Peer-to-Peer Lenders' Motivations and Risk Perceptions in Cross-Border Investments in Europe

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Abstract. This paper examines lenders' perceptions of motivations and risks in p2p lending and how these are related to cross-border activity. We use survey methodology to collect responses to a detailed questionnaire sent to p2p lending platforms' users (lenders) across Europe, allowing us to differentiate between the UK and the rest of the EU (pre-brexit). Results show that UK respondents seem to care more about higher returns and less about interest/excitement when investing via p2p lending, when compared with non-UK respondents. We also find that all risks are perceived to be lower in the case of the UK respondents, a strong indication of higher levels of trust on the entire industry in the UK. On cross-border activity, we find that non-UK respondents are much more willing to invest abroad when compared with their UK counterparts. We also find that p2p lenders who wish to diversify their portfolios prefer to invest through foreign platforms rather than investing in foreign projects that are offered by their own domestic platforms. Our results have important implications for all p2p lending stakeholders, including fundraisers and regulators.

Keywords: peer-to-peer lending, risks, motivations, cross-border investments.

JEL-codes: G00, O30

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1. Introduction

Following the global financial crisis, the financial system experienced a general lack of financing, while large international banks reduced their cross-border lending (De Haas and Van Horen, 2013). In this context, the advanced and user-friendly technological (online) environment led to the enormous boost of Fin-Tech alternatives (Cambridge Centre for Alternative Finance, 2019). The FinTech sector facilitates credit in the financial system and brings both financial stability benefits and risks. These include access to alternative funding sources in the economy and efficiency pressures on traditional banks, but also the potential for weaker lending standards, as financial risk may be higher in FinTech platforms than that at banks, due to greater credit risk appetite, untested risk processes and relatively greater exposure to cyber-risks (BIS, 2017).

In Europe, crowdfunding and peer-to-peer (p2p) lending activity is currently relatively weak compared to US or China, but constantly rising (Ziegler et al. 2019). The research field of crowdfunding is in a young state, since it is only in the very recent years that we begin to understand how the crowd thinks, behaves, perceives and evaluates information (Kgoroeadira et al., 2019). To date, little attention has been given to how these motivations and risks influence cross-border activity. Therefore, the aim of this paper is to shed some light in two areas: (a) what is the relative importance of certain motivations and risks from the funders' perspectives when investing via p2p lending in Europe and, (b) how these motivations and risks perceptions affect cross-border transactions for UK and non-UK investors. As little is known about the effects of lenders' characteristics, location, risks perceptions and motivations on "p2p lending" and "loan-based crowdfunding" that may impede the future growth of the industry, we address the following questions: Does higher return or diversification really drive p2p lenders' decisions? Do factors like "poor information" and "fraudulent fundraiser" affect p2p lending? Does the regulatory framework matter to invest in a foreign platform and/or to a foreign project? And do the demographic characteristics matter? To answer these questions we use survey methodology, applying an online questionnaire to users that are already aware of crowdfunding with financial returns, via their membership in European platforms.

The combination of two factors, namely the fact that decision making and risk is transferred from the financial intermediary to the crowd in p2p lending, and evidence of international capital flows in the p2p lending ecosystem, triggered the main idea of our paper. Most of the literature has so far focused on financial institutions while exploring the effect of geographical distance in loan generating. We focus our contribution on the relatively limited literature of the cross-border p2p lending determinants in Europe, from an investor's perspective. Our paper is one of the first attempts, to our knowledge, to summarize some of the most important motivators and risks in p2p lending in a research trying to measure their relative importance and further explore their effects on cross-border activity.

Our paper contributes to the literature as follows. We expand the debate of Daskalakis and Yue (2018) who analyse the relative importance of different motivations and risks for equity compared to p2p lenders in three European countries, by exploring how these motivations and risks affect p2p lenders' behaviour to invest cross-border, investigating any differences between p2p lenders' investment behaviour in the UK and non-UK European countries. In our opinion, this distinction is important for three reasons: First, according to Ziegler et al. (2019), the United Kingdom is still the largest individual alternative online finance market in Europe, albeit with a declining market share from 73% in 2016 to 68% in 2017, while only 55% of the British platforms indicated that none of their funding (inflow or outflow) goes to fundraisers located outside the UK (Zhang et al., 2018). Second, according to the same report, not only most of the locally-based platforms operate in the UK, but also most of the foreign-based platforms, based in other EU countries, also operate in the UK. Finally, in 2018 the UK online alternative finance industry's perception towards regulations remained largely positive, with 83% of both loan-based and investment-based platforms regarding the existing UK regulations as being adequate and appropriate (Zhang et al., 2018). It is important to mention that the UK government has adopted regulations requiring nine designated UK banks to pass on information on small businesses to which they have refused financing to designated platforms for offers from alternative finance providers (BIS, 2017). The rules are intended to facilitate access to finance by businesses turned down by traditional lenders[2], and tax policies and regulations may encourage lending by alternative platforms. In this context, we would like to explore how p2p lenders' motivations and risks perceptions and thus behaviour is affected by the inherent differences between a large and more developed market (the UK), and smaller and less developed markets and platforms (non-UK). According to the Cambridge Centre for Alternative Finance (2019), internationalization of platforms is on the rise.[3] Despite the increasingly large share of platforms that have reported some level of cross-border transactions, most still indicate low levels of such activities. Thus, our paper aims to empirically shed some light on these issues.

Our results have important implications for all p2p lending participants, but mainly for fundraisers and regulators.[4] Specifically, by decoding p2p lenders' behaviour, we help regulators better understand on what p2p lenders value more

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2. For more details see HM Government (2015) and HM Treasury and Kirby (2016).
3. According to the same report, in 2017 platforms represented a growth of 11% for platforms reporting cross-border inflows, and 17% growth for those reporting cross-border outflows.
4. "According to the European Commission, the reason why crowdfunding in the EU is underdeveloped can be attributed to a lack of common rules for crowdfunding in the EU, and this makes it difficult for crowdfunding platforms to expand their services across borders, because of increased operational and compliance costs", as mentioned in an article at the P2Pmarketdata platform in October 20, 2019. https://p2pmarketdata.com/crowdfunding-regulation-eu/

in terms of risks and motivations to domestic and foreign investments. This is significant knowledge for European regulators, in their objective of creating a Single Market for crowdfunding[5, 6, 7] and alleviate persistent barriers to cross-border growth and investment (Ziegler et al., 2018a). We also provide fundraisers (mainly micro and small entrepreneurs) significant knowledge on how funders think and act, so that they can adjust their campaigns to maximize their funding probabilities both in a domestic and cross-border context as alternative finance can work to help SMEs prosper especially at early stages.

