

# The Impact of Risk Perception, Trust, Financial Literacy, and Ease of Use on Intention to Adopt Peer-to-Peer (P2P) Lending Platforms

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## Abstract

**Background** - Peer-to-peer (P2P) lending has seen significant growth in recent years due to increased digitalization and demand for flexible financing options. According to Statista's 2023 report, the global P2P lending market is projected to reach USD 558.91 billion by 2027, with a 29.7% annual growth rate since 2021. However, the intention to adopt P2P lending depends on factors like risk perception, trust, financial literacy, and ease of use. One of the major issues is risk perception, for there are interests in financial, security, and privacy risks by users. Research studies by Kim et al., 2016; Gefen et al., 2003, depict that with increased perceived risks, there are reduced adoption intentions, especially in light of increased borrower default risks associated with P2P lending compared to traditional intermediaries. Another critical factor is the trust of the people. According to Pavlou (2003), there is an increase in adoptions for platforms that emphasize transparency and security. Financial literacy also plays a major role; as Lusardi and Mitchell (2014) indicated, financially literate individuals are better at managing risks and selecting appropriate financial products. In Indonesia, financial literacy is still low at 38.03%, which may slow down the adoption of P2P. Lastly, ease of use has a strong impact on adoption-the more user-friendly a platform is, the more likely people will adopt it (Teo et al., 2008). Understanding this interplay can facilitate P2P lending adoption.

**Purpose** - This study, is to investigate the influence of the four aforementioned variables have on users' adoption intentions for P2P lending platforms and hopes to provide recommendations for platform developers on how to enhance service adoption

**methodology** - This research will utilize a quantitative method through a survey approach to analyze risk perception, trust, financial literacy, and perceived ease of use that influences the intention to adopt P2P lending. Data is gathered using an online questionnaire administered to respondents in the population with the following criteria: above 18 years of age, with some basic knowledge about fintech services and experience or intentions to use P2P lending platforms. The SEM method is used to test the hypotheses, factors of risk perception, factors of trust, financial literacy, and ease of use on the intention to adopt P2P lending, with at least a sample size of 50-100 respondents. Reliability of the instrument will be tested through the Cronbach's Alpha method, while construct validity will be tested through the Confirmatory Factor Analysis (CFA) method.

**Findings** - The findings of the research are as follows: (1) Risk perception negatively influences the intention to adopt P2P lending; (2) There is a significant increase in the intention to adopt because of Trust; (3) In Financial Literacy, the financially literate users are found more likely to adopt P2P lending; and (4) Ease of Use has emerged as the strongest factor driving the adoption. The developers need to enhance the trust of the platforms, their ease of use, and reduce perceived risks to increase their adoption.

**Originality** - This study makes a unique contribution by analyzing simultaneously the impact of risk perception, trust, financial literacy, and ease of use on the intention to adopt P2P lending in Indonesia. While these factors have been researched individually in the context of fintech, this study integrates all four variables, which may give a more holistic understanding of behavior concerning P2P lending adoption. Indeed, this paper adds to new knowledge by combining such factors in the context of an emerging fintech market-a domain that previous research has not been able to cover sufficiently

Keywords: Impact P2P, Adoption and Intention

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