# FACTORS AFFECTING NON-INTENTION TO INVEST IN PEER-TO-PEER LENDING PLATFORM TOWARDS YOUTH INVESTORS IN MALAYSIA

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# DECLARATION

We hereby declare that:

(1) This undergraduate FYP is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

(2) No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) Equal contribution has been made by each group member in completing the FYP.

(4) The word count of this research report is 22672 words.

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# DEDICATION

This study is dedicated to everyone who has contributed to its success. Every effort, whether direct or indirect, has been invaluable.

Firstly, we dedicate this study to UTAR for providing essential resources such as E-Databases and facilities. Without the databases, our group was unable to conduct our study efficiently and smoothly.

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| | |
|---|---|
| DV | Dependent Variable |
| EE | Effort Expectancy |
| FC | Facilitating Condition |
| HTMT | Heterotrait-Monotrait Ratio of Correlations |
| NIB | Non-Intention Behaviour |
| PE | Performance Expectancy |
| PR | Perceived Risk |
| P2P | Peer-to-Peer |
| SCM | Securities Commission Malaysia |
| SI | Social Influence |
| SME | Small Medium Enterprises |
| TAM | Technology Acceptance Model |
| UTAUT | Unified Theory of Acceptance and Use of Technology |
| VIF | Variance Inflation Factor |

## ABSTRACT

Peer-to-Peer (P2P) lending has become a major alternative financing method, linking borrowers directly with investors via online platforms. Despite the rise of P2P lending in Malaysia, there remains a lack of understanding about the factors that influence lending decisions in this developing market. This research project focuses on examining the dynamics of P2P lending, with a focus on the factors that influence investment decisions, especially among young investors. since youth investors often embrace new technologies and opportunities, making them crucial for the growth and sustainability of the P2P lending industry. Using purposive sampling method, the survey data for this project was gathered from 400 youth investors across various states in Malaysia who expressed interest in investing in online P2P platforms by questionnaires. Partial Least Squares-Structural Equation Modelling was conducted for estimation purposes using PLS-SEM. Based on Extended Technology Acceptance Model (TAM) and Unified Theory of Acceptance and Use of Technology (UTAUT 2), this study aims to explore the non-intention to invest in P2P lending platforms, effort expectancy, performance expectancy, perceived risk, facilitating condition, social influence and the moderating effect of perceived risk among youth investors in Malaysia. The findings showed that facilitating condition, social influence and performance expectancy has significantly influence toward non intention in P2P lending platform. Hence, these findings highlight the need for learning resources and guidance for youth investors, as well as the necessity for local government programs that promote the awareness to invest in P2P lending platforms.

# CHAPTER 1: INTRODUCTION

## 1.1 Introduction

The focus of this study is to explore factors affecting non-intention to invest in peer-to-peer lending platforms towards youth investors in Malaysia. The independent variable in this study included perceived risk, social influence, effort expectancy and performance expectancy and facilitating condition whereas the dependent variable is non-intention invest in peer-to-peer lending platform. The targeted respondents are youth investor in Malaysia.

## 1.2 Research Background of the Study

The financial sector has been significantly influenced by the advent of digital transformation (Suryono et al., 2021). During the pandemic, the Peer-to-Peer (P2P) lending is gaining popularity as it increasingly serves as an alternative to conventional financing methods (Thaker et al., 2019). According to Sipangkar and Wijaya (2020), P2P lending is an online lending platform model where individuals can lend and borrow directly from one another and offers individuals the convenience of obtaining loans without requiring collateral and competitive interest rates. Moreover, these platforms may evaluate the interest rates offered by borrowers, establishing a marketplace where lenders can select loans that match their risk tolerance and investment preferences (Bujang et al., 2024). As a result, it leads to a rise in the number of investments using P2P lending in recent years.

Malaysia is the first country in the ASEAN region to implement regulations for Peer-To-Peer (P2P) financing platforms. The P2P platform operates under strict regulations enforced by the Securities

Commission Malaysia (SCM) (Khan et al., 2021). Since 2016, the Securities Commission in Malaysia has granted licenses to 11 P2P lending platforms (Nguyen et al., 2022). The Securities Commission Malaysia (SCM) reported a significant expansion in the P2P financing sector within a burgeoning market, with a notable increase of 32% in funds raised compared to last year (RM1.58 billion), totaling RM2.09 billion in 2023 (Securities Commission Malaysia, 2023). The growth is mainly due to a substantial rise in campaign numbers, totaling 31,002 in 2023 from 24,455 in 2022 (Securities Commission Malaysia, 2023). The allocation of funds across sectors shows that the "wholesale and retail trade; repair of motor vehicles and motorcycles" sector still remained as the primary recipient, obtaining RM1.12 billion (Securities Commission Malaysia, 2023).

Figure 1.1:

*Total Funds Raised for P2P Lending*

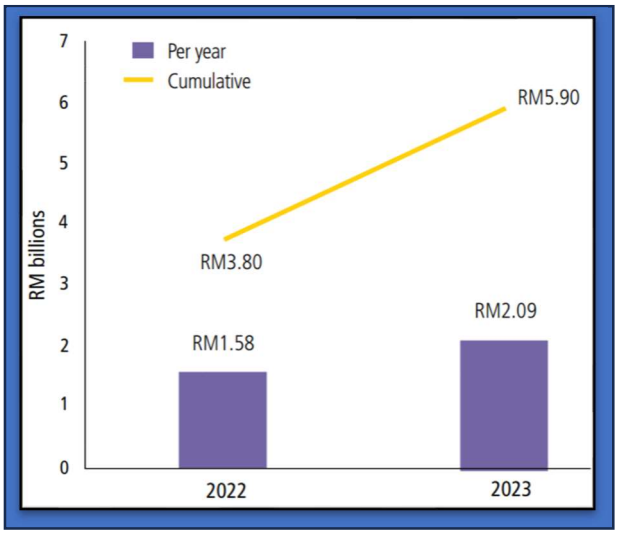



*Figure 1.1* Total Funds Raised for P2P Lending. Adapted from Securities Commission Malaysia (2023), "Annual Report 2023: Market Statistic (Part 6), PEER-TO-PEER FINANCING".

Figure 1.2:

*Number of Campaigns for P2P Lending*

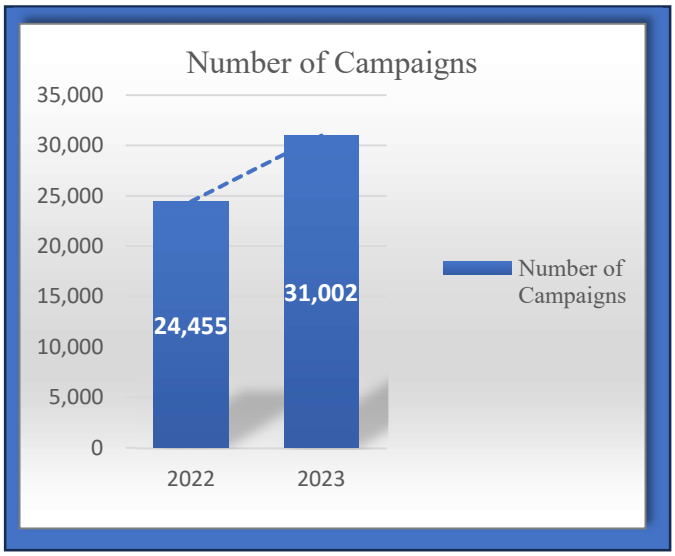



*Figure 1.2.* Number of Campaigns for P2P Lending.Adapted from Securities Commission Malaysia (2023), "Annual Report 2023: Market Statistic (Part 6), PEER-TO-PEER FINANCING".

According to Karpouzis (2020), youth are inclined to invest through P2P lending platforms. The financial technology (fintech) platform is highly appealing to youth and serves as a popular investment option (Sitorus et al., 2021). Furthermore, these individuals might be inclined to be among the first to adopt new trends and could initially invest a small amount of money on peer-to-peer lending platforms, a feasible option for younger individuals (Khan et al., 2021). According to Wasiuzzaman et al. (2021), P2P lending in Malaysia offers confidence about the willingness of young investors in Malaysia to embrace online investing. It is anticipated that this market will expand with effective regulation oversight and continuous efforts by platform providers to maintain high-quality standards, ensuring the funding use for good investment.

P2P financing serves as a complementary option to traditional financing, particularly appealing to SMEs with limited capital, as it provides advantages such as reduced transaction fees and potential

sharing of default risks among the investors. (Kuah et al., 2022). Therefore, most of the borrowers in P2P platforms are SME due to easy financing. This risk-sharing feature can make P2P financing more attractive to both borrowers and investors.

P2P lending caters to borrowers seeking funds for diverse needs, including personal loans for individuals, working capital for small businesses, or financing for entrepreneurial projects and ventures. In Malaysia, P2P lending platforms are generally focused on offering loans primarily to businesses instead of individual borrowers (Nguyen et al., 2022). Businesses raise funds for operational or investment needs. Lenders, often investors, seek to generate passive income by earning interest on loans they provided to borrowers (Lim et al., 2023). In 2023, there were 15,599 investors, with 20% of them being new to the platform (Securities Commission Malaysia, 2023).

Figure 1.3:

*Investor Participants in P2P Lending*

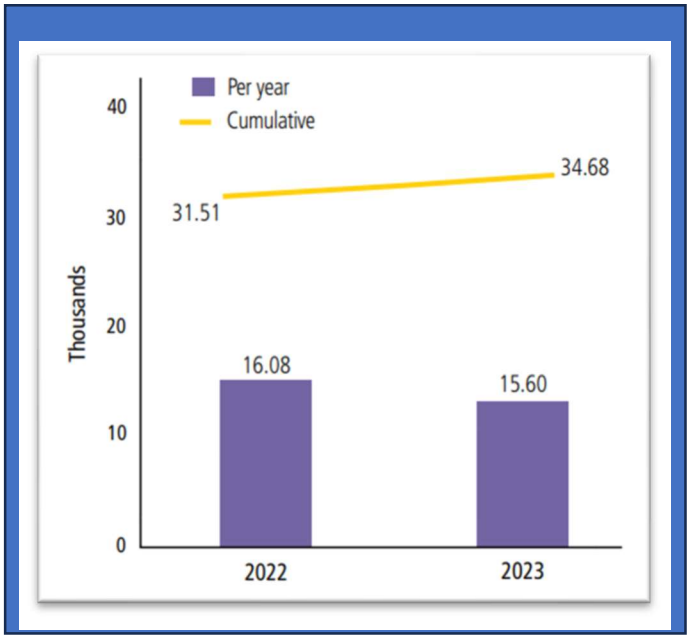



*Figure 1.3.* Investor Participants in P2P Lending. Adapted from Securities Commission Malaysia (2023), "Annual Report 2023: Market Statistic (Part 6), PEER-TO-PEER FINANCING".

Khan et al. (2021) stated that in July 2020, Fundaztic.com, a P2P lending platform, introduced a secondary market to boost P2P lending activity. This enabled platform investors to either withdraw funds from current investments or reinvest in additional notes to boost their returns (Khan et al., 2021). The existence of the secondary market partially alleviates the liquidity issue on the P2P platform (Lim et al., 2023). Consequently, investors can fulfill their need for emergency funds, which may be utilized for emergencies (Lim et al., 2023).

Although Peer-To-Peer (P2P) Lending offers financing advantages, the sector in Malaysia may experience a potentially higher default rate compared to traditional lending institutions (Nguyen et al., 2022). As a result, it is commonly recommended for investors to diversify their portfolio across various investment notes when investing on each platform. The presence of information asymmetry, wherein borrowers hold more knowledge than lenders, creates difficulties for investors in the loan approval process (Bujang et al., 2024). This disparity could result in uncertainties regarding the creditworthiness of borrowers, which may impact the effectiveness and dependability of P2P lending as a financial model (Bujang et al., 2024).

The reason this study focuses on young investors is that they may be the first to experiment with Peer-To-Peer Lending, frequently beginning with an amount that they can afford to put on the platform (Lim et al., 2023). The controversy of online P2P platforms is that about challenges such as information imbalance, insufficient credit evaluation, and the possibility of increased default rates, which could diminish investor interest in these platforms (Thaker et al., 2019). This research seeks to examine the factors affecting youth investors non-intention investing in P2P lending platforms in Malaysia continuously and explores how effort expectancy, social influence, performance expectancy, facilitating condition and perceived risk impact their perceptions of the lending activities.

## 1.3 Problem Statement

Peer-to-peer (P2P) platforms offer attractive and predictable returns, especially to those who tend to diversify their portfolios with alternative assets (Nigmonov et al., 2024). However, there is a major difference between the P2P platform and the incumbent bank, which is that the P2P platform didn't not accept any deposits and provide loans (Nigmonov et al., 2024). Furthermore, the P2P platform also has its own screening standard when providing loans to others (Nigmonov et al., 2024). In this situation, several issues had occurred in the P2P platforms such as credit risk (default), liquidity issues, platform risk and even more in the perspective of investors (Gao et al., 2021; Hu et al., 2019; Ölvedi, 2022; Xia et al., 2022).

One of the main issues that should be considered is the credit risk incurred in the P2P platform. Credit risk including default risks are defined as failure to meet its legal obligations to repay the loan when it is due (Gao et al., 2021). As previously mentioned, Peer-To-Peer (P2P) platforms offer alternative and accessible financing options, particularly beneficial for small and medium-sized enterprises (SMEs). According to the annual report provided by Securities Commission Malaysia (SCM, 2023), P2P lending platforms, along with various investors and financial institutions, provided a total of RM 5.9 billion in funding to over 14,000 SMEs to address their financing requirements in 2023. According to Yoon et al. (2019), P2P platforms may incur default events if the borrowers failed to make the repayment in time to the platform, the platform will be regarded as the defaulters. Khan et al. (2021) states that, due to the unique feature of the P2P lending platform in Malaysia, the investor does not get any collateral from the borrower faces higher credit risk, as borrower default to the repayments, investors will not be getting any assets for recovery of investment from P2P platform. In Malaysia, there is a statistic showing that only 1 out of 10 new business succeed, which shows that the majority of Malaysian SME entrepreneurs are unable to manage and sustain their businesses over time and represent a failure rate of 90%. (Fauzi et al., 2022; Lim and Teoh, 2021). Therefore, the lenders shall always be aware of the conditions of borrowers' business and keep up to date with P2P platforms as P2P platforms act as information intermediaries of investors and borrowers (Gao et al., 2021). By enabling more

informed decision-making and efficient risk management techniques, perceived risk can significantly reduce credit risk in Peer-To-Peer Lending (Dawood et al., 2023). Currently, in most situations, lenders are unable to determine the borrower's credit status and cannot assess the borrower's creditworthiness before providing a loan (Wu et al., 2021). Unlike traditional financial institutions, P2P lending emphasizes on non-standard data such as gender, age, and photographs for credit evaluation and screening (Wang & Drabek, 2021). If an investor is risk-averse, they attempt to minimize uncertainty when faced with it and perceive more risk (Ali et al., 2023). Therefore, this information enables investors to diversify their investments across various loans, thus spreading and reducing credit risk. Another example is that borrowers on the Chinese P2P lending platform Renrendai perform a self-risk evaluation for assessment of their own perceived risk. Based on this self-assessment and the bids, the platform suggests an interest rate for the borrowers (Li et al., 2020).

Other than credit risk, liquidity issues also cannot be ignored by investors of P2P platforms. According to Nigmonov et al. (2024), when default cases arise in a P2P lending platform, it will cause other investors to panic withdrawing from the P2P lending platform. Since incumbent banks do not have a lender of last resort, the P2P platform may collapse when panic withdrawal amounts are exceeded. This is demonstrated by the P2P lending platform in China (Nigmonov et al., 2024). In the Malaysia context, in July 2020 one of the P2P lending platforms, Fundaztic, launched secondary market trading of P2P lending loans which provide liquidity management towards the investor (Khan et al., 2021). According to Khan et al. (2021), this feature enables investors to manage liquidity at the same time, but it also gives the option for investors to buy more P2P lending loans to increase their returns. However, P2P lending is still new to Malaysia, the issue of panic withdrawal cases might have appeared which resulted in the collapse of the P2P lending platform. Social influence has the tendency to lead to herd behavior (Ali et al., 2021). Liquidity of a market will be affected by the herding behaviour of investors, when the entire market has a pessimistic view it will lead to negative herding effect, it will cause panic disposal of investment and the liquidity of market will decrease and vice versa (Ngumi et al., 2022). Therefore, social influence is playing an important role to affect market liquidity. Investors need to have their own wisdom

and not be easily affected by other's opinion to eliminate panic withdrawal resulting from herding and increase market liquidity.

In addition, the macroeconomic conditions including interest rate should be concerned by the investors of P2P platforms (Nigmonov et al., 2022). In traditional financial markets, a higher premium was charged to the borrowers in the high interest rate environment, the cost of debt service for the borrowers increased followed by an increase in real interest rate (Nigmonov et al., 2022). In consequence, the higher interest rate led to limitations for the borrowers to meet their debt obligations and increase the default risk (Nigmovoc et al., 2022). This situation is found tally with P2P platform borrowers in the research of Nigmovoc et al. (2022). Furthermore, the value of a debt instrument is highly sensitive to the duration when the interest rate changes (Phuong et al., 2022). According to the research of Phuong et al. (2022), It appears that the situation for the nine P2P platforms in Malaysia has not been resolved yet. Among the nine P2P platforms investigated, they were taking the similar interest rate with different maturities date (Phuang et al., 2022). In this situation, it is not friendly to the long-term investors as they are exposed to high uncertainty compared to the short-term investors. On the other hand, the potential benefits that individuals can gain from using the FinTech platform are known as the "received" aspect of perceived value (Xie et al., 2021). This aspect of perceived value is connected to performance expectation, which represents people's adopting behaviour motivated by the desire for additional rewards (Xie et al., 2021). In this situation, the adjustment in interest rates of P2P lending based on economic conditions can help manage default risk and align investor returns with the market (Nigmonov et al., 2022). When platforms dynamically adjust interest rates, investors can be assured that their investments are in line with current market conditions. This potentially leads to better returns and lower risk of default, helping investors achieve their financial goals in a timely manner (Nigmonov et al., 2022). Furthermore, P2P lending provides performance metrics and feedback mechanisms that track investment outcomes relative to economic conditions and interest rate changes, allowing the investors to perform the decisions (Guo et al., 2020). Therefore, by maximizing the benefits investors receive, performance expectancy can help mitigate the uncertainty associated with interest rates in a macroeconomic context.

Additionally, even if the degree of information asymmetry is minor, there is information asymmetry towards the platform's members, which would affect investors (Wang and Li, 2023). Wang and Li (2023) also mentioned that the platform has provided the credit scoring system itself, so it eradicates the asymmetric completely. When it came to the study in Malaysia, it stated that some P2P lending platforms use a third-party credit reporting agency (CRA) and some of the platforms use their own measurement on borrower credit scoring (Nguyen et al., 2022). The same borrower has different credit scoring on different platforms (Nguyen et al., 2022). Investors will get exploited by this asymmetric due to high-risk investment to the borrower only with low return. According to Wang and Li (2023), it is difficult to measure the borrower risk of borrower, especially quantifying risk with a standard, because every investment (borrower of loan) will face different risk. A P2P platform which has good effort expectancy and facilitating conditions in terms of soft information, it can enable lenders to have easier and better ways to assess the risk associated. Despite the difficulty in obtaining hard data, lenders may use soft information along with the "wisdom of crowd" to estimate risks and make loans more accessible to borrowers (Liu et al., 2020). According to Wang et al. (2019), A peer-to-peer (P2P) lending platform obtains various certified soft information from borrowers, such as verified credit reports, car and house ownership documents, income levels, and marital status, to support its operational processes. The reason is it needs the data to be disclosed on the listing page to assist lenders in making decisions and this helps lessen the information gap between borrowers and lenders.