The remainder of the paper is structured as follows. Section 2 reviews the current literature on motivations and risks on the one hand, and geographical and cross-border issues in crowdfunding on the other. Section 3 describes the methodological approach. Section 4 presents and discusses the empirical results. Section 5 concludes the paper.

2. Literature Review

2.1. Motivations and Risks in p2p Lending

There is a gradually growing literature on how users perceive motivations, benefits and risks in crowdfunding with financial returns. From various psychological theories such as self-determination and cognitive evaluation theories (Deci and Ryan, 1985) that explore the different types of motivation that people can have for their actions, to core theoretical approaches of asymmetric information and agency theory, users' perceptions and behaviour in crowdfunding can be approached by different theoretical angles, not easily merged into a single theoretical framework. In what follows, we group the different theoretical approaches in two main categories to explain motivations and deterrents of crowdfunding: theories based on psychology and theories based on asymmetric information.

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5.   https://ec.europa.eu/info/business-economy-euro/growth-and-investment/financing-investment/crowdfunding_en#180308
6.   The two main objectives of the regulation proposal on crowdfunding are to: (a) enable European Crowdfunding platforms to scale up by making it easier for crowdfunding platforms to operate across the EU, (b) increase investors' trust to engage in platforms operating across borders by increasing transparency and strengthening the integrity of platforms (P2Pmarkedata platform).
7.   As mentioned in the EBA (2015) report, "the convergence of practices across the EU for the supervision of crowdfunding is desirable in order to avoid regulatory arbitrage, create a level-playing field, ensure that market participants can have confidence in this market innovation, and contribute to the single European market" (EBA, 2015, p. 2).

Theoretical Approaches Based on Psychology

One of the first papers to explore users' motivators in crowdfunding are Gerber and Hui (2013) and Belleflamme et al. (2014). Both studies conclude that contributors value non-monetary benefits, such as the desire to collect rewards, help others, support causes, and feel they are part of a community of "special" or "privileged" investors/consumers. This finding contradicts that of Cholakova and Clarysse (2015), who show that nonfinancial motives play no significant role in equity crowdfunding. On the other hand, Bretschneider et al. (2014) include "Fun to make investments", "Curiosity about crowdfunding" and similar factors in their 10-motive model exploring the crowd's motivation for investing in start-ups. In another recent study based on cognitive evaluation theory, Allison et al. (2015) showed that in microfinance crowdfunding, lenders – who are ordinary people – evaluate prospective borrowers on both traditional lending criteria and prosocial, charitable criteria.

Asymmetric Information, Trust, Transparency and Disclosure of Information

Trust and transparency are also important aspects in a system where traditional financial intermediation is absent. Hossain and Oparaocha (2017) denote that trust and transparency are core fabrics of crowdfunding, so that the public is attracted more by platforms and campaigns that appear more trustworthy. In the same context but with a different approach, Potzsch and Bohme (2010) analyse empirical data of Germany's largest online social lending platform and find that soft information, such as personal information, that appeal to social behaviour, affects trust building. Duarte et al. (2012) use listing and loan data from 2006 to 2008 in the US, find that borrowers who appear more trustworthy have better credit scores and default less often, suggesting that trustworthiness matters in financial transactions as they predict investor and borrower behaviour. Wan et al. (2016) using survey data from online lenders in China explore lenders' decision processes in online p2p lending and find that initial trust and perceived benefit determined willingness to lend, and the fear of borrower opportunism did not have a significant impact on this willingness.

In the same context, Iyer et al. (2016) examine the role of nonstandard information in screening borrowers and show that lenders' decisions are significantly affected by a stream of different pieces of information such as past records of borrowers' default rate, the debt-to-income ratio and the number of loan requests that the borrower had made in the previous six months. Lin et al. (2013) follow a similar context as in our analysis, examining the online market for peer-to-peer lending, in an asymmetric information context, and find that the online friendships of borrowers act as signals of credit quality. Daskalakis and Yue (2018) use survey methodology to explore the possible differentiations of users' profiles and perceptions of risks and returns between equity crowdfunding and peer-to-peer lending in three European countries (Germany, Poland and Spain), and find that peer-to-peer lenders care more about returns and information

availability, while equity investors seem to be driven mainly by their excitement or interest in the project and seem to snub financial returns.

Also platforms, not only facilitate transactions but also perform a due diligence role, by generating risk profiles of crowdfunding projects. In this context, the conflict of interest between crowdfunding platforms and investors give crowdfunding platforms incentives to overstate project quality. The problem of platform moral hazard is very similar to that in credit rating agencies or investment banks[8] and discussed in the context of p2p lending platforms by Hossain and Oparaocha (2017). Specifically, the authors describe a multifaceted link of moral hazard with lending-based crowdfunding, from the well-intentioned entrepreneurs that underestimate the level of success of their venture required to repay debts, to the unscrupulous individuals that may intentionally bankrupt their enterprises. Therefore, in a rational expectation's framework, investors' risk perception incorporates both project riskiness and crowdfunding platforms' creditability.

Last, there are interesting dimensions that have been proven to affect investment behaviour in equity crowdfunding, which would be interesting to explore in a p2p lending context, because they refer to aspects that can be attributed to a broader context of investment behaviour. For example, Hervé et al. (2019) introduce the role of gender in investment decisions in equity and real estate crowdfunding and find that women invest less in the riskiest investments and more in safer ones than men, and that investors located in an area considered more "sociable" also invest more, especially if the investor is a woman. Ahlers et al. (2015) explore the relative importance of different types of signals in the equity crowdfunding context and show that funders seem to respond to quality signals, such as disclosure of detailed information about risk and internal governance information, while social capital and intellectual capital have little or no impact on funding success.

2.2. Spatial and Cross-Border Issues in p2p Lending

Spatial Issues and Crowdfunding
The starting point to discuss spatial issues and crowdfunding is that the use of technology allows crowdfunding platforms and campaigners to reach investors around the world (Schwienbacher and Larralde, 2012). Home bias[9] may thus be alleviated, but is still persistent in many forms of crowdfunding. Mollick (2014) used a dataset of 48,500 projects from a US platform with combined funding of

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8.   The latter is well documented in both theoretical and empirical literature (for example, Chemmanur and Fulghieri 1994; Bolton et al. 2012; Fulghieri et al. 2014; Mathis et al. 2009; Keys et al. 2010).
9.   "The phenomenon wherein agents (such as businesses and funds) are more likely to conduct transactions with parties who are geographically closer to them, either in the same country or same state, rather than those outside" (Lin and Viswanathan, 2016).

over $237m. and examined the influence of distance between funders and fundraisers focusing on successful and unsuccessful reward-based projects. He found that distance seems to play a key role in funding success in reward-based crowdfunding. Agrawal et al. (2015) collected data from a German online reward and donation-based crowdfunding platform and found that funders preferred local projects. Moreover, local funders were more likely to fund local projects earlier in the funding process than others. Hornuf and Schwienbacher (2018) examined investors' behavior using a hand-collected sample from German equity crowdfunding platforms. They concluded that investors prefer local investments even when controlling for family and friends. Similarly, Guenther et al. (2018) examined 104 crowdfunding projects from an Australian platform exploring investment decisions in equity crowdfunding and found a negative correlation between distance and investment probability.

