

INTENTION TO USE PEER-TO-PEER LOAN SERVICES AMONG GEN-Z CUSTOMERS: THE MODERATING ROLES OF ELECTRONIC WORD OF MOUTH AND FINANCIAL LITERACY

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Abstract: *The article analyzes the factors affecting the intention to use peer-to-peer loan services of Gen Z customers and the moderating role of electronic word of mouth and financial literacy through the UTAUT model. The results from Smart PLS4 shows that Perceived usefulness and Facilitate condition have a positive impact on Attitude toward P2P loan. EWOM has a positive impact on behavioural intention and strengthens the relationship between attitude toward P2P and intention to use P2P loan. The study also proposes solutions for financial institutions to attract Gen Z customers using online loan services.*

• Keywords: P2P, online loans, EWOM, financial literacy.

JEL codes: G21, L81

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1. Introduction

In the era of the Industry 4.0 revolution, online loan services are increasingly becoming a popular choice for customers. Particularly, Generation Z customers-tech-savvy individuals with high spending needs but limited budgets is more inclined to utilize peer to peer (P2P) loan services. These services offer convenience, simple procedures, and easy access through mobile applications and online platforms. Furthermore, Gen Z is highly influenced by electronic word of mouth (eWOM) due to their online information-seeking behaviors and strong trust in peer experiences. Additionally, Gen Z possesses strong financial literacy, enabled by their ability to rapidly access information. They regularly research for information before making financial decisions. Understanding Gen Z's behavior is crucial for banks aiming to attract and retain this segment. This study aims to explore Gen Z's intention to use online loan services and provide actionable insights to help banks maintain and expand their Gen Z customer base.

2. Literature review

Peer to peer loan

P2P lending is a form of internet financing where individuals directly lend money to borrowers (Gomber et al., 2018), without the direct involvement of a traditional financial institution as an intermediary.

International research has highlighted the significance of P2P credit services, which offer benefits such as efficient asset allocation, intense interest rate

competition, low transaction fees, and a mixed credit service mechanism (Arner et al., 2020). P2P lending provides better returns for lenders and greater access to affordable credit for borrowers who may have limited access to traditional banks, making it a competitive alternative to conventional lending models in the retail sector (Milne & Parboteeah, 2016). Furthermore, the P2P model plays a crucial role in promoting financial inclusion and is seen as an optimal method to reduce reliance on informal lending.

Factors affecting customers' intention to borrow online

Previous studies have identified several factors influencing borrowers' decisions to use online loans. Sundjaja & Tina (2019) found that consumers' trust, relative advantage, perceived usefulness, and perceived ease of use in P2P lending platforms significantly affect borrowers' attitudes toward adoption. Milne & Parboteeah (2016) asserted that financing knowledge and risk attitude are key factors associated with P2P borrowing. Gerelt-Od et al. (2022) claimed that borrowers' intentions are primarily driven by initial trust and perceived risk. Meanwhile, Devi et al. (2020) highlighted that hedonic motivation, price value, and habit are strongly correlated with the behavioral intentions to adopt P2P lending. In the case of Gen Z customers, Panjaitan et al. (2024) found that their online borrowing behavior is influenced by utilitarian value, risk perception, financial literacy, perceived ease of use, perceived usefulness, trust, innovativeness, and

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views on government support when considering online loan services.

Electronic Word of Mouth (EWOM)

Al-Gasawneh et al., 2023 describes eWOM communication as any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a broad audience via the internet.

In the digital age, eWOM is a crucial marketing tool. Detailed feedback from the online community not only reinforces customer trust but also provides opportunities for product comparison and research, particularly in emerging markets where eWOM plays a critical role in shaping attitudes and consumer decisions (Al-Gasawneh et al., 2023).

