

The Influence of Investor Experience on Investment Intensity and Risk Assumption in Crowdlending: An Empirical Study

GEMA ALBORT-MORANT

*Departamento de Economía Financiera y Dirección de Operaciones,
Facultad de Ciencias Económicas y Empresariales. Universidad de Sevilla, Sevilla,
Spain*
galbort@us.es

EMMA BERENGUER

*Departamento de Economía Financiera y Contabilidad
Facultad de Ciencias Empresariales. Universidad Pablo de Olavide, Sevilla, Spain*
ebercar@upo.es

CARLOS SANCHÍS-PEDREGOSA

*Departamento de Economía Financiera y Dirección de Operaciones,
Facultad de Ciencias Económicas y Empresariales. Universidad de Sevilla, Sevilla,
Spain*
csanchis@us.es

ANTONIO MORENO-MORENO

*Departamento de Economía Financiera y Dirección de Operaciones,
Facultad de Ciencias Económicas y Empresariales. Universidad de Sevilla, Sevilla,
Spain*
tonimoreno@us.es

Abstract. This study explores the dynamics of investor behavior in the context of peer-to-business (P2B) crowdlending, focusing on how investor experience influences their investment intensity and risk assumption. Utilizing data from the Spanish P2B lending platform MytripleA, the research analyzes the investment patterns of 1340 private investors across 798 loans. The study investigates the relationship between the length of investors' experience and their propensity to fund a larger number of projects and to undertake higher risk investments. It addresses key hypotheses that posit a positive association between investor experience and the decision to increase investment intensity and risk level. The methodology integrates robust partial least squares (PLS) structural equation modelling to validate the proposed

relationships. The results indicate that experienced investors tend to diversify their investment portfolios by engaging in riskier projects, confirming the hypothesized positive relationships. These findings contribute to the understanding of investor behavior in crowdlending, offering insights for platform operators and potential investors regarding investment strategies and risk management. The study also highlights the importance of investor experience in influencing investment decisions, underlining its role in the dynamic and evolving landscape of crowdlending.

Keywords: Crowdlending, investor behaviour, risk management, investment intensity, peer-to-business (P2B), lending

La influencia de la experiencia del inversor en la intensidad de la inversión y la asunción de riesgos en crowdlending: Un estudio empírico

Resumen. Este estudio explora las dinámicas del comportamiento de los inversores en el contexto del crowdlending de tipo peer-to-business (P2B), centrándose en cómo la experiencia del inversor influye en su intensidad de inversión y asunción de riesgos. Utilizando datos de la plataforma española de préstamos P2B MytripleA, la investigación analiza los patrones de inversión de 1340 inversores privados en 798 préstamos. El estudio investiga la relación entre la duración de la experiencia del inversor y su propensión a financiar un mayor número de proyectos y asumir inversiones de mayor riesgo. Se abordan hipótesis clave que plantean una asociación positiva entre la experiencia del inversor y la decisión de aumentar la intensidad de la inversión y el nivel de riesgo. La metodología integra un modelo robusto de ecuaciones estructurales con mínimos cuadrados parciales (PLS) para validar las relaciones propuestas. Los resultados indican que los inversores con experiencia tienden a diversificar sus carteras de inversión participando en proyectos más riesgosos, confirmando las relaciones positivas planteadas. Estos hallazgos contribuyen a la comprensión del comportamiento de los inversores en crowdlending, ofreciendo ideas para los operadores de plataformas y posibles inversores en cuanto a estrategias de inversión y gestión del riesgo. El estudio también destaca la importancia de la experiencia del inversor en la toma de decisiones de inversión, subrayando su papel en el dinámico y evolutivo panorama del crowdlending.

Palabras clave: Crowdlending, comportamiento del inversor, gestión del riesgo, intensidad de la inversión, peer-to-business (P2B), préstamos

1. Introduction

Alternative financing, including crowdlending and crowdfunding, began to thrive worldwide in 2008 in response to the financial restrictions imposed by banks and other traditional financial institutions after the Great Recession. While crowdfunding involves raising small amounts of money from a large group of people to fund projects or ventures, crowdlending, also known as peer-to-peer (P2P) finance, focuses on lending capital directly to individuals or businesses, typically bypassing traditional financial institutions. In turn, crowdsourcing refers to obtaining services, ideas, or content from a large group of people, often through an online platform. These concepts are related but distinct, as each serves a different purpose in leveraging the “crowd.”

Peer-to-peer (P2P) finance underwent rapid growth and was forecast to significantly impact project financing (Assenova et al., 2016). Since then, this source of financing has become increasingly consolidated, and the fintech sector has continued to increase its volume worldwide (Ziegler et al. 2020).

