

## Determinants of the Decision to Provide Loans to Potential Investors on a Peer-to-Peer Lending Platform

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### ABSTRACT

*This research aim to reveal a number of possible factor influence investors decisions To do investment in Peer-to-peer (P2P) lending services in Indonesia. Study this use method survey with method distribute questionnaire through googleform to any of the users or a number of service banking . There are 82 questionnaires processed in research this using the PLS smart assistance program . Results in study this prove that Accumulation Transaction and Refund History , as well perception risk take effect to decision gift loan . With evaluate significant factor about party borrower , then potential investors will more easy for differentiate borrower one with others on P2P lending services With a number of factor , got is known that if party borrower could Fulfill all aspect such , then party borrower has give quality signal tall to potential investors. Results of research this expected could add nor expand knowledge knowledge as well as give proof new about a number of factor to be determinant decision gift loans on P2P lending services.*

*Keywords: Accumulation Transactions , Refund History , Perceptions Risk , Decision Gift Loan.*

### INTRODUCTION

Along with change style life Public moment This is dominated by technology more and more information sophisticated , then show up something demands must live all fast, effective, and efficient, one of them in field finance. Presence technology finance or fintech (financial technology) in the middle life moment this has make needs life Public in field finance could fulfilled with more easy and more fast. Fintech can interpreted as something form merger whole sector technology in the field finance used for facilitate activity sell buy and activity business in form service for users (Ion and Alexandra, 2016). The fintech revolution is driven by a wave of start-ups with business models and revenue streams innovative new products and services new , as well change finance Becomes more good globally (Chishti and Barberis , 2016).

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remittances, intermediation of funds , investments , concurrently with change style life Public moment This is dominated by technology more and more information sophisticated , then show up something demands must live all fast, effective, and efficient, one of them in field finance. Presence technology finance or fintech in the middle life moment this has make needs life Public in field finance could fulfilled with more easy and more fast.

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investments, crowdfunding, and even can in get recommendation investment in a manner automatic through technology intelligence artificial (Kusuma and Asmoro , 2020).

one fintech services that provide access invest or activity borrow borrowing funds is peer-to-peer (P2P) lending. P2P lending is a service platform borrow borrow online based where investors can lend a number the money to borrowers individual not group, as well without involve intermediary institution finance (Lin et al., 2013). P2P lending in Indonesia has regulated in the Regulations Financial Services Authority (POJK) Number 77/POJK.01/2016 concerning service borrow based borrowing technology information. Until moment this, has there is three P2P lending startups that dominate the market in Indonesia, namely Modalku , Investree and Amartha (Rizal et al., 2018). P2P lending is here for reduce level gap in Thing access loan conventional through a bank or institution finance conventional other.

Mechanism in P2P lending services are based on application submission loans by parties borrowers who have Fulfill criteria. Then submission the placed on P2P lending services and so on offered to consumers who want invest for get level return as good possible (Stern et al., 2017). Besides In addition, P2P lending services can also be provide loan with a small nominal as well as without collateral which is where things that of course very profitable for the parties borrower and also own level sufficient returns tall for investors. In the end, this P2P lending service could help society that doesn't accessible by facilities banking ( Saksonova et al, 2017). P2P lending is one experienced fintech products the fastest growing in Indonesia. this because height level the need for funds by the unbankable community (Rizal et al., 2018). For Indonesian people, P2P lending services have many interested with various type reason . Convenience and brevity time in transact be one reason. For party borrower, of course very profitable if compared with to do lending funds through institution finance conventional process more eat time.

Study earlier has put forward that there is a number of thing to be factor pusher investors decisions invest through P2P lending services. Research from Khan and Xuan (2021) concludes that period time longer loans, goals funding form card credit, and age borrower have significant impact to probability gift loans by users service online banking on P2P lending services. Then, Lin et al. (2013) found that network social in context bond friendship Act as signal quality good credit. It get investors to enter consideration the in decision gift loan them. From the side gender differences, Chen et al. (2016) concluded that borrower with type sex woman have probability more tall for get loan funds. this caused because default level more low than borrower behavior. Temporary that, of factors perception risk, Thaker et al. (2019) found that perceived risk is not take effect to decision giver loan in give funding. In line with study Thacker et al (2019), results research by Yang et al (2015) found that perceived risk is related negative to trust use fintech services. It caused because user has build strong trust especially formerly to technology for cope risk that will received later.

