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Religious Values, Profit, and Perceived Risk: Understanding Muslim Investor Preference in Female-Centered P2P Lending

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Abstract

This study investigates the influence of religious values, profit orientation, and perceived risk on Muslim investor preferences in female-centered peer-to-peer (P2P) lending. It is situated at the nexus of Islamic finance, gender-focused fintech, and behavioral economics. The analysis underscores the increasing participation of investors in digital financial platforms that cater specifically to female borrowers. A quantitative method is applied, employing Structural Equation Modeling–Partial Least Squares (SEM–PLS) to analyze data collected from 212 respondents. The results indicate that religious values, profit orientation, and perceived risk significantly shape Muslim investor preferences. Among these factors, perceived risk exerts the strongest influence, followed by religious values and profit orientation. These findings suggest that perceived risk plays a dominant role in investment decision-making, even within frameworks guided by religious principles. This study contributes to the literature by integrating religious, economic, and behavioral perspectives to advance the understanding of investor preferences in Sharia-compliant financial innovations. The results highlight the importance for fintech platforms to align strategic design with investor perceptions of risk and religious adherence to foster greater engagement in female-centered P2P lending.

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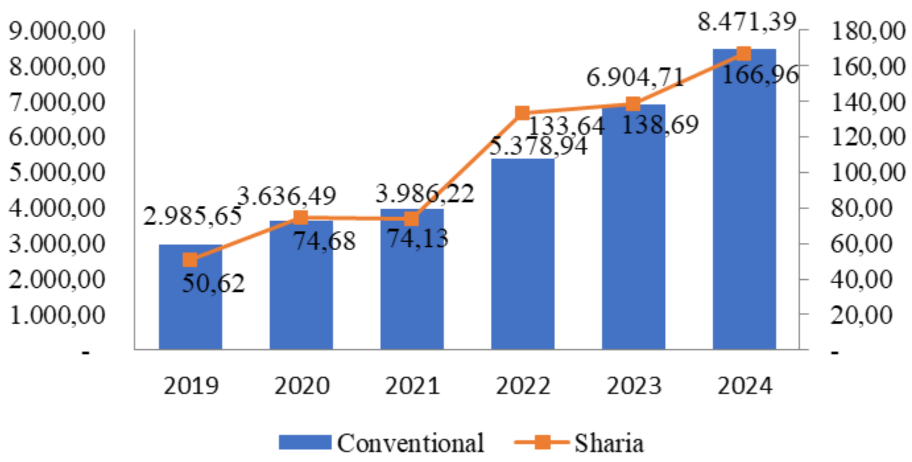
INTRODUCTION

Innovation, technology, and finance are increasingly converging within the framework of financial technology (fintech) (Leong & Sung, 2018). Among various fintech models, crowdfunding through peer-to-peer (P2P) lending represents the fastest-growing segment in Indonesia, with a reported growth rate of 43% (Batunanggar, 2019). P2P lending facilitates direct investment by funders in fundraisers through intermediary digital platforms (Jenik et al., 2017; Pichler & Tezza, 2016). These platforms perform critical functions such as screening and evaluating financing proposals and disseminating relevant information to prospective investors. Once a proposal is selected, investors allocate capital and receive returns through either interest-based payments or profit-sharing mechanisms (Purnomo et al., 2020).

The rapid expansion of fintech parallels a growing demand among Muslim investors for financial products that comply with Islamic principles. Islamic finance, founded on the prohibition of *riba* (interest), the promotion of risk-sharing, and a commitment to ethical investment, has evolved into a crucial pillar of the global financial system (Ibrahim, 2020). The intersection of Islamic finance and digital platforms, particularly within P2P lending, introduces increasingly complex behavioral dynamics. Investment decisions among Muslim investors are shaped not solely by profit maximization but also by religious obligations and risk aversion (Lajuni et al., 2018). Sharia-compliant P2P financing aligns with the objectives of *maqāṣid al-syarīʻah* and strictly prohibits *maysīr* ‘speculation’, *garār* ‘excessive uncertainty’, and *ribā* (Nafiah & Faih, 2019). This framework emphasizes four core pillars of halal compliance: the nature of the project, the purpose of funding, the risk-return structure, and the contractual commitment to financing (Abdeldayem & Aldulaimi, 2022).