P2P lending has attracted investors who have been discouraged by poor stock market returns and the low interest rates offered by traditional banks (Brennan 2009). *The Wall Street Journal* reported that investors who operate on the major P2P platforms have achieved an annual return of 10% or more at a time of historically low interest rates. These platforms have also attracted major institutional investors, such as hedge funds and wealth management companies (Light, 2012).

However, research on P2P lending remains scattered and mainly focuses on topics related to borrowers (Pang & Yang, 2020), being restricted largely by limited access to available information, especially with regard to lenders (Culkin et al. 2016). Usually, P2B lending projects involves three entities: borrowers, funders (investors), and platforms (Belleflamme et al., 2015). Many studies have analyzed the role of internet-based P2P lending platforms (Belleflamme et al. 2014), mechanisms for increasing borrower reliability (Yum et al., 2012) or campaign success (Sanchís-Pedregosa et al. 2020; Slimane & Rousseau 2020), and other related topics.

It is essential to clarify that while both P2P and P2B (peer-to-business) lending are forms of crowdlending, they differ in the type of borrower. In P2P lending, the borrower is typically an individual, whereas in P2B lending, the borrower is a business.

Along these lines, very little is known about the individuals who lend money through P2P lending platforms (Pierrakis, 2019), though related studies on traditional lending, crowdfunding, and crowdsourcing can shed light on investor motivations and behaviors. Building on this literature, we

aim to fill the gap by examining investors' choices in P2B lending contexts. Our main goal is to understand the motivations and criteria of investors so as to give platforms insight into the expectations of funders and help them make better investment decisions through awareness of the factors they should consider.

To this end, we focus on P2B lending, which is a type of P2P lending where the borrower is a company. P2B lending has received far less attention in previous studies even though it has important differences with P2P, and it is a very important industry (Pierrakis, 2019; Sanchís-Pedregosa et al., 2020).

It is important to note that while economic returns are a central motivation for investors in P2P lending, diversification, which also contributes to economic returns, plays a significant role in mitigating risk and enhancing investment portfolios. Moreno-Moreno et al. (2019) showed that P2B lending investors tend to seek projects with greater risk in exchange for higher profitability, but this is not true in all cases. This could be explained by the fact that P2B lending makes it possible to invest small amounts of money in different projects, resulting in a diversification strategy capable of tolerating higher levels of risk. This should be the case for experienced investors who would take greater risks and create a more diversified loan investment portfolio, but not for more novice investors.

Therefore, this study is confirmatory in nature, as it aims to verify existing knowledge about investor behavior in a new context, focusing specifically on investor experience and investment intensity in Spanish private crowd-lending. Our research question asks: Does investor experience influence the volume of loans financed and the level of risk taken in their investment portfolio? In other words, we examine the relationship between investor experience, investment intensity, and the level of risk of the loans. Through this line of enquiry we seek to provide useful information to P2B lending companies, allowing them to corroborate whether their P2B lending projects are successful based on the features offered in their loans.

Specifically, we analyze loans offered by the Spanish P2B lending platform MytripleA, which was founded in 2013 to create a marketplace where companies and freelancers can obtain financing directly from private investors who obtain a return in exchange. To date, MytripleA has accumulated a brokerage volume of more than 140,000,000 euros.

The remainder of this paper is set out as follows. The second section establishes the theoretical framework of this research and presents the hypotheses and research model. The third section explains the methodology. The fourth section describes the statistical method and the main results. The last section summarizes the discussion and conclusions.

2. Theoretical Background

The existence of adverse selection in microfinance is a central focus of research because the long-term success of these platforms depends on lenders' willingness to place bids continuously when requests are made by risky borrowers in the online environment (Weiss et al. 2010). Information asymmetries in the financial market are well documented (Sufi 2007), but the information asymmetry between a borrower and potential lenders in the P2P lending market is even more acute.

Unlike traditional financial markets that are largely intermediated by experts—including venture capital (VC), angel investors, and financial institutions—that provide not only the resources/capital but also their expertise in evaluating, monitoring, and managing risk, online crowdfunding markets enable startup ventures and entrepreneurs to bypass these financial intermediaries and seek funds directly from the crowd. The diverse nature and quality of borrowers, the lack of established intermediaries, the participation of the crowd, and the arms-length approach to investing all exacerbate the issues of information asymmetry in online crowdfunding markets. (Kim & Viswathan, 2019). In contrast to traditional investment channels, P2P platforms are open to almost everyone with an internet connection (Bruton et al., 2015).

Therefore, as it is the investors who directly decide which projects to finance, it seems clear that investor experience could play a key role in P2P lending. In this sense, Puro et al. (2011) have presented evidence about bidder learning. The time to when a loan is funded has become shorter and the dispersion of interest rates has increased. These developments indicate that bidders have improved confidence in evaluating potential borrowers.