Although previous researchers have examined distance as an influential factor, they did not take into account differences in language, regulation and currency. These differences are noticed especially in Europe. In cross-border investments, investors from (to) UK should consider exchange rate risks as an additional risk factor. Niemand et al. (2018) examined home bias in equity crowdfunding in Europe stating that investors prefer investments in a monetary union currency rather than foreign.

Spatial Issues and Lending-Based Crowdfunding
As for lending-based crowdfunding, existing literature is relatively limited. Burtch et al. (2014) collected data from Kiva.org, a pro-social, peer-to-peer lending platform, in order to examine whether cultural differences and distance affects a lender's decision to contribute. They found that both cultural differences and distance lead to fewer lending contributions and that lenders seem to prefer local projects. In line with Burtch et al. (2014), Lin and Viswanathan (2016) collected data from Prosper.com, one of the leading peer-to-peer platforms in the US, and found that lenders prefer proximate projects. The authors studied the existence of home bias in online investments under three conditions 1) regular market conditions, 2) "mini-prosper" which was a short period where only lenders from a specific state could contribute to projects while there was no such limitation for borrowers, and 3) borrowers changing their state of residence during the research period. Interestingly, home bias was found under all the above conditions. Thus, cross-border transactions can be explained from investors' point of view who want to expand their investment opportunities and improve their investment portfolio risk and return characteristics through diversification.

In this paper, we consider all the afore-mentioned motivators (that is higher returns, interest/excitement about a project, etc.) and risks (poor information, fraudulent platform / borrower) described in Section 2.1. and we explore their relative importance in funders' willingness to invest generally, and to go cross-border.

3. Data and Methodology

Survey methodology was adopted to collect data from respondents. The initial questionnaire was pilot tested by EC official experts and platforms' representatives. The EC official experts were four (4) EC employees at the FISMA EC unit[10], responsible for monitoring crowdfunding across Europe and later designing the respective regulatory framework. Platforms' representatives were members of the European Crowdfunding Stakeholders Forum (ECSF)[11] who were given the questionnaire and provided comments on them. The pilot comments were incorporated into the final questionnaire, which was then encoded into the EU-Survey tool. Regarding the dissemination of the questionnaire, the network of the ECSF was used. Specifically, platforms' representatives were asked to disseminate the questionnaire to their members in their countries (that is crowdfunding platforms) and ask the platforms to notify their registered users. Thus, a random sampling technique was used on registered users in crowdfunding platforms with financial returns. The sample (registered users in p2p lending platforms) is expected to be aware of the basic specificities of p2p lending; that is, they understand the nature and process of investing via p2p lending; they understand and are able to assess the information contained in p2p lending projects; and they possess basic risk assessment skills. The survey took place during May 2015 – January 2016, but the majority of responses (approximately 90 percent) were collected by mid-August 2015. We adopted the time-trend procedure suggested by Armstrong and Overton (1977) to identify between early and late respondents. We found no differences; hence, late response bias does not appear to be an issue in the current study. The final database consisted of 548 respondents that have already used p2p lending.

According to Cholakova and Clarysse (2015) there is no scale that measures crowdfunding investors' motivations in an accessible manner. Regarding risk assessment, small investors are likely to lack the financial sophistication and experience of institutional investors about valuing start-ups and assessing founding teams, and experts and laypeople disagree in their risk judgements (Sachse et al., 2012). Specifically, experts' judgements are based mainly on quantitative facts, while judgements of laypeople are influenced by qualitative features (McDaniels et al., 1997; Slovic, 1986); however, studies comparing risk perceptions of experts and laypeople in the financial domain are rare (Sachse et al., 2012) in general, and inexistent in crowdfunding and p2p lending.

In the context of a lack of a widely recognized survey methodology to measure motivations and risks in crowdfunding, the questionnaire was designed

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10. Specifically: European Commission, DG Financial Stability, Financial Services and Capital Markets Union, Unit C3, Securities Markets.
11. The European Crowdfunding Stakeholders Forum (ECSF) was an expert group of the European Commission, consisting of 15 national organizations representing crowdfunding platforms, plus authorities and other stakeholders from 16 EU countries.

in an attempt to strike the most efficient balance among the following three factors: a) posing questions understandable to laypeople, since the main focus of the study is retail investors, b) accounting for the most important common motivations and risks in p2p lending, while asking simple questions on cross-border investment, and c) attracting as many responses as possible.

Focusing on the questionnaire dissemination process, p2p lending platforms were asked to notify their registered users about the existence of the survey on behalf of the European Commission, and provided a link to the EU Survey tool, where the questionnaire was uploaded. Each interested user that followed the link would see an introductory sentence[12], and the first question followed.

As already mentioned, our questionnaire was designed based on Daskalakis and Yue (2018). Their questionnaire captures the main features that may affect an individual's decision making such as the motivations, risks and demographic characteristics. We adopt the same questions from Daskalakis and Yue (2018)[13] and expand their work on exploring cross-border transactions, which is the core issue in building a common EU regulation framework.

Specifically, following the respective literature, our aim is to categorize the various individual motivations and risks into broader groups that can be easily perceived by the respondents, while allowing for comparisons between UK and non-UK respondents, to capture any cross-border differences. In this context, respondents are asked in the first question whether they have already lent money via p2p platforms, to capture actual vs. potential users. Then, respondents are asked to rate the motivations (Q2) and risks (Q3) for participating in P2P lending on a scale of 1 to 5 (where: 1 = no importance, 2 = low importance, 3 = some importance, 4 = high importance, 5 = very high importance). Q4 and Q5 are designed to capture cross-border issues, by differentiating between investing in a foreign platform and investing in a foreign project. The remaining questions (Q6-Q9) are demographic questions (i.e. gender, location, age, education).[14]

In the final dataset, more than half of the respondents (57.3 percent) came from the United Kingdom, an expected outcome since the crowdfunding market volume in the UK in 2017 accounts for 68%of the total market volume in the EU as mentioned in the introduction. It is worth noting that the UK was one of the first countries to regulate the crowdfunding industry and the British framework is considered as one of the most industry-friendly frameworks in Europe.