## METHOD

Study this use method quantitative with using the primary data obtained with distribute questionnaire. Questionnaire shared to customers one user or a number of service banking. Distribution questionnaire in a manner no direct conducted through online media with using Google Forms. Population in study this is customers one user or a number of service banking in Indonesia. Reason researcher in choose population the because customers user service banking has know about the model of the transaction banking , like deposit cash. it enough for support user service banking as potential investors and respondents target, because deposit money in the bank have same concept like deposit money in P2P lending services. The main thing that most distinguishes that is freedom and diversity in thing election period time loan, amount of funds allocated and yield

possible results determined by the parties themselves give loan with view the project list loans that have provided. Group respondent this have more probability tall for Becomes party give loans on P2P lending services . This remember more prospects superior for get more returns high in the coming period come than investing in deposits. In study this, author using nonprobability sampling with accidental sampling technique, method taking a sample that relies on collecting data from members willing population for participate in research (Saunders et al., 2012). The data obtained in the research this is with method distribute questionnaire.

Questionnaire distributed as much through the google form that is distributed to respondent with distributing hyperlinks and posters containing questionnaire barcodes to various social media , such as WhatsApp, Instagram and Facebook. This intended for researchers could collect objective data for test hypothesis. From the data obtained the then will processed, analyzed and withdrawn conclusion.

## RESULT and DICUSSION

### Result

**Table 1. path coefficients**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
PR -> LD	0,610	0,617	0,107	5,699	<b>0,000</b>
TA -> LD	0,321	0,310	0,114	2,818	<b>0,005</b>

Source : PLS (2022)

### Discussion

#### Accumulation Transactions and Refunds History on Decision Loan

From the results analysis the could formulated that accumulation transactions and history refund effect significant positive to decision gift loan form intention in lend. With so, can interpreted that if party borrower give the information form accumulation transactions and history refund, then level willingness potential investors in give loans on P2P lending services will the more high. Results of research it also supports research by Yum et al. (2021), and Herzenstein et al. (2011) stated that information about accumulation Transaction and refund history is considered as inference appropriateness credit in the end will affect taking decision giver loans on P2P lending services.

#### Perceived Risk on Decision Loan

From the results analysis the could formulated that perception perceived risk no

take effect to decision gift loan. The risk in question in study this refers to the risks that arise on use P2P lending services used by potential investors because exists uncertainty or consequence negative. With so, can interpreted that if the risk perceived by potential investors is increasing, then level decision in give loan will the more down. On the other hand, if The risks perceived by potential investors are increasing down, then level decision in give loan will rising. This could occur because possibility party potential investors have could cope all risks that occur nor will occurs in P2P lending services. Results of research it also supports research by Yang et al. (2015), and Thaker et al. (2019) which stated that fintech users have build element of trust formerly as solution coping with their risks feel. Besides it, Ryu (2018), and Yu (2012) stated that intention somebody in decide for use something technology new effect positive to risk.

## CONCLUSION



Study this contribute to the fintech literature especially on types of fintech P2P lending with give donation knowledge knowledge about factors what only can push decision potential investors in give loan to party borrower through P2P lending service results findings from research this expected will could give input for party potential investors or providers loan if necessary consider information about accumulation transactions and history refund as well perception risk. Whole provider P2P lending services in Indonesia that have registered and supervised by OJK will require party borrower for upload information about card identity original, so party potential investors automatic no need information such, because Thing the has managed with well by the provider service. Besides that's the majority provider Neither do P2P lending services in Indonesia oblige for include social media profiles of parties borrower.

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