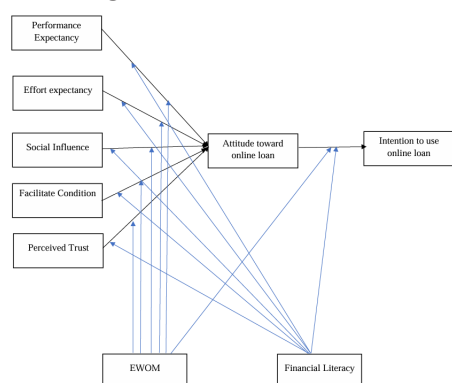
Financial literacy

Lusardi & Mitchell (2014) define financial literacy as an individual's ability to process financial information and make informed decisions regarding financial planning, wealth accumulation, pensions, and debt.

Financial literacy has a significant impact on customer purchasing behavior, especially in making financial services purchasing decisions. Financial literacy fosters sustainable purchasing decisions supporting short-term and long-term consumer goals (Disney & Gathergood, 2013). Van Rooij et al. (2011) indicated that individuals with greater financial knowledge are more likely to engage in behaviours associated with financial planning, such as savings, investing, budgeting or accumulating funds for future goals.

3. Research model

Figure 1: Research model



Source: Vankatesh et al. (2003) and authors' proposal

The study uses the Theory of Acceptance and Use of Technology (UTAUT) model proposed by Venkatesh et al. (2003). The study also extended the model with a new construct of "Perceived trust" to clarify the vital role of banks' reputation in Gen Z customers' online borrowing behavior. The research model incorporates

two moderating factors, which are EWOM and Financial Knowledge. The research model is presented as figure 1.

Research hypothesis development

Performance Expectancy is defined as the degree to which an individual believes that his or her job performance will be enhanced when using a particular system (Vankatesh et al., 2003). When customers find that the platform saves them time with simplified procedures and convenience, they will have a more positive attitude and be more willing to use the service. Therefore, the following hypotheses were proposed :

H1: Performance Expectancy has positive effect on Attitude toward online loan

Effort expectancy can be described as the degree to which an individual believes that using a particular system would be free of physical and mental effort (Vankatesh et al., 2003). When customers find that an online lending platform has a friendly interface, simple and easy-to-understand operations, they will tend to evaluate it positively and be more willing to use the service. Therefore, the following hypotheses were proposed:

H2: Effort expectancy has positive effect on Attitude toward online loan

According to Venkatesh et al (2003), social influence can be defined as the degree to which an individual perceives that important others believe he or she should use the new system. Bhattacharjee (2000) asserted that there are several factors, including the influence of other people who are considered important, influence the behavioral intention. Therefore, the following hypotheses were proposed:

H3: Social Influence has positive effect on Attitude toward online loan

According to Chan et al (2010), facilitating conditions refer to the degree to which a person believes that the existing organizational and technical infrastructure can support the use of technology. When users believe that the existing organizational and technical infrastructure can support the lending process well, they will feel secure and willing to use the service. Lack of assistance, lack of timely support, incomplete information, and limited resources can prevent individuals from accepting web-based technology (Kamaghe et al., 2020). Therefore, the following hypotheses were proposed:

H4: Facilitate Condition has positive effect on Attitude toward online loan

Pavlou (2003) defines the Perceived Trust in e-commerce activities as consumers trust to take risks in online transactions. Due to the high level of uncertainty and dynamicity of the cyberspace, trust was theorized

as a direct determinant of attitudes (Hassanein and Head, 2007) Therefore, the following hypotheses were proposed

H5: Perceived Trust has positive effect on Attitude toward online loan

Attitude is defined as “learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object” (Fishbein and Ajzen, 1975). Many research found that “attitude” has an positive effect on the behavior intention (Bhattacharjee, 2000; Chau & Hu, 2001). In terms of online loan, the following hypotheses were proposed:

H6: Attitude toward online loan has positive impact on Behavior Intention to use online loan