Unfortunately, there is little existing literature focusing on the role of investor experience in P2P finance, and most of the few papers published are based on equity crowdfunding (Cicchello et al., 2020; Goethner et al., 2020).

In this context, investor experience plays a key role in preventing lender selection mistakes. Investors with less expertise in risk management usually overestimate the risk of loan non-payment (Yum et al., 2012).

Moreover, most collective or less sophisticated investors may have less experience assessing the real value of business ideas than professional investors (Goethner et al., 2020). Hence, each project's final risk assessment is left to the individual lenders, who may or may not have experience in risk management (Yum et al., 2012). Along these lines, Li et al (2021) noted that in the Chinese online P2P lending market, which has serious information asymmetries, investors learn from their experience to reduce adverse

selection in the market. Additionally, Seru et al. (2010) pointed out that individual investors do not initially know their investment ability, but they obtain information about their performance through their experience. So, for these scholars, investors who perform better are those who continue to operate through the platform over time.

To manage this risk, Cicchiello et al. (2020) proposed the need to submit registered investors to a suitability assessment to ascertain whether they possess appropriate experience, knowledge, and a financial situation that will allow them to understand the risks they are taking. Therefore, it is assumed that previous experiences influence the investor's financial strategy (Chen et al., 2020). For Germany's largest equity crowdfunding portal, Goether et al. (2021) examined how the Small Investors Behaviour Act (SIBA) has affected investor's behaviour. Their results show that since the new law became binding, sophisticated investors have invested less on average while casual investors invest more.

Nowadays, in a low returns scenario, private investors are joining P2P lending platforms in search of higher returns. Moreno-Moreno et al. (2019), using data from 243 P2B lending campaigns obtained through the October.eu platform, showed that P2B lending investors seek projects with a greater risk in exchange for higher profitability. This has been aided by the fact that, as we have noted, P2B lending enables the investment of small sums across various projects, making it a diversification strategy that can tolerate higher risk levels. This should be the case for experienced investors who would take more risk and create a more diversified loan investment portfolio, but not for more novice investors. Therefore, investor experience is of great interest when seeking to understand what leads them to choose certain projects.

Drawing on these ideas, we consider that as investors gain experience, they take more risk and create a more diversified loan investment portfolio. Therefore, we will test the following hypotheses for investors:

H1 (+): Investor experience positively influences the decision to increase the number of projects funded.

H2 (+): Investor experience positively influences the decision to invest in projects with higher levels of risk.

In general, level of risk is one of the most important characteristics analyzed by investors prior to deciding which projects to support (Hoe-gen et al., 2018). In P2P finance, lenders decide to use the credit risk analysis provided by the platform. This risk analysis is based on verified information related to each borrower and project. To control the quality of the borrowers, platforms apply various control measures, such as

credit ratings, credit models, or a careful review of lending applications (Hernandez et al., 2015).

It is important to note that in the event of fraud the credibility of the platform is at stake. However, platforms are just a marketplace that allows lenders and borrowers to connect with each other (Belleflamme et al., 2014). Therefore, P2P lending entails a risk for lenders in terms of distinguishing trustworthy borrowers and selecting the right lending intermediary (Chen et al., 2014). Furthermore, investors seldom have any influence on their investment once it is made. Therefore, it is necessary to evaluate the exact structure of P2P lending contracts (Winterberg 2020). Lenders often look at a borrower's fair and reliable financial performance record as it clearly shows an ability to pay and flags the risk of non-performance (Cai et al., 2016; Greiner & Wang, 2010; Slimane Rousseau, 2020). This generates confidence in the borrower and affects the lender's decisions.

According to the literature, financial performance is not the only criteria to consider. Lenders' decisions are also based on other risk indicators, such as the interest rate, loan duration, and its amount (Bodie et al., 2012; Cai et al., 2016). Nevertheless, further indicators should also be considered, such as loan return, the project's rating assessment, the lending rate, and the default rate (Dietrich & Wernli, 2020). The interest rate represents the potential financial return for the loan, the monetary cost that the borrower will pay, and the possibilities of non-repayment (Freedman & Jin, 2017; Pope & Sydnor, 2011). The interest rates of the loans offered on P2B lending platforms bear many similarities with traditional loans (Keliuotytė-Staniulėnienė & Kukarėnaitė, 2020). However, they offer higher investment returns, which means that such financing involves risks. So, the higher the interest rate, the higher the risk of default by the borrower. According to Gjesvisk and Hestmann (2018), "a higher interest rate could therefore be interpreted as a compensation for the increased risk facing investors" (p. 11). This indicator measures investors' rationality concerning their expected risk–performance commitment under conditions of imperfect information (Dietrich & Wernli, 2020). This indicator would also show the economic performance of P2B lending projects.