Most of the research in Malaysia P2P lending's study (Khan & Xuan, 2021; Nguyen et al., 2022; Chong et al. ,2021; Kuah et al., 2022) are from the perspective of the borrower side, Small and Medium Enterprise (SME) perspective since Malaysia's P2P lending borrower is limited to companies and excluded the individuals. Therefore, there is lack of research on examining the P2P lending context from the perspective of investor or lender perspective, and this study would like to take this opportunity to fill the gap in P2P lending context.

# 1.4 Research Objectives of the Study

The objective of this study is to determine the non-intention to investing in P2P lending platform in Malaysia and identify factors that affect non-intention to investing in Peer-to-Peer lending platform towards investors.

## 1.4.1 Specific Objectives of the Study

In order to accomplish the overall objectives, the following specific objectives have been developed.

i) There is present of significant influence by perceived risk toward non-intention to invest in P2P lending platform among youth investors in Malaysia.
ii) There is present of significant influence by effort expectancy toward non-intention to invest in P2P lending platform among youth investors in Malaysia.
iii) There is present of significant influence by facilitating conditions toward non-intention to invest in P2P lending platform among youth investors in Malaysia.
iv) There is present of significant relationship by social influence toward non-intention to invest in P2P lending platform among youth investors in Malaysia.
v) There is present of significant relationship by performance expectancy toward non-intention to invest in P2P lending platform among youth investors in Malaysia.
vi) There is present of the moderating effect of perceived risk towards social influence and non-intention to invest in P2P lending platform among youth investors in Malaysia.
vii) There is present of the moderating effect of perceived risk towards performance expectancy and non-intention to invest in P2P lending platform among youth investors in Malaysia.

viii) There is present of the moderating effect of perceived risk towards effort expectancy and non-intention to invest in P2P lending platform among youth investors in Malaysia.

ix) There is present of the moderating effect of perceived risk towards facilitating condition and non-intention to invest in P2P lending platform among youth investors in Malaysia.

## 1.5 Research Questions of the Study

In order to get a better view of this study, these research questions have been setup.

i) Is there any presence of significant influence of perceived risk towards non-intention to invest in P2P lending platform among youth investors in Malaysia?

ii) Is there any presence of significant influence of effort expectancy toward non-intention to invest in P2P lending platform among youth investors in Malaysia?

iii) Is there any presence of significant influence of facilitating conditions toward non-intention to invest in P2P lending platform among youth investors in Malaysia?

iv) Is there any presence of significant influence of social influence toward non-intention to invest in P2P lending platform among youth investors in Malaysia?

v) Is there any presence of significant influence of performance expectancy toward non-intention to invest in P2P lending platform among youth investors in Malaysia?

vi) Is there any presence of moderating effect of perceived risk towards social influence and non-intention to invest in P2P lending platform among youth investors in Malaysia?

vii) Is there any presence of moderating effect of perceived risk towards performance expectancy and non-intention to invest in P2P lending platform among youth investors in Malaysia?

viii) Is there any presence of moderating effect of perceived risk towards effort expectancy and non-intention to invest in P2P lending platform among youth investors in Malaysia?

ix) Is there any presence of moderating effect of perceived risk towards facilitating condition and non-intention to invest in P2P lending platform among youth investors in Malaysia?

# 1.6 Hypothesis of the Study

## 1.6.1 Perceived Risk and non-intention to invest in P2P Lending Platforms

The rise in P2P lending cases highlights the need for greater public awareness regarding the substantial risks associated with utilizing P2P lending platforms (Isaputra & Sumaryono, 2023). In uncertain situations, people's willingness and actual use of a technology are influenced by how risky they perceive it to be (Belanche et al., 2022). According to Isaputra and Sumaryono (2023), perceived risk will rise when there is a lack of comprehension about the innovative technology being utilized. If an investor perceived that the overall risks associated with a product exceed what they are willing to accept, they will choose not to invest in it (Huang et al., 2019). Therefore, the considerable risk associated with P2P lending should deter individuals from intending to use the platform.

$H_1$: There is presence of significant influence by perceived risk toward non-intention to invest in Peer-to-Peer (P2P) lending platforms among youth investors in Malaysia.

## 1.6.2 Effort Expectancy and non-intention to invest in P2P Lending Platforms

According to Angelina et al. (2021), the level of effort expectancy is linked to lenders' familiarity with platform operations. A comprehensive understanding of the platforms and their

functionalities enhances the likelihood of increased user intention. Investors are inclined towards investing in Peer-To-Peer (P2P) internet lending because they believe it will aid them in investment, financing, and asset growth through their own efforts (Saiedi et al., 2022). The swift advancement of technology introduces numerous new technologies that present investors with the challenge of navigating their complexity. As technology becomes increasingly prevalent and accessible to the public, there arises a necessity for users to develop the skill to utilize it effectively, as it is widely anticipated that they should be able to adapt to its usage (Mariani, 2022).

H2: There is presence of significant influence by effort expectancy toward non-intention to invest in Peer-to-Peer (P2P) lending platforms among youth investors in Malaysia.

### 1.6.3 Facilitating Condition and non-intention to invest in P2P Lending Platforms

Facilitating conditions refer to how much users or consumers believe that the provider's resources and support systems are sufficient to help them use the product or service effectively, with the backing of their technical and organizational infrastructure, can aid in the utilization of innovative technologies, products, and services (Palau-Saumell et al., 2019). According to Najib et al. (2021), the presence of sufficient facilitating conditions impacts the adoption of innovative technology in developing countries. Higher levels of facilitating conditions, such as online tutorials, demonstrations, or support chat services, are expected to reduce uncertainty and consequently increase the intention to use (Salem & Ali, 2019).

H3: There is presence of significant influence by facilitating condition and non-intention to invest in Peer-to-Peer (P2P) lending platforms among youth investors in Malaysia.

### 1.6.4 Social Influence and non-intention to invest in P2P Lending Platforms

The impact of the social surroundings, including friends, colleagues, and family members, are recognized as significant determinants in the consumer decision-making process (Kalinić et al., 2019). In addition, social influence can also contribute to reducing uncertainty by acting as a replacement for engaging directly with unfamiliar or unavailable technology. Consequently, social interaction serves as an effective method for gathering information (Oldeweme et al., 2021). An individual's attitudes and behaviors toward adopting technology are affected by the expected reactions of their social surroundings.

H4: There is presence of significant influence by social influence toward non-intention to invest in Peer-to-Peer (P2P) lending platforms among youth investors in Malaysia.

### 1.6.5 Performance Expectancy and non-intention to invest in P2P Lending Platforms

Performance expectancy refers to the extent to which an individual believes that utilizing a system would enhance their job performance (Miraz et al., 2022). Moreover, it is linked to individuals' inclination to embrace new technologies within the digital market. Individuals are inclined to adopt and embrace new technology when they perceive it to offer greater benefits and value in their day-to-day activities (Gull et al., 2020).

H5: There is presence of significant influence by performance expectancy toward non-intention to invest in Peer-to-Peer (P2P) lending platforms among youth investors in Malaysia.

### 1.6.6 Moderating Effect of perceived risk towards social influence and non-intention to invest in P2P lending platforms.

Consumers tend to make choices based on their opinions of knowledge and credible references when assessing risk (Putri & Yuliati, 2022). According to the study of Putri & Yuliati (2022), it stated that the risks related to technology adoption increase due to social groups among the consumers tending to be less likely to agree with them when comes to adopting the technology or platform.

$H_6$: Perceived risk moderates the relationship between social influence and non-intention to invest in Peer-to-Peer (P2P) lending platforms among youth investors in Malaysia.

### 1.6.7 Moderating Effect of perceived risk towards performance expectancy and non-intention to invest in P2P lending platforms.

When evaluating the online products to be used, the consumers may perceive risk before making purchases or investment (Putri & Yuliati, 2022). Some of the studies found that the risk affects the performance expectancy, especially in the conditions of higher consumer's perception of risk, they tend to think that the technology is less useful and vice versa (Jain and Raman, 2023).

$H_7$: Perceived risk moderates the relationship between performance expectancy and non-intention to invest in Peer-to-Peer (P2P) lending platforms among youth investors in Malaysia.

### 1.6.8 Moderating Effect of perceived risk towards effort expectancy and non-intention to invest in P2P lending platforms.

According to Angelina et al. (2021), attitude factors such as effort expectancy tend to promote the consumer behavioral intention to adopt products or services. However, Susanto et al., (2020) stated that the uncertainties of financial technology may cause the consumers to perceive a potential loss. When such concerns connect with effort expectancy, perceived risk is likely to weaken the positive influence of effort expectancy on users' behavioral intention towards adoption of technology (Susanto et al., 2020).

$H_{8:}$ Perceived risk moderates the relationship between effort expectancy and non-intention to invest in P2P lending platforms among youth investors in Malaysia.

### 1.6.9 Moderating Effect of perceived risk towards facilitating condition and non-intention to invest in P2P lending platforms.

In the study of Chen and Lai (2023), it reported that facilitating condition will increase the consumers' behavioural to adopt financial technology. In this situation, Susanto et al., (2020) argue that the potential effects of perceived risk such as fear, or doubt should be considered as it could potentially reduce the influence of facilitating condition on users' behavioural intention towards financial technology.

$H_{9:}$ Perceived risk moderates the relationship between facilitating condition and non-intention to invest in Peer-to-Peer (P2P) lending platforms among youth investors in Malaysia.

## 1.7 Significance of Study

This research tends to find out the factor, influencing the non-intention to invest in P2P lending platforms towards youth investors in Malaysia. By collecting the user's experience, satisfaction of young investors with the service and system offered by the P2P lending platform can be satisfied. The utilization of the extended Technology Acceptance Model (TAM) and Unified Theory of Acceptance and Use of Technology 2 (UTAUT) included more variables. By using TAM and UTAUT2, the factors such as perceived risk, effort expectancy, facilitating conditions, social influence and performance expectancy that affect the intention to invest in P2P lending platforms towards youth investors in Malaysia can be further analysed. Meanwhile, this research can provide detailed information for future researchers as well as offer detailed factors that affect the intention to invest in P2P lending platforms towards youth investors to improve the public understanding of P2P lending platforms.

Furthermore, the result of this study is beneficial to the P2P platform's borrowers and platform administrators. The purpose of this study is to understand the motive of non-intention to use P2P platforms toward youth investors in Malaysia through perceived risk, effort expectancy, facilitating conditions, social influence, and performance expectancy. The information involves providing the borrowers and platform administrators with potential investors using experience and assisting them in setting up and addressing investors' concerns in using the P2P platform. Therefore, the P2P administrators can develop and expand their finance products to attract potential youth investors.

Moreover, examining the reasons behind the reluctance of youth investors of Malaysia to participate in P2P lending platforms is giving profits to financial institutions and investment advisors. The reason is they can understand important insights regarding youth's investors'' overall investment style, inclinations, and long-term investing objectives. Therefore, long-term needs of

this demographic group can be better served by financial institutions and investment advisors customizing their services and offerings with this understanding in mind.

Additionally, the findings of such research can inform policymakers and regulators about the specific difficulty faced by young investors in Malaysia regarding P2P lending, aiding in the formulation of appropriate policies, regulations, and consumer protection measures to create a supportive environment for P2P lending investments while safeguarding investors' interests.

Overall, studying the non-intention to invest in P2P lending among young investors in Malaysia offers multifaceted insights into financial decision-making, youth preferences, market dynamics, and regulatory considerations, benefiting both academic research and industry stakeholders.

## 1.8 Chapter Layout of the Study

Chapter 1 begins by delving into the research background of this study and followed by the problem statement, elucidating the rationale behind selecting the research area. Following this, the general & specific research objectives, research questions, and hypotheses of the study are formulated. Lastly, the chapter ends with the significance of carrying out this study.

Furthermore, in chapter 2 it consists of a comprehensive literature review of past studies which related to the non-intention to invest in P2P lending platforms. This sector also explores the variables and theoretical frameworks used in past and current studies, along with definitions of the variables. Additionally, the chapter logically presents the findings of other researchers in the field.

The research approach is covered in the first section of chapter 3. The chapter's content is then followed by the research design, which includes the study's target demographic, location, sample

size, sampling technique, and research instrument. Finally, it was followed by the data analysis and processing.

Meanwhile, chapter 4 provides a platform for presenting the research findings, which is essential for accomplishing the goals of the study. The three main components of this chapter's content included the descriptive analysis of respondents, preliminary data screening result, and inferential analysis of hypotheses.

Last, chapter 5 marks the conclusion of this study and delves into a detailed discussion of the research findings derived from data analysis. Furthermore, it offers suggestions on how policymakers can leverage these findings. Lastly, the chapter addresses the limitations of the study and proposes recommendations to overcome these constraints.

## 1.9 Conclusion of Chapter 1

This study aims to understand why Malaysian youth investors avoid investing in P2P lending platforms, focusing on factors such as perceived risks, effort and performance expectations, social influences, and facilitating conditions. Despite the growing popularity of P2P lending in Malaysia, especially as an alternative financing method during the pandemic, young investors remain cautious due to concerns over credit risk, liquidity issues, and the impact of macroeconomic conditions. By examining these factors, this research can fill the gap of the current study on P2P lending platforms from Malaysia investor perceptive. Lastly, this study is significant to reduce the barriers to youth participation in P2P lending and suggest ways to enhance their confidence in these platforms.

# CHAPTER 2: LITERATURE REVIEW

## 2.1 Introduction

In chapter 2, it consists of literature review of the dependent variable and independent variables of this study. The dependent variable is the young investors' intention to use Peer-to-Peer (P2P) lending platforms whereas the independent variables included perceived risk, effort expectancy, facilitating condition, social influence, and performance expectancy and. Secondly, it delves into the correlations between the dependent variable and five independent variables. Besides direct study, perceived risk was also adopted as the moderator of the study. Lastly, it explores various theoretical frameworks. Then followed by the conceptual framework, and finally, hypotheses of the study.

## 2.2 Review of Literature

### 2.2.1 Dependent Variable (Non-intention to Invest in P2P)

Intention is a powerful, conscious force that directs people's energy toward a goal and that guides people's actions toward realizing more of their potential (Anaya-Sánchez et al., 2019). The goal or desire to invest is known as investment intention, and it refers to putting money aside with the expectation of earning a profit along the road in the future (Siswara et al., 2022). Non-intention is the opposite of intention. Peer to Peer (P2P) lending is known as a growing financial technology (fintech) business model, which allows individuals to lend money and businesses to borrow from individuals (Suryono et al., 2019). To be mentioned, fintech is not limited to banking services but

also investments funds such as P2P lending platform (Singh et al., 2020). According to Bord & Santos (2012), P2P showed its adequacy in financial inclusiveness by playing its role as an alternative for bank loans and providing a range of credit offers to borrowers with low credit ratings. Although the investors are exposed to the high default risk, P2P lending still manages to provide desirable investment opportunities for retail investors and small institutions that are willing to take the risk with high return (Nguyen et al., 2023).

The Extended Technology Acceptance Model (TAM) is employed as a framework for anticipating users' behavioral intentions toward system usage in this study. The original TAM only focused on two major factors which are perceived ease of use and perceived usefulness as key determinants developed by Davis (1989) and widely supported by empirical evidence. However, the Extended TAM was founded by Venkatesh and Davis (2000). In the Extended TAM model, there are new variables such as social influence, trust, technological anxiety, facilitating conditions, technological anxiety, social influence, privacy concerns, resistance to use, and lastly perceived risk were added (Putri et al., 2023). Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) also is utilized in this study. According to Venkatesh et al. (2012), there are three primary moderators, respectively gender, age, and experiences, and seven predictors under UTAUT 2 which include effort expectancy, performance expectations, social influence, facilitating conditions, price value, habit, and hedonic conditions. This suggests that UTAUT2 is the UTAUT expanded version. Compared with UTAUT, UTAUT2's extensions resulted in a notable enhancement in explained variance for intention behavioral, which showed an increase from 56% to 74%. Furthermore, for technology usage, it shows a rise of 12% from 40% to 52% (Restuputri et al., 2023). UTAUT 2 has already covered other elements that are significant to the consumer market and affect the behavioral intention to utilize innovative technologies (Chu et al., 2022).

Asian countries, particularly in Southeast Asia, present promising prospects for online lending due to factors such as sizable youth demographics, widespread internet access, prevalent smartphone usage, rapid e-commerce growth, and a significant portion of the population being unbanked

(Tritto et al., 2020). The P2P lending platform offers assistance by providing financial loans with procedures that are simpler and more straightforward compared to those of banks and traditional financial institutions (Mariani et al., 2022).

According to Sulastri and Janssen (2023), it is also coupled with a few disadvantages on the side of the investor like high default risk, possible regulatory issues, platform default, and loans are not secured (Wei et al., 2020). According to Sipangkar and Wijaya (2020), 30% of respondents inside the age category of 19 to 34 are not investing in P2P Lending Platforms, due to several factors. This indicates that a significant portion of P2P lending investors consists of young individuals. In addition, Mariani et al. (2022)'s studies stated that the difference observed between the percentage of internet users and the penetration of fintech particularly in P2P lending from years 2018 to years 2020 in Indonesia, it indicates a lack of awareness and a relatively low level of technology adoption among the country's population, particularly concerning the adoption of lenders.

### 2.2.2 Independent Variable (Perceived Risk)

Rahmi et al. (2022) defined perceived risk as the unfavourable feeling about the uncertainty when they intend to make a decision. Furthermore, according to the study by Meyliana et al. (2019), users of a technological product will usually be concerned with the inherent risk, this is because they do not fully understand the element of the product in the security dimension, during the early phase of adaptation of technology. The degree of perceived risk will be relatively high especially if the product is intangible or through an online platform instead of physical appearance (Thaker et al., 2019). According to Pal et al. (2020), this study further defines the definition of perceived risk into 4 categories which are financial risk, then followed by security risk ,performance risk and lastly is privacy risk. According to Bao et al. (2023), from the investor of the P2P lending platform perceptive, they have to suffer from 2 parties' risks which are the borrower and platform which included borrower unable to pay back loan amount and platform failure risk. Sunardi et al. (2021)

also stated that perceived risks in using fintech are exposing to privacy risk such as personal data, transaction data leakage. However, in the study done by Saykita et al. (2019), they define perceived risk as financial risk which refers to the possibility of loss of money due to wrong decision making. When it comes to P2P lending context, the financial risks faced by the investor because of default payment by the borrower.

Various researches have already looked at the connection between how perceived risk influences the intention to invest in a fintech product. According to the study done by Sunardi et al. (2021), the study concluded that perceived risk has a significant relationship toward actual use of a P2P lending platform; high perceived risk will discourage users to use a P2P lending platform. The finding is tally with study from Saykita et al. (2019). Besides, there are also results of the study also tally with other studies to examine the influence of perceived risk towards other fintech products such as the study done by Indriyani et al. (2022), Hutapea & Wijaya (2021) & Pal et al. (2020). Indriyani et al. (2022)'s study observed that there is significant influence of perceived risk toward the user's interest on e-wallet, it concluded that an increase of perceived risk is the factor that will encourage users to use e-wallet transactions instead of paper money. Furthermore, Hutapea & Wijaya (2021) investigated the factor affecting the behavioural intention to adopt fintech and concluded that perceived risk cause negative impact on the actual adoption of fintech service which same with the study done by Pal et al. (2020), the greater risk will discourage users in fintech service.

However, several studies have contradicted views on perceived risk and intention to invest in fintech adoption products which show insignificant results. In the research of Thaker et al. (2019), it has concluded that perceived risk is insignificant towards the initial investment intention P2P platform, the justification from the study is due to the current P2P lending platform, the technology is improved a lot compared with previous time, the information received by investor has been authenticated by investigation by fintech. Meanwhile, this result is tally with the study done by Sipangkar & Wijaya (2020) as well. It shows an insignificant influence of perceived risk toward

the intention to invest in a P2P lending platform because of the respondent's perspective that the platform has low perceived risk. Furthermore, another study done by Khương et al. (2022) concluded that perceived risk did not affect the intention and actual use of fintech products. According to Khương et al. (2022), investors have the expectation that online investment apps still face the issue of technical error, so the factor of perceived risk is already included in investment decisions, the finding result is tally with Duong & Nguyen (2023).

