading value of 0.95. Additionally, the loading for the reasonableness of the time and money spent in P2P lending is the highest among the loading items, with a value of 0.947.

This study appears to contradict findings by Tan and Ooi (2018) which stated that social influence have an impact on behavioural intention to use mobile shopping, a study by Ayedh et al (2022) found facilitating conditions have a significant impact on Malaysian Muslim communities’ investment in the Bitcoin market and Alalwan et al (2017) found perceived value in terms of pricing has a significantly positive influence on the behavioural intention of Jordanian bank customers to use mobile banking services. This disparity in findings could be attributed to differences in technology categories, as previous studies focused on mobile shopping, Bitcoin investment and mobile banking services while this study focused on P2P lending. Nonetheless, the study underscores the importance of P2P lending platforms prioritizing investor-oriented design as a key strategy for effectively retaining and attracting investors. Investors can use the study to prioritize considerations when investing in P2P lending, elevating investment standards.

**Conclusion**

This study investigates the factors influencing individual investors' intentions to invest in P2P lending platforms in Malaysia using the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) framework. The research reveals that Performance Expectancy, Effort Expectancy, Hedonic Motivation, Habit, and Investing Experience significantly influence investors' intent to engage with P2P lending platforms. Although Social Influence, Facilitating Conditions, and Price Value do not have direct impacts on investor intentions, they remain important in the broader context. These findings offer guidance to P2P lending platforms for designing more investor-centric platforms and for developing marketing strategies to increase funding sources. Moreover, the results benefit the Malaysian government in the formulation of specific regulatory frameworks in fostering P2P lending as an alternative financing source and potentially boosting Malaysia's economy through P2P lending platforms..

Due to generalizability of the findings, future research can further enhance understanding by conducting cross-country and cross-demographic comparisons and incorporating mixed methodologies and interviews for deeper insights. Additionally, longitudinal studies can provide a more comprehensive view of how investor intentions in P2P lending platforms evolve over time. Finally, this research expands the UTAUT2 model's applicability by focusing on the unique context of P2P lending in Malaysia, contributing to the literature and addressing gaps in knowledge.Top of Form

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