Crowdlending in Asia: Landscape and Investor Characteristics

November 2020

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Overview

Multiple issues arise with the emergence of crowdlending; these pertain to regulation, risk management and investors' behaviour. Compared to the non-investment crowdfunding model, crowdlending is the dominant model in the world. As of 2019, crowdlending accounted for more than 95% of the funds raised worldwide, with Asian countries – particularly China – in the lead. In early 2020, China had the largest volume of money-raising transactions from crowdfunding totalling more than 200 billion USD. However, given the industry's potential growth in Asian countries, multiple issues with crowdfunding practices need to be resolved.

Media coverage on crowdlending is increasingly widespread, as seen from how it has become a buzzword within the last few years. Media attention on crowdlending can help us understand media awareness, media framing, and public understanding of the topic. Further, there is a lack of information on distinct characteristics and decision making of crowdfunding investors in the field of investor behaviour.

We analysed the news coverage on crowdlending in Asia spanning a ten-year period from 2009 to 2019. We also surveyed crowdlending investors to understand their behaviours when interacting with crowdlending platforms. Our analyses provide insights into the challenges and opportunities of the crowdlending industry in Asia. They also reveal crowdlending investors' behaviour. Understanding this behaviour is critical for the crowdlending industry to survive and thrive.

Methodology Overview

Singapore Institute of Technology supported by Crowdo undertook the research from July 2019 to March 2020. The research comprised text analysis of major newspapers in Asia and survey of Crowdlending investors in Singapore. The aims of the research were (1) to understand how crowdlending has been diffused in Asia within the last 10 years, and (2) to gain greater insights into Crowdlending investors' behaviour. The text analysis in this document reveals diffusion of information on crowdlending in the media. This diffusion could potentially help the public, practitioners and governments to be aware of the crowdlending platform's potential risks and ways to mitigate them. In addition, our survey data present investors' perceptions toward crowdlending platform. For questions or more information about the text analysis, survey analysis and findings, please contact the Singapore Institute of Technology research team (Arif.Perdana@Singaporetech.edu.sg).

Methodology Statement

To understand crowdlending diffusion in Asia, a sample of electronic news published in Asian countries was collected from Factiva (database) between December 2019 and March 2020. The news coverage on crowdlending in Asia spanned a ten-year period from 2009 to 2019. For a manageable news search, a pre-determined list of news media was created, specifically major newspapers and major global business newspapers (in terms of circulation) available on Factiva containing representative news on crowdlending in Asia. The newspapers were: *South China Morning Post* (Hong Kong), *China Daily* (China), *The Asahi Shimbun Asia & Japan Watch* (Japan), *The Straits Times* (Singapore), *The Jakarta Post* (Indonesia), *The Nation* (Thailand), *Mint* (India), *Korea Economic Daily* (South Korea), *Financial Times* (Global – Asian Region), *Wall Street Journal* (Global – Asian Region), and *The Australian Financial Review* (Global – Asian).

The dataset comprised 1,269 English language news articles containing a total of 951,030 words. Computer-assisted textual analysis (Wordij 3.0) was applied to understand media coverage on crowdlending challenges, opportunities, emergence, and diffusion over this period. The words were counted based on the frequency of occurrence. Nodes that were distant and unconnected to other clustered nodes were automatically discarded.

To understand crowdlending investors' behaviour, the research team supported by Qualtrics research panel provider conducted an online survey between February and March 2020. Prior to the survey distribution, the team spent six months (from July 2019 to January 2020) to develop, test and validate the questionnaire. The survey polled a sample of 222 crowdlending individual investors residing in Singapore.

Crowdlending in Asia

Crowdlending is increasingly popular as a means of alternative investment or for raising capital. This platform emerged in Asia in 2009, with China being one of the earliest countries to introduce crowdlending. Since its inception over a decade ago, the industry has grown significantly. Yet, multiple unresolved issues remain.

Our findings centre on around two main themes: diffusion of crowdlending in China and diffusion outside China. Overall, the development of crowdlending in China dominated media coverage during the period 2009-2014. By publishing crowdlending related news positively, the media helped to raise public awareness of the potential of the platform. Media attention at this time resulted from circumstances in China, thus allowing crowdlending to flourish. In particular, media coverage on two factors contributed to the rapid growth of crowdlending, namely, interest rate liberalization and financial disintermediation. While these two factors were the initial catalysts of crowdlending, in the years following, they were misused by crowdlending companies engaged in fraudulent and criminal activities. These companies attracted lenders with promises of high return while charging borrowers high interest rates. In other words, instead of making borrowing more convenient and flexible for small businesses and individual borrowers, these crowdlending companies became loan sharks to their customers.

In spite of that, crowdlending continued to see rapid growth. Media, too, continued to report positive news about crowdlending to the wider public audience.

Prior to 2015, regulators in China took a lenient approach, which allowed crowdlending companies to surge. In 2016, however, media paid close attention to the fraudulent activities of crowdlending companies in China. Government crackdown, Ponzi schemes, high interest rates, and regulatory clampdown became common themes in media reports. Customers were swindled by fraudulent crowdlending practices, and the Chinese government imposed strict regulations to curb these practices. Many crowdlending companies ceased operation, leaving only a small number of companies which complied with the regulations. Until 2019, as the Chinese government tightened regulations, the crowdlending crisis in China showed no sign of weakening. Unlike mainland China, Hong Kong adopted a different approach to potential crowdlending risks with its regulatory sandbox. The crowdlending landscape in Hong Kong, therefore, was relatively stable compared to that in mainland China. Overall, crowdlending in China experienced a dramatic rise followed by an ordeal.

Media coverage on the crowdlending landscape outside China became increasingly visible in 2016. Media reported the development of crowdlending in India, Indonesia, Singapore, and Thailand. Favourable news, such as crowdlending market growth, venture capital investment support and regulatory sandbox, has been reported in the media since 2016. Unlike the crowdlending landscape in mainland China, which encountered tumultuous times over the years 2014 to 2019, crowdlending outside China was apparently promising and gaining momentum.

Two implications can be drawn from our findings. First, the lesson learned from the rise and fall of the crowdlending industry in China should caution other governments in Asia to have judicious policies on regulating the industry. The development of crowdlending in Asia can be considered in two ways: development within China and development outside China. Within China, the crowdlending development in Hong Kong is somewhat different from that in mainland China, which initially allowed crowdlending to rapidly sprout unregulated, resulting in the collapse of a significant number of crowdlending companies. In contrast, Hong Kong took a more cautious approach to provide a safe environment for crowdlending to grow, as did countries outside China, such as Singapore, Indonesia, and Thailand. Second, similar to the diffusion of other innovations, crowdlending diffusion in Asia is influenced by both favourable and unfavourable news. The media can represent public reactions and sentiments toward crowdlending. Considering that crowdlending encompasses technology, finance and legal issues, relevant stakeholders may observe media coverage on crowdlending to better understand its ecosystems and risks. Media coverage could also help authorities to better regulate the industry. At the same time, crowdlending practitioners could resolve potential impediments from crowdlending practices. For individuals, media coverage on crowdlending practices could help them obtain multiple perspectives related to these practices. Consequently, media coverage could benefit society as a whole.