Furthermore, various groups of respondents used to determine the effect of perceived risk towards the intention to invest in fintech products. For instance, Sunardi et al. (2021)'s research respondents are mostly 18–24 years old youth investors in Ho Chi Minh city. Moreover, Saykita et al. (2019)'s respondents are those investors specifically who invest in P2P lending platforms in Indonesia. As for the research of Indriyani et al. (2022), the respondents are based on Sulawesi, one of the cities in Indonesia. Besides, Hutapea & Wijaya (2021)'s respondents are specific on those who are involved in Go Pay, one of the e-wallets in Bandung Indonesia. Next, Pal et al. (2020)'s respondents are 25-44 years old in India. As for Thaker et al. (2019)'s research respondents, the majority of them are P2P lending investors with bachelor's degrees from Malaysia and ages ranging from 20 to 40. Then followed by Sipangkar & Wijaya (2020)'s respondents are University students located in Indonesia. Lastly, Khương et al. (2022) and Duong & Nguyen (2023)'s respondents are from Vietnam. The range of ages goes from 18 to 29, the difference between these 2 studies in Vietnam are Duong & Nguyen (2023) has further defined the risk preference of investors.

In addition, the setting of the research is also slightly different. For example, there are two authors conduct study during covid period which are Sunardi et al. (2021) & Khương et al. (2022), the respondent risk preference might be affected by Covid-19 situation (Tsutsui & Tsutsui-Kimura, 2022). Next Pal et al. (2020) define perceived risk in more detail compared to other studies via combining 4 risks which include financial risk, privacy risk, security risk & performance risk which different with other past studies.

In conclusion, there are 2 results for perceived risk towards the intention to invest in a fintech product. Several studies concluded that perceived risk has significant influence towards intention to use, there was also several studies mentioned no significant effect between perceived risk and intention to use. The various results might be caused by different cultures, different platforms examined, education level, ages, gender and risk preference. These reasons explain why researchers' results are different. However, unlike previous studies that focus on intention to invest in P2P lending, this study takes a different direction. Since most of the independent variables in previous studies focus on technology rather than loan providers, this study focuses on P2P lending.

### 2.2.3 Independent Variable (Effort Expectancy)

The prior study has produced a number of concepts for effort expectancy. The degree of achievement and complexity connected with a particular technology is known as effort expectancy (Angelina et al., 2021). According to Septiani et al. (2020), effort expectancy is the perceived simplicity of utilizing a technology. Investors' confidence in the ease of utilizing technology enables them to streamline their tasks more effectively (Khan et al., 2021). According to Chen et al. (2021), fintech has enabled people to take use of cutting-edge financial services, such as peer-to-peer lending, crowdfunding, online payments, mobile financial services, savings and investments and so on. Meanwhile, the P2P lending services simplify the process of obtaining financing by having procedures and submission requirements that are more user-friendly compared to traditional banks (Hamundu et al., 2023).

There were inconsistent results in terms of the relationship between effort expectancy and the intention to invest in fintech products conducted by previous researchers. Several researchers claim that there is a significant relationship of effort expectation toward intention to invest in fintech adoption products. Septiani et al. (2020) and Wang et al. (2019) identified that effort expectancy has a significant relationship towards intention to invest in the P2P platform in Indonesia.

Additionally, the study done by Lv et al. (2018) in China concluded that effort expectation has significant influence toward the intention to invest in P2P platforms. Using Peer-to-Peer Lending can be beneficial for investing, securing finances, and increasing the value of assets (Zhong & Jiang, 2021). Adequate capability and comprehension are essential for effort expectancy to influence the investors' inclination to utilize the technology (Mudjahidin et al., 2022). Dharmastuti and Laurentxius (2021) believe that the primary factor influencing consumers' propensity to invest is their belief that P2P internet lending may provide them with help in financing, asset appreciation, and investment which they believe they can do on their own. Furthermore, Hassan et al. (2023) found that the desire to invest in fintech services in Malaysia is positively influenced by effort expectation.

However, there is a study that has concluded that effort expectancy does not significantly influence the intention to invest in fintech products in India (Mishra et al., 2023) and Indonesia (Zamzami, 2020). Mariani et al. (2022) has concluded that the appeal of investing using the P2P lending platform has diminished for investors, given the recent technological advancements that have made it easier for the public to comprehend and utilize advancement of digital technology. Additionally, investors are more likely to abandon the use of technology when it becomes overly complex and presents significant barriers, opting instead for alternatives (Yu et al., 2021). Conversely, they will enthusiastically adopt technology when it is user-friendly and accessible.

In addition, several sample groups have been selected to participate in the study aimed at identifying the correlation between effort expectation and intention to invest in fintech products. First, Septiani et al. (2020) in Indonesia selected farmers who were between the ages of 30 and 60 and had completed at least elementary education. Additionally, Wang et al.'s (2019) research in Indonesia selected respondents from among borrowers who had at least one P2P lending application. Subsequently, Hassan et al. (2023) chose customers who are at least 20 years old and possess an SPM academic certification for their Malaysian study. Additionally, Mishra et al.'s research in India selected respondents from among users of several fintech applications (2023). Regarding customers in Indonesia, Zamzami (2020) selected youthful customers who were

between the ages of 21 and 30. Finally, Chinese college students were selected as responders by Lv et al. (2018).

The irregular outcome might also be driven by the different demographic of respondents. For example, Zamzami (2020) and Septiani et al. (2020) studied the relationship between effort expectancy and intention to invest in a P2P platform in Indonesia. Farmers who were between the ages of 30 and 60 and had completed at least elementary education were employed by Septiani et al. (2020) to find a significant relationship. However, Zamzami (2020), who had selected youthful clients aged 21 to 30, discovered an insignificant relationship. These showed that the young generation has less intention in fintech adoption products.

In conclusion, the mixed results in the previous studies on the relationship between effort expectancy and intention to invest in a P2P platform based on the existing literature. The reasons might be due to the sample characteristics such as different countries, cultural background and data statistical methods. However, this study focuses on non-intentions, contrasting with previous research that primarily examined the intention to invest in P2P lending. Therefore, this study adopted effort expectancy in this study, as they are deemed appropriate and can be further utilized in this specific area of research.

### 2.2.4 Independent Variable (Facilitating Condition)

Facilitating conditions can be defined as the level of individual belief in how much the organization's resources and infrastructure contributed to support the certain technology (Ambarwati et al., 2020). According to Mudjahidin et al. (2022), users will be more willing to use certain technology if the facilitating condition has enough support & resources. In the study done by Alkhwaldi et al. (2022), the researchers define facilitating conditions as the use of innovative

technology and give an example with a fintech system with a robust and accessible support system. Furthermore, a good facilitating condition of fintech service provides technological innovation that enables that user to resolve issues when using the technical tasks (Bajunaied et al., 2023).

From the past studies, there are inconsistent results in terms of the relationship between facilitating conditions and intention to invest in fintech products. In the research of Bajunaied et al. (2023), it concluded that facilitating conditions had significant influence on the intention to adopt a P2P lending platform as technical innovations encouraged and assisted the users to have better understanding on the P2P lending platform. Meanwhile, Rahim et al. (2023) and Odei-Appiah et al. (2022) also stated that facilitating conditions had significant relationship with behavioral intention to adopt P2P lending platforms.

However, there are some studies that show an insignificant relationship of facilitating conditions toward intention to invest in fintech products in China (Xie et al., 2021). It claims that when the effort expectation occurs throughout the entire model, the facilitating condition does not have any influence toward the adoption intention. Meanwhile, Antwi-Boampong et al. (2022) also performed research in their publication that revealed an insignificant relationship between the intention to invest in P2P lending platforms. It claimed that the study's failure to take into account the cultural component results in varying effects from the facilitating conditions on the behavioural intention to adopt fintech.

Due to the inconsistent result of facilitating conditions' influence toward the intention to invest in fintech products were found in several studies, the respondents employed are examined to understand if the inconsistent result exists. Meanwhile, the different studies have selected the different countries of participants to examine the influence of facilitating' condition on the intention to invest in fintech products. In the research of Bajunaied et al. (2023), the fintech user of Saudi Arabia had been chosen as the respondents of the data. Besides, the Malaysians fintech users had been adopted as the respondents in Rahim et al. (2023) research. In addition, the fintech

users of Africa had been selected as the respondents in Odei-Appiah (2022) and Antwi-Boampang et al. (2022) research. Furthermore, Xie et al. (2021) focusses its research respondents, fintech users who stayed in China. The diverse cultures and technology among different countries will cause different results in the data.

In conclusion, there is an inconsistent result found between the influence of facilities condition and intention to invest in fintech products. This might be due to the research conducted in the different countries, different statistical models and different sampling methods. Unlike earlier studies that concentrated on the intention to invest in P2P lending, this research instead explores non-intentions. Since most of the previous studies are more focused on fintech rather than the lender's perspective, this study focuses on P2P lending.

### 2.2.5 Independent Variables (Social Influence)

The phenomenon of social influence refers to how a person's behaviour, beliefs, or opinions are influenced by others in their social network. As a result, people tend to adopt attitudes and behaviours that are more in line with those of their peers (Sweet & Adhikari, 2023). Within the framework of P2P lending, social influence includes the impact of the user's social surroundings, including but not limited to family, friends, coworkers, and superiors' opinions (Wang et al., 2019). It is logical to believe that social influence plays a significant role in UTAUT models, supporting the prediction of user behaviour that may indicate internalisation, identification, and compliance (Bajunaied et al., 2023). However, compliance changes a user's belief based on subjective standards, whereas identification and internalisation make a user's belief dependent on social status (Yi et al., 2021; Joa & Magsamen-Conrad, 2021).

There are mixed results from earlier research on the impact of social influence to affect youth investors' intention to invest in fintech products. Mudjahidin et al. (2022) claim that social

influence influences users' behavioural intentions when it comes to adopting P2P lending. Some studies have proved that social influence is significantly influenced by the intention to use behaviours in P2P lending. In Saudi Arabia, cultural norms and family values have a significant influence on consumer behaviours and attitudes (Chandran & Alammari, 2020). It pointed out that people who have a high willingness to adopt fintech services, normally are influenced by the values of technology and financial literacy in their households. Besides, the degree of interest in the usage system may lead to higher behavioural intention to adopt in new financial technology services is influenced by social influence with positive impact (Wang et al., 2019). Meanwhile, the study from Septiani et al. (2020) also proved that user behaviour intention to adopt Peer-to-Peer Lending is positively impacted by social influence with a statistically significant association observed. This suggests that users of the P2P platform are receptive to receive guidance from reference groups, such as their peers, family, or community.

Even so, the studies from Novitasari and Suryandari (2022) had shown that social influence had no significant influence on the intention to invest in fintech products. Hence, individuals' decisions to invest in P2P lending services are driven by internal considerations rather than external factors from their social context, such as family, friends, or authority figures. Moreover, an insignificant relationship was also obtained from the study of Utami et al. (2023). Utami et al. (2023) justified that the resources and assistance that consumers perceive as being accessible to carry out the intended behaviour are reflected in the facilitation conditions instead of social influence.

Furthermore, various studies have employed different sample groups to investigate the impact of social influence on their desire to invest in fintech products. Purposive sampling method was used by Septiani et al. (2020) where surveyed with 371 farmers in West Java, Indonesia. In addition, Novitasari and Suryandari (2022) conducted with the intended target responders that the respondents must meet one of the requirements including business owners and people who live on the island of Java and have used or are now using fintech lending. Meanwhile, Utami et al. (2023) selected small-scale P2P lenders with a Jakartan domicile who invest in the food sector. Besides,

simple random sampling was utilized by Wang et al. (2019) where samples will be randomly selected in the DKI Jakarta area.

The various research environments in earlier studies had produced varying findings about the relationship between social influence and investor's intention to invest in fintech products. As an example, Septiani et al. (2020) and Novitasari and Suryandari (2022) investigated the impact of social influence on investing in P2P lending platforms in Indonesia. The research of Septiani et al. (2020) showed significant results as it implied the respondents who stayed at West Java, Indonesia while the Novitasari and Suryandari (2022) who employed the respondents that stayed in the island of Java showed an insignificant result.

In summary, the social influence on the tendency to invest in fintech products has shown different results. The different results among the literature might be caused by different targets of respondents, family backgrounds, age, occupations, gender, income, level of education. However, this study is opposed to the previous research that focuses on intention perspective. Thus, this study adopts the social influence, as they are found to be suitable and can be further applied in the specific area of research.

### 2.2.6 Independent Variable (Performance Expectancy)

Performance Expectancy refers to an individual in the level of belief in a technology system that is able to promote better performance (Angelina et al., 2021). According to Mariani et al (2022), performance expectancy is considered to have an impact on the investors to become the lenders on the P2P lending platform. From the perception of the use of investors, the P2P platform is believed to increase investment opportunities and chances to invest, instead of relying on the existing investment tools (Mariani et al., 2022). Besides, performance expectancy also can be performed through the adoption in the systems or platforms, the application experience acknowledged especially when the systems or platforms provide benefits such as saving time,

effort, and services did not fulfill the performance expectations of users, it will influencing the intention or non-intention to adopt the technology towards users in future (Zainavy et al., 2023).

In the past studies, there are different results examining the influence of performance expectation towards intention to invest in fintech products. Several researchers claim that there is significant influence of performance expectation toward intention to invest in a P2P platform. In the research of Solihat et al. (2023), it concluded that performance expectancy had significant influence on the intention to invest in P2P lending services as it enhances users' performance through access to finance since the application via online. Meanwhile, the result in the research of Septiani et al. (2020) also identified that performance expectancy has a significant correlation with behavioral intention to adopt P2P lending platform from the perception of the borrower.

Nevertheless, there are some studies that show an insignificant relationship between performance expectancy and intention to invest in fintech products in Indonesia (Kurniadi and Hendityasari, 2021). Performance expectations in the context of digital mobile technology are mostly related to the convenience and speed of transactions in terms of increasing the productivity of the lender. According to Kurniadi and Hendityasari's (2021), investors' intentions to invest in P2P lending platforms are unaffected by the apps' ability to boost productivity. As mentioned earlier, the P2P platform is included as one of the Fintech products (Chen et al., 2021). In the digital market, individuals' motivation to adopt new technologies is closely tied to their expectations of performance, as highlighted by Miraz et al. (2022). In addition, Miraz et al. (2022) & Massarczyk et al. (2019) state that the performance expectancy has no affection to the intention to adopt the fintech products because the performance expectancy is not the priority consideration of intention to adopt the new fintech product.

Since the literature currently in publication produced conflicting results about the effect of performance expectancy on the desire to invest in fintech products, the employed respondents are examined to determine the reason behind the inconsistent results. It was noted that various

respondents were chosen as study participants in the current research to investigate the impact of performance expectancy on the desire to participate in peer-to-peer lending platforms. In the research of Septiani et al. (2020), the farmers of Indonesia had been chosen as the respondents of the data. Besides, Micro, Small, and Medium Enterprises were chosen in studies conducted by Solihat et al. (2023) and most of the age range were between 21 to 56. Moreover, the P2P lender who had certain experience and successfully registered had been chosen as the respondents in the research of Kurniadi & Hendityasari (2021). Other than that, Miraz et al. (2022) and Massarczyk et al. (2019) implied the users that recently adopted the financial technology product as respondents of the survey.

The fact that different respondents were utilised in the research might possibly be the reason for the inconsistent results regarding the impact of performance expectancy on their intentions to invest in fintech products. Miraz et al. (2022) who choose the financial technology product user as the respondents of the study, found an insignificant influence of performance expectancy on the intention to invest in P2P lending platform, while Solihat et al. (2023) choosing the Micro, Small and Medium Enterprises as respondents in its research found significant result. This suggests that the P2P platform users experience a sample of Solihat et al. (2023) which covers a different perception with Miraz et al. (2022) and this may lead to different levels of willingness to invest in P2P lending platforms.

In conclusion, there are inconsistent results found between the influence of performance expectancy and intention to invest in fintech adoption products. Although some of the research is conducted in the same country, there are still different results obtained. This might be the contribution of different respondents' age and user experience. However, this study is focusing on the non-intentions directions of P2P lending. As most previous studies have primarily focused on fintech rather than on loan providers, this study concentrates on P2P lending.

### 2.2.7 Moderating study of perceived risk towards other independent variable and non-intention to invest in P2P Lending Platforms.

Perceived risk also can play a moderating role in the study to further study the effect. In the study done by Jangir et al. (2022), the study has included perceived risk as the moderator to study how the moderator affects the independent variable on consumer intention to use fintech service and the study concludes perceived risk plays a significant role as moderator. There are similar studies about fintech adoption intention done by Chen and Lai (2023) that adopt perceived risk as the moderator and find out there is a moderating effect of perceived risk in the study.

Table 2.1:

*Significant Result (Moderating Effect)*

| Authors | Results |
|---|---|
| Duong & Nguyen (2023) | Performance expectancy<br>Social Influence<br>(Significant) |
| Chao (2019) | Performance expectancy (Significant) |
| Susanto et al. (2020) | Effort expectancy<br>(Significant) |
| Chen & Lai (2023) | Facilitating condition (Significant) |

Table 2.2:

*Insignificant result (No Moderating Effect)*

| Authors | Results |
|---|---|
| Putri & Yuliati (2022) | Social influence (Insignificant) |
| Chayomchai et al. (2020) | Effort expectancy<br>Performance expectancy<br>(Insignificant) |
| Susanto et al. (2020) | Facilitating condition (Insignificant) |
| Chao (2019) | Effort expectancy<br>(Insignificant) |

In the past studies, it shows different results about how perceived risk is moderate toward other independent variables such as facilitating condition, effort expectancy, performance expectancy and social influence. According to a study done by Chao (2019) and Duong & Nguyen (2023), the study concluded that greater the perceived risk, the greater the moderating effect of perceived risk between the independent variables which are performance expectancy and social influence towards the actual intention to use investment apps. Furthermore, Susanto et al. (2020) has concluded that perceived risk has a moderating effect which weakens the positive impact of effort expectancy towards the intention to use a fintech product. Lastly, Chen & Lai (2023) perceived risk has a moderating effect towards facilitating conditions, Chen & Lai (2023) also mentioned that when the level of perceived risk is greater, it may reduce the impact of facilitating conditions when making decisions.

However, there are some studies that showed that perceived risk did not have moderating effects towards other independent variables such as social influence, effort expectancy, performance expectancy and facilitating condition. The studies from Putri & Yuliati (2022) have identified that social influence impacts intention to use the digital gold platform similarly, regardless of whether

perceived risk is high or low. Additionally, Susanto et al. (2020) & Chayomchai et al. (2020) demonstrated that perceived risk did not have a moderating impact on the effects of effort expectancy and performance expectancy on users' inclination to utilize online technology. Moreover, the study from Susanto et al. (2020) also proved that the moderating effects of perceived risk towards facilitating condition is not significant as the presence of perceived risk does not significantly alter the strength of the influence that facilitating condition have on intention using e-money service. Lastly, perceived risk did not significantly alter the strength of effort expectancy impacts intention to use technology has shown in the study done by Chao (2019).

## 2.3 Theoretical Framework

Prior research has produced the following ideas, which support the relationship between non-intention to invest in P2P lending platforms and its factors which are perceived risk, effort expectancy, facilitating condition, social influence and performance expectancy. The theories included are Extended Technology Acceptance Model and Unified Theory of Acceptance and Use of Technology (UTAUT 2).

### 2.3.1 Extended Technology Acceptance Model

The original technology acceptance model (TAM) idea was developed by Davis in 1989, and it describes how people accept and make use of technological advancements. Under TAM theory, it explained there are 2 major components namely perceived ease of use and perceived usefulness will affect the intention of individuals to use new technology. P2P lending with such features which are flexible, enable users to search relevant information such as detailed information of fund-raisers able to reduce psychological stress and fear of loss (Lim et al., 2023). According to a study done by Lai (2017), the previous study about how the TAM model affected the intention to use technology only considered the factors of ease of use, simplicity & usefulness.