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12. Introductory sentence: "The European Commission is conducting a survey to explore the area of equity crowdfunding / p2p lending from users' perspectives. The questionnaire refers to potential respondents that are already aware of crowdfunding with financial returns, even if they have not invested yet. We would be grateful if you spent 15 minutes to answer the following questionnaire. Please note that all the information you provide stays anonymous". (emphasis in the original text)
13. Daskalakis and Yue (2018) provide an extensive discussion of how and why these specific variables were included. The exact questions are shown in Appendix A.
14. The entire questionnaire consists of 28 questions (excluding demographic questions). The final number of questions per respondent varies, since it depends on how they respond to some questions. The questionnaire is available upon request.

In this context, it would be interesting to test for any potential significant differences between the UK and the "rest of Europe" sub-sets. We therefore recoded the responses to the question "What is your country of residence?" into a new variable where respondents are categorized as UK and Rest of Europe (Non-UK). Under this categorization, we are able to compare responses from the UK and other EU countries.

4. Results

In this section we provide answers to the questions asked in the introductory section. Namely, we are interested in examining how demographic factors, motivations and risks affect investors' willingness to invest in p2p lending platforms and what factors affect investors' decision to go cross-border.

4.1. Lender's Profile

Demographic Characteristics
Sample demographics per country of residence are shown in Table 1.[15] We split our whole sample into the two main sub-samples of UK vs. non-UK aiming to explore differences between the two. The main conclusions are the following. The vast majority of p2p lenders are male (86.9 percent of the whole sample) and most have a university degree (75.6 percent of the whole sample). There are some differences when we compare the two sub-samples. First, there is a relatively large difference between UK and non-UK female users (19.7 percent against 4.3 percent respectively). Second, UK lenders are relatively older in age, since 60 percent of lenders are more than 55 years old, and the respective percentage of non-UK users is just 16.7 percent. Finally, no significant differences seem to appear across the two sub-samples regarding the education level. These differences in our results between UK and Non-UK respondents can be explained by the fact that older and less educated investors may prefer friendlier and safer online platforms. As mentioned before the UK p2p lending environment is the most industry-friendly and provides both information on small business fundraisers and tax incentives for consumers and investors. Moreover, in the UK the authorization of a lending platform is subject to certain conditions, such as capital requirements, rules for conflict of interest and appropriate systems and controls to manage risks, among others (for more details see BIS 2017).

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15. See Appendix C for the number of respondents per country of residence.

Table 1: Demographic characteristics for the whole sample and per country of residence.

		Whole sample	UK	Non-UK
Gender	Male	86.90%	80.30%	95.70%
	Female	13.10%	19.70%	4.30%
Age	18-24	3.50%	1.90%	5.60%
	25-34	21.10%	11.20%	34.30%
	35-44	17.80%	12.10%	25.30%
	45-54	15.90%	14.40%	18.00%
	55-64	23.60%	33.20%	10.70%
	65+	18.10%	27.20%	6.00%
Education level	Secondary school	16.20%	17.90%	13.90%
	Bachelor's degree	37.60%	42.60%	30.70%
	Master's degree	32.80%	23.40%	45.50%
	PhD	5.20%	5.40%	4.80%
	Other	8.30%	10.60%	5.20%

Note: Table 1 reports the valid percentages of respondents who have already used p2p lending for the whole sample and the UK and non-UK subsamples.

Relative Importance of Motivations and Risks in p2p Lending

In this section, we examine the lenders' motivations and risks perceptions when investing via p2p lending. Results in Table 2 show that the most important motivator for p2p lenders is "Higher return"[16], in line with Daskalakis and Yue (2018) who use the same scale of measuring motivations and risks but for a different sample of respondents, and in the same vein as Cholakova and Clarysse (2015) who show that nonfinancial motives are not important in the funder's decision making process in equity crowdfunding. "Increased diversification" comes second, followed by "Disappointment with traditional finance", while "Interest/Excitement" is the relatively least important factor (for the whole sample). When splitting our sample between the UK and the non-UK respondents, the only change in the order of importance we observe is the fact that "Interest/Excitement" is ranked higher than "Disappointment with traditional finance" for non-UK respondents.

Regarding risk perceptions, Table 2 shows that the most significant risk is the possibility that the fundraiser is fraudulent ("Fraudulent fundraiser/borrower"), while the "Fraudulent platform" factor has the lowest score of the significance metric. This result corroborates with the results of the Ziegler et al. (2018b) report who states that two types of risks are widely perceived as the greatest concern for European platforms across different finance models – collapse of one or more well-known platforms due to malpractice, and fraud involving one or more high-

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16. Full explanations of the variable labels used in the descriptive statistics and regression tables, are provided in Appendix B.

profile campaigns/deals/loans. This is an interesting finding in the broad context of trust in the industry, as discussed by Hossain and Oparaocha (2017): platforms seem to have gained the trust of the funders, who are primarily concerned about the borrowers' profile. In this context, the study of Duarte et al. (2012) on borrowers' trustworthy appearance is of significant importance. The second place for "Poor returns" is as expected, bearing in mind that the main motivator to lend is "higher returns". Last, "Poor information" comes third in the funders' risk rankings, implying that the information they seem to be receiving is relatively adequate.

Table 2: Relative importance of motivations and risks.

		Whole Sample	UK	Non-UK
		Sig. %	Sig. %	Sig. %
Motivations	Higher return	87.92%	92.28%	82.33%
	Interest/Excitement	34.34%	26.51%	44.40%
	Disappointment with traditional finance	40.00%	44.97%	33.62%
	Increased diversification	70.75%	67.11%	75.43%
Risks	Fraudulent fundraiser/borrower	38.11%	22.48%	58.19%
	Fraudulent platform	12.26%	9.73%	15.52%
	Poor information	28.11%	18.79%	40.09%
	Poor returns	35.66%	25.50%	48.71%

Note: Table 2 reports the relative importance of motivations and risks. "Sig. %" denotes the percentage of respondents that answered "high importance" and "very high importance".

However, the fact that a motivator or a risk factor scores higher than another on the "Sig. %" metric, does not necessarily mean that the difference between the two is significant. To test for significant differences between motivators and risks we use Wilcoxon Signed Ranks Test for all three samples.[17] Our findings show that all pairs, except for "Interest/Excitement — Disappointment with traditional finance" for the whole sample, are statistically significant. Our results show that "Higher return" is significantly more important than all other motivation factors in every sample. "Disappointment with traditional finance" is slightly more important than "Interest/Excitement" for the UK sample while the opposite stands for the Non-UK sample. "Increased diversification" has higher mean ranks than "Interest/Excitement" and "Disappointment with traditional finance" for all samples examined. As for risks, all pairs are statistically significant. "Fraudulent fundraiser/borrower" is significantly more important than all other risk factors in every sample, except for "Poor returns" for the UK sample. "Poor information" and "Poor returns" have higher and significant mean ranks than "Fraudulent platform" for the whole sample and the UK and Non-UK subsamples.