Text Analytics and Insights

1. Semantic Network of Concepts from Crowdlending News (2009-2013)
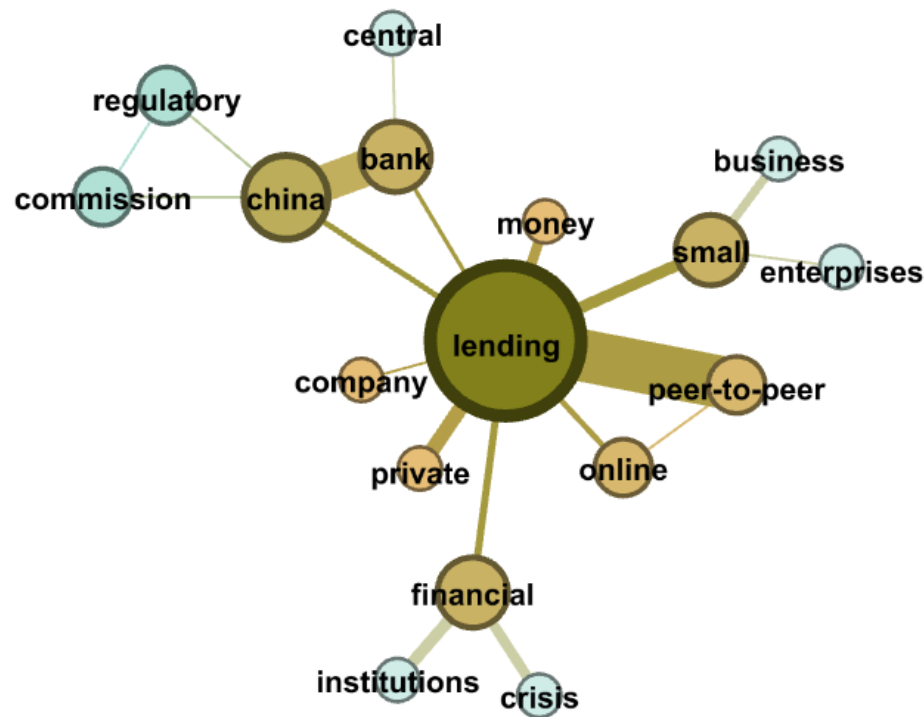
Within the period 2009 to 2013, media coverage on crowdlending focused on promoting peer-to-peer lending to a wider public audience. Crowdlending emerged as a result of the booming Internet finance. The pervasiveness of the Internet enables innovation in delivering finance products which previously could not be effectively managed by traditional financial institutions. Apart from this enabling technology, crowdlending became increasingly attractive due to firms' small businesses and the micro credit target market, given that peer-to-peer lending facilitates small businesses to have access to business funding much more quickly than the traditional bank, while at the same time, lenders from the crowd are rewarded with decent returns. Crowdlending was, therefore, viewed as a potential game changer: for borrowers, such platforms were loan sources, and for lenders, they were loan-based investments. Despite this potential, between 2009 and 2013, the media cautioned the public regarding the unreasonably high interest rates which could potentially increase the defaulted risks for borrowers.

2. Semantic Network of Concepts from Crowdlending News (2014)
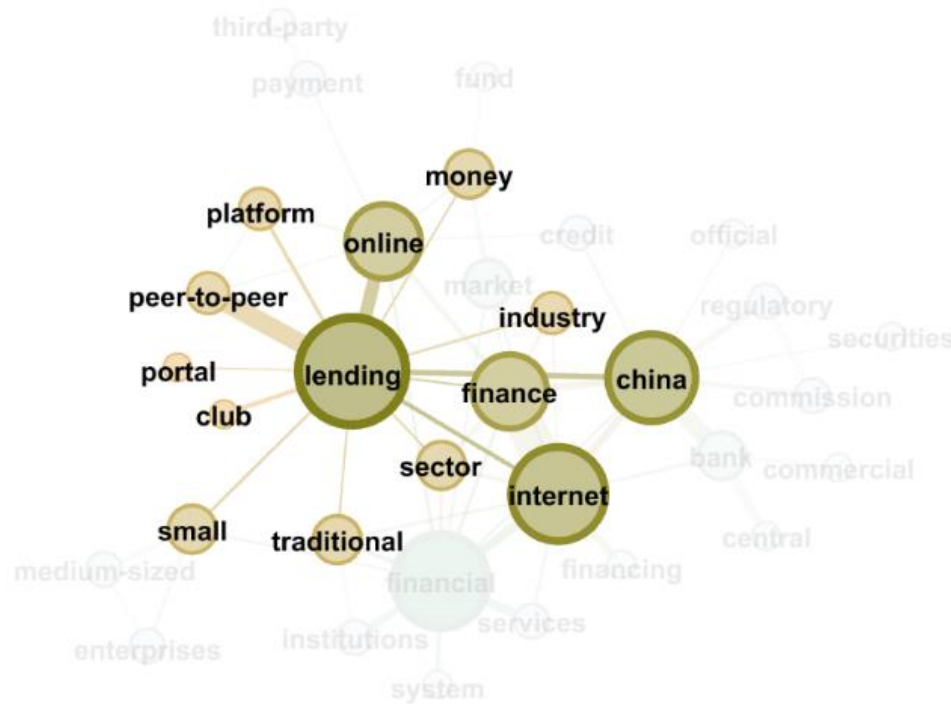
The 2014 sample data revealed that the topic of crowdlending continued to captivate media attention. News about the growth of crowdlending in China frequently appeared in the media due to its quick emergence, for example, Renrendai and Dianrong. Interest rate liberalization could have helped accelerate crowdlending growth in Asia. As we know, China has two types of interest rates: the first is for deposits, which is controlled by the government, while the second is for loans, which is determined by market players. While crowdlending gained momentum in this year, this sector in China remained unregulated. Lack of regulation could lead to potentially huge risks for individual investors. Hence, both optimism and scepticism toward crowdlending existed, which could account for the rise in both positive and negative sentiments in 2014. Furthermore, apart from broadcasting the emergence of crowdlending in China, media in 2014 also began to report the emergence of crowdlending in India (i.e., Faircent) and Singapore (Moolahsense).

3. Semantic Network of Concepts from Crowdlending News (2015)
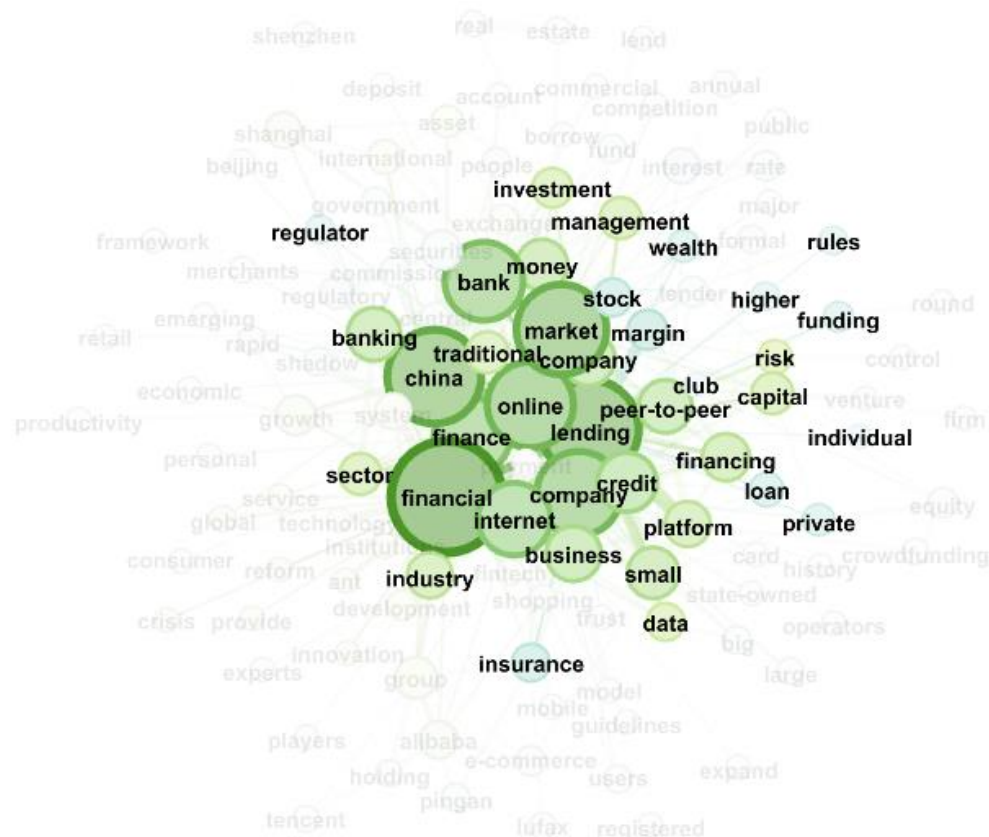
The year 2015 saw an escalation in media coverage on crowdlending. The semantic network analysis showed more single words were connected to "lending", which suggests that the scope related to crowdlending had widened. In this year, too, venture capital companies were investing substantial sums of money in crowdlending. While the number of crowdfunding platforms multiplied, fears became apparent in the media regarding the number of fraud cases related to crowdlending. Such misbehavior and the lack of regulatory oversight were thought to have caused the collapse of crowdlending companies. At the same time, in the face of continued growth of crowdlending, governments in Asia, for example, China, India and Singapore, had begun to regulate crowdlending to mitigate potential risks and criminal activities. Regulation included establishing the legal status of the crowdlending business, market entry requirements, interest rates, business rules, and a regulatory framework.