Figure 2.1:

*Technology Acceptance Model*

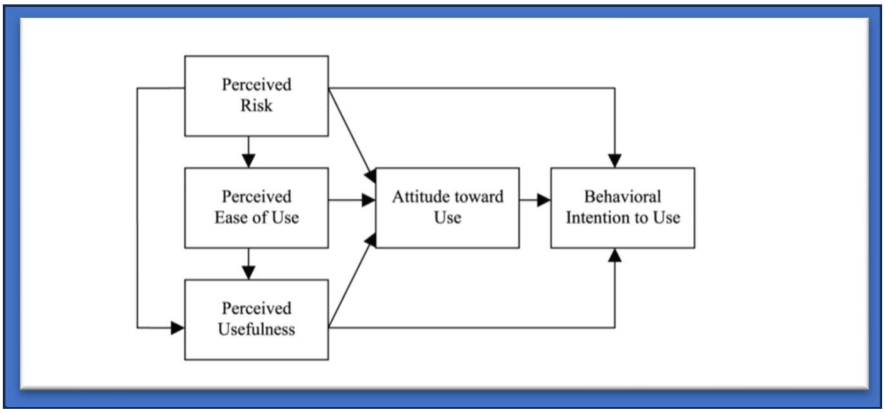



*Figure 2.1.* Technology Acceptance Model. Adapted from Lu, H., Hsu, C., & Hsu, H. (2005). An empirical study of the effect of perceived risk upon intention to use online applications. *Information Management & Computer Security*, *13*(2), 106–120.

The figure 2.1 shows the extended TAM model introduced by Lu et al. (2005). In the research done by Lim (2020), it also adapted an extended TAM model in research design, the study concludes that one of the elements influencing consumers' decision-making is perceived risk. According to the studies done by Rahmiati and Jelitalia (2021) and Lai (2017), these studies figure out based on the extended TAM model, the perceived risk can be categorized as the factor that affects intention to use certain technology. In the study of Rahmiati and Jelitalia (2021), it applied the extended TAM model and concluded that perceived risk has significantly affected perceived usefulness & perceived ease of use, and ultimately has significant relationship with intention to use. Lastly, according to Lai & Zainal (2017), under study based on an extended TAM model, perceived risk is found to reduce the consumer intention, perceived risk should be one of the factors to study the consumer intention to use.

## 2.3.2 Unified Theory of Acceptance and Use of Technology (UTAUT 2)

According to Fernando et al. (2021), UTAUT 2 is an extension from the original UTAUT model to assess the acceptance of technology or information systems by incorporating eight additional technology acceptance models (TAM).

Figure 2.2:

*Unified Theory of Acceptance and Use of Technology*

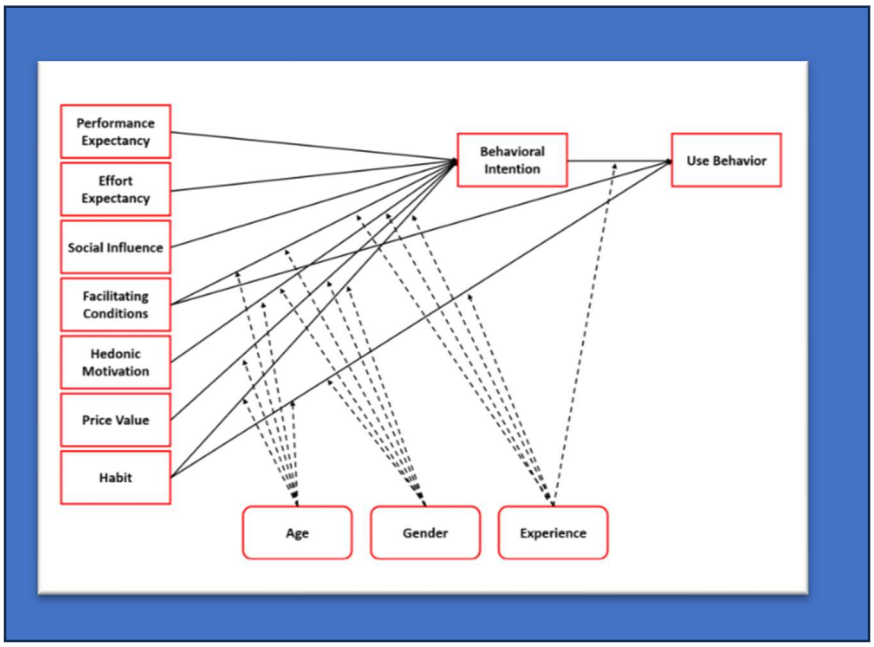



*Figure 2.2.* Unified Theory of Acceptance and Use of Technology. Adapted from Venkatesh, V., Thong, J. Y., & Xu, X. (2012). Consumer Acceptance and use of Information technology: Extending the unified theory of acceptance and use of technology. *Management Information Systems Quarterly*, *36*(1), 157.

The theory seeks to expand comprehension regarding technology adoption and assist organizations within the technology industry in comprehending the requirements of consumers as users (Venkatesh et al., 2012). According to the UTAUT 2 model, a user's desire to utilise a technology and their actual behaviour may differ depending on a number of factors, including price, value, social influence, performance expectations, effort expectancy, and facilitating conditions. These factors are moderated by various combinations such as gender, age, and experience (Wang et al., 2019). The adjusted UTAUT2 should acknowledge these variables to enhance the model's explanatory capability (Najib et al., 2021). Furthermore, numerous studies have employed the UTAUT2 model to assess the intention to adopt or accept technology (Darmansyah et al., 2020; Khan et al., 2022; Ratnawati et al., 2022). This model has served as the foundation for research concentrated on credit-oriented business frameworks, such as peer-to-peer lending (Darmansyah et al., 2020).

## 2.4 Conceptual Framework

The figure 2.3 presented the conceptual framework of this study to investigate young investors in Malaysia's non-intention to participate in P2P lending platforms. The conceptual framework is developed to refer to the theoretical framework that was covered in the previous section.

Figure 2.3:

*Conceptual Framework*

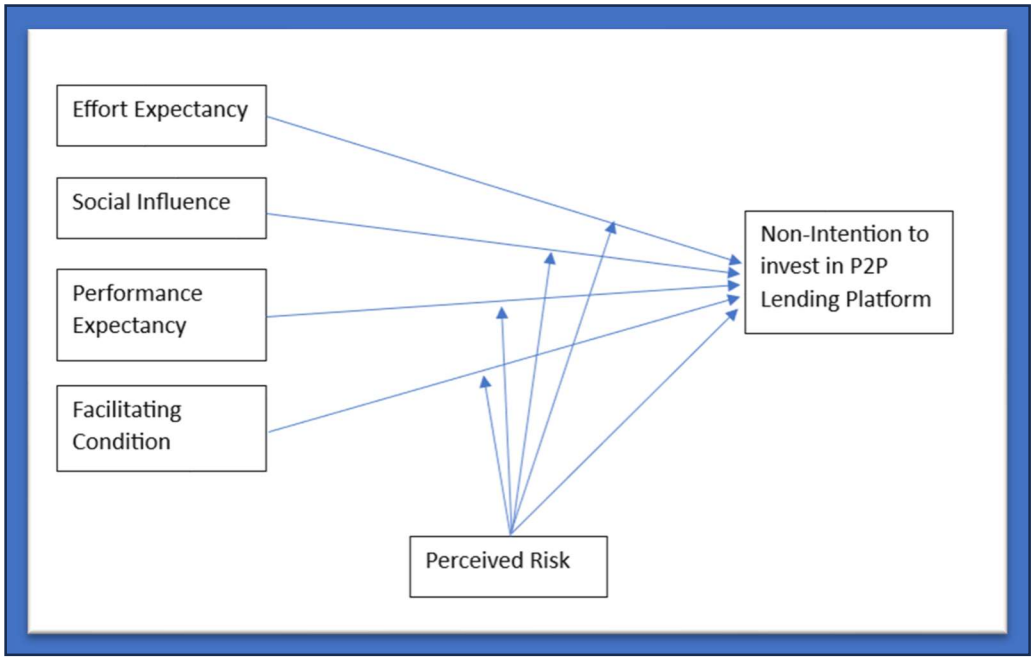



*Figure 2.3.* Conceptual Framework. Adapted from Lu, H., Hsu, C., & Hsu, H. (2005). An empirical study of the effect of perceived risk upon intention to use online applications. *Information Management & Computer Security* & Venkatesh, V., Thong, J. Y., & Xu, X. (2012). Consumer Acceptance and use of Information technology: Extending the unified theory of acceptance and use of technology. *Management Information Systems Quarterly*.

This conceptual framework involves four independent variables which are effort expectancy, social influence, performance expectancy, facilitating condition, and one moderator which is perceived risk. Based on the previous studies, Sunardi et al. (2021), Saykita et al. (2019), Indriyani et al. (2022) concludes that the independent variable of perceived risk will significantly influence the non-intention to invest in P2P lending Platform. In addition, Septiani et al. (2020) and Wang et al. (2019) identify that there is a significant influence of effort expectancy towards non-intention

to invest in a P2P lending platform. Furthermore, Bajunaied et al. (2023), Rahim et al. (2023) and Odei-Appiah et al. (2022) concluded that facilitating condition had significant influence on the non-intention to invest in the P2P lending platform. Meanwhile, Mudjahidin et al. (2022), Chandran and Alammari (2020), Wang et al. (2019) and Septiani et al. (2020) found significant relationship between social influence and non-intention to invest in P2P lending platform. As for performance expectancy, there is a significant relationship towards the non-intention to invest in a P2P lending platform and it has been proven in the research of Solihat et al. (2023) and Septiani et al. (2020). At last, the perceived risk was found having moderating effect on the effort expectancy, social influence, performance expectancy and facilitating condition, which enhances the significant relationship of both independent variables towards non-intention to invest in P2P lending platform in several studies (Jangir et al., 2022; Chen and Lai., 2023; Nguyen, 2023; Susanto et al., 2020). To put it briefly, the framework will be utilised to assess the precision of the outcome. Therefore, in the next part, the hypothesis will be developed using the framework as a guide.

## 2.5 Hypotheses Development of the study

### 2.5.1 Perceived Risk and Non-Intention to Invest in P2P Lending Platforms

Perceived risk are found to possibly have a significant influence towards non-intention to invest in P2P lending platforms. Belanche et al. (2022) stated that when people use a platform that provides groundbreaking and innovative service, they will perceive the risk due to uncertainty. Thus, they will be less likely to make purchases when they perceive higher levels of risk (Lim, 2020). Consequently, their probability of intention to invest in peer-to-peer lending is reduced.

Partial of studies has looked at the impact of perceived risk on individual unwillingness to engage in P2P lending platforms in developing nations like India Pal et al. (2020) and Indonesia (Saykita et al., 2019; Indriyani et al., 2022; Hutapea and Wijaya, 2021). The findings indicated a significant relationship between the intention to invest in a P2P lending platform and perceived risk. Furthermore, Sunardi et al. (2021) discovered that among young investors, perceived risk has a major impact on their inclination to invest in P2P lending platforms. Thus, the first hypothesis that was formulated for the research is:

$H_1$: There is presence of significant influence by perceived risk toward the non-intention to invest in P2P lending platforms among youth investors in Malaysia.

### 2.5.2 Effort Expectancy and Non-Intention to Invest in P2P Lending Platforms

Next, effort expectancy can also significantly influence non-intention to invest in P2P lending platforms. This is because effort expectancy pertains to a system that is straightforward to comprehend and utilize, requiring no specific expertise or skill (Abbad, 2021). Therefore, an individual's acceptance of the technology depends on the favorable value derived from it and the level of ease and effort required for its usage (Mudjahidin et al., 2022). Thus, investors that anticipate putting in a lot of effort are likely to be more intentioned than other investors.

Prior research on the relationship between effort expectancy and non-intention investing in P2P lending platforms has found that effort expectancy significantly influences developing nations like Indonesia (Septiani et al., 2020; Wang et al., 2019) and Malaysia (Hassan et al., 2023).

Additionally, Lv et al. (2018) concluded that there is presence of significant influence of effort expectancy on the non-intention to invest in P2P lending platform among college students which are youth investors. Thus, the second hypothesis that was formulated for the research is:

$H_2$: There is presence of significant influence by effort expectancy toward the non-intention to invest in P2P lending platforms among youth investors in Malaysia.

### 2.5.3 Facilitating Condition and Non-Intention to Invest in P2P Lending Platforms

Besides, facilitating conditions has also been found to significantly influence non-intention to invest in P2P lending platforms. Facilitating conditions pertain to the resources necessary for lenders to effectively utilize a technological system. Inadequate resources can diminish support, leading to a lack of timely assistance and incomplete or unclear information provision (Kurniadi, E., and Hendityasari, G. G., 2021). When individuals perceive that they have greater access to resources, their perceived behavioral control improves, leading to an increase in their behavioral intentions (Rofiqo et al., 2023).

Numerous studies have examined the effect of facilitating conditions on investors' non-intention to use P2P lending services. According to certain research, in developing nations like Saudi Arabia (Bajunaied et al., 2023), Malaysia (Rahim et al., 2022), and Afrika (Odei-Appiah et al., 2022), the desire to invest in P2P lending platforms is significantly influenced by the facilitating conditions. Friedline et al. (2019) claim that early adopters of P2P lending services are often wealthier, younger, tech-savvy, and urban. Thus, the third hypothesis that was formulated for the research is:

$H_3$: There is presence of significant influence by facilitating condition toward the non-intention to invest in P2P lending platforms among youth investors in Malaysia.

### 2.5.4 Social Influence and Non-Intention to Invest in P2P Lending Platforms

Moreover, social influence can also significantly influence non-intention to invest in P2P lending platforms. By implementing synergized marketing campaigns and educational programs, social influence can be heightened, offering comprehensive insights into the benefits and competitive offerings of P2P lending platforms. This approach aims to assure investors that they are making the right choice when selecting a P2P lending platform (Soeta et al., 2023). Given the widespread use of social media today, individuals are increasingly influenced by the behaviors and opinions of others through their interactions (Lajnef, 2023). According to the authors, individuals are more inclined to engage with listings that their friends have bid on. Consequently, identifying a lender who holds significant influence within their social circle presents an opportunity to attract more participants to join in lending activities.

According to research conducted in Saudi Arabia (Bajunaied et al., 2023; Chandran, D., and Alammari, 2020) and Indonesia (Mudjahidin et al., 2022; Wang et al., 2019; Septiani et al., 2020), social influence has a major impact on people's intentions to invest in P2P lending platforms. Furthermore, Sipangkar and Wijaya (2020) discovered that social influence has a major impact on young investors' intentions to invest on P2P lending platforms. Thus, the fourth hypothesis that was formulated for the research is:

$H_4$: There is presence of significant influence by social influence toward the non-intention to invest in P2P lending platforms among youth investors in Malaysia.

### 2.5.5 Performance Expectancy and Non-Intention to Invest in P2P Lending Platforms

Lastly, performance expectancy can also be significantly influence the non-intention to invest in P2P lending platforms. The degree to which adopting a new invention can benefit users in carrying out particular tasks is known as performance expectation (Yaseen & Qirem, 2018). Thus, investors will adopt and embrace new technology if they perceive it to be more beneficial and valuable in their everyday activities (Gull et al., 2020). As a result, investors with high performance expectancy have a higher probability of intention to invest in P2P lending platforms.

Numerous research studies have examined the impact of performance expectancy on the non-intention to invest in peer-to-peer lending platforms. Their findings indicate that, particularly in developing nations such as Indonesia, performance anticipation has a significant influence on this non-intentionality (Septiani et al., 2020). Furthermore, Solihat et al. (2023), found that performance expectancy significantly influences the intention to invest in P2P lending platforms which are youth investors. Thus, the fifth hypothesis that was formulated for thie research is:

$H_5$: There is presence of significant influence by performance expectancy toward the non-intention to invest in P2P lending platforms among youth investors in Malaysia.

### 2.5.6 Moderating Effect of Perceived Risk on the relationship between Independent Variables and Non-Intention to Invest in P2P Lending Platforms

Risk is always there, it often makes challenges worse, affecting how satisfied users are, how useful they find something, and their overall attitude toward a technology (Wu et al., 2021). When they have a high need for control (Isaputra & Sumaryono, 2023), another strategy used to moderate the relationship between performance expectancy and behavioural intention is perceived risk (Herrmann & Masawi, 2022). Perceived risk is seen as an endogenous variable in the Khizar and Siddiqui (2021) model, with effect from latent constructs including performance expectancy, effort expectancy, social influence, facilitating condition, and hedonic motivation. According to Susanto

et al. (2020), high perceived risk conditions will result in the user weakening the positive impact due to good effort expectancy and facilitating condition. Thus, the following continuous hypothesis generated for this investigation are:

$H_6$: Perceived risk moderates the relationship between social influence and non-intention to invest in P2P lending platforms among youth investors in Malaysia.

$H_7$: Perceived risk moderates the relationship between performance expectancy and non-intention to invest in P2P lending platforms among youth investors in Malaysia.

$H_{8:}$ Perceived risk moderates the relationship between effort expectancy and non-intention to invest in P2P lending platforms among youth investors in Malaysia.

$H_{9:}$ Perceived risk moderates the relationship between facilitating condition and non-intention to invest in P2P lending platforms among youth investors in Malaysia.

## 2.6 Conclusion of Chapter 2

This chapter presents a literature review on various factors influencing the youth investor's intention to invest in P2P platforms, including perceived risk, effort expectancy, facilitating condition, social influence and performance expectancy. It also discusses the theoretical frameworks employed in prior research. Additionally, it elaborates on the conceptual framework and hypotheses formulated for the current study.

# CHAPTER 3: RESEARCH METHODOLOGY

## 3.1 Introduction

In this research, the primary objective is to examine the factors that will affect the non-intention to invest in P2P lending platforms towards youth investors in Malaysia. To accomplish this goal, emphasis is placed on research methodology throughout this chapter. This chapter starts with the research design, then follows by the data collection approach. Next, the sampling design of this study, research tools and scales being used are being explained. Additionally, the methods of step of process of data and analysis utilized are clarified.

## 3.2 Research Design

The quantitative research methodologies had applied in this study. Previous studies (Hutapea & Wijaya 2021; Khương et al. 2022) which related to factors affecting non-intention to invest in P2P lending platforms also adopted quantitative research methods. In the quantitative research the respondents were provided with a limited set of predetermined answer options to choose from, thus restricting their response to choices provided.

## 3.3 Data Collection

The research aim will be accomplished by the use of primary data in this study. Questionnaires were employed as the major data collection method from respondents. This method matches with the study done by Septiani et al. (2020) and Wang et al. (2019), which has similar studies in the P2P lending platform.

# 3.4 Sampling Design

## 3.4.1 Target Population of the Study

Target population comprises individuals who have qualified for the specified criteria and are eligible to participate in a study. According to Tjiptono et al. (2020), the youth population's age range is between 15 to 40 in Malaysia. Therefore, the investors that age between 15 to 40 years were the primary target population, being the eligible respondents to provide data in this study. Furthermore, the targeted population of this study was youth investors in Malaysia. The reason is because of the P2P lending business currently under expanding stage in Malaysia. This expansion presents a wealth of data and a variety of market circumstances for analysis, offering insights into both developing and established industry segments.

## 3.4.2 Sampling Location

Youth investors in Malaysia were the study's target demographic. The reason is because the P2P lending business is expanding quickly in Malaysia. Therefore, the sampling location is the whole Malaysia.

## 3.4.3 Sampling Elements

The sampling technique adapted in this study was a purposive sampling method. The samples were randomly selected in the Malaysia area.

### 3.4.4 Sampling Techniques

In this study, the data was collected through the questionnaire designed for investors who had invested or investing in any investment assets in Malaysia. The purposive sampling technique was used in this study to get responses from Malaysian investors. This technique aligns with certain empirical P2P research, such as Septiani et al. (2020), who used purposive sampling to gather information from Indonesian investors who understand P2P lending and have made P2P lending loans.