Moreover, the amount requested by borrowers and the duration of the loan are risk indicators that could affect the success of P2B lending projects. On the one hand, with a significant amount requested there is a greater risk of not obtaining the necessary funds to finance the project and of the P2B lending campaign not being successful (Yum et al., 2012). The effect of the loan duration indicator, on the other hand, is not apparent. Like Feng et al. (2015), some authors consider that there is no significant rela-

tionship between the duration of the loan and the success of the financing. Nevertheless, investors are more concerned about loan returns. They prefer shorter loan periods because they offer greater liquidity (Moreno-Moreno et al., 2018). Wang and Greiner (2010) and Kafft (2008) noted that many lenders who invested in funds through the P2B lending platform Prosper.com could not achieve their expected returns due to the high default rate from low-income borrowers. Therefore, the risk will remain latent until the investor recovers their initial investment. The loan return will also depend on the borrower's characteristics, sector, and time to implement and comply with the funded P2B lending project.

Another risk indicator to consider is the borrower's credit rating or credit score. The credit rating establishes the risk involved in investing in the debt of P2B lending projects. Most P2B lending companies establish their equivalents to the credit ratings provided by independent rating agencies (TransUnion, Experian, etc.). The credit rating letter assigned is widely recognized and easy to understand (Gjesvik & Hestmann, 2018). Most investors base their investment strategy on these financial credit ratings. Hence, they try to lend money to borrowers with a higher rating because their creditworthiness will be premium. According to Altman and Rotblut (2016), 60% of P2B lending borrowers are characterized as having "investment grade" (above BBB), while 40% are classified as having "high yield" (below BBB) (Altman & Rotblut, 2016).

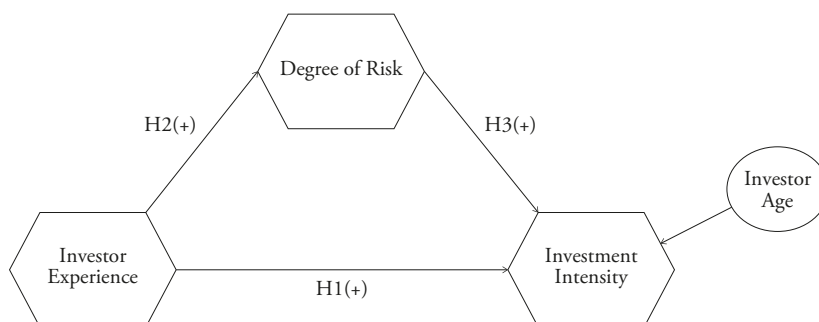
One way to compensate for the risk taken is to follow a diversification strategy; that is, to invest in different projects. According to Moreno-Moreno et al., (2020) and Altman and Rotblut (2016), P2B lending investors look for higher returns so it would be natural to expect them to diversify (Markowitz 1952). Thus, in connection to the degree of risk, the following hypothesis will be tested:

H3(+): The degree of risk positively influences the decision to increase the intensity of investment in projects.

In general, P2B lenders are seeking higher returns which imply a higher risk. To offset this risk, they invest in different projects in order to diversify the risk. Nevertheless, investors have different levels of experience in crowdfunding, which might affect their decisions.

To test for the degree of risk and its relationship with experience and intensity, we propose the following research model (Figure 1):

Figure 1
Model and hypotheses



3. Methodology

Data collection, sample, and measures

Our empirical analysis was based on a secondary database of investors in lending projects. The data comprises 1,340 private investors registered on the Spanish P2B lending platform MytripleA, participating in 798 loans from 2015 to 2019. The objective of this company is to offer finance to SMEs and the self-employed while seeking to ensure that private investors obtain a proper return for their money. According to the information on its website (<https://www.mytriplea.com>), MytripleA offers returns to investors that range from 7%, for riskier projects, to a 2% return for guaranteed projects. In our study, we have included all types of projects.

As this is a secondary database and we do not conduct an empirical study using survey methodology, the items are developed based on how the information is presented by the platform. So, the variables used to test the hypotheses are composed of the following indicators: time investing, loan return, rating, average interest rate, and number of loans. Therefore, the constructs employed in this study are investor experience, degree of risk, and investment intensity.

- **Investor Experience:** We have measured this variable directly from the platform by considering the number of years since the investor created their account. We use a similar measure as the one applied by Li et al. (2021), who analyzed the relationship between investor performance and experience. The study proxies for investor experience using account age and the cumulative number of bids. In our study, we have renamed these two variables as *Time investing* (investor experience using account age) and *Number of loans* (number of bids).