4. Semantic Network of Concepts from Crowdlending News (2016)

The rapid expansion of crowdlending supported by venture capital and Internet giants (e.g., Ant Financial) continued to dominate media headlines in 2016. Despite this, unfavourable news related to crowdlending became more visible than in previous years. This was due to heightened criminal activities in China involving crowdlending. Small businesses and individuals were offered high interest rates, which could lead to them suffering disastrous consequences. Such unfavourable news in 2016 could have led to increased negative sentiments toward crowdlending, in spite of the Chinese authorities' efforts to close down several illegal and fake peer-to-peer lending companies, such as Ezubao and Zhejiang Yinfang Investment and Management Co. The appearance of Ezubao in the semantic network analysis reflects this unfavourable turn of events, as at that time, Ezubao was China's biggest peer-to-peer online lending firm, which had operated illegally through the Ponzi scheme and had fabricated 95% of their projects. In total, Ezubao successfully collected almost 60 billion yuan from 900,000 investors.

# 5. Semantic Network of Concepts from Crowdlending News (2017)

Crowdlending troubles in China continued into 2017. This time, the Chinese government kept the crowdlending industry under scrutiny. It required local regulators to oversee crowdlending and report any wrongdoing to the financial watchdog authorities. The authorities set the limit on crowdlending interest rates and financing fees. Crowdlending was also banned from offering consumer loans to students and any unqualified borrowers. Consequently, the Chinese government ordered a crackdown on crowdlending companies. While a substantial number of these companies were closed due to the stricter regulations, others, like Lufax and Dianrong, continued to prosper. Lufax expanded its business to Singapore, whereas Dianrong was supported by Singapore's sovereign wealth fund. While the number of crowdlending companies in China declined due to the tightened regulations, the regulations remained ineffective to accelerate the development of the companies. In this year, Hong Kong took a progressive approach, unlike its central government in mainland China, by providing a regulatory sandbox for Fintech, including crowdlending companies. A regulatory sandbox permits crowdlending companies to launch their products to real customers. The authorities and companies can then assess the risks of the newly launched crowdlending products from multiple perspectives (customers, companies, and financial stability). Overall crowdlending began to flourish outside China, in Asian countries like Singapore, Thailand, Indonesia, and Malaysia. In fact, Singapore, Thailand, and Indonesia had begun to implement their respective Fintech regulatory frameworks and had created regulatory sandboxes to foster the growth of the crowdlending industry.

6. Semantic Network of Concepts from Crowdlending News (2018)
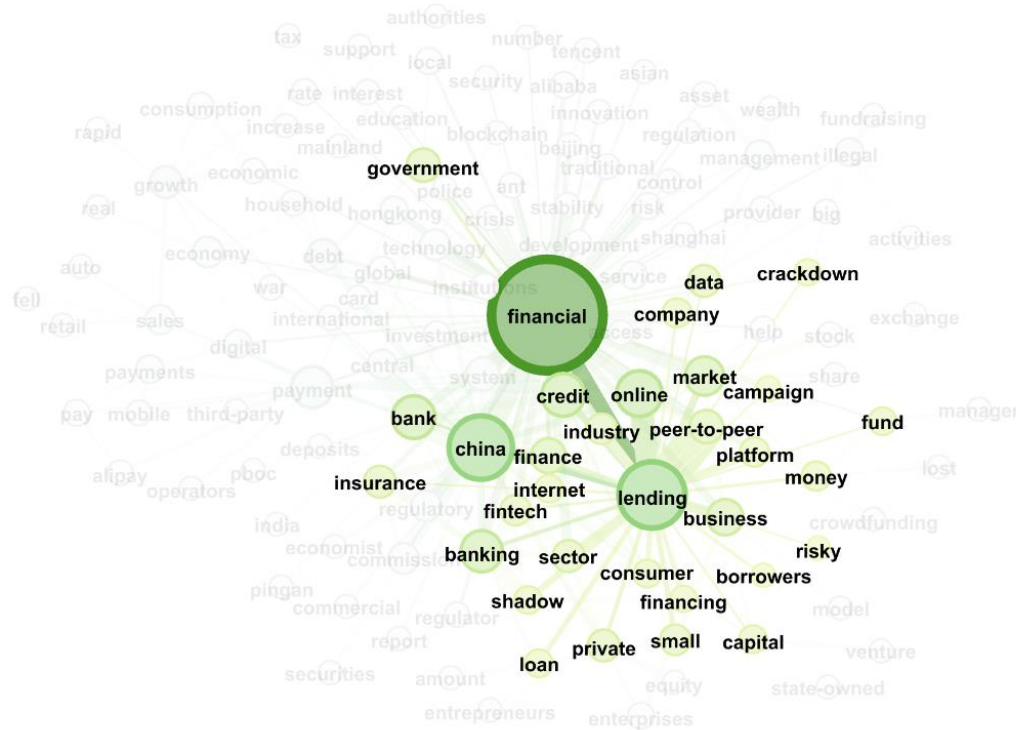
By 2018, the collapse of crowdlending companies in China had reached its peak. The total outstanding balance from crowdlending companies also soared at 1.3 trillion yuan (188 billion USD) in the first quarter of 2018. The regulatory crackdown continued in China, resulting in the shutdown of thousands of crowdlending companies. The Chinese authorities continued to enforce tight regulations, including stricter requirements for registration and operating license, and prevented crowdlending companies from setting high interest rates. At the same time, 2018 marked the start of the crowdlending race in South-east Asian countries. While the crowdlending markets in Indonesia, Singapore and Thailand were quickly progressing, neighbouring markets in the Philippines and Vietnam were catching up. In 2018, crowdlending start-up penetration in these two countries intensified.

7. Semantic Network of Concepts from Crowdlending News (2019)
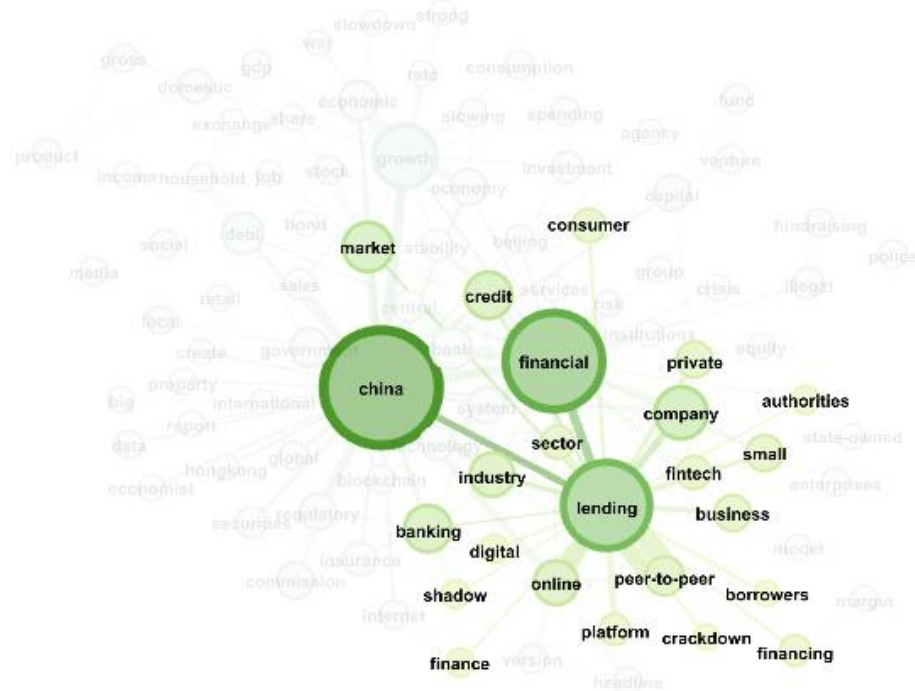
Unfavourable news coverage related to crowdlending continued unabated in 2019. At the same time, as seen from the semantic network of 2019, words such as *China*, *crackdown*, and *risks* appeared in the media. The Chinese government continued to enforce strict regulations for crowdlending companies, some of which encountered liquidity issues when overburdened by regulatory requirements. Such unfavourable news may help explain why negative sentiment peaked in 2019. Elsewhere in Asia, crowdlending similarly suffered a meltdown due to various reasons. The slow approach to regulate crowdlending companies in Vietnam, for example, could have led to serious risks for the companies and their customers. Similarly, in Indonesia, fears about crowdlending could have arisen due to inadequate regulation to govern crowdlending companies as well as consumer and data protection.