### 3.4.5 Sample Size of the Study

A sample is known as an investigation on a group of relatively smaller numbers of people that are selected from a population. The optimal sample is significant to reduce the cost of sampling error. When it comes to determination of sample size, several sample size calculations have been created including Conchran's sample size formula, statistical power, and even more (Nanjundeswaraswamy and Divakar., 2021). Meanwhile, Krejcie and Morgan (1970) suggested approximate sample size based on population in order to form a good decision model. The corresponding sample sizes are derived on the below Table 3.1.

Table 3.1:

*Table for determining Sample Size of a Population*

| Population Range | Approximate Sample Size |
|---|---|
| 8000 | 367 |
| 9000 | 368 |

| | |
|---|---|
| 10000 | 370 |
| 15000 | 375 |
| 20000 | 377 |
| 30000 | 379 |
| 40000 | 380 |
| 50000 | 381 |
| 75000 | 382 |

*Note.* From Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement. 30*(3), 607–610.

In the annual report of the Securities Commission (2023), it stated out that the cumulative count of investors has exceeded 34,000 since the P2P financing was first introduced. According to the table above, when the population size is approximately 30000, the recommended sample size is 379 respondents. Therefore, this study requires 379 minimum respondents.

## 3.5 Research Instrument

### 3.5.1 Questionnaire

Questionnaire is the research instrument used to collect data from youth investors in Malaysia. It is a data collection method classified under primary data research. According to Taherdoost (2022), questionnaire is an instrument to collect the research data of the study and the way to collect primary and quantitative data. Besides, the questionnaire method enhanced the data collection

process in a faster and more accurate manner. This study used a distributed online questionnaire disseminated using Google Form to collect data, in accordance with studies by Meyliana et al. (2019) and Duong & Nguyen (2023).

Section A, Section B, & Section C were the 3 sections that made up the questionnaire used in this study. The purpose of Section A was to gather demographic information from respondents. Five questions pertaining to demographic information were asked, including those concerning gender, age, income, occupation, and ethnicity. Section B then asked 25 questions, 5 questions for each independent variable (perceived risk, social influence, effort expectation, performance expectancy, and facilitating condition constituted the group of questions). The data pertaining to respondents' non-intention to invest in P2P lending platforms is presented in section C, which is the final portion.

In sections B and C, the five-point Linkert scales were used. The author similarly used a five-point Likert scale in the research conducted by Meyliana et al. (2019) and Khan et al. (2021) on how perceived risk influences fintech adoption and tendency to invest in P2P platforms.

### 3.5.2 Pre-Test

The questionnaire was sent to two lecturers from Universiti Tunku Abdul Rahman for review purposes before being distributed to the youth investor in Malaysia.

### 3.5.3 Pilot test

Pilot test is one of the crucial steps for study helps because it determines how well a research instrument will perform in the main study by highlighting possible issues and areas that could need

modifications (Aung et al., 2021). The pilot research for this project was conducted from June 19-21, 2024, for three days. Since the students at the UTAR Kampar Campus come from all parts of Malaysia, 30 sets of questionnaires were distributed to them. The Smart PLS 4.0 program was used to evaluate all the data gathered to assess the reliability of the questionnaires distributed.

## 3.6 Constructs Measurement (Scale and Operational Definitions)

### 3.6.1 Scale of Measurement

Construction measurements typically involve several key components, which are explained and demonstrated to make sure the study's finding is valid and reliable. In addition, this study included 3 different measuring scales which are the nominal, ordinal, and interval scales.

#### 3.6.1.1 Nominal scale

Nominal scales serve as a form of coding primarily focused on characteristics of type or category, such as gender, ethnicity, or place of birth (Alhassn et al., 2022). As a result, the nominal scale was used to indicate the gender in this study in the Section A of questionnaire which included female and male.

#### 3.6.1.2 Ordinal scale

In this study, the questionnaire section B & C adopted the Linkert Scale of 5-point ordinal scale.

## 3.6.2 Origin of construct

Table 3.2:

*Summary of Measured Used for Present Study*

| Variables | Adapted from (years) | Items | Scale |
|---|---|---|---|
| Dependent Variables: Non-Intention to Invest in P2P Lending Platform | Angelina et al., (2021) | 5 Items | Strongly Disagree (1) to Strongly Agree (5) |
| Independent Variables: Perceived Risk | Sipangkar and Wijaya, (2020) | 3 Items | Strongly disagree (1) to Strongly Agree (5) |
| | Pal et al., (2020) | 1 Item | |
| | Lim et al., (2019) | 1 Item | |
| Effort Expectancy | Venkatesh et al., (2003) | 3 Items | Strongly disagree (1) to Strongly Agree (5) |
| | Angelina et al., (2021) | 2 Items | |
| Facilitating Condition | Kurniadi and Hendityasari. (2021) | 4 Items | Strongly disagree (1) to Strongly Agree (5) |
| | Rahim et al., (2023) | 1 Item | |

| | | | |
|---|---|---|---|
| Social Influence | Kurniadi and Hendityasari (2021) | 2 Items | Strongly disagree (1) to Strongly Agree (5) |
| | Shakir (2022) | 2 Items | |
| | Gerlach and Lutz (2019) | 1 Item | |
| Performance Expectancy | Kurniadi and Hendityasari (2021) | 4 Items | Strongly disagree (1) to Strongly Agree (5) |
| | Bajunaied et al., (2023) | 1 Item | |

## 3.6.3 Questionnaire Designing

### 3.6.3.1 Section A

Demographic data was given in Section A. In section A, five questions related to respondents' demographic information which included age, ethnicity, gender, occupation, and monthly income were answered by respondents.

### 3.6.3.2 Section B

The variables impacting the non-intention to invest in a P2P lending platform were then covered in Section B through a total of 25 questions. These elements included perceived risk, social

influence, effort expectancy, performance expectancy, and facilitating conditions. Interval scale was used in this part as the measuring method. In addition, the questions were created using a 5-point Likert scale. Respondents are given the opportunity to express their thoughts by selecting a number between 1 and 5. In this section, 1 represents "strongly agree," 2 stands for "agree," 3 signifies "neutral," 4 means "disagree," and 5 denotes "strongly disagree."

#### 3.6.3.2.1 Perceived Risk

Perceived risk means a person does not feel comfortable about the uncertainty when they decide to do decision making (Rahmi et al., 2022).

Perceived risk was measured by employing 5 items which included 3 items adapted from Sipangkar and Wijaya, (2020) “Investments through the P2P lending platform may not get the expected return.”, “Investment through the P2P lending platform will cause financial losses.”, “Investing through the P2P lending platform will cause loss of privacy.”, one item adapted from Pal et al. (2020), “When I use P2P lending platform, I have a feeling that I will lose money due to careless mistake.”, lastly item adapted from Lim et al. (2019) “I use P2P lending platform because there is password/fingerprint protection for transactions and logins.”.

| Items | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|
| Investments through the P2P lending platform may not get the expected return. | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| Investment through the P2P lending platform will cause financial losses. | 1 | 2 | 3 | 4 | 5 |
| Investing through the P2P lending platform will cause loss of privacy. | 1 | 2 | 3 | 4 | 5 |
| When I use P2P lending platform, I have a feeling that I will lose money due to careless mistake. | 1 | 2 | 3 | 4 | 5 |
| I use P2P lending platform because there is password/fingerprint protection for transactions and logins. | 1 | 2 | 3 | 4 | 5 |

**3.6.3.2.2 Effort Expectancy**

Effort expectancy is referring to degree of mastery and complexity related to a particular technology (Angelina et al., 2021).

Effort expectancy was measured with 5 items which included 3 items adapted from Venkatesh et al. (2003), “The way of using P2P lending Platform is clear and understandable for me.”, “I have found the P2P lending Platform is easy to use.”, “It is easy for me to become skillful at using P2P

lending Platform", and 2 items adapted from Angelina et al. (2021), "I find it easy to lend to the P2P platform as lenders.", "I do not have difficulty in explaining the ease of use of P2P platforms."

| Items | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|
| The way of using P2P lending Platform is clear and understandable for me. | 1 | 2 | 3 | 4 | 5 |
| I have found the P2P lending Platform is easy to use. | 1 | 2 | 3 | 4 | 5 |
| It is easy for me to become skillful at using P2P lending Platform. | 1 | 2 | 3 | 4 | 5 |
| I find it easy to lend to the P2P platform as lenders. | 1 | 2 | 3 | 4 | 5 |
| I do not have difficulty in explaining the ease of use of P2P platforms. | 1 | 2 | 3 | 4 | 5 |

#### 3.6.3.2.3 Facilitating Condition

Facilitating conditions is referring to how much an individual believes that the organization's resources and support systems help in using a certain technology (Ambarwati et al., 2020).

Facilitating condition was measured with 5 items which included 4 items adapted from Kurniadi and Hendityasari (2021), “P2P is compatible with other technologies I use.”, “I have the necessary resources to use P2P lending platform.”, “I received necessary help from my surroundings when I am having a hard time using a P2P platform.”, “P2P lending platform support team is helpful when I am having a hard time using it.”, and 1 item adapted from Rahim et al. (2023) “Fintech Product is compatible with all of my computing devices, mobile and gadgets.”

| Items | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|
| P2P is compatible with other technologies I use. | 1 | 2 | 3 | 4 | 5 |
| I have the necessary resources to use P2P lending platform. | 1 | 2 | 3 | 4 | 5 |
| I received necessary help from my surroundings when I am having a hard time using a P2P platform. | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| P2P lending platform support team is helpful when I am having a hard time using it. | 1 | 2 | 3 | 4 | 5 |
| Fintech Product is compatible with all of my computing devices, mobile and gadgets. | 1 | 2 | 3 | 4 | 5 |

**3.6.3.2.4 Social Influence**

Social influence refers to change of a person's ideas, emotions, or behaviour brought about by the influence of another person or group.

Five items were used to evaluate social influence, including two which were revised from Kurniadi & Hendityasari (2021), “People around me think that I should use a P2P platform.”, “People who influence my behaviour think that I should use a P2P platform.”, 2 items adapted from Shakir (2022), “I will make use of Fintech services if my friend and relatives are using it.”, “I will make sure of Fintech services if my colleagues/business partners/clients/suppliers are using Fintech services.”, and lastly one item adapted from Gerlach and Lutz (2019), “I do not know people in my private/professional surrounding who use or may use FinTech.”

| Items | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| People around me think that I should use a P2P platform. | 1 | 2 | 3 | 4 | 5 |
| People who influence my behaviour think that I should use a P2P platform. | 1 | 2 | 3 | 4 | 5 |
| I will make use of Fintech services if my friend and relatives are using it. | 1 | 2 | 3 | 4 | 5 |
| I will make sure of Fintech services if my colleagues/business. partners/clients/suppliers are using Fintech services. | 1 | 2 | 3 | 4 | 5 |
| I do not know people in my private/professional surrounding who use or may use FinTech. | 1 | 2 | 3 | 4 | 5 |

**3.5.3.2.5 Performance Expectancy**

Performance expectancy is referring to a person's degree of confidence in a technological system capable of encouraging improved performance (Angelina et al., 2021).

Performance expectancy was measured with five items which included 4 items adapted from Kurniadi and Hendityasari (2021), “I find a P2P platform useful for investments in my daily life.”, “P2P platform increases my productivity.”, “Use P2P learning would improve my opportunity to received additional income.”, “Using P2P is beneficial for me.”, and lastly one item adapted from Bajunaied et al. (2023), “I expect to find Fintech useful in my financial management.”.

| Items | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|
| I find a P2P platform useful for investments in my daily life.”, “P2P platform increases my productivity. | 1 | 2 | 3 | 4 | 5 |
| P2P platform increases my productivity. | 1 | 2 | 3 | 4 | 5 |
| Use P2P learning would improve my opportunity to received additional income. | 1 | 2 | 3 | 4 | 5 |
| Using P2P is beneficial for me. | 1 | 2 | 3 | 4 | 5 |
| I expect to find Fintech useful in my financial management. | 1 | 2 | 3 | 4 | 5 |

#### 3.6.3.3 Section C

The remaining five questions in section C concerned the study's dependent variable, one of which related to the participant's non-intention of joining in a P2P lending platform. The scale was rated from 1 to 5, where 1 meant "strongly agree," 2 meant "agree," 3 meant "neutral," 4 meant "disagree," and 5 meant "strongly disagree."

##### 3.6.3.3.1 Non-Intention to invest in P2P lending

There were total 5 factors affecting the non-intention to invest in P2P lending chosen in this study namely perceived risk, effort expectancy, facilitating condition, social influence, performance expectancy. The Likert scale with five points was used for each of these items. A score of 1 on the Likert scale shows "strongly agree," while a score of 5 shows "strongly disagree."

A total of five criteria were used to evaluate the lack of intention to invest in P2P lending platforms. The scale was taken from Angelina et al., (2021) studies. The item included “When it comes to investing, I will prefer to use P2P lending platforms than other financial institutions.”, “I plan to continue using the P2P lending platform in the next 12 months.”, “Assuming I had access to the P2P, I intend to use it.”, “Given that I had Access to the P2P, I predict that I would use it.”, and “I intend to use P2P service in the future.”.

## 3.7 Method of Data Processing

The Smart PLS 4.0 was applied in the transformation of the data collected. The method is tally with the study done by Rahmi et al. (2023).

### 3.7.1 Data Checking and Filtering

In this study, data checking was done through those respondent data that did not fulfill the requirement was filtered out such as 5-point Likert-point scale same answer for entire questionnaire and respondents which filled "not investor" in the beginning screening question.

### 3.7.2 Data Coding

Furthermore, in the data coding process it involved numeric codes inputted to the Smart PLS 4.0, with responses being assigned codes ranging from 1 to 5, while any missing values were designated with a code of 0.

In Section A, each question's response is encoded as follows:

| | | |
|---|---|---|
| Q1 | Gender | "Male" = 1<br>"Female" = 2 |
| Q2 | Age | "Less than 15" = 1<br>"15 - 40" = 2<br>"41 - 60" = 3<br>"More than 60" = 4 |
| Q3 | Ethics | "Malay" = 1<br>"Chinese" = 2<br>"Indian" = 3<br>"Others" = 4 |

| | | |
|---|---|---|
| Q4 | Occupation | "Students" = 1<br>"Employee" = 2<br>"Employer" = 3<br>"Unemployment" = 4 |
| Q5 | Monthly Income | "Less than RM2000 " = 1<br>"RM 2000 – RM5250 " = 2<br>"RM 5251 – RM11819 " = 3<br>"More than RM11820 " = 4 |

In Section B & C, responses to each question are encoded according to the 5-point Likert scale as follows:

- The code for "Strongly Agree (SA)" is 1.
- The code for "Agree (A)" is 2.
- The code for "Neutral (N)" is 3.
- The code for "Disagree (D)" is 4.
- The code for "Strongly Disagree (SD)" is 5.

Both sections had reverted the scale which from strongly agree to strongly disagree (the origin questionnaire item adapted is from strongly agree to strongly disagree), since this study perceptive was from perceptive of non-intention to invest.

# 3.8 Data analysis

## 3.8.1 Descriptive analysis

Measures of distribution shape, dispersion, and central tendency were all included in descriptive data analysis. Moreover, descriptive analysis includes frequency statistics as well. The mean, standard deviation, frequency, and percentage of the respondent responses were among the significant statistics that were examined and produced in the form of a table.

## 3.8.2 Reliability test

### 3.8.2.1 Internal consistency test

Internal consistency in this research was determined by composite reliability and Cronbach's alpha coefficient. Meanwhile, the Cronbach's alpha coefficients and composite reliability of each independent variable need at least 0.7. The Table 3.7 shows the rules of thumbs of Cronbach's alpha.

Table 3.3:

*Cronbach's Alpha Rule of Thumbs*

| Cronbach's Alpha | Level of Reliability |
|---|---|
| $\alpha > 0.9$ | Excellent |
| $0.9 > \alpha > 0.8$ | Good |
| $0.8 > \alpha > 0.7$ | Acceptable |
| $0.7 > \alpha > 0.6$ | Questionable |
| $0.6 > \alpha > 0.5$ | Poor |
| $\alpha$ Less than 0.5 | Unacceptable |

*Note.* From Schrepp, M. (2020). On the Usage of Cronbach's Alpha to Measure Reliability of UX Scales. *Journal of Usability Studies*, *15*(4).

#### 3.8.2.2 Validity test

There were 3 tests under validity test which were convergent validity test, factor loading and discriminants validity test. The convergent validity test of each independent variable expected to have at least 0.7 and for the discriminant's validity test; Factor loading ex the heterotrait monotrait ratio (HTMT) of each variable need to less than 0.9. which fulfill the threshold by (Hair et al., 2019).

### 3.8.3 Preliminary Data Screening

#### 3.8.3.1 Multicollinearity

In this research, VIF was calculated using SMART PLS 4.0. A variance inflation factor more than 5 indicated that there is high multicollinearity among the independent variables (Shrestha, 2020).

## 3.8.4 Inferential analysis

By using the sample data of youth individual investors from different urban areas in Malaysia, it is possible to determine the non-intention to invest in a P2P lending platform for all youth individual investors in Malaysia. Inferential data in this study were analysed using partial least squares-structural equation modelling (PLS-SEM).

#### 3.8.4.1 Partial Least Square (PLS) Structural Equation Modelling

In this research, PLS-SEM was applied to regress the data. This research also measured how independent variables including perceived risk, social influence, facilitating condition, effort expectancy, social expectancy affect the non-intention of youth investors investing in P2P lending in Malaysia, with the moderating effect of perceived risk towards independent variables. The software SmartPLS 4.0 was used in this study. The result of beta value, standard error, t-value, and p-value of between each independent variable and dependent variable was shown in the section of path coefficient significance. Furthermore, determination of the model ($R^2$), model predictive relevance ($Q^2$) and effect size ($f^2$) of the model were measured also. Afterwards, the significance of the moderating effect of perceived risk toward each independent variable was obtained. The path coefficient significant of direct effect of independent variable and moderating effect of moderator of this study were assessed through bootstrapping, the sample size of bootstrapping was 5000.

## 3.9 Conclusion of Chapter 3

In conclusion, the methods used for this study are covered in chapter three. It was a quantitative research project. Before proceeding to data collection, pre-test and pilot test were conducted to ensure the questionnaire didn't have any bias. In the actual test, there were a total 400 youth investors in Malaysia answering the questionnaires. Afterward, the data is regressed through Smart PLS 4.0. for descriptive analysis and inferential analysis purposes.

# CHAPTER 4: RESEARCH RESULTS

## 4.1 Introduction

This chapter carries out data analysis. Initially, a descriptive analysis is performed. Second, verifying the scales' dependability is the primary goal of the reliability test. Thirdly, multicollinearity and non-normality issues are checked for during the preliminary data screening. Finally, an analysis of multiple linear regression is carried out. These analyses are all completed with SmartPLS 4.0.

## 4.2 Descriptive Analysis

The first step is to perform a descriptive analysis to help make the data easily understood. Initially, the demographic information collected in Section A of the survey is analysed descriptively. Secondly, a descriptive analysis is also performed on the data from Sections B and C. In the following research, tables and pie charts are used to give an overview of the data.

### 4.2.1 Respondents' Demographic Profile

The demographic data examined in this study are age, gender, income level, ethnicity, and occupation. The following sections analyse each of them independently.

#### 4.2.1.1 Age

The age group of study participants is displayed in the table below.