As of the latest available data, only 7 out of 97 licensed P2P lending platforms in Indonesia have secured full authorization from the Financial Services Authority (OJK). In 2024, total P2P lending assets reached IDR 8.64 trillion, of which conventional P2P accounted for IDR 8.47 trillion (98.07%), while Sharia-based P2P comprised only IDR 167 billion (1.93%) (Otoritas Jasa Keuangan, 2025). Strengthening the presence of Islamic P2P lending is critical for enhancing national economic resilience, particularly given the demonstrated stability of Islamic finance during periods of financial volatility. Empirical evidence suggests that Islamic banks outperform interest-based institutions during financial crises (Setyawati et al., 2022), and that Islamic stock indices show greater resilience compared to conventional indices during market downturns (Sukmana & Kholid, 2012). The exclusion of *ribā*, *garār*, and *maysīr* within Islamic financial systems positions them as potential stabilizers in the face of economic shocks (Effendi, 2021).



Source: Financial Services Authority 2025 (edited)
Figure 1. Development of Conventional and Sharia P2P Financing Assets in 2020-2022 (IDR Billion)

The increasing awareness of religious adherence, social norms, and financial well-being among Muslim populations has fueled the expansion of Sharia-compliant P2P lending. Despite this growth, P2P lending remains complex due to regulatory ambiguities, diverse legal interpretations, and the persistent challenge of information asymmetry (Ahlers et al., 2015**;** Marzban et al., 2014). Consequently, investors exhibit caution toward P2P schemes, favoring projects that provide verified information and strong risk assessments (Sun et al., 2020; Wang et al., 2021). While previous studies have explored various aspects of Islamic finance and P2P lending, significant gaps remain. Abdullah & Susamto (2019) examined Islamic crowdfunding but did not address gender dynamics or investor behavior. Lajuni et al. (2018) investigated the impact of religiosity and financial hardship among millennials. Pierrakis (2019) analyzed investor preferences in P2P lending with respect to returns, risk, and social networks but omitted religious factors. Zhang et al. (2017) focused on investor preferences in women-centered P2P platforms, without incorporating religious dimensions. Asutay et al. (2023) investigated Muslim investor behavior in capital markets but did not consider gender-specific investment dynamics.

These studies have not applied behavioral economics frameworks nor assessed investor responses to rural, female-centered P2P lending models. This is particularly pertinent in Indonesia, where women own approximately 60% of micro, small, and medium enterprises (MSMEs), yet face significant barriers to financial access and time availability, which constrain their growth potential (Primadhita et al., 2019**;** Ramdlaningrum et al., 2022). Women also remain disproportionately affected by poverty. Sharia-based P2P lending plays a strategic role in fostering women's economic empowerment and enhancing household welfare. Islamic teachings advocate for gender equity by promoting equal economic opportunities. Historical figures such as Khadījah, the Prophet

Muhammad's wife and a successful early businesswoman, and Al-Syifā, appointed by Caliph 'Umar ibn Khaṭṭāb to oversee the Medina marketplace, exemplify women's active participation in Islamic economic history (Fatima, 2021; Rianawati, 2018).

To address the existing research gaps, this study examines the influence of religious values, profit orientation, and perceived risk on Muslim investor preferences in female-centered P2P lending. Using a sample of 212 Muslim investors, the study employs theoretical perspectives from behavioral economics and Islamic financial ethics to develop a holistic understanding of investor behavior, integrating financial rationality, risk perception, and religious identity. The findings provide actionable insights for platform developers and policymakers seeking to enhance trust, participation, and long-term sustainability in Sharia-compliant digital financial services, particularly those focused on women. This research offers a novel contribution by synthesizing Islamic financial values, behavioral decision-making, and gender-responsive fintech strategies within a unified empirical framework. Unlike earlier studies that addressed religious or gender variables in isolation, this study delivers a multidimensional analysis of investor motivations in digital finance. It highlights the interrelationship between perceived risk, religious commitment, and women's economic empowerment in the context of Islamic digital finance.