This variable has also been employed as a control variable in the study of Wasiuzzaman et al. (2021).

- Degree of Risk: For each investor, we consider the loan return (days), the rating (numerical coding of the rating letters assigned by the rating agency), and the average interest rate (%) to measure the degree of risk taken. To calculate the number of loans, all the loans in which each investor had invested were added together. Once we ascertained the number of loans each investor had invested in, we were able to calculate the average loan return, rating, and average interest rate. Previous researchers have found that the characteristics of the loan can affect the credit risk taken by the investor. Emekter et al. (2015) examined the factors that determine the likelihood of loan default and the risk of the loan applications. To do so, they analyze the credit grade, interest rate, loan status, total funded, revolving line utilization, and monthly income, among other criteria. Nguyen et al. (2021) explored the potential risk exposures that individual investors may experience through Malaysia's licensed P2P lending platforms. This study analyzes the links between interest rates and several risk factors such as credit rating, industry, business stage, loan purpose, and loan duration.
- Investment Intensity: We have considered the number of loans (unit). As mentioned above, Li et al (2021) used a similar variable (number of bids) to measure investment intensity.

Finally, we note that the investor age construct has been used as a control variable. Previously, Pierrakis (2019), Jiang et al. (2020), and Wasiuzzaman et al. (2021) used the *variable age* control to explain the characteristics of investor demographics. In our study, the variable age will control for possible differences in the investment intensity and the risk taken by the investor.

Pierrakis (2019) went a step further and described investors' characteristics, investment criteria, and their motivation to invest in peer-to-peer lending. The study of the variable investment criteria employed the following items: great product, business model, management team, customer and market potential, risk rating, popularity with other lenders, financial track record, and personal expertise in the industry. Furthermore, in order to study lending motivation, the following items were used: interest offered, security, personal knowledge of the company, family relationship or friendship, and region in which the company is based. It should be noted that, in this study, risk rating is considered an investment criteria, and interest offered is classed as a motivation to lend. Subsequently, Jiang et al. (2020) presented a study of peer-to-peer loan characteristics by provinces of China (loan number, loan amount, interest rate, maturity, credit certificates and

default rate) together with their correlation with higher default risk, lower recovery rate, and lower realized return.

There is no consensus in the literature about the factors that affect investment risk, investor experience and investment intensity, nor about their nomenclature. This may be due to the non-standardized way in which internal data are collected by the platforms. It might also be due to the difficulty faced by researchers who wish to study this topic in depth when it comes to accessing primary data from peer-to-peer services.

4. Analysis and Results

Statistical method

Partial least squares (PLS), a variance-based structural equation modeling (SEM) technique, was applied to test the research model and hypotheses of this paper (Roldán & Sánchez-Franco, 2012). This method enables us to assess the reliability and validity of the measures of items, constructs (outer model), and relationships of the theoretical model (inner model) (Hair et al., 2011).

Some well-known aspects were contemplated in selecting the analysis approach. First, the simple size of the study. The sample used in this paper ($n = 1,340$ private investors) would be considered a large sample (Kline, 2005). Nevertheless, previous and recent studies like Hulland et al. (2010), Vázquez-Martínez et al. (2021), and Albort-Morant et al (2022), among others, have confirmed that large samples are perfectly valid for the application of PLS-SEM, even allowing more relevant conclusions to be reached than with small samples, which frequently lead to modest model fit and somewhat biased results (e.g., Hu & Bentler 1995). Secondly, the combination of direct and mediation relationships qualifies the research model as complex. Finally, PLS is ideal for analyzing the constructs proposed in the model, validating the proposed relationships and theoretical developments. Because of these characteristics, PLS modeling is appropriate for evaluating the research model and hypotheses.

PLS analysis takes place in two consecutive phases: the measurement model and the structural model. Hence, we endeavored to ensure that the construct measures are reliable and valid before concluding the relationships analyzed. Additionally, we performed a complementary analysis, known as importance performance map analysis (IPMA), which will allow us to identify which items and constructs are foremost in terms of importance and performance when determining an objective variable. To this end, we used SmartPLS 3.2.7 software (Ringle et al., 2015) to validate the hypotheses put forward.

Measurement model assessment

The measurement model evaluates the reliability and validity of the individual items and constructs (set of items). This analysis is fundamental prior to working toward conclusions concerning the hypothesized relationships.