Crowdlending Investor Characteristics

While crowdlending has attracted substantial research interest, one area that requires more study is investor behaviour. Similarly, attention should be on the distinct characteristics of crowdfunding compared to traditional investment platforms. Currently, crowdfunding investors rely largely on scant viable information.

In crowdlending, investors rely heavily on the information provided from the crowdfunding website or applications. While crowdfunding investors can directly invest their money via the Internet, they have no direct access to the companies they invest in. Investor behaviours affect how decisions are made and how those decisions might affect the investment returns. A relatively new school of thought, or what is known as behaviour finance, assumes that investors are not rational at information processing. To illustrate, one influencing factor is risk appetite, which affects investors' investment decision making when attending to particular financial information in their portfolios.

Investment decisions made on the part of funders and investors are subject to many forms of investor bias, which include overconfidence, disposition effect, herding behaviour as well as home bias, also known as familiarity bias.

Crowdlending campaigns that promise monetary or physical rewards may pose financial risks to investors. Accessibility of information which facilitates the mitigation of financial risk positively influences funding decisions. Crowdlending investors may act on impulse or instinct rather than make decisions centred around verifiable information. While investors may evaluate opportunities based on the perceived benefits and risks, weightage may also be placed on the benefits of a transaction. In this case the evaluation of an investor's risk tolerance should be conducted by the crowdlending platform. Consequently, lenders could be matched with loan requests that are in accordance with their risk appetite. A campaign's information such as its status and statistics has an influence on an investor's decision. When there is a lack of information relating to financial cues as well as the project, the subjective judgment of project founders or firms' managerial teams is often used as a substitute.

Our study reveals eight factors related to crowdlending investors' behaviour: Loan, Borrower, Lending Platform, Perceived Benefits, Process Quality, Financial Risk, Preference of Accessing Platform, and Social Relationships & Endorsement.

Survey Analysis and Insights

1. Gender, Age, Risk Preference and Duration of Investments

A vast majority of the survey respondents are males. Thirty-nine percent aged 26-35 years old and 75 percent of respondents have been investing in P2P or P2B lending platforms for 1 to 5 years.

Q: What is your gender?

Q: What is your age?

Q: How long have you been investing in P2P or P2B lending platforms?

Gender of Respondents

36.94%   63.06%

Age

21-25 years old	16%
26-35 years old	39%
36-45 years old	31%
46-60 years old	13%
> 60 years old	1%
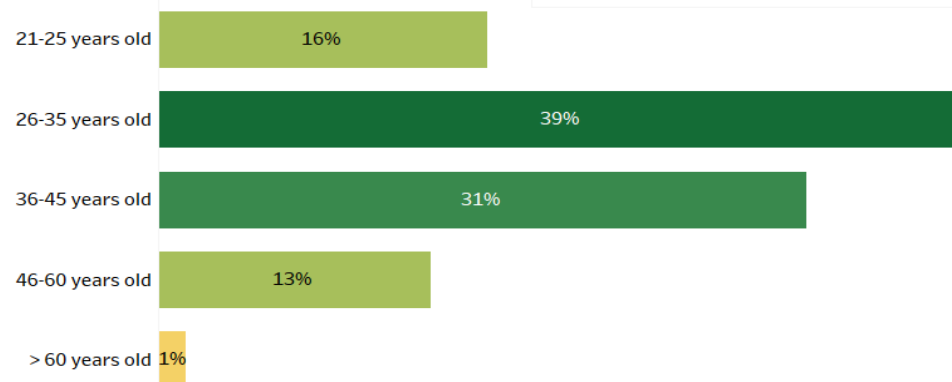
Duration of P2P/P2B Investment

1 to 5 Years	75%
5 to 10 Years	19%
10 to 15 Years	5%
Above 15 Years	1%

N = 222
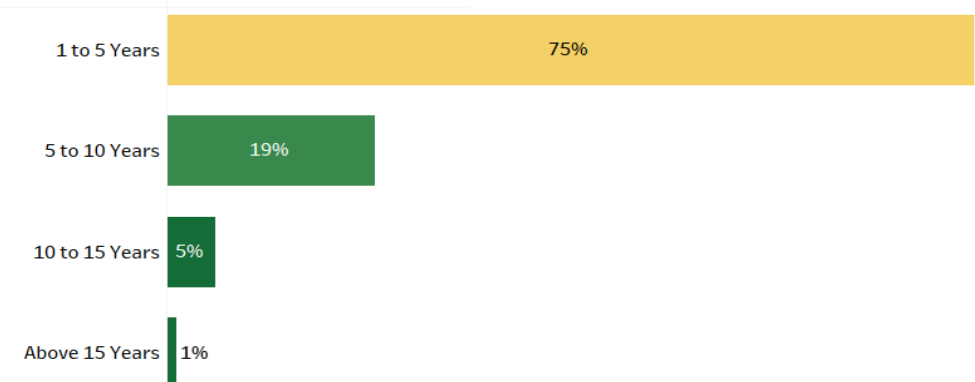
1. Gender, Age, Risk Preference and Duration of Investments

The majority of survey respondents have a risk preference of "mostly towards higher risk" from 2015-2019.

Q: State your risk preference (e.g. acceptance of loss and uncertainty of return) from 2015-2019.

Risk Preference

Always towards lower risk — 16.67%

Mostly towards lower risk — 29.73%

No change — 4.50%

Mostly towards higher risk — 34.68%

Always towards higher risk — 14.41%

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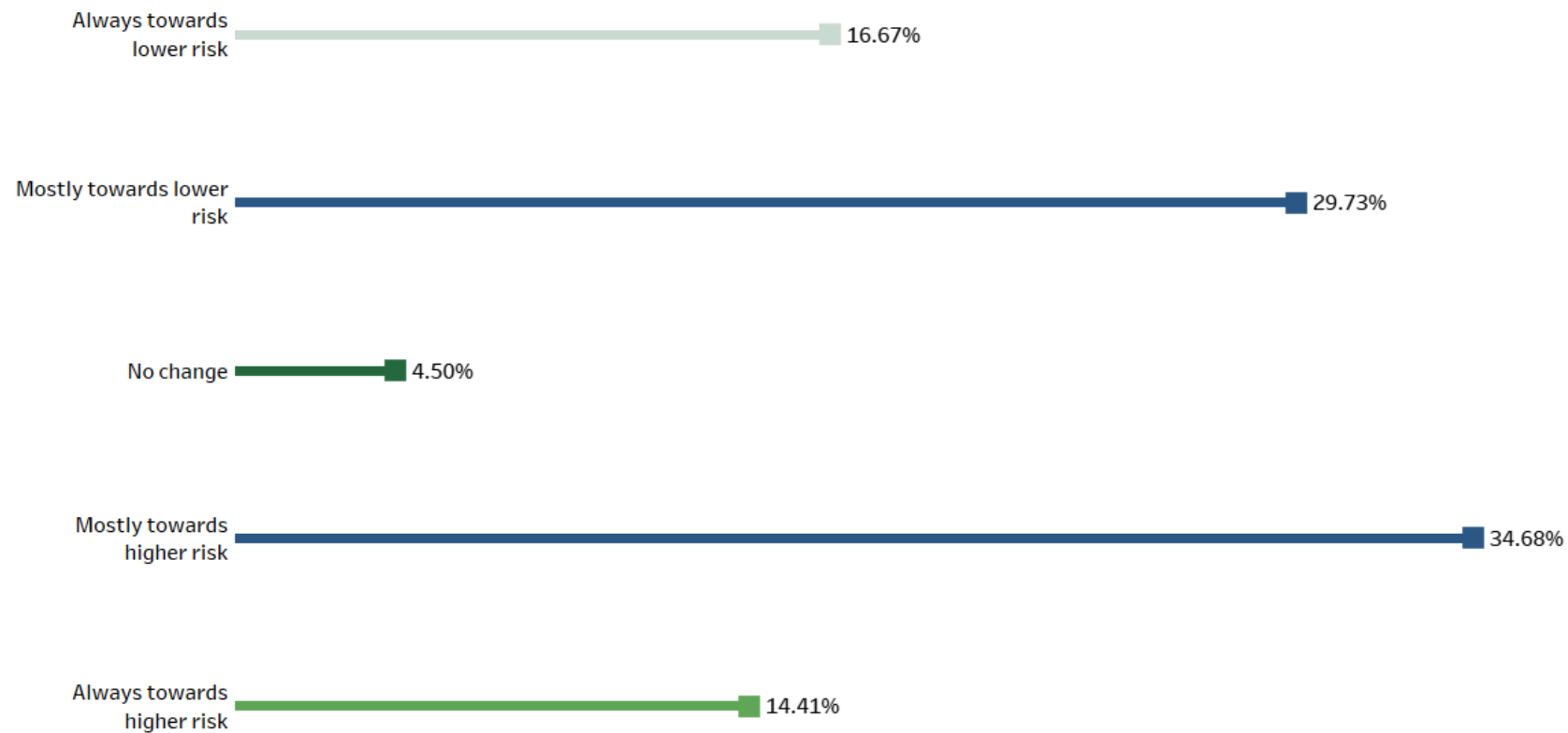
2. Asset Size, Salary and P2P Investment Proportion