Among the most influential determinants of investment decisions are default risk and credit ratings, which act as proxies for borrower credibility and project viability (J. Zhang et al., 2021). Investments associated with low credit ratings and extended repayment periods are generally perceived as high risk and are less attractive to investors (Daud et al., 2019). Profit-sharing schemes also significantly shape investor behavior within P2P lending markets (Bernardino & Santos, 2020; Hanif et al., 2023; Y. Zhang et al., 2017). In the context of Sharia-compliant investments, adherence to Islamic principles remains a central determinant of Muslim investor preferences (S. Abdullah & Oseni, 2017; Alam et al., 2020; de Anca, 2019; Marzban et al., 2014; Rahman & Kassim, 2021). Based on the literature review, this study posits the following hypothesis: religious values, profit orientation, and perceived risk significantly influence the preferences of Muslim investors in female-centered P2P lending.

METHODS

This study constitutes field research employing a quantitative approach to examine the influence of religious values, profit orientation, and perceived risk on the preferences of Muslim investors in female-centered P2P lending schemes. Designed as an empirical investigation, the study aims to establish causal relationships among the observed variables using statistical analysis of primary data collected directly from relevant respondents. Data were gathered between October 2024 and February 2025 through a structured online questionnaire administered to qualified Muslim investors actively participating in P2P platforms that finance women-led micro and small enterprises. A total of 212 valid responses were obtained for analysis. A cluster sampling technique was used, based on provincial distribution, with clusters drawn from five provinces hosting the highest concentration of P2P investors: Jakarta, Banten, West Java, Yogyakarta, and East Java.

Respondents completed a questionnaire comprising multiple statements assessed on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). This scale was selected for its balance between response granularity and interpretability. It enhances the reliability and validity of attitudinal and perceptual measures, improves data distribution, and minimizes response biases such as central tendency and extremity effects (Taherdoost, 2019; Wakita et al., 2012). Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4. SEM-PLS is a robust multivariate technique for evaluating complex relationships among latent constructs measured by multiple indicators. It is particularly suited to exploratory or predictive studies where theoretical models are evolving, data are non-normally distributed, or sample sizes are limited. The SEM-PLS procedure consists of two primary components: the measurement model, which assesses indicator reliability and construct validity, and the structural model, which evaluates hypothesized causal relationships among latent variables. This method emphasizes maximizing the explained variance in the dependent variables, making it highly applicable in studies on investor behavior in digital finance contexts.

The structural model examined the effects of religious values, profit orientation, and perceived risk on Muslim investor preferences in female-centered P2P lending. The model included one dependent variable, Muslim investor preference, and three independent variables: religious values, profit orientation, and perceived risk. Additionally, three demographic control variables (age, income, and investment experience) were included to control for respondent heterogeneity (Sukumaran et al., 2022; Wang et al., 2021; J. Zhang et al., 2021). These controls ensured that the effects of the independent variables were not confounded by other unobserved factors (Sukumaran et al., 2022). The Muslim investor preference variable was measured using: MIP1 (intention to register as an investor), MIP2 (investment decision), MIP3 (fund allocation), and MIP4 (repeated funding behavior). The religious values variable consisted of: RV1 (project halalness), RV2 (Shariah compliance), RV3 (avoidance of sinful elements), RV4 (participation in Shariah-based business networks), and RV5 (upholding Islamic brotherhood/*ukhuwwah Islāmiyah*). The profit orientation variable comprised: PO1 (profit maximization), PO2 (investment efficiency), PO3 (return reliability), and PO4 (return expectations). Meanwhile, the perceived risk variable included: PR1 (security risk), PR2 (information risk), PR3 (financial risk), and PR4 (compliance risk). The conceptual framework is illustrated in Figure 2.

