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ORIGINAL ARTICLE

Does information seeking moderate the relationship between financial loan inclusion and Fintech P2P lending?

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Abstract
This research aims to investigate the moderating effect of information-seeking on the positive relationship between loan inclusion and Fintech P2P lending. It exploits how information-seeking plays an important role in the Fintech P2P loan decision. Unlike previous studies, we use primary data from 281 Fintech P2P borrowers to test the hypotheses. We use robust OLS regression and two-stage least square to estimate our model, and reveal three essential findings. First, loan inclusive (the individuals with traditional loan access) has lower Fintech P2P credit than the loan exclusive (those without traditional loan access). Second, information-seeking behavior would lower the Fintech P2P credit ratio. Lastly, information-seeking significantly moderates the relationship between loan inclusion and loans from Fintech P2P lending. It implies that those loan-exclusive individuals would have less Fintech P2P credit if they have high information-seeking.

Keywords Financial inclusion · Information searching · Fintech · P2P lending

Introduction

Financial inclusion, defined as the availability of affordable and valuable financial services, is believed to improve quality of life (Laha and Sen 2021; Churchill and Marisetty 2020). Intriguingly, financial access has complex barriers, leaving 1.7 billion people unbanked (Llewellyn 2021). The poor and the disadvantaged will remain marginalized and are still at an atrocious standard of living with this financial exclusion, against the first and fourth goals of Sustainable Development Goals (SDG).

As an alternative, those unbanked and underbanked use informal financial systems to meet their financial needs but face exorbitant pricing. Loan facilities from pawn shops, shark loans, payday lenders, or neighborhood lending usually provide credit with pricey interest rates. Studies from Dong (2018) and Fan et al. (2017) find that consumers who rent from those informal financial institutions end up paying several times the actual cost, and many end up in bankruptcy.

However, the emergence of Fintech P2P lending (hereafter, we called it Fintech P2P) might be a game-changer for unbanked and underbanked, especially for the credit markets. People who do not have access to credits (hereafter, we called it a loan exclusive) might seek this Fintech P2P platform as the loan source for at least three reasons. First, Fintech P2P extends financial services through technology, allowing individuals to shrug off the limitation of inaccessible locations (Hanafizadeh and Amin 2022; Senyo and Osabutey 2020). Those who live relatively far away from the financial location can apply for credit directly from their home without going there. Second, Fintech P2P provides a relatively faster credit process than traditional banks (Wang et al. 2015; Moenninghoff and Wieandt 2013). Unlike traditional banks, the credit scoring process is minimal because Fintech P2P will pool and screen all loan applications, and then provide them to investors to select which borrowers they want to invest. Third, the documents for the creditworthiness of Fintech P2P are not cumbersome as traditional banks (Suryono et al. 2021; Wang et al. 2015), allowing a lenient credit process that all borrowers want.

The literature has shown a positive relationship between Fintech P2P and financial inclusion (refer to Table 1 for the tabulation), implying that Fintech P2P has a significant

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