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17. Results are available upon request.

The most interesting findings appear, however, when we test for significant differences between UK and non-UK respondents. We perform a Mann-Whitney U test to compare differences between the UK and the Non-UK categories (medians).[18] We use a non-parametric test since the examined motivation and risk factors are measured in a Likert scale and are not normally distributed (De Winter and Dodou, 2010).[19] We find that there are statistically significant differences for all motivators and risks between the two categories. On motivators, UK respondents give a higher emphasis in "Higher return" (UK: 300.24, Non-UK: 236.80)[20] and "Disappointment with traditional finance" (UK: 296.73, Non-UK: 236.99), when compared with Non-UK respondents, but lower emphasis on "Interest/excitement" (UK: 244.54, Non-UK: 309.55) and "Increased diversification" (UK: 255.61, Non-UK: 292.42). Another interesting finding is that all risks score lower in the case of the UK respondents, a strong indication of higher levels of trust in the entire industry in the UK, when compared to Non-UK countries which is in line with our discussion provided in Section 3.

4.2. Cross-Border Activity

Correlations

In this subsection we present the correlations among motivations, risks, demographic characteristics and the dependent variables[21] to capture the relationship between respondents who are willing to go cross-border and the independent variables. Note that while analyzing the results, we integrated the responses a) through c) where respondents clearly state their willingness to lend through foreign platforms and foreign projects respectively, recoding the responses to questions Q4 and Q5 into new variables. In particular we recoded responses "a" through "c" to "Positive willingness to invest cross-border" and response "d" to "Negative willingness to invest cross-border". We used a point-biserial correlation to capture the relationship between a dichotomous variable and a continuous variable (DeCoster and Claypool, 2004). First we examine the dependent variable "Foreign platform" which is weakly positively correlated with "Interest/Excitement" (0.199***) and "Increased Diversification" (0.199***) from motivation factors, and with all risk factors (0.193***, 0.091**, 0.177*** and 0.173 respectively) and negatively correlated with "Gender" (-0.215***) and "Age" (-0.259***). For the second dependent variable "Foreign project", correlations are pretty much as above except for "Increased Diversification" (0.074) which is not correlated and "Disappointment with traditional finance" (-

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18. Results are available upon request.
19. We also performed the parametric tests (t-tests) and we got the same results.
20. Mean rank in parentheses.
21. Results are available upon request.

0.085**) which is negatively correlated. Notably, "Higher return" did not indicate a significant relationship with any of the dependent variables.

Respondents' Investment Willingness to Invest Cross-Border
We now focus our analysis on exploring the main determinants on cross-border activity. We start by presenting the descriptive statistics of demographic characteristics for UK and Non-UK respondents who have already used p2p lending and are willing to invest with the same confidence to foreign platforms and/or to foreign projects.[22] A major finding is that non-UK respondents are much more willing to invest cross-border when compared with their UK counterparts (positive answers around 85 percent versus around 50 percent for "Foreign Platforms" respectively, and around 87 percent vs. 61 percent for "Foreign Project" respectively). Another interesting finding is that UK lenders present higher positive willingness to invest on "Foreign Project" compared to "Foreign Platform".

We next explore the respondents' investment willingness to lend through foreign platforms or to foreign projects based on their country of residence for the whole sample and the subsamples of UK and Non-UK. We perform the following logistic regression, since both dependent variables are binary (0 and 1):

$$logit(p(x)) = \alpha + \beta Country$$

where x is the probability of investing through foreign platforms $[Foreign_{Platform}]$ and foreign projects $[Foreign_{Project}]$ respectively given the country of residence. The variables take the following values:

$$Foreign_{Platform} = \begin{cases} 1, Positive\ willingness\ to\ invest \\ 0, Negative\ willingness\ to\ invest \end{cases}$$

$$Foreign_{Project} = \begin{cases} 1, Positive\ willingness\ to\ invest \\ 0, Negative\ willingness\ to\ invest \end{cases}$$

$$Country = \begin{cases} 0, & UK \\ 1, Non - UK \end{cases}$$

In both cases, the variable "Country" is highly significant (Table 3) and shows that non-UK lenders are almost six (6) times more likely to lend through platforms established in another EU Member State and more than four (4) times more likely to lend in foreign projects through platforms they already use than UK lenders. The main conclusion is thus that as UK is the leading crowdfunding market in the EU with a distinct regulatory framework for equity crowdfunding

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22. Detailed results are available upon request.

and peer-to-peer lending, it offers UK lenders an attractive environment for investments through crowdfunding and reduces consequently their need to invest abroad. On the other hand, investors from non-UK countries are much more willing to explore investment opportunities cross-border.

Table 3: Logistic Regression on respondents' willingness to lend through foreign platforms and in foreign projects per country of residence.

	Foreign Platform	Foreign Project
Country (non-UK)	1.752***	1.511***
	(0.218)	(0.233)
Constant	-2.35e-16	0.465***
	(0.113)	(0.116)
N	542	541
pseudo R^2	0.110	0.078

Note: UK is the reference category. Standard errors in parentheses, $^* p < 0.1$, $^{**} p < 0.05$, $^{***} p < 0.01$.

Relative Importance of Motivations and Risks in Cross-Border Activity
In this section, we analyze the relative importance of motivations and risks in cross-border activity, for the whole sample and the subsamples of UK and Non-UK. Specifically, we explore whether and how motivations and risks perceptions and demographic characteristics have any effect in respondents' willingness to lend through foreign platforms or in foreign projects. We employ logit and probit regressions since the dependent variable has two values and the independent variables are not normally distributed. The difference between the logit and probit regression lies in the assumption made for the distribution of errors. The logit regression assumes logistic distribution of errors while the probit regression assumes normal distribution of errors. The regressions are run for the whole sample and the subsamples of UK and Non-UK respondents:

$$logit(p(x)) = f(motivations, risk\ perceptions, demographic\ characteristics, country)$$

$$probit(p(x)) = f(motivations, risk\ perceptions, demographic\ characteristics, country)$$

where x is the probability of investing through foreign platforms and foreign projects respectively and country is a dummy variable (UK, Non-UK).

Investment Willingness in Foreign Platforms
Table 4 presents the results from the logit and probit regressions: 519 p2p users responded to the question concerning willingness to invest with the same confidence through platforms established in another EU Member State. In terms

of significance, the results are the same irrespectively of which of the two models we consider (logit or probit), so the analysis that follows applies to both.