Electronic Word of Mouth (eWOM) plays a vital role in influencing customers’ product and service usage behavior. This can be explained by the fact that numerous studies have emphasized the influence of electronic word-of-mouth (eWOM) on consumers’ attitudes, intentions, and behaviors associated with purchases (e.g., Elwalda et al., 2016; Lee & Shin, 2014). Therefore, the following hypotheses were proposed:

H7, H8, H9, H10, H11, H12: EWOM has the moderate role in the relationship between Performance expectancy, Effort expectancy, Social Influence, Facilitate Condition, Perceived trust to Attitude toward service; and moderate role of relationship between Attitude toward service and Behavior Intention

Moorman et al. (2004) claimed that in the process of making personal decisions, consumers with more financial literacy differed a lot from those with less financial literacy. Financial literacy impacts individuals’ financial planning behavior (Agarwal et al., 2015; Arrondel et al., 2013). Therefore, the following hypotheses were proposed:

H13, H14, H15, H16, H17: Financial Literacy has the moderate role in the relationship between Performance expectancy, Effort expectancy, Social Influence, Facilitate Condition, Perceived trust to Attitude toward service; and moderate role of relationship between Attitude toward service and Behavior Intention.

Methodology

The survey was designed on the google form platform and sent to Gen Z generation who have used, are using, and intend to use online loan services in Hanoi, Son La, Bac Ninh, and some other areas. The survey was conducted from January, 2025 to March, 2025 and collected a total of 221 response. After the refinement process, 202 qualified responses are used. This study adopted the partial least squares structural equation modeling (PLS-SEM) method to verify the theoretical model and hypotheses with Smart PLS 4 software.

Results

Measurement model

The study evaluates the measurement model based on the proposal of Hair et.al (2014). The Outer loading factor, Cronbach Alpha index and composite reliability (CR), AVE were used to measure the quality, reliability and coverage of the scale; Fornell and Larcker were used to measure discrimination. In terms of the Outer loading factors, Hair et.al (2014) suggested that this indicator should be ≥ 0.078 to be able to evaluate the observed variables as quality. Results of measurement model show most of the items are satisfied except 4 variables EWOM 4 (0.642), EWOM 5 (0.693), FL1 (0.667), and PU 3 (0.691). Therefore, these observed variables are removed from the model. The Cronbach Alpha ranges from 0.721 to 0.848 and CR from 0.730 to 0.882, showing that all indicators are reliable scale. AVE ranges from 0.545 to 0.765, ensuring convergence.

To evaluate discrimination, the study used the Fornell and Larcker table. The results show that the values below the diagonal (\sqrt{AVE}) in each column are not greater than the diagonal value. Therefore, the discriminability of the scale is guaranteed. All the VIF is less than 3, suggesting that there is no serious multicollinearity in the model.

Structural model

Result from Bootstrap analysis are shown in Table 1. Attitude toward online loans has a positive impact on Behaviour intention to use online loans ($P = 0.005$), therefore, accepting H6. Performance Expectancy and Facilitate condition has a positive impact on Attitude toward online loan, with $P = 0.06$ and $P = 0.019$, respectively. Therefore, H1 and H4 are accepted. Beside that, Effort Expectancy, Social Influence and Perceived Trust show no impact on Attitude toward online loan. Therefore, rejecting H2, H3 and H5.

EWOM has a positive impact on behavior intention to use online loan ($P = 0.001$). There is no impact of EWOM on Attitude toward online loan ($P = 0.909$), Facilitate Condition ($P = 0.931$), Performance Expectancy ($P = 0.983$), Social influence ($P = 0.955$) and Perceived Trust ($P = 0.785$). As a result, hypothesis H7, H8, H9, H10, H11 are rejected. However, EWOM has a positive impact and strengthens the relationship between Attitude toward online loan and intention to use online loan ($P = 0.014$). Therefore, Hypothesis H12 is accepted.

Financial literacy does not have a moderate role in the relationship between independent variables, mediating variables and dependent variables. Therefore, hypotheses H13, H14, H15, H16, H17 are rejected.