The results, reported in Table 1, show that the measurement model meets all the standard requirements explained below. First, individual items are reliable because all the standard factor loadings are more significant than 0.7 (Fornell & Larcker, 1981). Second, all constructs achieve Cronbach's Alpha, Dijkstra–Henseler's rho (rho_A), and composite reliability (CR) because they are above the critical 0.7 level. Third, convergent validity is evaluated by means of the average variance extracted (AVE), which must be equal to or greater than 0.5. In this case, all the constructs satisfy the AVE criterion.

Table 1
Measurement model results

	Items	S.L.	Cronbach's Alpha	rho_A	C.R.	AVE
<u>Dependent variables</u>						
Investor Experience			1.000	1.000	1.000	1.000
	Time Investing	1.000				
Degree of Risk			0.878	0.969	0.925	0.806
	Loan Return	0.744				
	Rating	0.970				
	Average Interest Rate	0.960				
<u>Independent variable</u>			1.000	1.000	1.000	1.000
Investment Intensity	Number of Loans	1.000				
<u>Control variable</u>						
Investor Age	Investor Age	1.000	1.000	1.000	1.000	1.000

Notes: SL = Standard loadings; rho_A = cronbach's alpha; CR = composite reliability; AVE = average variance extracted.

Finally, Table 2 shows the test for discriminant validity, following the heterotrait–monotrait (HTMT) ratio criterion. In this case, all the variables satisfy the HTMT criterion since their values are lower than 0.85 (Kline 2015) and 0.90 (Henseler et al. 2015). Consequently, all the constructs are sufficiently different from one other and meet the discriminant validity requirements (Henseler et al., 2015).

Table 2
Measurement model: discriminant validity.

Discriminant validity: Heterotrait–Monotrait ratio (HTMT)				
	Investment Intensity	Investor Age	Investor Experience	Degree of Risk
Investment Intensity				
Investor Age	0.039			
Investor Experience	0.316	0.054		
Degree of Risk	0.123	0.069	0.481	

Structural model assessment

After verifying that each indicator and construct has appropriate reliability and validity, we assessed the structural model. The results presented in Table 3 offer empirical evidence to support the relationships proposed by the hypotheses within the research model. This table is based on the values obtained through the bootstrapping (5000 resamples) technique: path coefficient, t-value statistic, p-value and 95% bias-corrected confidence intervals (95% BCCI) (Roldán & Sánchez-Franco 2012; Hair et al. 2014). These indicators test whether relationships are significant and, if so, the degree of significance.

As Table 3 shows, Hypotheses 1 and 2 have t-values greater than 3.092 (three stars). These relationships are very robust, positive, and acceptable. However, for Hypothesis 3, which relates the degree of risk with investment intensity, we find weaker significant evidence (only one star). For this direct effect, we do not find support. This suggests that the amount of time investors have spent on P2B lending platforms influences the number of contracts that they carry out and the possibility of taking on investments with a significant risk.

Finally, we controlled for investor age, which presents negligible and nonsignificant effects on investment intensity. Therefore, the assessment of the structural model validates the causal link among constructs.

Table 3 also presents the adjusted coefficient of determination (R^2), which evaluated the dependent construct's explained variance (Chin, 2010). The results obtained are $R^2_{\text{Risk Degree}} = 0.223$ and $R^2_{\text{Investment Intensity}} = 0.103$. Although the values are not very high, they comply with the requirements of Falk and Miller (1992), who established a minimum value of 0.10. Thus, the two coefficients of determination confirm that the dependent variables have predictive relevance.

Table 3
Structural model results

Structural path	Path coefficient	t-value	p-value	95% Confidence Intervals Bias Corrected	Support
<i>Direct effect</i>					
H1(+): Investor Experience → Investment Intensity	0.319***	14.520	0.000	(0.277. 0.362)	Yes
H2(+): Investor Experience → Degree of Risk	0.473***	25.977	0.000	(0.437. 0.508)	Yes
H3(+): Degree of Risk → Investment Intensity	-0.056*	2.194	0.028	(-0.106. -0.006)	No
<i>Control effect</i>					
Investor Age → Investment Intensity	0.054*	1.672	0.095	(-0.013. 0.112)	No
Coefficient of determination (R²)	R ² _{Investment Intensity} = 0.103				
	R ² _{Degree of Risk} = 0.223				

Notes: t Values in parentheses: t(0.05, 4999) = 1.645; t(0.01, 4999) = 2.327; t(0.001, 4999) = 3.092. * p < 0.05. ** p < 0.01. *** p < 0.001

Importance-Performance map analysis (IPMA)