Regarding demographic characteristics, the results show that male respondents are significantly more likely to lend through foreign platforms than females for all the examined samples. This result is in line with Hervé et al. (2019) who find that women invest less in riskier investments assuming that cross-border investments may entail higher levels of risk. Age has a negative sign, however at different significance levels, denoting for the whole sample and the UK subsample that younger respondents are more willing to invest abroad. The latter is in line with Daskalakis and Yue (2018) who find that younger respondents are more likely to invest via p2p lending. Table 4 also shows that, in non-UK countries, respondents with lower education level are more likely to invest abroad.

Regarding motivations, the more robust finding that appears consistent across all subsamples is that respondents are willing to invest abroad in order to diversify their portfolios. UK respondents would also be willing to invest cross-border if they found an interesting/exciting project, while non-UK respondents who have been disappointed with traditional finance are willing to go cross-border as well. Notably, there is no evidence that "Higher returns" affect the respondents' decisions to invest abroad, implying that cross-border investment is not driven by a quest for higher returns. Regarding risks, the only elements that seem significant in cross-border financing are fraudulent fundraisers and platforms for non-UK respondents, implying lower levels of trust of respondents on the platforms in non-UK countries, compared with the UK. This finding is in line with Daskalakis and Yue (2018), who find that "fraudulent platform" is the most significant risk factor defining investment willingness domestically. Our study adds to these finding by showing that the same factor drives respondents to invest cross-border.

Table 4: Summary of Logistic and Probit Regression Analysis for Variables Predicting Willingness to invest with the same confidence through platforms established in another EU Member State for the Whole Sample and the UK and Non-UK subsamples.

VARIABLES	Logit			Probit		
	Whole Sample	UK	Non-UK	Whole Sample	UK	Non-UK
Constant	1.087	0.501	0.494	0.685	0.308	0.499
	(0.984)	(1.232)	(1.962)	(0.584)	(0.749)	(1.085)
Gender (female)	**-1.160***	**-0.867***	**-1.493**	**-0.700***	**-0.534***	**-0.840**
	(0.288)	(0.320)	(0.652)	(0.175)	(0.195)	(0.398)
Age	**-0.310***	**-0.204**	-0.123	**-0.183***	**-0.126**	**-0.068**
	(0.077)	(0.094)	(0.164)	(0.045)	(0.057)	(0.091)
Education level	-0.134	-0.049	**-0.411***	-0.080	-0.030	**-0.227**
	(0.096)	(0.112)	(0.211)	(0.057)	(0.068)	(0.115)
Higher return	-0.180	-0.073	-0.099	-0.114	-0.046	-0.080
	(0.125)	(0.159)	(0.222)	(0.074)	(0.097)	(0.125)
Interest/Excitement	**0.218**	**0.245**	0.122	**0.129**	**0.149**	0.056
	(0.089)	(0.111)	(0.164)	(0.053)	(0.067)	(0.090)
Disappointment with traditional finance	0.003	-0.039	**0.280***	-0.002	-0.025	**0.155***
	(0.078)	(0.097)	(0.154)	(0.046)	(0.059)	(0.081)
Increased diversification	**0.397***	**0.346***	**0.455**	**0.239***	**0.216***	**0.246**
	(0.103)	(0.123)	(0.227)	(0.062)	(0.075)	(0.122)
Fraudulent fundraiser/ borrower	**0.199***	-0.023	**0.357***	**0.123***	-0.014	**0.201***
	(0.117)	(0.162)	(0.190)	(0.070)	(0.100)	(0.104)
Fraudulent platform	0.078	0.032	0.433	0.040	0.019	**0.227***
	(0.119)	(0.150)	(0.268)	(0.071)	(0.091)	(0.138)
Poor information	0.091	0.077	-0.059	0.061	0.051	-0.018
	(0.123)	(0.156)	(0.269)	(0.073)	(0.095)	(0.135)
Poor returns	0.010	-0.060	-0.049	0.000	-0.038	-0.036
	(0.110)	(0.133)	(0.222)	(0.064)	(0.081)	(0.118)
Observations	519	293	226	519	293	226
Pseudo R2	0.142	0.0753	0.132	0.142	0.0755	0.131

Note: "Gender" coded as 0 for male and 1 for female; "Age" is categorized as 18-24, 25-34, 35-44, 45-54, 55-64, 65+. Age band 18-24 is used as the reference group; "Education Level" is categorized as Secondary school, Bachelor's degree, Master's degree, PhD, Other. Motivation and risk factors scored from 1 for "no importance" to 5 for "very high importance". Robust standard errors in parentheses (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Investment Willingness in Foreign Projects

In this subsection we present the results of our regressions where the dependent variable is the willingness to invest with the same confidence in projects in another EU Member State if they were offered by the platform(s) they use: 517 out of 548 p2p users responded to this question. The logit and probit regressions' results are presented in Table 5 and as before they are the same in terms of significance levels. The interesting finding here though is that our results seem to be very different from those found in the case of investing in foreign platforms, analyzed in the previous subsection. Specifically, regarding motivations, only the "Interest/Excitement" factor is statistically significant for the whole sample and, interestingly, we do not find significance for any of the other motivation and risk factors for the UK and non-UK subsamples. As for demographic characteristics, male and younger respondents are more likely to lend to foreign projects for the whole sample.

Summing up the results across the two scenarios of cross-border p2p lending activities, the most striking conclusion is that, according to respondents' perceptions, cross-border investment determining factors seem to be associated more with investing in a foreign platform than investing in a foreign project in their domestic platform. Specifically, no motivation (except for the "interest/ excitement" factor) or risk factor affects cross-border activity for the "foreign project" scenario, while there are several determinants affecting cross-border activity on the "foreign platforms" scenario, implying that a decision to invest cross-border is mainly platform-based and not project-based. This result highlights the importance of the platform moral hazard debate, as thoroughly discussed in Hossain and Oparaocha (2017), who underline the aspects of trust and transparency in p2p lending. This result is also in line with most of the studies discussed in the literature section (Agrawal et al., 2015; Hornuf and Schwienbacher, 2018; Burtch et al., 2014; Lin and Viswanathan, 2016) which concluded that when it comes to financing projects, funders generally prefer local and proximate projects.