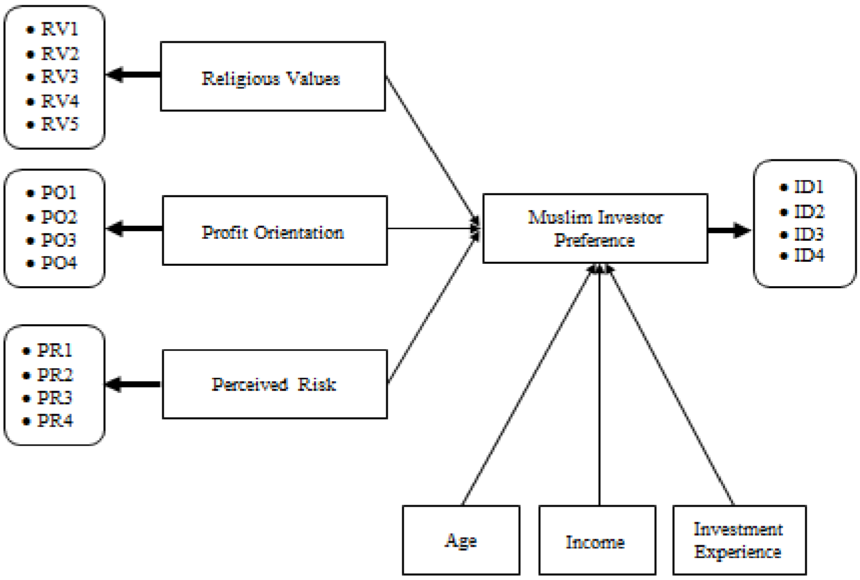


Figure 2. Research Model

Based on the preceding literature and the proposed research model, the following hypotheses are formulated: (1) H1: Religious values exert a significant influence on Muslim investor preferences in female-centered P2P lending. (2) H2: Profit orientation exerts a significant influence on Muslim investor preferences in female-centered P2P lending. (3) H3: Perceived risk exerts a significant influence on Muslim investor preferences in female-centered P2P lending.

RESULTS AND DISCUSSION

Respondent's Demographic Profile

Table 1 presents the results of the frequency analysis conducted on the demographic data of the respondents. The sample comprises 212 investors, with male respondents accounting for 58.49% and female respondents representing 41.51%. The majority of respondents belong to the millennial generation (Generation Y), aged 28–43 years, comprising 68.87%, followed by Generation Z (21–27 years) at 20.75%, and Generation X (44–59 years) at 10.38%. Consistent with the findings of Sukumaran et al. (2022), younger individuals are more attracted to digital technology-based investments due to their ease of use and accessibility. They also tend to adapt more rapidly to technological advancements and remain receptive to new information, particularly through social media and the internet. These demographic characteristics underscore the relevance of investigating investor behavior within P2P lending platforms, which are inherently digital and require a certain degree of technological literacy. The predominance of younger respondents reflects the increasing influence of digitally native generations in shaping the future of fintech-driven investment ecosystems.

Regarding income, the majority of respondents report a monthly income ranging from IDR 10 million to 20 million (approximately USD 610 to USD 1,220). Concerning investment experience, 52.36% of respondents have been investing for three years or less, while 47.64% have more than three years of experience. This distribution highlights a growing interest in investment activities, particularly in the aftermath of the Covid-19 pandemic. Kurniawan et al. (2023) similarly identified that a significant proportion of P2P lending investors in Indonesia are relatively new participants, with less than one year of experience. The post-pandemic period has been characterized by heightened financial awareness and behavioral shifts toward proactive financial planning. Consequently, public engagement in digital and alternative investment instruments, including P2P lending, has intensified. These findings suggest that the P2P lending market in Indonesia remains in a developmental stage, with substantial potential for growth, particularly in attracting novice investors amid expanding digital financial inclusion.