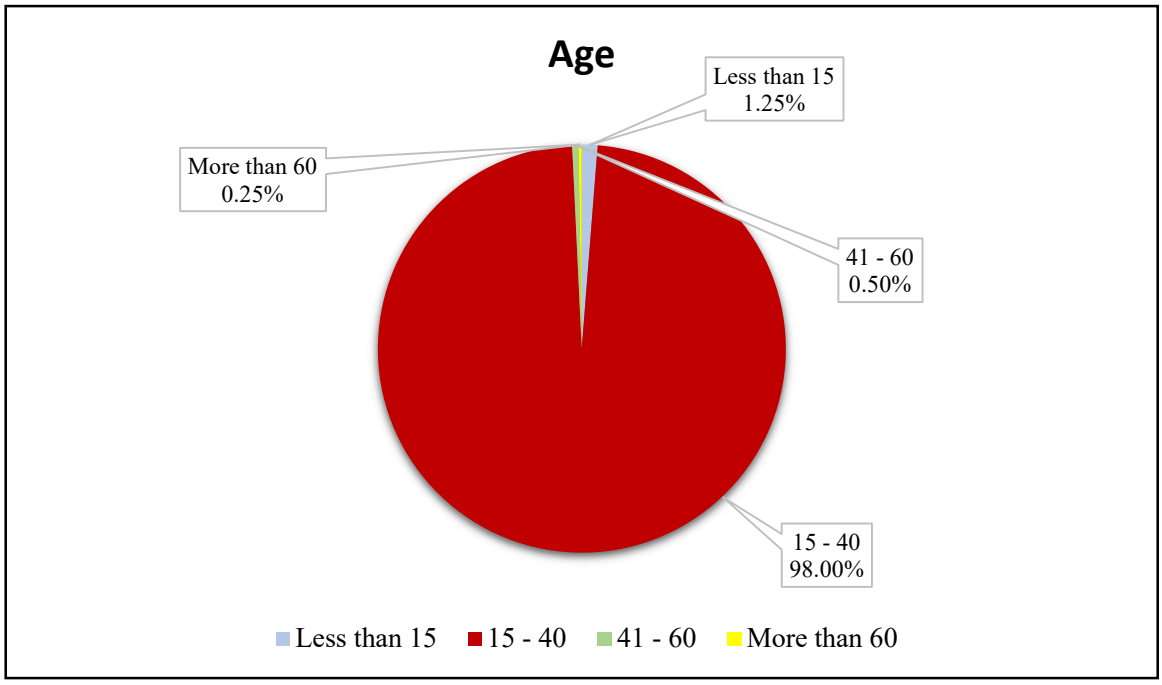
Table 4.1:

*Descriptive Analysis - Age*

| Age Group | Frequency | Percentage (%) | Cumulative Frequency | Cumulative Percentage (%) |
|---|---|---|---|---|
| Less than 15 | 5 | 1.25 | 5 | 1.25 |
| 15 - 40 | 392 | 98.00 | 397 | 99.25 |
| 41 - 60 | 2 | 0.50 | 399 | 99.75 |
| More than 60 | 1 | 0.25 | 400 | 100.00 |

Figure 4.1:

*Descriptive Analysis - Age*




Source: Adapted from this study

As can be seen from Table 4.1, the questionnaire had 400 responses from young investors. The table and figure above show that 392 participants, or 98.00% of the total, are in the 15–40 age

range. Subsequently, 0.50% (2 respondents) are between the ages of 41 and 60, and 1.25% (5 respondents) are less than 15 years old. Finally, just 1 respondent, or 0.25% of the total, is older than 60.

#### 4.2.1.2 Gender

The gender distribution of study participants is displayed in the table below.

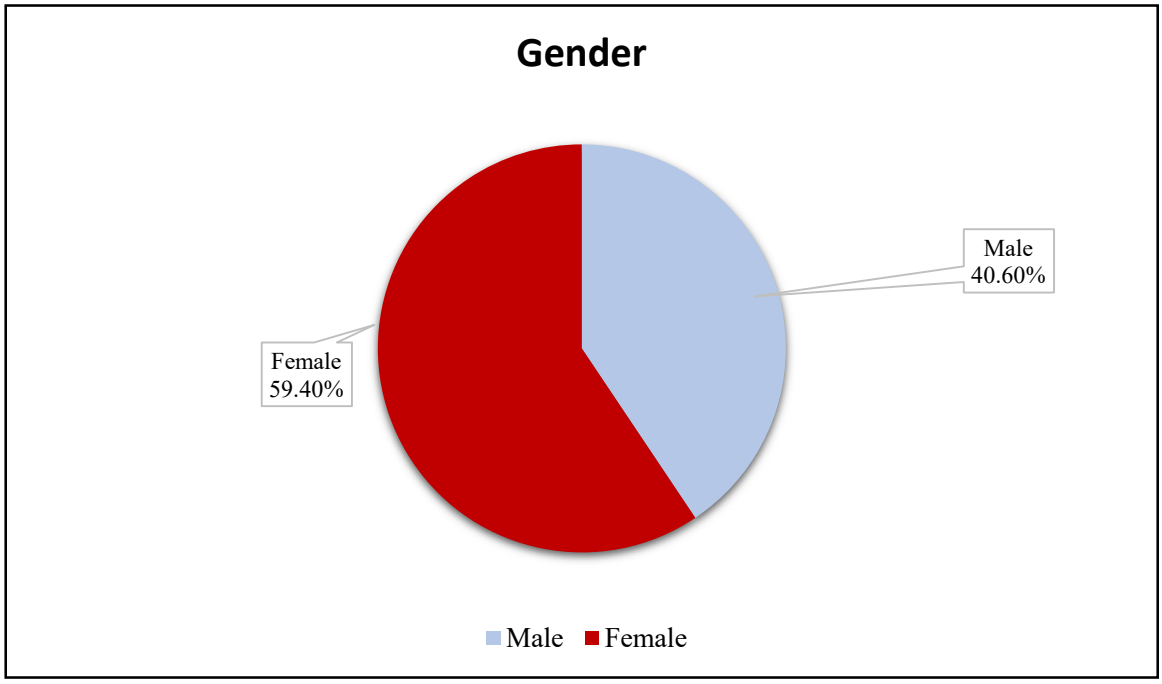
Table 4.2:

*Descriptive Analysis - Gender*

| Gender | Frequency | Percentage (%) | Cumulative Frequency | Cumulative Percentage (%) |
|---|---|---|---|---|
| Male | 163 | 40.60 | 163 | 40.60 |
| Female | 237 | 59.40 | 400 | 100.00 |

Figure 4.2:

*Descriptive Analysis - Gender*




Source: Adapted from this study

Table and figure above show that 59.40% (237 respondents) and 40.60% (163 respondents) and of the participants are female and male, respectively. As a result, it was demonstrated that 18.80% of the participants were female rather than male.

#### 4.2.1.3 Income Level

The table below presents the income distribution of the study participants.

Table 4.3:

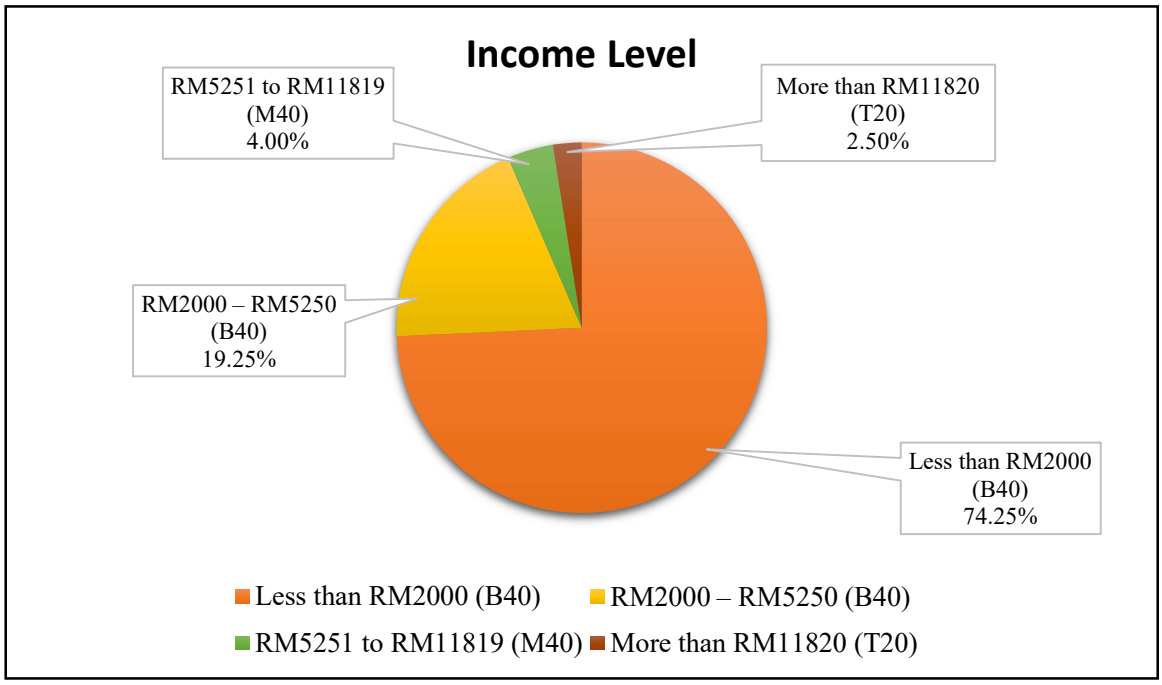
*Descriptive Analysis - Income Level*

| Income Level | Frequency | Percentage (%) | Cumulative Frequency | Cumulative Percentage (%) |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Less than RM2000 (B40) | 297 | 74.25 | 297 | 74.25 |
| RM 2000 – RM5250 (B40) | 77 | 19.25 | 374 | 93.50 |
| RM 5251 – RM11819 (M40) | 16 | 4.00 | 390 | 97.50 |
| More than RM11820 (T20) | 10 | 2.50 | 400 | 100 |

Figure 4.3

*Descriptive Analysis - Income Level*




Source: Adapted for this study

Thirdly, there is an additional income level category for the responders. 74.25% (297 respondents) of their income level is less than RM 2000 (B40), according to table and figure above. Then, 77 participants, or 19.25% of them, reported having an income between RM2000 and RM5250 (B40).

Subsequently, 4.00% (16 respondents) of their income level falls between RM5252 and RM11819 (M40). With only 2.50% (10 respondents) of all participants with income levels above RM11820 (T20), these respondents make up the smallest percentage of the sample.

#### 4.2.1.4 Occupation

The occupations of the study participants are displayed in the table below.

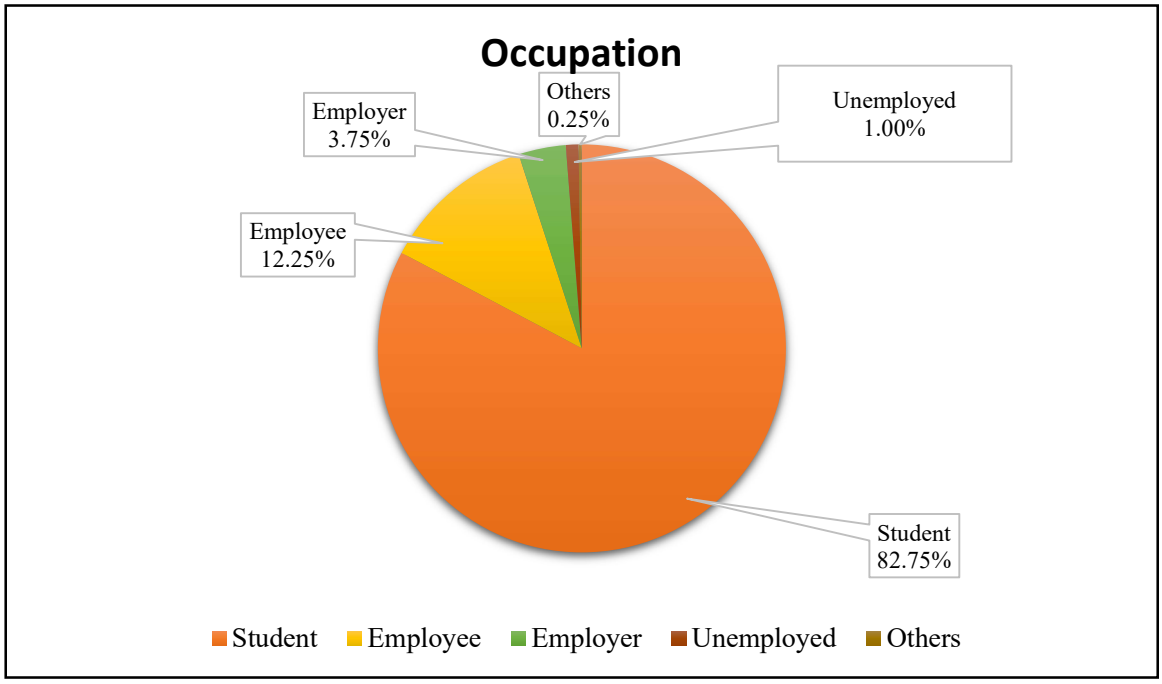
Table 4.4:

*Descriptive Analysis - Occupation*

| Occupation | Frequency | Percentage (%) | Cumulative Frequency | Cumulative Percentage (%) |
|---|---|---|---|---|
| Students | 331 | 82.75 | 331 | 82.75 |
| Employee | 49 | 12.25 | 380 | 95.00 |
| Employer | 15 | 3.75 | 395 | 98.75 |
| Unemployment | 4 | 1.00 | 399 | 99.75 |
| Others | 1 | 0.25 | 400 | 100.00 |

Figure 4.4

*Descriptive Analysis - Occupation*




Source: Adapted for this study

As demonstrated by the table and figure above, students represent a significant proportion of participants, accounting for 82.75% or 331 respondents. Then, 49 respondents, or 12.25% of them, are employees. Next, 15 respondents, or 3.75% are employers. Additionally, 1.00% (4 respondents) of them are unemployed. Furthermore, among them, 0.25% (1 respondent) are others.

#### 4.2.1.5 Ethnicity

The ethnicity of the study participants is displayed in the table below.

Table 4.5:

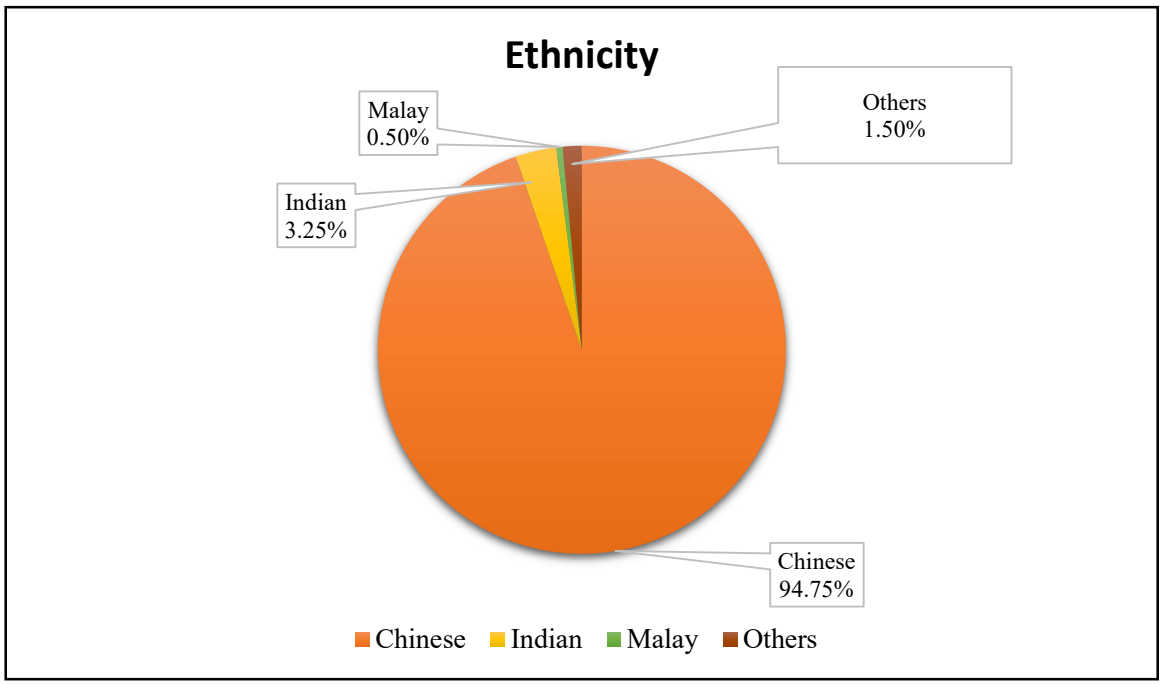
*Descriptive Analysis - Ethnicity*

| Ethnicity | Frequency | Percentage (%) | Cumulative Frequency | Cumulative Percentage (%) |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Chinese | 379 | 82.75 | 379 | 82.75 |
| Indian | 13 | 12.25 | 392 | 95.00 |
| Malay | 2 | 3.75 | 394 | 98.75 |
| Others | 6 | 0.25 | 400 | 100.00 |

Figure 4.5:

*Descriptive Analysis - Ethnicity*




Source: Adapted for this study

The table and figure above illustrate that the participants' ethnicities are categorized into four distinct groups. Since they make up 94.75% (379 respondents) of all participants, the majority of respondents are Chinese. 13 respondents, or 3.25% of the total, are Indian, while 6 respondents, or 1.50% of the total, are from other ethnic backgrounds. Malay respondents make up the least percentage of the sample, with only two out of 0.50%.

### 4.2.2 Central Tendencies and Dispersion Measurement of Constructs

The subsequent section evaluates the responses to the questions regarding the independent and dependent variables, as gathered in Sections B and C. The means and standard deviations, which are two indices of dispersion and central tendency, respectively, are included in the analysis. Every variable is analysed one at a time.

#### 4.2.2.1 Non-Intention Behaviour

Table 4.6:

*Central Tendencies Measurement - Intention Behaviour*

| Question | Statement | Sample Size, N | Mean | Standard Deviation | Mean Ranking | Standard Deviation Ranking |
|---|---|---|---|---|---|---|
| NIB1 | When it comes to investing, I will prefer to use P2P lending platforms than other financial institutions. | 400 | 2.785 | 1.473 | 4 | 1 |
| NIB2 | I plan to continue using the P2P lending platform in the next 12 months. | 400 | 2.978 | 1.318 | 1 | 5 |
| NIB3 | Assuming I had access to the P2P, I intend to use it. | 400 | 2.697 | 1.470 | 5 | 2 |

| | | | | | | |
|---|---|---|---|---|---|---|
| NIB4 | Given that I had Access to the P2P, I predict that I would use it. | 400 | 2.868 | 1.377 | 2 | 4 |
| NIB5 | I intend to use P2P service in the future. | 400 | 2.857 | 1.440 | 3 | 3 |

** Note: NIB – Non-Intention Behaviour

The last variable to be looked at was the non-intention behaviour variable. Based on the table above, NIB2 exhibits the greatest mean value (2.978). Furthermore, its standard deviation (1.318) is the lowest. The second-largest mean (2.868) and standard deviation (1.377) are found in NIB4. IB5 follows with the third-largest mean (2.857) and standard deviation (1.440). Subsequently, question NIB1 has the greatest mean (2.785) and the largest standard deviation (1.473). Lastly, the lowest mean (2.697) and standard deviation (1.470) are seen in NIB3.

#### 4.2.2.2 Perceived Risk

Table 4.7:

*Central Tendencies Measurement - Perceived Risk*

| Question | Statement | Sample Size, N | Mean | Standard Deviation | Mean Ranking | Standard Deviation Ranking |
|---|---|---|---|---|---|---|
| PR1 | Investments through the P2P lending platform may not get the expected return. | 400 | 3.592 | 1.158 | 2 | 3 |
| PR2 | Investment through the P2P lending | 400 | 3.578 | 1.159 | 3 | 2 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | platform will cause financial losses. | | | | | |
| PR3 | Investing through the P2P lending platform will cause loss of privacy. | 400 | 3.547 | 1.144 | 4 | 5 |
| PR4 | When I use P2P lending platform, I have a feeling that I will lose money due to careless mistake. | 400 | 3.612 | 1.146 | 1 | 4 |
| PR5 | I use P2P lending platform because there is password/fingerprint protection for transactions and logins. | 400 | 3.335 | 1.330 | 5 | 1 |

**Note: PR – Perceived Risk

First, the perceived risk questions have been looked at. PR4 has the biggest mean (3.612) and the second-smallest standard deviation (1.146), as seen in Table 4.7. PR1 exhibits the second-highest mean of 3.592 and a standard deviation of 1.158. Following this, PR2 shows the third-highest mean of 3.578, accompanied by a standard deviation of 1.159. PR3, on the other hand, has the smallest standard deviation of 1.144 and ranks fourth in mean, with a value of 3.547. Ultimately, PR5 attains the lowest mean of 3.335 but exhibits the highest standard deviation at 1.330.