A significant majority of respondents have assets with a size of "<SGD 1 Million" followed by "SGD 1 Million to SGD 5 Million" and "SGD 10 Million to SGD 50 Million" under their management.

Q: What is the size of your asset under your management?

Asset Size

The size of your asset under the investors' management
- < SGD 1 Million
- SGD 1 Million to SGD 5 million
- SGD 5 Million to SGD 10 Million
- SGD 10 Milllion to SGD 50 Million
- SGD 50 Million to SGD 100 Million
- > SGD 100 Million

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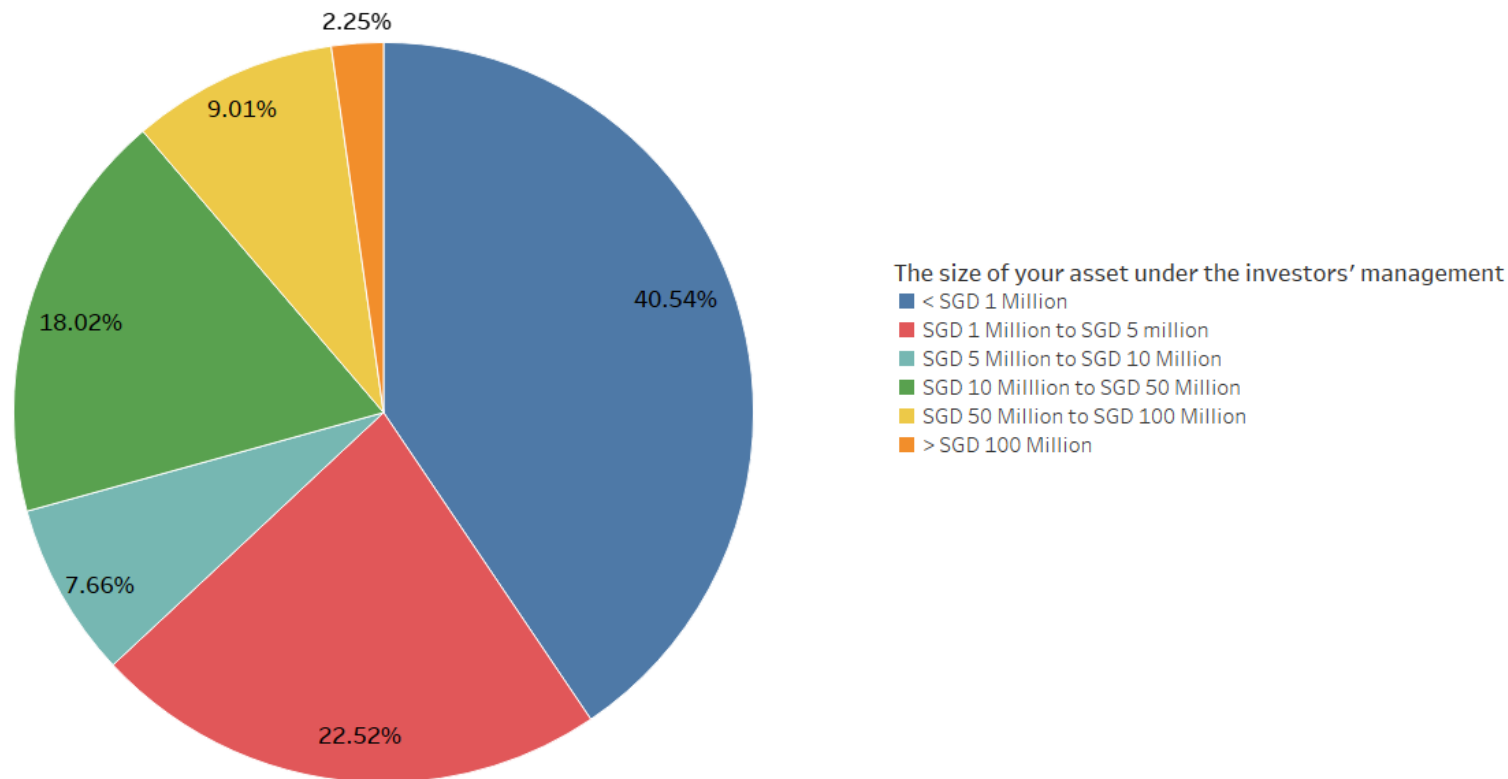
2. Asset Size, Salary and P2P Investment Proportion

The vast majority of respondents would spend 10 to 15 percent of their monthly salary on investment. Despite the high monthly salary proportion for investment, a significant number of respondents would allocate only 10 to 15 percent or 4 to 5 percent of their investment fund to P2P or P2B lending platforms.

Q: What proportion of your monthly salary will you spend on investment?

Q: What percentage of your investment fund would be allocated to P2P or P2B lending platforms?

Monthly Salary Proportion for Investment

Category	Value
0-1%	1%
2-3%	6%
4-5%	16%
6-7%	12%
8-9%	17%
10-15%	31%
>15%	16%
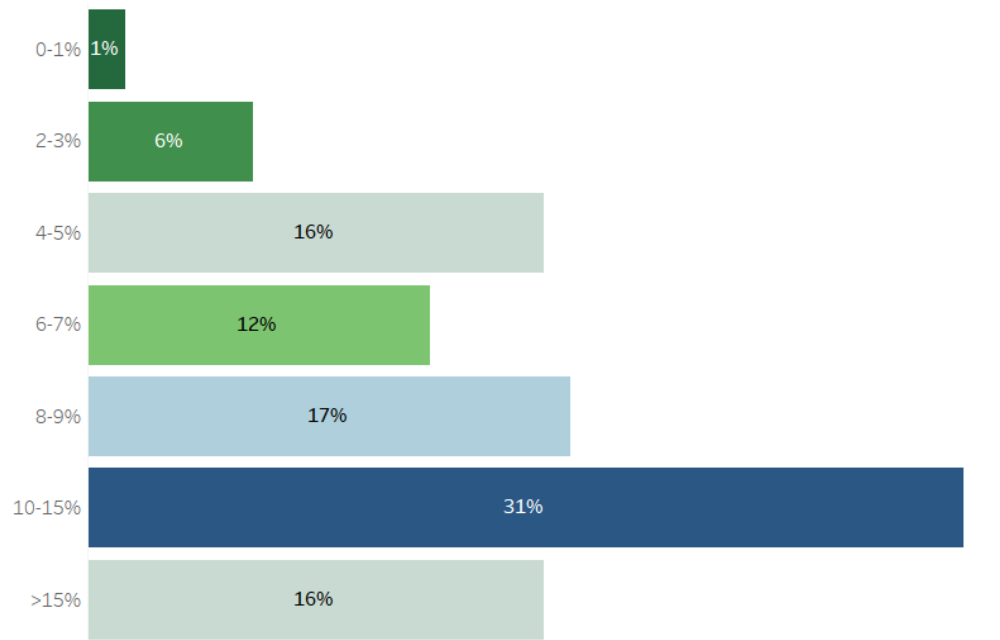
Investment Allocation to P2P or P2B