Focusing on the determinants of cross-border activity, our results on the case of the "foreign platform" scenario show that male and younger respondents are generally more likely to lend via a foreign platform (in line with Hervé et al., 2019). The results also show that the main driver to go abroad for both groups is portfolio diversification, while UK respondents would also invest cross-border if they find an interesting/exciting project (in line with Belleflame et al., 2014, and Bretschneider et al., 2014), and non-UK respondents who are disappointed with traditional finance would invest cross-border as well. Interestingly, we find no evidence that "Higher returns" affect the respondents' decision to invest abroad, implying that cross-border investment is not driven by a quest for higher returns. Regarding risks, the only items that seem significant in cross-border financing are fraudulent platforms and fraudulent fundraisers for non-UK respondents,

implying lower levels of trust of respondents on the platforms in non-UK countries, compared with the UK.

Table 5: Summary of Logistic and Probit Regression Analysis for Variables Predicting Willingness to Invest with the same confidence in projects in another EU Member State if they were offered by the platform(s) they use for the Whole Sample and the UK and Non-UK subsamples.

VARIABLES	Logit			Probit		
	Whole Sample	UK	Non-UK	Whole Sample	UK	Non-UK
Constant	1.505	0.992	1.652	0.926	0.621	0.926
	(0.982)	(1.192)	(1.903)	(0.582)	(0.735)	(1.032)
Gender (female)	**-0.601****	-0.337	-1.224	**-0.359****	-0.206	-0.672
	(0.290)	(0.307)	(0.766)	(0.176)	(0.191)	(0.436)
Age	**-0.279*****	-0.146	-0.250	**-0.163*****	-0.089	-0.128
	(0.080)	(0.097)	(0.153)	(0.046)	(0.058)	(0.084)
Education level	-0.071	-0.023	-0.148	-0.043	-0.014	-0.086
	(0.100)	(0.114)	(0.195)	(0.058)	(0.069)	(0.105)
Higher return	-0.002	0.019	0.248	-0.004	0.011	0.136
	(0.128)	(0.155)	(0.248)	(0.076)	(0.096)	(0.135)
Interest/Excitement	**0.185****	0.155	0.211	**0.109****	0.096	0.115
	(0.092)	(0.111)	(0.174)	(0.054)	(0.067)	(0.091)
Disappointment with traditional finance	-0.069	-0.038	-0.015	-0.043	-0.025	-0.006
	(0.079)	(0.098)	(0.146)	(0.046)	(0.060)	(0.079)
Increased diversification	0.099	0.093	-0.081	0.059	0.058	-0.039
	(0.108)	(0.125)	(0.242)	(0.064)	(0.076)	(0.128)
Fraudulent fundraiser/ borrower	0.116	-0.102	0.258	0.076	-0.062	0.136
	(0.126)	(0.163)	(0.239)	(0.074)	(0.100)	(0.122)
Fraudulent platform	0.081	0.055	0.285	0.044	0.032	0.161
	(0.120)	(0.142)	(0.252)	(0.070)	(0.088)	(0.129)
Poor information	0.090	0.058	0.034	0.054	0.035	0.024
	(0.126)	(0.152)	(0.281)	(0.074)	(0.094)	(0.139)
Poor returns	0.008	-0.024	-0.039	-0.003	-0.017	-0.024
	(0.113)	(0.132)	(0.250)	(0.066)	(0.081)	(0.128)
Observations	517	291	226	517	291	226
Pseudo R2	0.0775	0.0229	0.0911	0.0776	0.0228	0.0913

Note: Gender coded as 0 for male and 1 for female; Age is categorized as 18-24, 25-34, 35-44, 45-54, 55-64, 65+. Age band 18-24 is used as the reference group; Education Level is categorized as Secondary school, Bachelor's degree, Master's degree, PhD, Other. Motivation and risk factors scored from 1 for "no importance" to 5 for "very high importance". Robust standard errors in parentheses (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

5. Conclusion

The main objective of this paper was to explore whether and how the main motivations and risks of the crowd affect cross-border p2p lending transactions. We expanded the approach of Daskalakis and Yue (2018), who explored how specific motivations and risks affect investment willingness in equity crowdfunding and p2p lending, by introducing spatial and cross-border issues in p2p lending. Specifically, we use a unique database of survey responses of retail p2p lenders across Europe in a questionnaire and we then split our sample into UK and non-UK respondents, to capture and compare cross-border respondents' perceptions and activity.

Our results show that UK respondents are relatively more oriented towards higher returns and less oriented towards interest/excitement when investing via p2p lending, when compared with non-UK respondents (see Table 2). Another interesting finding is that all risks are perceived to be lower in the case of UK respondents, a strong indication of higher levels of trust on the entire industry in the UK. On cross-border activity, we find that non-UK respondents are much more willing to invest abroad when compared with their UK counterparts.

On cross-border activity determinants, we explore two scenarios: investing in foreign platforms and investing in foreign projects. Interestingly, we do find differences between these two scenarios. It seems that cross-border investment determining factors, according to respondents' perceptions, are associated more with investing in a foreign platform than investing in a foreign project in their domestic platform. This is an important finding in all contexts of p2p lending. It implies that is easier for platforms to influence foreign investors and attract them to their platform, than it is for individual fundraisers to influence and actively recruit foreign investors on a foreign platform. This is despite the finding that, overall, p2p lenders prefer to invest in foreign projects on their own domestic platforms over investing on foreign platforms (see Section 4.2.2).

The industry (platform owners) will most probably attract cross-border investors by uploading robust, interesting and exciting domestic projects, rather than looking at foreign projects to offer to their registered users. Our results suggest that this is particularly the case for non-UK platforms, as UK p2p lenders indicate that "Interest/excitement" of a project offered through a foreign platform is a determining factor for them to invest through foreign platforms (Table 4). The fundraisers will have to prioritize their strategy to raise capital in the available domestic platforms, rather than developing a strategy to use foreign platforms. We also find that p2p lenders who wish to diversify their portfolios prefer to invest through foreign platforms (variable "Increased diversification" is significantly positive in Table 4) rather than investing in foreign projects that are offered by their own domestic platforms (the variable is not significant in Table 5).

Our results have important implications for the entire p2p lending ecosystem in Europe and probably beyond as well. Regulators can design better policies on

how to achieve their "EU common market" goal by promoting cross-border activity, while simultaneously protecting consumers. And fundraisers, who in most cases are micro and small entrepreneurs, are now aware of the relative evaluations of funders' risks and returns and can therefore adapt their fundraising campaigns according to the findings of this research study, to improve their chances of raising their funds.