#### 4.2.2.3 Effort Expectancy

Table 4.8:

*Central Tendencies Measurement - Effort Expectancy*

| Question | Statement | Sample Size, N | Mean | Standard Deviation | Mean Ranking | Standard Deviation Ranking |
|---|---|---|---|---|---|---|
| EE1 | The way of using P2P lending platform is clear and understandable for me. | 400 | 3.652 | 1.154 | 2 | 4 |
| EE2 | I have found the P2P lending platform is easy to use. | 400 | 3.587 | 1.174 | 3 | 3 |
| EE3 | It is easy for me to become skillful at using P2P lending Platform. | 400 | 3.470 | 1.239 | 5 | 1 |
| EE4 | I find it easy to lend to the P2P platform as lenders. | 400 | 3.658 | 1.151 | 1 | 5 |
| EE5 | I do not have difficulty in explaining the ease of use of P2P platforms. | 400 | 3.542 | 1.191 | 4 | 2 |

**Note: EE – Effort Expectancy

The analysis of the effort expectancy questions comes in second. EE4 has the biggest mean (3.658) and the lowest standard deviation (1.151), as Table 4.8 demonstrates. The mean for EE1 is the second highest at 3.652, with the second smallest standard deviation of 1.154. EE2 follows with the third-highest mean of 3.587 and a standard deviation of 1.174. EE5 ranks with the second highest standard deviation of 1.191 and the fourth-highest mean of 3.542. Lastly, EE3 has the lowest mean at 3.470 but exhibits the highest standard deviation of 1.239.

#### 4.2.2.4 Facilitating Conditions

Table 4.9:

*Central Tendencies Measurement - Facilitating Conditions*

| Question | Statement | Sample Size, N | Mean | Standard Deviation | Mean Ranking | Standard Deviation Ranking |
|---|---|---|---|---|---|---|
| FC1 | P2P is compatible with other technologies I use. | 400 | 3.688 | 1.138 | 1 | 5 |
| FC2 | I have the necessary resources to use P2P lending platform. | 400 | 3.440 | 1.256 | 5 | 1 |
| FC3 | I received necessary help from my surroundings when I am having a hard time using a P2P platform. | 400 | 3.513 | 1.168 | 4 | 4 |
| FC4 | P2P lending platform support | 400 | 3.572 | 1.170 | 3 | 2.5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | team is helpful when I am having a hard time using it. | | | | | |
| FC5 | Fintech Product is compatible with all of my computing devices, mobile and gadgets. | 400 | 3.603 | 1.170 | 2 | 2.5 |

**Note: FC – Facilitating Condition

Thirdly, an analysis has been done on the questions about facilitating conditions. The data presented in Table 4.9 indicates that FC1 exhibits the biggest mean (3.688) and the smallest standard deviation (1.138). In the following, FC5 has the second-largest mean (3.603) and FC4 has the mean of 3.572. The standard deviations of FC 5 and FC 4 are 1.170, which is equal to each other. At last, FC2 achieves the lowest mean of 3.440 but it has the greatest standard deviation value which is 1.256.

#### 4.2.2.5 Social Influence

Table 4.10:

*Central Tendencies Measurement - Social Influence*

| Question | Statement | Sample Size, N | Mean | Standard Deviation | Mean Ranking | Standard Deviation Ranking |
|---|---|---|---|---|---|---|
| SI1 | People around me think that I should use a P2P platform. | 400 | 3.785 | 1.142 | 1 | 5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| SI2 | People who influence my behaviour think that I should use a P2P platform. | 400 | 3.555 | 1.264 | 5 | 1 |
| SI3 | I will make use of fintech services if my friend and relatives are using it. | 400 | 3.612 | 1.188 | 4 | 3 |
| SI4 | I will make sure of fintech services if my colleagues/business partners/clients/suppliers are using Fintech services. | 400 | 3.615 | 1.234 | 3 | 2 |
| SI5 | I do not know people in my private/professional surrounding who use or may use fintech. | 400 | 3.725 | 1.181 | 2 | 4 |

**Note: SI – Social Influence

The fourth variable to examine is social influence. According to the information in Table 4.10, SI1 has the lowest standard deviation (1.142) and the highest mean (3.785). SI5 has the second-largest standard deviation (1.181) and mean (3.725). For SI4, the respective means and standard deviations are 3.615 and 1.234. After that, a SI3 mean of 3.612 and a standard deviation of 1.188 are found. SI2 eventually reaches the smallest mean of 3.555. It manages to reach a highest standard deviation of 1.264 in spite of this.

#### 4.2.2.6 Performance Expectancy

Table 4.11:

*Central Tendencies Measurement - Performance Expectancy*

| Question | Statement | Sample Size, N | Mean | Standard Deviation | Mean Ranking | Standard Deviation Ranking |
|---|---|---|---|---|---|---|
| PE1 | I find a P2P platform useful for investments in my daily life. | 400 | 3.598 | 1.253 | 1 | 3 |
| PE2 | P2P platform increases my productivity. | 400 | 3.390 | 1.248 | 5 | 4 |
| PE3 | Use P2P learning would improve my opportunity to received additional income. | 400 | 3.498 | 1.198 | 2 | 5 |
| PE4 | Using P2P is beneficial for me. | 400 | 3.467 | 1.261 | 3 | 2 |
| PE5 | I expect to find Fintech useful in my financial management. | 400 | 3.453 | 1.266 | 4 | 1 |

**Note: PE – Performance Expectancy

The sixth variable looks at performance expectations. The table above indicates that PE1 exhibits the highest mean value (3.598) and the greatest standard deviation (1.253). Next, PE3 shows the smallest standard deviation (1.198) and the second-highest mean (3.498). PE4 has the third-highest

mean (3.467) and a standard deviation of 1.261. PE5, with a mean of 3.453, ranks fourth in terms of mean and has a standard deviation of 1.266. Lastly, EC3 has the lowest mean (3.390) but the highest standard deviation (1.248).

## 4.3 Scale Measurement

### 4.3.1 Reliability Test

Table 4.12:

*Cronbach's Alpha Reliability Analysis*

| No | Type of Variable | Name (Variable) | Number (Item) | Cronbach's Alpha | Reliability Test |
|---|---|---|---|---|---|
| 1 | Dependent Variable | Intention Behaviour | 5 | 0.932 | Excellent |
| 2 | Independent Variable | Perceived Risk | 5 | 0.876 | Good |
| 3 | Independent Variable | Effort Expectancy | 5 | 0.863 | Good |
| 4 | Independent Variable | Facilitating Conditions | 5 | 0.863 | Good |
| 5 | Independent Variable | Social Influence | 5 | 0.852 | Good |
| 6 | Independent Variable | Performance Expectancy | 5 | 0.873 | Good |

Table 4.12 above presents the reliability test result of each variable. The result shows that independent variables with Cronbach's alphas greater than 0.80 but less than 0.90, indicating good reliability, include perceived risk (0.876), effort expectation (0.863), enabling conditions (0.863), social influence (0.852), and performance expectancy (0.873) (Schrepp, 2020). The dependent variable shows outstanding dependability with a Cronbach's alpha of 0.932 (Schrepp, 2020). All of the scales may be summed up as being very dependable because the independent variables' Cronbach's alpha and the dependent variable both have values more than 0.70 as mentioned.

## 4.4 Preliminary Data Screening

To make sure the study's conclusion is trustworthy, preliminary data screening is done before hypothesis testing. The outer loading matrix, multicollinearity test, validity and reliability test, and heterotrait-monotrait ratio are the initial data tests that were conducted.

### 4.4.1 Measurement Model Assessment

Table 4.13 displays the study's factor loadings.

Table 4.13:

*Factor Loadings*

| Outer loading-Matrix | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **DV** | **EE** | **FC** | **PE** | **PR** | **SI** | **PR X EE** | **PR X FC** | **PR X SI** | **PR X PE** |

| | | | | | |
|---|---|---|---|---|---|
| **DV1** | 0.886 | | | | |
| **DV2** | 0.869 | | | | |
| **DV3** | 0.907 | | | | |
| **DV4** | 0.885 | | | | |
| **DV5** | 0.886 | | | | |
| **PR1** | | | 0.746 | | |
| **PR2** | | | 0.759 | | |
| **PR3** | | | 0.815 | | |
| **PR4** | | | 0.790 | | |
| **PR5** | | | 0.839 | | |
| **EE1** | | 0.768 | | | |
| **EE2** | | 0.853 | | | |
| **EE3** | | 0.827 | | | |
| **EE4** | | 0.800 | | | |
| **EE5** | | 0.834 | | | |
| **FC1** | | | 0.784 | | |
| **FC2** | | | 0.780 | | |
| **FC3** | | | 0.795 | | |
| **FC4** | | | 0.826 | | |
| **FC5** | | | 0.831 | | |
| **PE1** | | | | 0.692 | |
| **PE2** | | | | 0.834 | |
| **PE3** | | | | 0.823 | |
| **PE4** | | | | 0.835 | |
| **PE5** | | | | 0.821 | |
| **SI1** | | | | | 0.742 |
| **SI2** | | | | | 0.846 |
| **SI3** | | | | | 0.838 |
| **SI4** | | | | | 0.811 |

| | | | |
|---|---|---|---|
| **SI5** | 0.828 | | |
| **PR x SI** | | | 1.000 |
| **PR x FC** | | 1.000 | |
| **PR x EE** | 1.000 | | |
| **PR x PE** | | | 1.000 |

**Note: DV – Dependent Variable; PR – Perceived Risk; EE – Effort Expectancy; FC – Facilitating Condition; PE – Performance Expectancy; SI – Social Influence

## 4.4.2 Validity and reliability

The evaluation of the measurement model indicates that the composite reliability (rho_C) and reliability coefficient (rho_A) for reflective constructs (Table 4.14), are in the range of 0.70-0.95. In addition, the convergent validity was tested by implementing AVE (Average Variance Extracted) and the results exceeded the critical value of 0.50 (Hair et al., 2019).

Table 4.14:

*Construct Validity and Reliability*

| | **Composite Reliability (rho_a)** | **Composite Reliability (rho_c)** | **Average Variance Extracted (AVE)** |
|---|---|---|---|
| **DV** | 0.934 | 0.948 | 0.786 |
| **PR** | 0.877 | 0.909 | 0.625 |
| **EE** | 0.889 | 0.901 | 0.668 |
| **FC** | 0.870 | 0.900 | 0.646 |
| **PE** | 0.881 | 0.893 | 0.645 |
| **SI** | 0.881 | 0.907 | 0.662 |

**Note: DV – Dependent Variable; PR – Perceived Risk; EE – Effort Expectancy; FC – Facilitating Condition; PE – Performance Expectancy; SI – Social Influence

### 4.4.3 Multicollinearity test

The results show (Table 4.15) that all the data falls below the critical value of 5, which indicates a low multicollinearity problem appeared in the study. The problematic multicollinearity may exist when the VIF (Variance Inflation Factor) coefficients exceed the value of 4.0, but within the range of 5 still can be acceptable (Garson, 2016, p. 77).

Table 4.15:

*Collinearity (VIF)*

| | DV | EE | FC | PE | PR | SI | PR x EE | PR x FC | PR x SI | PR x PE |
|---|---|---|---|---|---|---|---|---|---|---|
| **DV** | | | | | | | | | | |
| **EE** | 2.441 | | | | | | | | | |
| **FC** | 2.594 | | | | | | | | | |
| **PE** | 1.812 | | | | | | | | | |
| **PR** | 1.848 | | | | | | | | | |
| **SI** | 2.690 | | | | | | | | | |
| **PR x EE** | 1.521 | | | | | | | | | |
| **PR x FC** | 4.830 | | | | | | | | | |
| **PR x SI** | 4.790 | | | | | | | | | |
| **PR x PE** | 2.380 | | | | | | | | | |

**Note: DV – Dependent Variable; PR – Perceived Risk; EE – Effort Expectancy; FC – Facilitating Condition; PE – Performance Expectancy; SI – Social Influence

### 4.4.4 Heterotrait-Monotrait Ratio (HTMT)

The table below show the result of HTMT ratio of each variable in the study.

Table 4.16**:**

*Discriminant Validity (HTMT)*

| | **Heterotrait-Monotrait Ratio** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **DV** | **EE** | **FC** | **PE** | **PR** | **SI** | **PR x EE** | **PR x FC** | **PR x SI** | **PR x PE** |
| **DV** | | | | | | | | | | |
| **EE** | 0.410 | | | | | | | | | |
| **FC** | 0.459 | 0.617 | | | | | | | | |
| **PE** | 0.495 | 0.603 | 0.628 | | | | | | | |
| **PR** | 0.342 | 0.769 | 0.458 | 0.411 | | | | | | |
| **SI** | 0.358 | 0.606 | 0.853 | 0.664 | 0.475 | | | | | |
| **PR x EE** | 0.081 | 0.179 | 0.052 | 0.031 | 0.070 | 0.072 | | | | |
| **PR x FC** | 0.166 | 0.052 | 0.040 | 0.035 | 0.057 | 0.037 | 0.522 | | | |
| **PR x SI** | 0.129 | 0.072 | 0.041 | 0.058 | 0.023 | 0.043 | 0.518 | 0.871 | | |
| **PR x PE** | 0.114 | 0.024 | 0.039 | 0.107 | 0.075 | 0.040 | 0.493 | 0.699 | 0.701 | |

**Note: DV – Dependent Variable; PR – Perceived Risk; EE – Effort Expectancy; FC – Facilitating Condition; PE – Performance Expectancy; SI – Social Influence

The HTMT (Heterotrait-Monotrait Ratio) was used to assess the discriminant validity of correlations in this study. The outcomes shown in Table 4.16 satisfy the suggested minimum value of less than 0.90 (Hair et al., 2019).

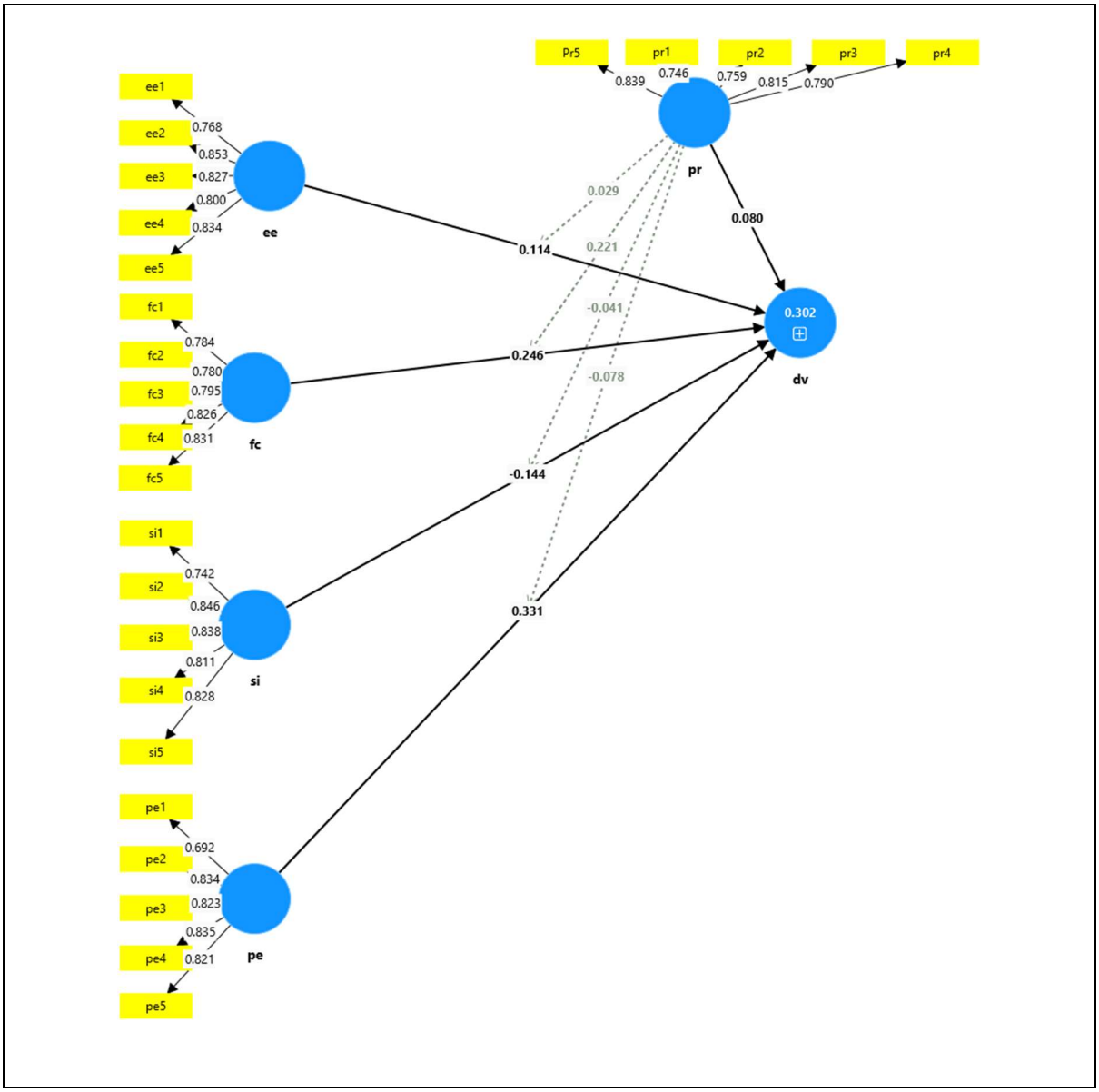
# 4.5 Inferential Analysis

## 4.5.1 Structural Model Assessment

The partial least square structural equation modelling (PLS-SEM) guidelines developed by Hair et al. (2019) were used to estimate this model. The route coefficients of the study's direct and indirect effects are evaluated using bootstrapping. In the model, 5000 bootstrap samples are used. This study used a two-tailed test with a crucial P-value of less than 0.05, or $\alpha=0.05$ as the significant threshold. The outcomes of the structural model from this study are presented in the figure below.

Figure 4.6:

*Structural Model Results*




**Note: DV – Dependent Variable; PR – Perceived Risk; EE – Effort Expectancy; FC – Facilitating Condition; PE – Performance Expectancy; SI – Social Influence

Table 4.17:

*Path Coefficient, Standard Error, T-Value, P-Value and Hypotheses Testing*

| **Hypotheses** | **Details** | **Beta value** | **Standard Error** | **T-value** | **P-Value** | **Result** |
|---|---|---|---|---|---|---|
| H1 | PR->DV | 0.080 | 0.065 | 1.230 | 0.219 | Reject H1 |
| H2 | EE->DV | 0.114 | 0.066 | 1.715 | 0.086 | Reject H2 |
| H3 | FC->DV | 0.246 | 0.067 | 3.685 | 0.000 | H3 accepted |
| H4 | SI->DV | -0.144 | 0.063 | 2.271 | 0.023 | H4 accepted |
| H5 | PE->DV | 0.331 | 0.058 | 5.657 | 0.000 | H5 accepted |

**Note: DV – Dependent Variable; PR – Perceived Risk; EE – Effort Expectancy; FC – Facilitating Condition; PE – Performance Expectancy; SI – Social Influence

The results of the direct effect hypothesis test are displayed in the table above. The dependent variable, young investors' non-intention to participate in peer-to-peer lending platforms, is directly impacted by independent variables such as perceived risk, effort expectancy, facilitating condition, social influence, and performance expectancy.

The two independent variables, perceived risk and effort expectancy, are not significantly influence to the dependent variable at the $\alpha$=0.05 level, (Hypothesis 1 & 2 rejected); whereas the remaining 3 independent variable which are facilitating condition, social influence and performance expectancy show significant result towards the dependent variable or in the other word has direct relationship with the non-intention (Hypothesis 3,4 & 5 accepted).

## 4.5.2 Analysis of Moderating effect

In this study, perceived risk is the moderator to moderate the relationship between other independent variables such as social influence, performance expectancy, facilitating condition and

effort expectancy towards non-intention to invest in P2P lending towards youth investor. The table below presents the outcomes of the hypothesis testing.