In this section, we explain the results obtained using importance-performance map analysis (IPMA). This analysis has been used in recent years to corroborate that constructs or items have greater or lesser importance and performance concerning the target items (number of loans) or target construct (investment intensity) of the research model. In other words, this analysis consists of determining the most important constructs and items for increasing investment intensity based on these empirical data (Hair et al., 2017). Therefore, IPMA analysis helps us to recognize the predecessor's items (in our case, rating, average interest rate, loan return, time investing, and investor age) or constructs (e.g., investor experience, degree of risk, and investor age) on the target construct (Ringle & Sarstedt 2016). Moreover, the IPMA scatter plot graph obtained through IPMA analysis allows us to analyze these relationships from a more applied and intuitive approach. We incorporated two lines to identify the greater or lesser degree of importance and performance: one vertical (importance) and the other horizontal (performance). These lines represent the average values of both dimensions. Therefore, we divided the graph into four areas or zones (Ringle & Sarstedt 2016). According to Nitzl and Chin (2017), this analysis allowed us to see areas of more considerable importance to

a target construct even though the construct performs inadequately to focus on and enhance them.

Figure 2 shows the results of the construct level, and Figure 3 shows the items level. The first graph reveals that investor experience is the construct that has the most significant importance and performance (upper-right quadrant). Degree of risk has low importance and negative performance (lower-left quadrant). Therefore, the degree of risk is not relevant for investment intensity as its importance and performance are low. The upper-left quadrant presents the control variable, and investor age has high importance but little or no performance in relation to the target variable. Figure 3 shows the distribution of the items. These items are in the same quadrant as their respective constructs. For example, the *length of time investing* indicator is in the upper-right quadrant along with its investor experience construct. Consequently, no indicator is an outlier or contrary to our hypotheses.

Figure 2
IPMA Map – Constructs Level

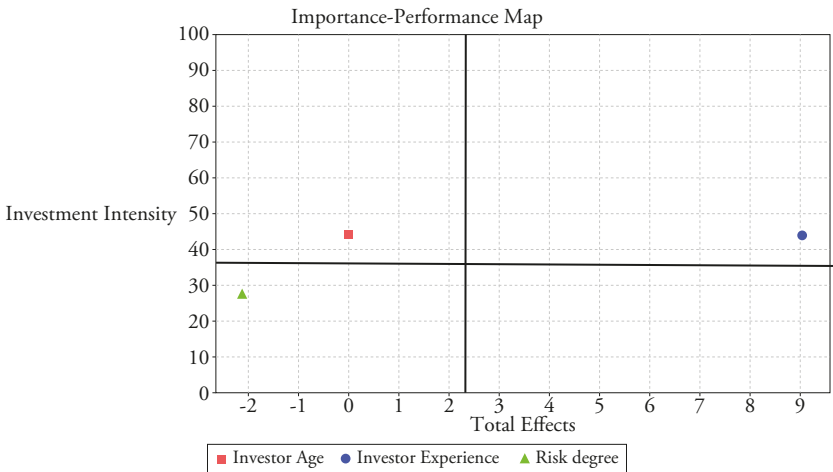
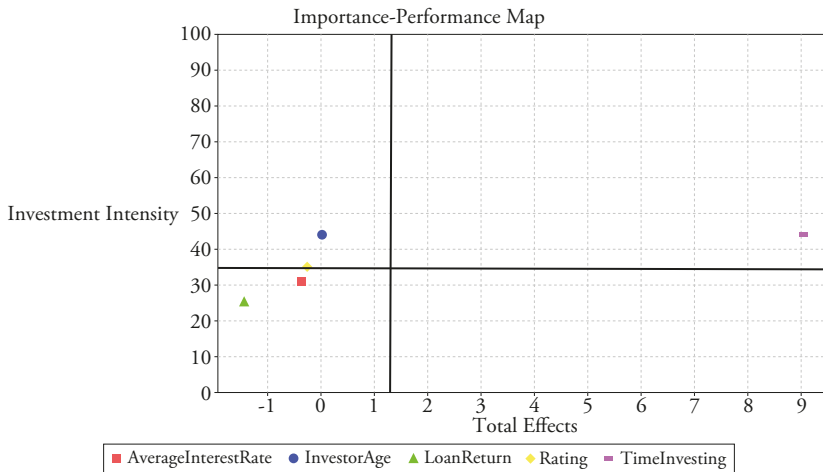


Figure 3
IPMA Map: Indicators Level



5. Discussion and conclusion

The main objective of this paper is to shed light on the behavior, if any, of P2B lenders or funders. Characterizing investors is not always possible since they have different profiles. Nevertheless, they all share the same economic motivation (Martínez-Climent et al. 2020). For this reason, exploring the relationship between economic risks and investors' decision-making is useful in aiding our understanding of the success of some projects over others.