Regulation needs not be viewed as a constraint on alternative sources of finance. If well designed and proportionate to the risk of market failure, it may support confidence, growth and innovation in FinTech credit over the longer term. FinTech innovations change the nature of traditional intermediation and suggest new mechanisms not included in existing bank regulation which may increase uncertainty of market participants. Regulatory requirements on lending activities must be efficient in order to minimize market abuses, misconduct and mismanagement within the industry and to preserve it from reputational damage.
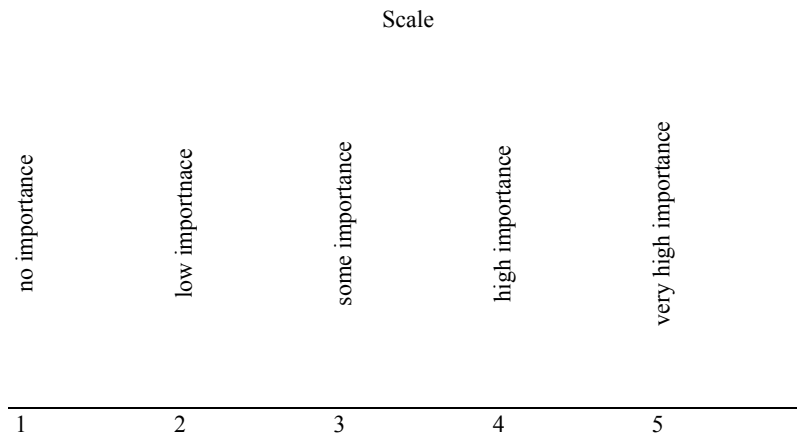
Our study has several limitations: first, we do not have as much country specific data as we would hope for, to perform a deeper country-by-country analysis. Second, the questionnaire was designed to strike the most efficient balance among being easily understandable to laypeople, including the most important motivations and risks, and attracting as many responses as possible; in this context, we could not thoroughly investigate each and every factor (motivation-risk) by adding more specialized answers. Third, the context of our study is limited to Europe only; it would be interesting for future research to analyze whether motivations and risks, either on their own, or interrelated with cross-border activity, are different in non-European contexts. Last, another future research that we would like to suggest is how the forthcoming pan-European regulatory framework will affect cross-border activity in p2p lending, and how cross-border competition might drive the emergence of different business models and internationalization strategies across Europe.

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Appendix A: Questionnaire

Scale

no importance

low importnace

some importance

high importance

very high importance

| 1 | 2 | 3 | 4 | 5 |

Q1: Have you already lent money via one or more p2p lending platforms?
    a)   YES

    b)   NO

Q2: "How would you rate the following reasons by importance in your choice to invest in these [p2p lending] platforms rather than investing elsewhere?"
    a)   Higher expected financial returns

    b)   Interest/excitement/curiosity about specific companies or start-ups

    c)   Disappointment/mistrust of traditional finance

    d)   Taking advantage of a new form of investment

Q3. How would you rate the risks (if any) associated with p2p lending crowdfunding?
    a)   The fundraiser may prove to be fraudulent

    b)   The platform may prove to be fraudulent

    c)   Poor information about the ongoing performance of the investment

    d)   Poor returns or losses on the investment

Q4. Would you invest with the same confidence through platforms established in another EU Member State?
    a)   YES, I already do invest through platform(s) established in a country different from my country of residence.

    b)   YES, I would invest with the same confidence.

    c)   I would invest some money through foreign platforms, but not as much as through domestic ones.

    d)   *NO, I would not invest through foreign platforms*

Q5. Would you invest with the same confidence in projects in another EU Member State if they were offered by the platform(s) you use?
    a)   *YES, I already do invest in foreign projects*

    b)   *YES, I would invest in foreign projects*

    c)   *I would invest some money in foreign projects, but not as much as in domestic ones*

    d)   *NO, I would not invest in foreign projects*

Q6. What is your gender?
    a)   *Male*

    b)   *Female*

Q7. What is your country of residence?

Q8. How old are you?
    a)   *18-24*

    b)   *25-34*

    c)   *35-44*

    d)   *45-54*

    e)   *55-64*

    f)   *65+*

Q9. What is your highest level of educational attainment?
    a)   *Secondary school*

    b)   *Bachelor's degree*

    c)   *Master's degree*

    d)   *PhD*

    e)   *Other*

Appendix B: Labelling
Label explanation corresponding to each regression variable.

Regression Label	Questionnaire	Explanation
Higher return	*Higher expected financial returns*	*The respondent expects higher financial returns from crowdfunding than elsewhere*
Interest/Excitement	*Interest/excitement/curiosity about specific companies or start-ups*	*The respondent is interested/excited/ curious about specific companies or start-ups*
Disappointment with traditional finance	*Disappointment/mistrust of traditional finance*	*The respondent is disappointed with or mistrusts traditional finance*
Increased diversification	*Taking advantage of a new form of investment*	*The respondent wants to take advantage of a new form of investment*
Fraudulent fundraiser/borrower	*The fundraiser may prove to be fraudulent*	*The respondent is afraid that the fundraiser may prove to be fraudulent*
Fraudulent platform	*The platform may prove to be fraudulent*	*The respondent is afraid that the platform may prove to be fraudulent*
Poor information	*Poor information about the ongoing performance of the investment*	*The respondent is afraid that he will have poor information about the ongoing performance of the investment*
Poor returns	*Poor returns or losses on the investment*	*The respondent is afraid that he will face poor returns or losses on the investment*
Gender	*What is your gender?*	*Male or Female*
Age	*How old are you?*	*Respondents have six available responses: 18-24, 25-34, 35-44, 45-54, 55-64, 65+*
Education level	*What is your highest level of educational attainment?*	*Respondents have five available responses: Secondary school, bachelor's degree, master's degree, PhD, Other*
Country	*What is your country of residence?*	*The respondent states his/her country of residence*
Foreign platform	*Would you invest with the same confidence through platforms established in another EU Member State?*	*See Appendix A for available responses*
Foreign project	*Would you invest with the same confidence in projects in another EU Member State if they were offered by the platform(s) you use?*	*See Appendix A for available responses*

Appendix C

What is your country of residence?	Freq.	Percent	Cum.
Austria	1	0.18%	0.18%
Belgium	2	0.36%	0.55%
Czech Republic	2	0.36%	0.91%
Denmark	14	2.55%	3.47%
Estonia	22	4.01%	7.48%
Finland	92	16.79%	24.27%
France	4	0.73%	25.00%
Germany	27	4.93%	29.93%
Greece	1	0.18%	30.11%
Ireland	3	0.55%	30.66%
Italy	37	6.75%	37.41%
Latvia	2	0.36%	37.77%
Lithuania	2	0.36%	38.14%
Luxembourg	2	0.36%	38.50%
Netherlands	4	0.73%	39.23%
Other	8	1.46%	40.69%
Portugal	2	0.36%	41.06%
Slovakia	3	0.55%	41.61%
Slovenia	1	0.18%	41.79%
Spain	4	0.73%	42.52%
Sweden	1	0.18%	42.70%
United Kingdom	314	57.30%	100.00%
Total	548	100.00%	