Category	Value
0-1%	11
2-3%	27
4-5%	51
6-7%	29
8-9%	30
10-15%	56
>15%	18

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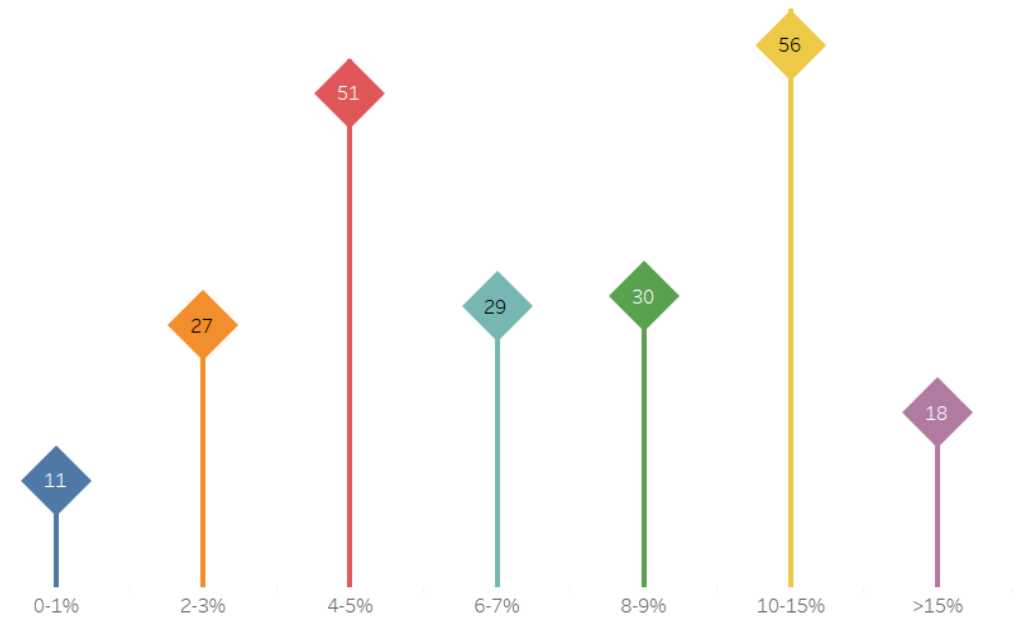
3. Potential Countries for P2P/P2B Investment Expansion

Countries that survey respondents are interested in expanding their P2P or P2B lending platforms investment – ranking from highest to lowest – are: Singapore, Malaysia, Thailand, Indonesia, Vietnam, Myanmar, Brunei, Cambodia, Laos and East Timor.

Q: Which countries are you interested in expanding your investment in P2P or P2B lending platforms?

N = 222

4. Occupation, Industries, Investment Analysis, and Financial Understanding

A majority of survey respondents stated their occupation as *Engineer*, *Finance*, and *Director*.

Q: Please state your occupation.

Respondents' Occupation

4. Occupation, Industries, Investment Analysis, and Financial Understanding

Financial and insurance is the largest industry represented in the survey responses.

Q: Which industry are you working in?

Respondents' Industries

Financial and Insurance 22%	Others 14%
Professional, Scientific and Technical Activities 18%	Administrative and Support Service Activities 9%
	Information and Communications 9%

Health and Social Services, Arts, Entertainment and Recreation 7%	Education 5%
Real Estate Activities 5%	Public Administration and Defence 3%
Accommodation and Food Service 3%	
Other Service Activities 3%	Activities of Extra-Territorial Organisations and Bodies 2%

N = 222

4. Occupation, Industries, Investment Analysis, and Financial Understanding

An overwhelming majority of respondents are willing to spend time and effort on investment analysis.

Q: Are you willing to spend time and effort on investment analysis?

Willingness to spend time and effort on investment analysis

5%
No

95%
Yes

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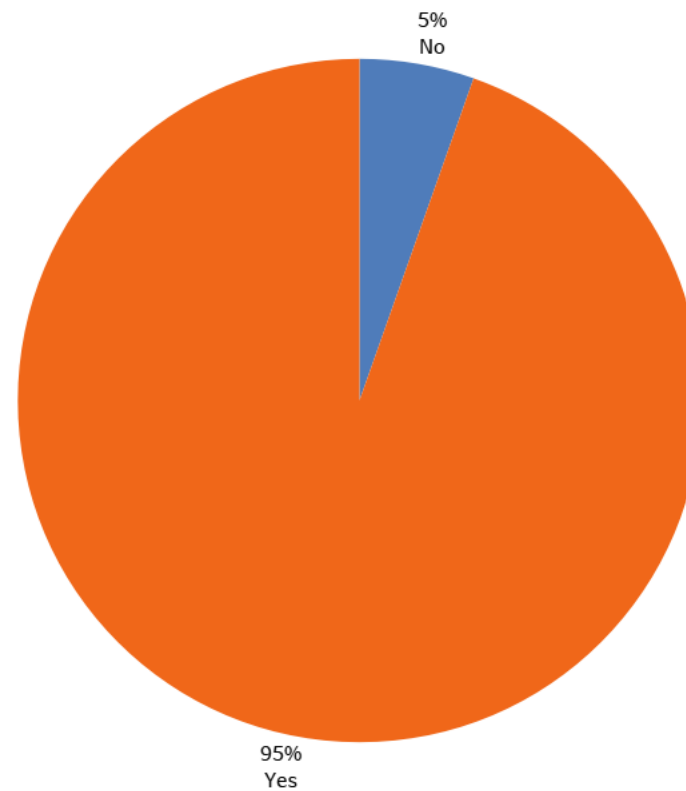
4. Occupation, Industries, Investment Analysis, and Financial Understanding

Sixty percent of respondents have a financial understanding of the meaning of a trade-off between risk and return. This percentage reflects that the respondents are likely novice investors, as sophisticated investors are more willing to analyse companies' financial statements and diversify their investment.

Q: Pick the sentence that best describes you.

Financial understanding

I read and understand companies' financial statements.
18%

I understand the difference between investment portfolio and investment diversification.
22%

I understand the meaning of a trade-off between risk and return.
60%

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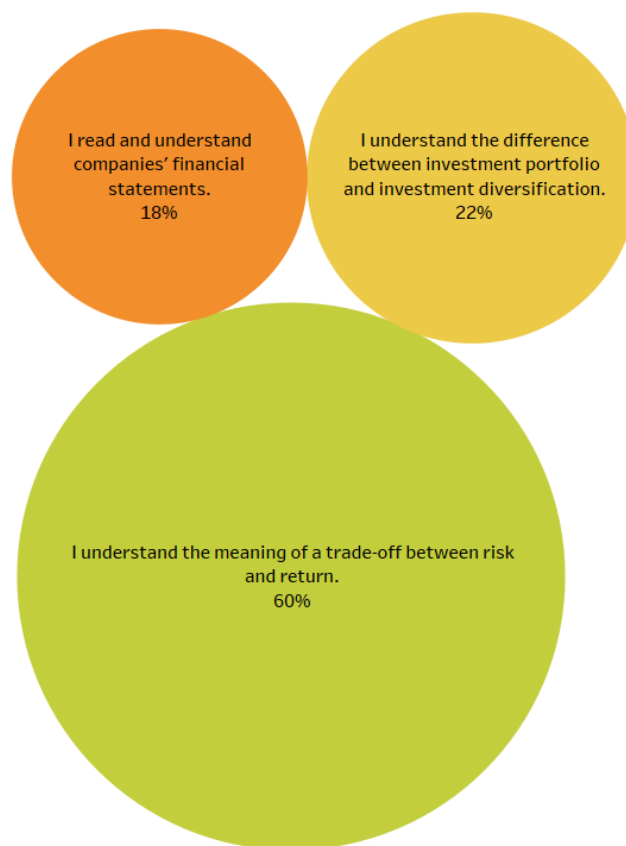
5. Experience in Investment

The significant majority of respondents had investments in the year 2018 and have been investing mostly in Fixed Assets, followed by Shares and Bonds.

Q: What investment channels have you been investing in?