Table 1: Path Coefficient Result

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistic (O/STDEV)	P values
PE → AT	0.313	0.284	0.113	2.764	0.006
EE → AT	0.184	0.178	0.141	1.310	0.190
SI → AT	0.143	0.137	0.143	0.999	0.318
FC → AT	0.220	0.204	0.094	2.341	0.019
TR → AT	0.104	0.111	0.093	1.123	0.261
AT → BI	0.285	0.299	0.101	2.827	0.005
EWOM x PE → BI	-0.003	0.022	0.157	0.022	0.983
EWOM x PU → BI	0.003	-0.058	0.153	0.019	0.985
EWOM x SI → BI	0.008	0.051	0.140	0.056	0.955
EWOM x FC → BI	-0.011	0.009	0.128	0.086	0.931
EWOM x TR → BI	-0.040	-0.080	0.148	0.273	0.785
EWOM x AT → BI	-2.067	-2.062	0.109	2.465	0.014
FL x PE → AT	-0.024	-0.050	0.169	0.143	0.887
FL x PU → AT	0.060	0.115	0.160	0.375	0.707
FL x SI → AT	0.032	-0.010	0.126	0.250	0.802
FL x FC → AT	-0.120	-0.137	0.126	0.957	0.339
FL x TR → AT	0.069	0.089	0.160	0.429	0.668
FL → AT	0.018	0.036	0.100	0.178	0.859
FL → BI	0.167	0.158	0.106	1.573	0.116
FL x AT → BI	0.162	0.155	0.093	1.733	0.083
EWOM → AT	-0.011	-0.006	0.009	0.114	0.909
EWOM → BI	0.328	0.335	0.095	3.472	0.001

Source: result from Smart PLS4 software

4. Discussion

The results of the study indicate that Performance Expectancy positively influences attitudes toward online loans. This can be attributed to the fact that when customers perceive the platform as time-saving, with simplified procedures and enhanced convenience, they are more likely to develop a positive attitude and a greater willingness to use the service. Moreover, the ability to apply for a loan quickly without the need to visit a branch, combined with an automated approval process, allows customers to access capital in a timely manner with minimal effort. These findings align with previous studies, which have confirmed that performance expectancy has a positive and significant effect on individuals' attitudes toward adopting various electronic and mobile-based services (Dwivedi et al., 2017)

Facilities Conditions positively impact attitudes toward online loans. This can be explained by the fact that when users believe the existing organizational and technical infrastructure adequately supports the lending process, they feel secure and are more likely to use the service. This finding is consistent with Chan et al (2010), which identified Facilitative Conditions as an important variable and a direct antecedent for explaining attitudes toward using a service.

E-WOM positively influences and strengthens the relationship between attitudes toward online loans and the intention to use online loans. This is primarily because when users have a positive attitude toward online lending services, reviews, shares, and feedback from other users on online platforms can enhance their trust, thereby increasing their intention to use the service. Consequently, eWOM acts as a mediating factor, transforming positive attitudes into purchase decisions to utilize online lending services.

Based on the results, several solutions are proposed to help banks retain and develop Gen Z customers

using online loan services at commercial banks. Firstly, banks can enhance the digital experience and optimize their applications to better meet the needs of Gen Z customers. Secondly, they can promote and market their online loan products by collaborating with Key Opinion Leaders (KOLs) and influencers who have a strong presence on social media, particularly in the personal finance sector. Finally, banks can proactively build a financial community tailored to Gen Z through social networking platforms such as Facebook, Zalo, Instagram, and others.

Conclusion: The study examines the factors influencing the online borrowing behavior of Gen Z customers, with the moderating roles of electronic word of mouth and financial literacy. It is one of the first studies to explore this topic. However, the study has some limitations, as the sample size is small and may not be fully representative. Future research could expand the sample size and address these limitations.

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