Table 4.18:

*Path Coefficient, Standard Error, T-Value, P-Value and Hypotheses Testing （Moderating）*

| Hypothesis | Details | Beta value | Standard Error | T-values | P values | Result |
|---|---|---|---|---|---|---|
| H6 | PR x SI -> DV | -0.041 | 0.074 | 0.547 | 0.585 | Reject H6 |
| H7 | PR x PE -> DV | -0.078 | 0.061 | 1.275 | 0.203 | Reject H7 |
| H8 | PR -> FC -> DV | 0.221 | 0.077 | 2.865 | 0.004 | H8 accepted |
| H9 | PR -> EE -> DV | 0.029 | 0.049 | 0.590 | 0.555 | Reject H9 |

**Note: DV – Dependent Variable; PR – Perceived Risk; EE – Effort Expectancy; FC – Facilitating Condition; PE – Performance Expectancy; SI – Social Influence

The preceding table indicates that hypothesis 8 is supported since, at $\alpha=0.05$ ($p<0.05$), perceived risk has a positive moderating influence on the enabling condition towards the dependent variable. As there is no moderating influence of perceived risk on the association between performance expectancy, facilitating condition, and effort expectancy towards the dependent variable at $\alpha=0.05$ ($p>0.05$), the remaining hypotheses, which are hypotheses 6, 7, and 9, are rejected.

## 4.5.3 Coefficient of Determination ($R^2$)

The table (Table 4.19) below show the coefficient of determination ($R^2$) of the model

Table 4.19:

*Determination of co-efficient ($R^2$)*

| | R-square | Adjusted R-square |
|---|---|---|
| **$R^2$** | 0.302 | 0.286 |

The $R^2$ for the non-intention to invest in peer-to-peer lending platform is 30.2%, it indicates that 30.2% of total variance in the non-intention is explained by perceived risk, effort expectancy, facilitating condition, social influence and performance expectancy.

## 4.5.4 Effect Size $f^2$

Table 4.20:

*Determination of effect size ($f^2$)*

| | DV |
|---|---|
| **DV** | |
| **EE** | 0.008 |
| **FC** | 0.033 |
| **PE** | 0.087 |
| **PR** | 0.005 |
| **SI** | 0.011 |

**Note: DV – Dependent Variable; PR – Perceived Risk; EE – Effort Expectancy; FC – Facilitating Condition; PE – Performance Expectancy; SI – Social Influence

The assessment criteria of effect size ($f^2$) are the value below than 0.02 indicate small effect; value fall between 0.03 to 0.015 indicate medium effect; value above 0.015 to 0.035 indicate large effect (Hair et al., 2019)

As can be seen in Table 4.20, the dependent variable (non-intention to invest in peer-to-peer lending) has the largest effect size when it comes to performance expectancy. The dependent variable that has the smallest effect size is perceived risk, followed by facilitating conditions, social influence, and effort expectancy.

### 4.5.5 Model's predictive relevance ($Q^2$)

The following table shows Stone-Geisser's $Q^2$ of the model of study. The value above 0 indicates the model is well constructed and the model has predictive relevance (Hair et al., 2019).

Table 4.21:

*Stone-Geisser's ($Q^2$)*

| | **$Q^2$predict** |
|---|---|
| **DV** | 0.257 |

DV – Dependent Variable

The predictive relevance **($Q^2$)** of the model is above 0, it indicates the model of this study is well constructed and has predictive relevance.

## 4.6 Conclusion of Chapter 4

SmartPLS 4.0 is being used to perform data analysis. In the reliability test, it found out that the scale of the questionnaires is reliable. Furthermore, the data has passed all the preliminary data screening requirements such as validity and reliability test, multicollinearity test, Heterotrait-Monotrait Ratio and outer loading matrix. In the PLS-SEM model, the independent variables such as social influence, performance expectancy, and facilitating condition significantly influence the non-intention to invest in a P2P lending platform whereas perceived risk and effort expectancy

show insignificant results. When it comes to moderation study, perceived risk is found only as a moderate facilitating condition towards the non-intention to invest in P2P lending platform.

# CHAPTER 5: DISCUSSION AND CONCLUSION

## 5.1 Introduction

In this chapter, it consists of detailed exploration of the results and findings presented in Chapter 4. It begins with a concise overview of the results from the inferential analysis. Following this, the chapter delves into an examination of the factors contributing to these results. Additionally, it offers recommendations on how these findings can be practically applied. Finally, the chapter considers the limitations of the study and proposes directions for future research.

## 5.2 Statistical Analysis Summary

Table 5.1:

*Summary of the Statistical Findings*

| Independent Variables | T-value | P-value | Findings |
|---|---|---|---|
| Perceived Risk | 1.230 | 0.219 | Insignificant |
| Effort Expectancy | 1.715 | 0.086 | Insignificant |
| Facilitating Condition | 3.685 | 0.000 | Significant |
| Social Influence | 2.271 | 0.023 | Significant |
| Performance Expectancy | 5.657 | 0.000 | Significant |
| Moderating Effect of perceived risk towards social influence | 0.547 | 0.585 | Insignificant |

| | | | |
|---|---|---|---|
| Moderating Effect of perceived risk towards performance expectancy | 1.275 | 0.203 | Insignificant |
| Moderating Effect of perceived risk towards effort expectancy | 0.590 | 0.555 | Insignificant |
| Moderating Effect of perceived risk towards facilitating condition | 2.865 | 0.004 | Significant |

According to Table 5.1, facilitating condition, social influence and performance expectancy have significant influence toward non-intention to invest in P2P lending platforms. For moderating study, perceived risk has a significant moderating effect on facilitating condition relationships with non-intention to invest in P2P lending platforms. Therefore, facilitating condition, social influence and performance expectancy are strong predictors of the non-intention to invest in P2P Lending Platforms among youth investors in Malaysia moderated by the perceived risk towards facilitating condition.

## 5.3 Discussion on research findings

### 5.3.1 Important Factors Influencing Youth Investors' Non-Intention to Invest in P2P Lending Platforms in Malaysia

#### 5.3.1.1 Perceived Risk and Non-Intention to Invest in P2P Lending Platforms

This study found that perceived risk has no presence of influencing the non-intention to invest in P2P lending platforms among youth investors in Malaysia. The result is the same with Thaker et al. (2019), Khương et al. (2022), Sipangkar & Wijaya (2020) and Duong & Nguyen (2023).

Malaysian youth investors may have good confidence towards technology adapted by platform which has been improved a lot compared with previous time, this enables investors to believe that information on platform is reliable and perceived a low risk on which is tally with the study done by Thaker et al. (2019). Furthermore, although there will be technical errors on the P2P lending platform, it is still acceptable since this factor has been considered during the investment decision (Duong & Nguyen, 2023). Furthermore, it can also justify that Malaysian youth investors have an optimistic view on the P2P lending platform and don't perceive high risk from P2P lending platforms which tally with the result done by Sipangkar & Wijaya (2020). Therefore, perceived risk is not the factor that affects youth investors' non-intention to invest in peer-to-peer lending platforms.

#### 5.3.1.2 Effort Expectancy and Non-Intention to Invest in P2P Lending Platforms

This research had revealed that effort expectancy was found not influencing the non-intention to invest in P2P lending platforms among youth investors in Malaysia. These results are consistent with the studies of Mishra et al. (2023) and Zamzami (2020).

The result of this study is different from (Wang et al., 2019; Septiani et al., 2020; Dharmastuti & Laurentxius., 2021; Mudjahidin et al., 2022) but it is consistent with the study of Zanzami (2020), which states that the application of the fintech products is used for personal satisfaction by certain person instead of the performance. In addition, users of P2P lending perceive the apps are easy to use compared to the financial instruments that have complex procedures (Dharmastuti & Laurentxius, 2021). The youth investors in Malaysia are found to have high familiarity and acceptance towards digital platforms, the P2P lending platforms are found to be more

straightforward for them to use. Therefore, effort expectancy is no longer a factor influencing non-intention to invest in P2P lending platforms among youth investors in Malaysia.

#### 5.3.1.3 Facilitating Condition and Non-Intention to Invest in P2P Lending Platforms

Furthermore, facilitating condition was found has significant influence toward non-intention to invest in P2P lending platforms. The findings align with the studies conducted by Odei-Appiah et al. (2022), Rahim et al. (2023), and Bajunaied et al. (2023).

Facilitating conditions can be linked with the infrastructure of the support system of the P2P lending platform. According to Bajunaied et al. (2023), a good facilitating condition of the P2P lending platform enables the investor to eliminate potential issues and promote strong confidence of investors towards the platform. Furthermore, a robust infrastructure of a P2P lending platform also can build trust from investors by protecting the personal information of users to prevent data leakage. (Odei-Appiah et al. 2022). Therefore, the lack of protections in infrastructure of the platforms could cause the consumers' non-intention to invest in P2P lending.

Due to the different directions of study compared to previous researchers, although facilitating condition were found to be significant, the positive numbers obtained had explained that the youth investors are not considering the wellness of facilitating condition. The youth investors may prefer other reasons more than facilitating condition when it comes to non-intention to invest in P2P lending platforms.

#### 5.3.1.4 Social Influence and Non-Intention to Invest in P2P Lending Platforms

Furthermore, it is shown that among Malaysian young investors, social influence has a significant influence on their intention to not invest in P2P lending platforms. This result is consistent with the research conducted by Mudjahidin et al. (2022), Chandran and Alammari (2020), Wang et al. (2019), and Septiani et al. (2020).

Malaysia has collaborated with influential people. They gathered a group of trustworthy social media enthusiasts and financial educators who are proficient at evaluating P2P lending's benefits and drawbacks (Mudjahidin et al., 2022). In the digital era, social media and investing forums consistently share the experiences of their peers who have lost money or had bad luck using P2P lending systems, leading an increasing number of peers are encouraging their peers who have had bad experiences to tell others about them and advise others (Septiani et al., 2020). In consequence, the information obtained from social media users, especially those who have more traditional financial knowledge and may be warrier about P2P lending, will lead to non-intention to invest in P2P lending among youth investors.

#### 5.3.1.5 Performance Expectancy and Non-Intention to Invest in P2P Lending Platforms

Based on the result obtained, the performance expectancy was found to be influencing the non-intention to invest in P2P lending platform. This outcome is found to be the same with the study done by Solihat et al. (2023) and Septiani et al. (2020).

As mentioned earlier, the performance expectancy was associate with transaction speed and transaction convenient elements which could improve the investors productivity and the transaction time needed were expected to be shorten follow with the technology improved (Solihat et al., 2023). Solihat et al. (2023) mentioned that users of P2P lending believe that the services can enhance their performance through access to finance. When comes to non-intention, the requirement of transaction speed could affect the youth investors time cost as they unable to receive the repayment or principal amount in time. In consequences, the youth investors might face a potential loss of missing investment opportunity in future, leading them non-intention to invest in P2P lending.

Although performance expectancy was found significantly affect the non-intention to invest in P2P lending and tally with the previous research, but the different direction of studies leads to the different justification. The positive number of coefficients interpret that the performance

expectancy was not noticed by the youth investors when comes to non-intention to invest as they prefer other factors such as profit of the platforms instead of transaction speed of the platform.

#### 5.3.1.6 Moderating Effect of perceived risk towards social influence and non-intention to invest in P2P lending platforms

In addition, the result obtained shows that there is no moderating effect of perceived risk towards social influence and non-intention to invest in P2P lending platforms. The results align with the research conducted by Putri and Yuliati (2022).

According to Putri and Yulitati (2022), the consumers tend to make options based on their knowledge and credible references when accessing to risk. When comes to investment decisions, the potential youth investors might lack of sufficient knowledge about the specific risk associated with P2P lending, leading them to reply more heavily on social than their own risk assessments. As a result, perceived risk does not significantly alter the effect of social influence.

#### 5.3.1.7 Moderating Effect of perceived risk towards performance expectancy and non-intention to invest in P2P lending platforms

Moreover, the results collected shows that there is no moderating effect of perceived risk towards performance expectancy and non-intention to invest in P2P lending platforms. This result is found to be the same with the research of Chayomchai et al. (2020).

The potential youth investors might prioritize different criteria over perceived risk when considering performance expectancy (Putri and Yuliati, 2022). If the individual is highly confident in the platform's performance, belief that P2P lending platforms will deliver beneficial outcomes, perceived risk might not significantly alter their intention not to invest in the P2P lending platform.

#### 5.3.1.8 Moderating Effect of perceived risk towards effort expectancy and non-intention to invest in P2P lending platforms

Additionally, the data obtained shows that there is no moderating effect of perceived risk towards effort expectancy and non-intention to invest in P2P lending platforms. This outcome is tally with Chao (2019).

According to Chao (2019), the users may separate their considerations of how easy the platform is to use from their perceptions of the risks involved, resulting in no interaction between these factors. Meanwhile, the potential users might not fully understand the risks involved in platform or might be more influenced by the perceived effort required to use the platform (Chao, 2019). As a result, insufficient awareness might reduce the influence of perceived risk in moderating the impact of effort expectancy.

#### 5.3.1.9 Moderating Effect of perceived risk towards facilitating condition and non-intention to invest in P2P lending platforms

Furthermore, the results indicate that perceived risk moderates the relationship between facilitating conditions and non-intention to invest in P2P lending platforms. This result is found to be the same with Chen and Lai (2023).

When perceived risk is high, even strong facilitating conditions (such as good customer support and reliable technology) might be insufficient to encourage consumption on the platform (Chen and Lai, 2023). Conversely, low perceived risk might enhance the positive effect of facilitating conditions, making investors more confident in the platform's reliability (Putri and Yuliati, 2022). However, external factors such as market volatility, economic conditions can influence perceived risk. In a high-risk environment, the presence of strong facilitating conditions might not be enough to alleviate the investor concerns, leading to a higher non-intention to invest.

The value of the data had been found to be decreasing, but it was still in a positive relationship when the moderating of perceived risk was added in the direct relationship between facilitating condition and non-intention to invest in P2P lending platforms. As mentioned earlier, the different directions of studies had led to different justification. Although the perceived risk could alter the relationship of facilitating condition towards non-intention to invest, the result of positive numbers explained that the youth investors still excluded the facilitating conditions of the platforms when perceived risk was considered.

## 5.4 Implications of the Study

First, the third independent variable, facilitating condition has significant influence toward non-intention to invest in P2P lending platforms. Therefore, to enhance user-friendliness, it is advisable for platform administrators to offer a demo feature on their peer-to-peer (P2P) platform, facilitating interaction between lenders and borrowers. This can boost overall user engagement and ease of adoption and could significantly influence youth investors by letting them to lower the concern of information asymmetry. The future researchers also can utilize big data to greatly diminish information asymmetry by offering lenders deeper insights into borrowers' creditworthiness. This involves examining unconventional data outlets like social media engagement, transaction records, and other behavioral data.

The study's findings for the fourth independent variable presence of significant relationship between social influence and the non-intention to invest in P2P lending platform. Therefore, the P2P lending platform can proactively interact with users and potential investors on social media platforms. This involves sharing educational content, participating in discussions, and addressing user inquiries and issues. Establishing a robust social media presence and fostering connections with users can enhance the platform's social influence and promote investment. The P2P lending platform administrators also can introduce a referral initiative encouraging current users to invite

friends and family to join the platform. This may involve providing incentives like discounts or bonuses for successful referrals. Leveraging users' existing social networks allows the platform to capitalize on their trusted relationships and influence within their circles.

The fifth independent variable which is performance expectancy has significant influence toward non-intention to invest in P2P lending platform. Therefore, P2P operators can provide educational resources like webinars and tutorials that can assist potential investors in learning to navigate the platform effectively and optimize their investments. These educational materials should include topics such as managing risks, employing investment strategies, and understanding the advantages of P2P lending. They can also show examples of successful lending experiences and good results can prove that the platform is trustworthy and works well. The investment advisors can assist in evaluating the performance expectancy by assessing the credibility and reliability of P2P platforms.

## 5.5 Limitations of Study

First and foremost, this study's target respondents are Malaysian young investors. Malaysia was selected for this study because of its substantial young adult population, which is beginning to enter the workforce and achieve financial independence. The investment behaviour of Malaysian youth investors is crucial to understand because they will influence the investment trends of the country. However, the result of this study does not represent the perspective of youth investors of other countries in intention to invest in P2P lending platforms due to cultural and economic factors. Malaysia also lacks cross sectional research available. This limits the comparison of the Malaysian P2P lending market with those in other countries, and hard to identify unique market characteristics. Additionally, the lack of cross-sectional data hinders the ability to evaluate the effects of recent innovations or regulatory changes on investor intentions and market dynamics.

The P2P lending platform in Malaysia is currently in its early stages of development compared to advanced markets in other countries. However, the P2P lending platform is continually evolving, and the sector’s evaluation is driven by increasing awareness and acceptance among the youth

investors who are exploring the investment opportunities. Therefore, the rapidly evolving nature of the P2P lending market causes the research or data to be quickly outdated. As P2P lending platforms keep evolving and adding new features, investor perceptions and behaviors might change, making current findings outdated in future.

Last but not least, this study relied on hypothetical scenarios to assess respondents' intentions to invest in P2P lending platforms. Hypothetical scenarios can offer insights into the perspective of respondents in decision making. However, the hypothetical scenarios do not involve the various factors that respondents might face in real-world investment situations such as risk perceptions, financial constraints, the changes in the market conditions. Therefore, the study might not fully capture all the complexities and factors that influence real investment decisions in P2P lending. Meanwhile, the individuals' financial literacy on P2P lending platforms are different, so they might not understand the questionnaire and fill up the biased answer.

## 5.6 Recommendations for Future Research

First of all, scholars in the future can examine P2P lending from more angles. Further researchers can collect the opinion of investors not only in Malaysia, but also across ASEAN or ASIA to do cross sectional analysis about P2P lending. The reason is because each country has a different culture and background, and it may impact the investor opinion. The purpose of cross-sectional analysis enables the researcher to have a better understanding towards this fintech product.

Furthermore, future researchers can conduct new research about P2P lending platforms, when the platform is more advanced compared with now. When P2P lending is more advanced compared with now, the result may be different with the current study due to different context. Other than that, the regulatory bodies might implement new rules and guidelines to improve investor protection, boost transparency, and mitigate risks linked to P2P lending. They could enforce

stricter operational requirements for platforms that might increase investor confidence by creating a safer investment environment.

Lastly, the current research does not take into consideration how hypothetical scenarios vary with the actual conditions that happen in the real world. When the future research conducts study about the P2P lending platform, it is suggested to provide a case study related to the real world, for example add on guidelines in questionnaires which relate to views towards actual macroeconomic conditions. Moreover, researchers can conduct a follow-up interview or focus groups could provide a deeper understanding of the complexities involved in real investment scenarios and validate the responses from hypothetical scenarios. By delving into respondents' experiences and viewpoints, researchers can gain a clearer picture of the factors influencing their decisions.

## 5.7 Conclusion of Overall Study

Finding out the factors that influence Malaysian young investors' willingness to invest in P2P lending platforms is the main goal of this research. The evaluation of the information gathered by distributing questionnaires to Malaysian youth investors is done using SmartPLS 4.0. The study's findings proved that H3, H4, H5, and H9 are accepted. From this, it can be concluded that the non-intention of young Malaysian investors to participate in P2P platforms is significantly influenced by facilitating conditions, social influence, performance expectations, and the moderating effect of perceived risk towards enabling conditions. Although the facilitating condition (H3) and performance expectancy (H5) found to be significant influence, the value was found to be positive which explained that the youth investors tend to be ignoring both independent variables when it comes to non-intention to invest. In this situation, this study recommends that future research could seek detailed information by including the attitude of the respondents as different investors have different concerns when adopting a new technology. Nevertheless, there is no significant relationship between the non-intention to invest in P2P systems and H1, H2, H6, H7, and H8. Furthermore, these data are analysed in detail and some consequences are presented. Lastly, the

study's shortcomings are discussed and suggestions for more research are made. Consequently, this study could provide future researchers with some direction about respondent selection, data collection, and variable selection.

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