Investment Channel and Year Started
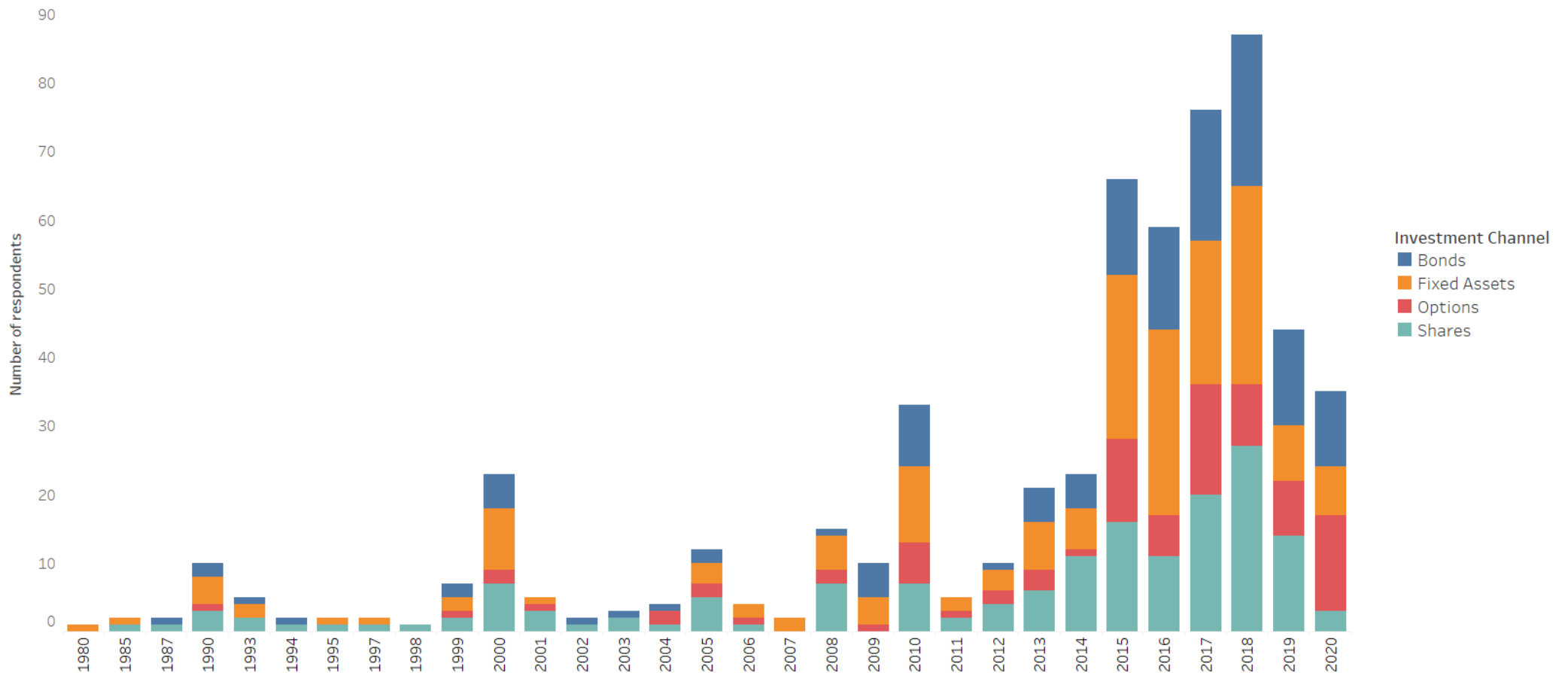
N = 222

5. Experience in Investment

For this question, respondents could choose more than one option. According to survey respondents, an attractive investment platform is the reason for investing in P2P or P2B lending platforms.

Q: Reason for investing in P2P or P2B lending platforms.

Reason for investing in P2P/P2B

29%	26%	21%	15%	10%
Attractive investment platform	High return	Portfolio diversification	Peer influence	Family influence

N = 222

5. Experience in Investment

Only P2P/P2B lending platforms such as Capital Match and Funding Societies are popular among the survey respondents.

Q: In what P2P or P2B lending platforms do you currently allocate (or have allocated) your investment fund?

Experience in P2P/P2B Lending Platforms

Capital Match	CoAssets	Crowdo	Funding Societies	Minterest	Moolahsense	Seedin	Validus
✔ 127	✘ 131	✘ 146	✔ 112	✘ 137	✘ 158	✘ 124	✘ 160
✘ 95	✔ 91	✔ 76	✘ 110	✔ 85	✔ 64	✔ 98	✔ 62

N = 222

6. P2P/P2B Influencing Factors on Investor Behaviour

Overall, the most significant influencing factor on P2P/P2B investors' behaviour is Loan. This is followed by Borrower, which has an overall average score of 4.06, while Lending Platform and Perceived Benefits have the same average score of 4.02. Sub-sections 6.1 to 6.8 explain each influencing factor.

Investor Behaviour Aspect - Overall Average Score

| 4.13 | 4.06 | 4.02 | 4.02 | 4.00 | 3.95 | 3.92 | 3.80 |

Category

- Loan Aspect
- Aspect of Borrower
- Aspect of Lending Platform
- Benefits
- Process Quality
- Financial Risks
- Preference on Accessing Platform
- Social Relationships & Endorsment

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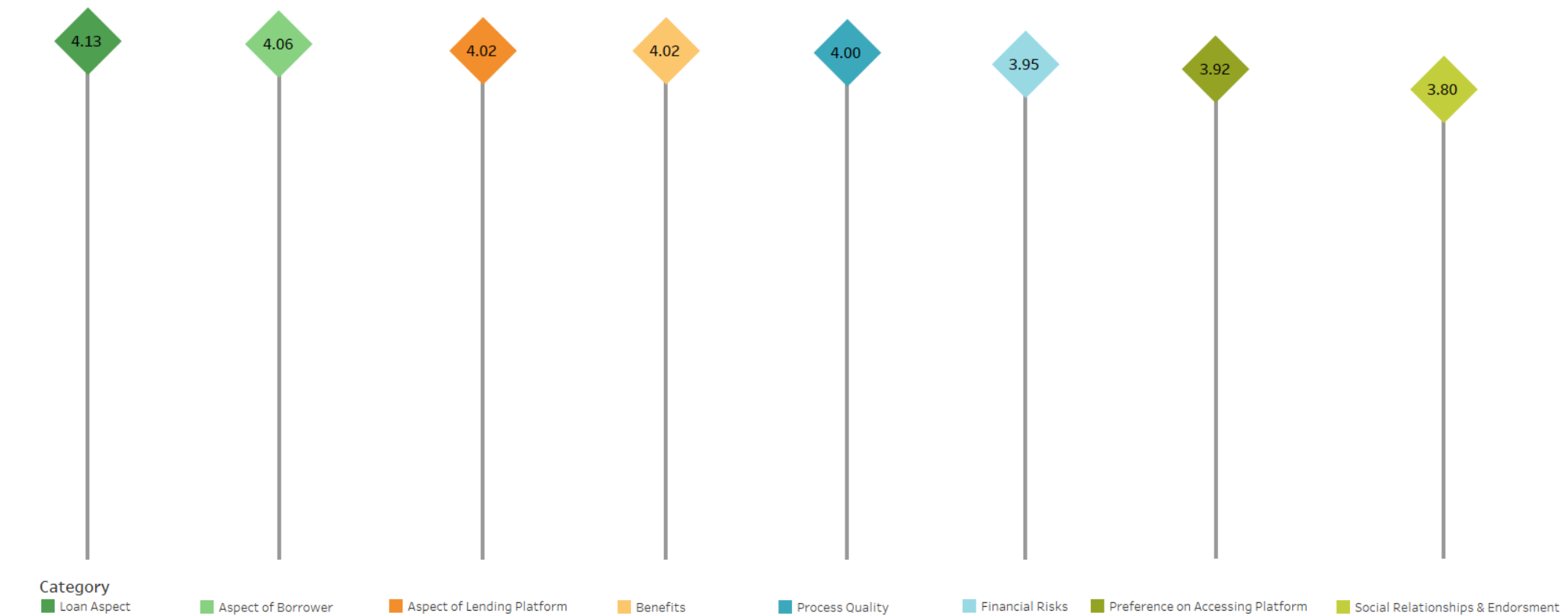
6. P2P/P2B Influencing Factors on Investor Behaviour

6.1 Loan

The aspects most likely to influence the respondents to lend are information on the repayment period (average score of 4.25) and loan interest rate (average score of 4.24). (The colors in the bar chart reflects the Likert-scale scores from 1 to 5).

Q: My decision to lend is influenced by the following types of information on loan requests.