Table 1. Respondent's Demographic Profile

Characteristics	Respondent's Profile	Total respondents (212)	
		Amount	Persentase
Gender	Male	124	58.49%
	Women	88	41.51%
Age	Gen X (44-59)	22	10.38%
	Gen Y (28-43)	146	68.87%
	Gen Z (21-27)	44	20.75%
Income (per month)	≤ IDR 10 million (around USD 610)	67	31.60%
	> IDR 10-IDR 20 million (around USD 610-1220)	104	49.06%
	> IDR 20 million (around USD 1220)	41	19.34%
Investment experience	≤ 3 years	111	52.36%
	> 3 years	101	47.64%

Furthermore, the data suggest that Muslim investor preferences in the female-centered P2P lending market are influenced not only by demographic factors but also by varying levels of financial literacy and risk tolerance. Younger investors, who are often more technologically savvy, tend to demonstrate a greater willingness to engage with innovative financial products, whereas more experienced investors may apply more rigorous scrutiny to investment risks and returns. This heterogeneity in investor profiles highlights the necessity for P2P platforms to implement tailored communication strategies that address the distinct needs and expectations of different investor segments. Moreover, the relatively balanced distribution of investment experience indicates that P2P lending attracts both novice and seasoned investors, fostering a dynamic ecosystem that shapes investment behavior.

Research Findings

Based on the SEM-PLS model testing results, an indicator is considered valid if its outer loading exceeds 0.70 (Hair et al., 2019). However, outer loading values between 0.50 and 0.70 are still acceptable and sufficient to establish convergent validity (Ghozali & Latan, 2015). The analysis reveals that the outer loading values for the religious values indicators RV1, RV2, RV3, and RV4 are 0.738, 0.765, 0.811, and 0.748, while RV5 records an outer loading of 0.477. For the profit orientation indicators PO1, PO2, PO3, and PO4, the values are 0.769, 0.808, 0.793, and 0.789. The perceived risk indicators PR1, PR2, PR3, and PR4 show outer loadings of 0.656, 0.732, 0.748, and 0.758. Finally, the Muslim investor preference indicators MIP1, MIP2, MIP3, and MIP4 have values of 0.800, 0.810, 0.828, and 0.713. Due to its outer loading falling below the 0.50 threshold, the RV5 indicator was excluded from the model. As illustrated in Figure 2, all remaining indicators meet the validity criteria for effectively measuring their respective constructs.