Low entry barriers stimulate the entrance of amateur private investors seeking higher returns for their savings. Lending investors directly decide which projects to finance and, unlike other modes of crowdfunding, they mainly focus their decisions on financial risks (Hoegen et al. 2018). This study is confirmatory in nature, as it aims to validate and extend previous findings on investor behavior in P2P and equity crowdfunding to the specific context of P2B crowdlending in Spain. By focusing on the relationship between investor experience, risk, and investment intensity, it contributes to our understanding of investor behavior in somewhat underexplored setting.

As P2B investors gain experience, their decisions may change. With this study, we set out to answer the following research questions: (a) How does investor experience influence investment intensity in the context of P2B lending platforms? (b) Do investors who have been investing in P2B lending for longer decide to take more significant risks? (c) Do P2B lending

investors take more significant risks when investing? (d) Does the degree of risk affect the number of projects that investors decide to finance?

In order to answer Questions a) and b), we proposed Hypotheses 1 and 2.

We tested whether investor experience positively influences the decision to increase the degree of investment intensity and engage with projects that entail a higher risk level. Our results show that both hypotheses are fulfilled. This result is consistent with the existing literature and previous empirical evidence (Moreno-Moreno et al., 2019). However, in our study we go one step further and conclude that as investors gain experience, they invest in more projects and select those with more risk. This extends the theory by providing evidence that experienced investors not only diversify their portfolios but also consciously engage with higher-risk investments as part of their strategy.

This diversification and risk-taking behavior aligns with established investment principles but is now confirmed in the P2B context, contributing to the literature on how experience shapes financial decision-making in alternative finance. This is a consistent result, since investors, as they gain experience, know that to reduce risks, a diversification strategy must be followed. Our results coincide with those of Li et al. (2021) who, for the Chinese online P2P lending market, found that investors can rationally learn from their experience. They observed that investors improved their performance as they gained experience. Furthermore, Pierrakis (2019), using a survey conducted with 630 investors from the Funding Circle Platform, found that the expectation of making a financial return is the main motivation behind an individual's decision to lend money to companies.

Regarding Questions c) and d), our results also confirm a negative relationship between the degree of risk taken by investors and investment intensity, although this relationship is not as strong as in the previous hypotheses. As they invest in projects with greater risk, they tend to diversify by investing in more projects. This diversification strategy seems to apply to investors with more experience (those that take more risks). This effect is also reinforced by Hypothesis 3, which holds that the degree of risk has a moderating effect between investor experience and investment intensity. This insight adds nuance to existing theories on risk-taking, suggesting that experience not only influences the volume of investments but also the strategic diversification of risks across multiple projects. Future studies could explore additional theoretical frameworks, such as behavioral finance or the theory of bounded rationality, to better understand how cognitive biases or decision heuristics might further shape the experience-risk-intensity dynamic.

The findings of this study have important practical implications for platform operators in the P2B lending space. By understanding the varying behavior of investors based on their experience level, platform operators can tailor their services to different investor segments. For example, more experienced investors, who tend to take higher risks and diversify their portfolios across multiple projects, could be offered targeted investment opportunities that match their risk appetite. Platforms could develop specific risk-based filters or personalized recommendations to help these investors easily identify high-risk, high-reward projects. Conversely, less experienced investors, who are more cautious and tend to avoid risk, could benefit from educational resources, tutorials, or “safer” investment options that focus on guaranteed returns or lower-risk projects. By segmenting investors and offering tailored services, platform operators can improve user satisfaction, retain diverse investor groups, and optimize the overall performance of their marketplace.

Nonetheless, this study is not without limitations. One key limitation lies in the fact that the data is specific to the Spanish market and drawn from a single platform, MyTripleA. Therefore, these findings may not be generalizable to other geographic or regulatory contexts. Additionally, while we have established a link between experience, risk, and investment intensity, further research is needed to explore under what conditions these relationships might differ. For instance, in markets with stricter lending regulations or in periods of economic instability, the experience–risk–intensity relationship might not follow the same pattern. Future research could explore these conditions, as well as examining how factors like investor education, access to information, or platform characteristics could modify these dynamics.

This study may be helpful to platforms and borrowers. Understanding investors’ preferences stands to help borrowers design better projects to make them more attractive. It is also of interest to investors, who will make better investment decisions by being aware of the factors they should consider. Furthermore, it will provide new perspectives on crowdfunding regulations, helping to protect investors from rash and potentially costly choices.

In conclusion, this confirmatory study not only verifies prior research in a new context but also offers a deeper understanding of the interplay between investor experience, risk-taking, and investment intensity in P2B lending. This contribution is essential for both academic theory and practical application, offering insights that can inform future studies and support the ongoing evolution of the crowdlending industry.

Abbreviations

P2P: Peer to Peer

P2B: Peer to Business

PLS: Partial Least Square

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