Loan Aspect	
Repayment period.	4.25
Loan Interest rate.	4.24
Loan tenure.	4.03
Loan amount.	3.98

6.2 Borrower

The aspects that would have the most influence on the lender are the borrower's credit score (average score of 4.18), accumulated transaction and repayment history (average score of 4.14), and financial capabilities (average score of 4.10).

Q: My decision to lend is influenced by the following aspects about the borrower.

Aspect of Borrower	
Borrower's credit score	4.18
Borrower's accumulated transaction and repayment history,	4.14
Borrower's financial capabilities.	4.10
Borrower's ability to inspire trust.	4.09
Borrower's net income.	4.08
Borrower's identity.	3.94
Endorsement of borrower's network.	3.87

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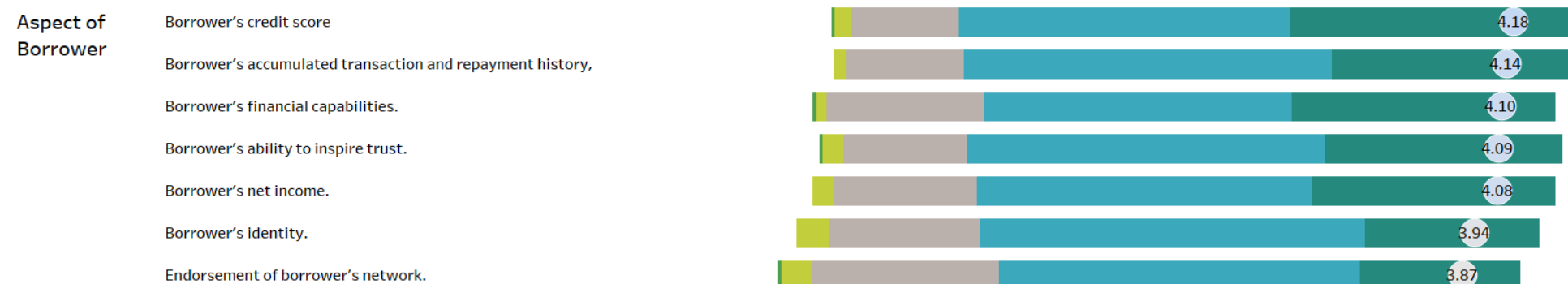
6. P2P/P2B Influencing Factors on Investor Behaviour

6.3 Lending Platform

Survey respondents would most likely lend when the lending platform is registered with the Government or Monetary Authority (average score of 4.18), when the transaction information is protected (average score of 4.13), and when it is user friendly/easy to navigate (average score of 4.10). This suggests that investors would lend when the lending platform is safe, secure and user friendly.

Q: My decision to lend is influenced by the following aspects about the lending platform.

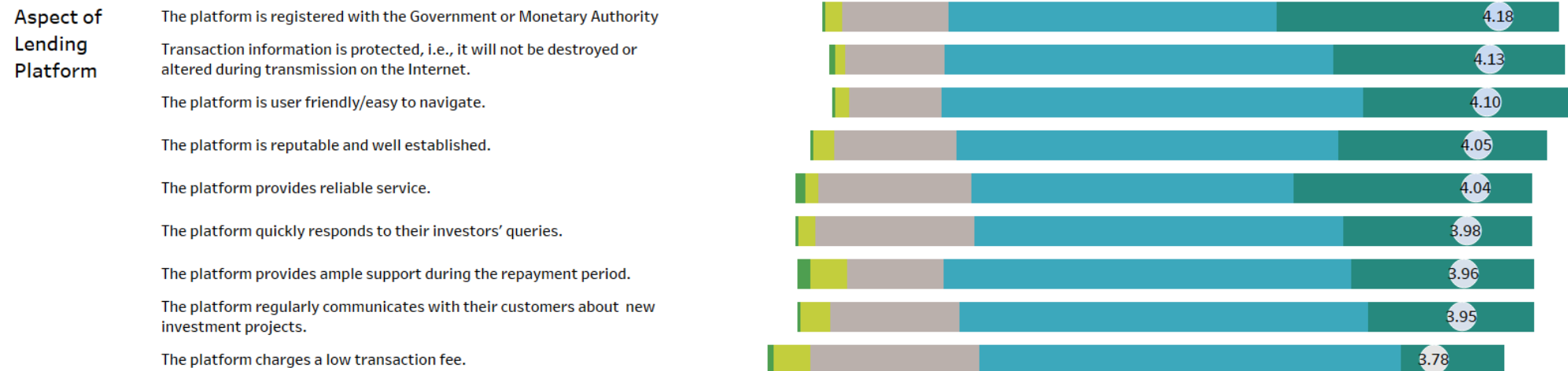| Aspect of Lending Platform	Score
The platform is registered with the Government or Monetary Authority	4.18
Transaction information is protected, i.e., it will not be destroyed or altered during transmission on the Internet.	4.13
The platform is user friendly/easy to navigate.	4.10
The platform is reputable and well established.	4.05
The platform provides reliable service.	4.04
The platform quickly responds to their investors' queries.	3.98
The platform provides ample support during the repayment period.	3.96
The platform regularly communicates with their customers about new investment projects.	3.95
The platform charges a low transaction fee.	3.78

6.4 Perceived Benefits

The survey respondents are generally influenced to lend when they view the lending platform as an alternative way of investing.

Q: My decision to lend is influenced by the benefits that I perceive are being offered by the lending platform.

Benefits	Score
The platform provides me an alternative way of investing.	4.14
Using the platform allows me to have multiple investment portfolios.	4.05
The platform offers higher return than alternative investments with acceptable level of risk.	3.97
I can save money for investment by using this platform.	3.91

N = 222

6. P2P/P2B Influencing Factors on Investor Behaviour

6.5 Process Quality

The survey respondents are generally influenced to lend when they know they can obtain help in the process, such as having a relationship manager manage their fund.

Q: My decision to lend is influenced by the process quality that I perceive are being offered through the lending platform.

Process Quality		
I am able to seek help from the relationship managers to manage my fund.		4.04
The platform provides interactive features allowing investors to choose and manage their investment projects.		4.02
I am able to find relevant and sufficient financial cues (e.g, net profit and financial ratios) for each investment project.		3.98
Other than financial cues, the platform provides me descriptive information about each investment project.		3.97

6.6 Financial Risk

In terms of financial risk and campaign statistics, the respondents would be willing to lend when the lending platform will communicate with investors in the event of late payment or default risks.

Q: My decision to lend is influenced by the financial risks and campaign statistics that I perceive are being offered through the lending platform.

Financial Risks		
The platform communicates with investors in the event of late payment or default risks.		4.05
The platform provides insurance to minimize the defaulted risks.		3.84

N = 222

6. P2P/P2B Influencing Factors on Investor Behaviour

6.7 Preference of Accessing Platform

Most of the respondents prefer to use their mobile phone to check their investment portfolio.

Q: I prefer a certain way of accessing the platform.

Preference on Accessing Platform		
I prefer to use my mobile phone to check my investment portfolio.		3.96
I prefer to use my mobile phone to deposit and withdraw my investment fund.		3.92
I prefer to use my mobile phone to fund the loan.		3.91
I prefer to use my mobile phone to explore the available investment opportunity.		3.90

6.8 Social Relationships & Endorsement

Respondents are influenced to lend due to the success stories of friends and family who have invested through the lending platform.

Q: My decision to lend is influenced by the social relationships and endorsement that I perceive important when investing through the lending platform.

Social Relationships & Endorsment		
The success stories of friends and family who invested through the lending platform affect my investment decision.		3.90
I have friends and family who invest through the lending platform.		3.88
My decision to invest through the lending platform was largely influenced by friends and family.		3.62

N = 222

Annex

Crowdfunding is the use of small amounts of capital from a large number of individuals to finance a new business venture. Crowdfunding makes use of the easy accessibility of vast networks of people through social media and crowdfunding websites to bring investors and entrepreneurs together, with the potential to increase entrepreneurship by expanding the pool of investors beyond the traditional circle of owners, relatives and venture capitalists. (investopedia.com)

Peer-to-peer (P2P) lending enables individuals to obtain loans directly from other individuals, cutting out the financial institution as the middleman. Websites that facilitate P2P lending have greatly increased its adoption as an alternative method of financing. P2P lending is also known as "social lending" or "crowd lending." It has only existed since 2005, but the crowd of competitors already includes Prosper, Lending Club, Peerform, Upstart, and StreetShares. (investopedia.com)

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