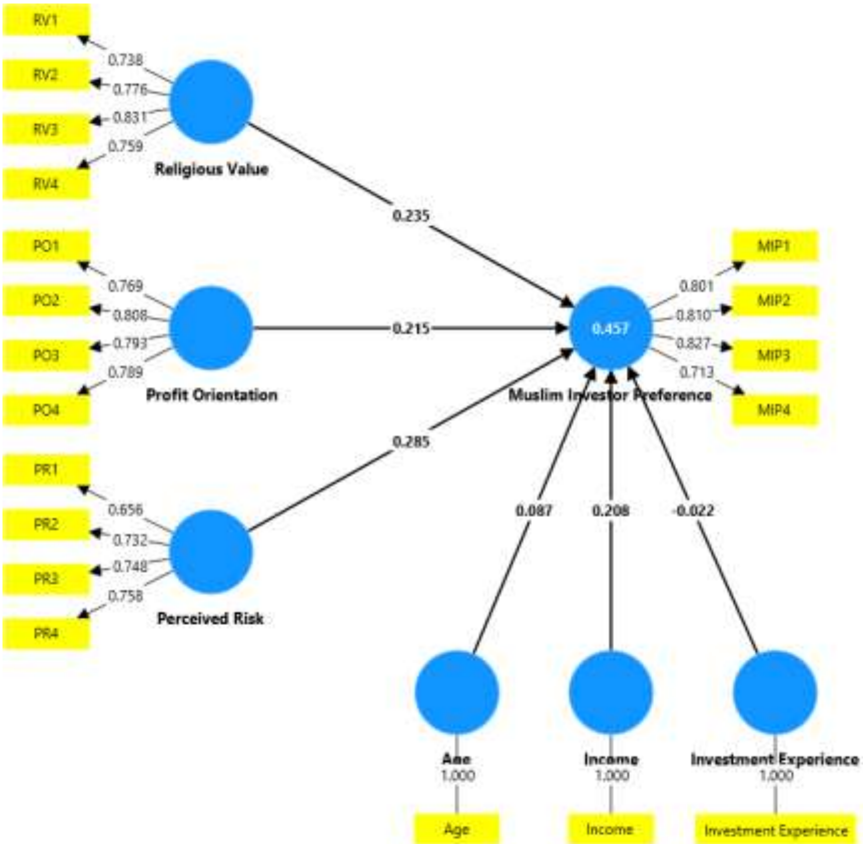


Figure 3. Outer Loading Result

Table 2 shows that composite reliability values exceed the recommended threshold of 0.70, confirming internal consistency reliability. This outcome indicates a strong correlation between the observed indicators and their corresponding latent constructs. In addition to Cronbach's Alpha, the Average Variance Extracted (AVE) was evaluated to assess the construct validity and reliability of each latent variable. The AVE values demonstrate that the latent constructs within the Muslim Investor Preference dimension explain more than 50% of the variance in their respective indicators. This result verifies that the indicators effectively capture the underlying constructs. Consequently, the measurement model exhibits both reliability and convergent validity, providing a solid basis for subsequent structural analysis.

Table 2. Output from Validity and Reliability Test

Latent Variables	Cronbach's Alpha	Composite reliability	AVE
Religious Values (RV)	0.781	0.786	0.604
Profit Orientation (PO)	0.800	0.804	0.624
Perceived Risks (PR)	0.703	0.716	0.525
Muslim Investor Preference (MIP)	0.797	0.806	0.622

According to the Heterotrait-Monotrait (HTMT) criterion, discriminant validity is deemed satisfactory when the HTMT ratio remains below 0.90. As presented in Table 3, all constructs satisfy this requirement, indicating that the variance shared among indicators of the same construct exceeds the variance shared across different constructs. The HTMT approach is recognized for its superior sensitivity and accuracy in detecting discriminant validity issues compared to traditional methods such as the Fornell-Larcker criterion and cross-loadings. This methodological advantage enhances the robustness of construct measurement within structural equation modeling, thereby strengthening the reliability of the study's conclusions.

Table 3. Discriminant Validity Test (HTMT)

Latent Variables	Age	Income	Investment Experience	MIP	PR	PO	RV
Age							
Income	0.266						
Investment Experience	0.088	0.096					
MIP	0.189	0.424	0.062				
PR	0.094	0.303	0.042	0.671			
PO	0.081	0.166	0.121	0.599	0.540		
RV	0.057	0.193	0.080	0.588	0.469	0.618	

Prior to assessing structural relationships, an inner Variance Inflation Factor (VIF) test was performed to confirm the absence of multicollinearity bias in the regression results. As shown in Table 4, all inner VIF values fall below the critical threshold of 5, indicating no multicollinearity among the independent variables affecting the dependent variable. This finding reinforces the reliability and validity of the structural path analysis.

Table 4. Inner VIF Test

	VIF
Religious Values -> Muslim Investor Preference	1.416
Profit Orientation -> Muslim Investor Preference	1.480
Perceived Risk -> Muslim Investor Preference	1.300
Age -> Muslim Investor Preference	1.110
Income -> Muslim Investor Preference	1.176
Investment Experience -> Muslim Investor Preference	1.049

Model fit was evaluated using the Standardized Root Mean Square Residual (SRMR) criterion. The SRMR value of 0.064, which is below the recommended cutoff of 0.08, indicates a satisfactory fit between the model and the empirical data. The structural model analysis yielded a coefficient of determination (R^2) of 0.459, demonstrating that the independent variables collectively explain 45.9% of the variance in Muslim investor preference. Additionally, the Q^2 value of 0.406 suggests that the model predicts 40.6% of the variance in investment decision-making. The PLS Predict results in Table 5 further confirm the model's predictive accuracy, with lower Root Mean Square Error (RMSE) and Mean Absolute Error (MAE) values for the PLS model compared to the Linear Model (LM), indicating superior predictive performance.

Table 5. PLS Predict

	Q^2predict	PLS-SEM_RMSE	PLS-SEM_MAE	LM_ RMSE	LM_ MAE
MIP1	0.276	0.826	0.656	0.851	0.690
MIP2	0.303	0.703	0.553	0.721	0.574
MIP3	0.255	0.850	0.668	0.884	0.697
MIP4	0.168	0.846	0.679	0.891	0.712

Significance testing of latent variable relationships was conducted using the bootstrapping procedure in SmartPLS 4, with results summarized in Table 6. The analysis reveals that religious values, profit orientation, and perceived risk exert statistically significant effects on Muslim investor preference, supporting all proposed hypotheses. Among control variables, income also shows a significant impact, underscoring the importance of financial capacity in shaping investment preferences and behaviors. Perceived risk demonstrates the strongest influence (β = 0.280), followed by religious values (β = 0.238) and profit orientation (β = 0.218). These results align with Asutay et al. (2023), who found that while religious considerations shape Muslim investor behavior, market logic predominates as the main driver of investment decisions. Profit orientation also influences investor preferences but to a lesser extent than perceived risk. This pattern suggests that profit is not the foremost priority in P2P lending; rather, trust-related factors assume greater significance, as emphasized by Edward et al. (2023) and He et al. (2021), who highlight that contract compliance is valued more highly than maximizing profit-sharing returns.

Table 6. Significance of Muslim Investor Preference

	Original sample (O)	T statistics (|O/STDEV|)	P values
RV -> MIP	0.238	3.675*	0.000
PO -> MIP	0.218	2.997*	0.003
PR -> MIP	0.280	4.511*	0.000
Control Variables:			
Age -> MIP	0.084	1.428	0.153
Income -> MIP	0.209	3.429*	0.001
Investment Experience -> MIP	-0.021	0.393	0.694

Discussion

Impact of Religion Values

The religious values variable significantly influences Muslim investor preferences in female-centered P2P lending. This effect can be attributed to the confidence and trust that Sharia principles instill in investors, assuring that their investments are ethically managed and aligned with Islamic values. Key factors shaping Muslim investor decisions include project permissibility (halal status), adherence to Sharia principles, avoidance of prohibited activities (e.g., *ribā* and *maysīr*), and the cultivation of Sharia-compliant business networks. These findings corroborate Ryandono et al. (2020), who identified a proclivity among investors for Sharia crowdfunding due to its role in fostering Islamic business development, and Sudirman et al. (2023), who observed Indonesian Muslim investors' strong preference for Sharia-compliant instruments rooted in religious commitment. The increasing presence of Sharia-compliant P2P lending platforms further underscores the importance of the Sharia dimension. These platforms offer a regulated, spiritually aligned investment alternative that appeals to investors prioritizing *barakah* (blessings) in fund management. The inclusion of a Sharia Supervisory Board (Dewan Pengawas Syariah) provides an institutional guarantee that funds are managed in full compliance with Sharia, supporting the assertions of Abdeldayem & Aldulaimi (2022) regarding the necessity of halal certainty and Sharia-aligned objectives in crowdfunding decisions. The halal criterion, encompassing both products and operational processes, forms the foundation of investor trust, ensuring that capital is not allocated to impermissible activities.

Sharia-compliant P2P lending eschews *ribā* by employing profit-sharing contracts such as *muḍārabah*, *musyārakah*, and *wakālah bi al-'ujrah*, which equitably distribute profits and losses between funders and entrepreneurs. These contracts, free from interest, excessive uncertainty '*garār*', and speculation '*maysīr*', foster fairness and transparency. The provision of clear, transparent information mitigates information asymmetry and uncertainty, enabling investors to base decisions on reliable data, thereby cultivating a stable investment environment. Sharia P2P investments emphasize not only financial returns but also spiritual rewards, with the avoidance of sinful behaviors serving as a core motivation. Asutay et al. (2023) found that Muslim investors are driven by a desire to avoid both major and minor sins, reinforcing the integration of religious obligations into investment choices. Strengthening the Sharia aspect in P2P investment promotes the expansion of Islamic values within crowdfunding and supports the realization of halal and inclusive business practices. By facilitating access to Sharia-compliant financing, these platforms contribute to a sustainable Sharia-based business ecosystem, promoting financial inclusion and social equity.

Furthermore, the significant influence of religious values reflects a broader shift in Islamic financial behavior, where compliance with divine injunctions outweighs conventional metrics of profitability. This prioritization manifests prominently in investment decisions involving female-centered initiatives, where investors perceive an added ethical dimension tied to social justice and empowerment. The ethical screening of projects through a Sharia lens not only filters out non-compliant ventures but also promotes moral accountability in fund allocation. These dynamics reveal that Islamic investors pursue a dual objective: achieving lawful returns while advancing *maqāsid al-syarī'ah*, particularly in promoting socio-economic justice, trust-based contracts, and the equitable distribution of wealth. Moreover, gender-responsive P2P lending models rooted in Islamic ethics align with investors' aspirations to support underserved populations, especially women entrepreneurs who face systemic barriers in conventional finance. The intersection of Sharia compliance and female-focused financing enables investors to participate in a financial model that simultaneously satisfies religious obligations and supports economic empowerment. Such alignment amplifies the social utility of investments, consistent with the notion of *maṣlaḥah* 'public interest' in Islamic jurisprudence. Consequently, the integration of faith-driven motives with gender inclusion in P2P lending represents an innovative pathway toward ethically sustainable financial ecosystems, reinforcing the role of Islamic finance as a vehicle for inclusive development and religiously anchored social change.

Impact of Profit Orientation

Profit orientation exerts a significant influence on Muslim investor preferences in P2P lending, consistent with prior studies (Bernardino & Santos, 2020; Hanif et al., 2023; He et al., 2021; Pierrakis, 2019; J. Zhang et al., 2021) that highlight return rates and profit-sharing as primary determinants of investor behavior. Competitive yields serve as strong incentives when investors evaluate financing opportunities on digital platforms. However, this financial motivation must be contextualized within broader investor decision frameworks. Edward et al. (2023) argue that while financial returns remain important, they often do not constitute the primary consideration; trust and perceived fairness frequently take precedence. He et al. (2021) also emphasize that contract alignment holds greater significance than mere profit-sharing promises. These findings suggest that profit orientation, although critical, must be balanced with non-financial factors to sustain investor engagement in P2P ecosystems. From a microeconomic perspective, profit orientation is central to investment decision-making, as rational investors seek to maximize utility by selecting investments with the highest expected risk-adjusted returns. Anticipated financial gains, whether through profit-sharing or capital recovery, constitute a key driver of participation in digital finance.

In contexts marked by regulatory gaps and asymmetric information, investors rely on quantifiable metrics such as projected returns to mitigate perceived risks. This aligns with risk-return trade-off theory, where investment choices reflect individual risk tolerance and return expectations. Accordingly, projects offering credible, attractive profit orientations are more likely to garner investor commitment. The influence of profit orientation carries implications for P2P lending platforms and regulators, especially in female-centered lending contexts. Platforms should prioritize transparent disclosure of return metrics, including projected yields, repayment schedules, and historical performance, to enhance investor confidence. Conversely, an excessive emphasis on high returns without adequate risk disclosure may precipitate adverse selection and systemic risks. Thus, balancing competitive returns with rigorous credit assessment is imperative. Policymakers should support investor education initiatives to promote financial literacy and risk awareness, fostering a more resilient investor base.

The pursuit of profit within Sharia-compliant P2P platforms does not occur in isolation but is embedded in ethical constraints and Islamic financial principles. Unlike conventional interest-based instruments, Islamic P2P lending utilizes profit-and-loss sharing (PLS) mechanisms that promote equitable returns while discouraging speculative behavior. Investors are drawn to models such as *muḍārabah* and *musyārakah*, which not only ensure transparency in risk allocation but also enhance the legitimacy of profit gains. These contractual arrangements uphold the principle of '*adl* 'justice', ensuring that neither party bears disproportionate risk or reward. As such, profit orientation in Islamic P2P lending is intrinsically tied to the fairness of contract structures, reinforcing both investor confidence and compliance with moral expectations.

Empirical evidence suggests that Muslim investors do not interpret profit maximization solely through a material lens but as part of a broader objective to achieve *falāḥ* 'success in this life and the hereafter'. Profit serves not merely as compensation for risk but also as a resource for charitable giving '*zakāt*' and community development, reflecting a spiritually informed approach to wealth accumulation. Consequently, investors tend to favor platforms that transparently demonstrate how financial gains contribute to social impact, especially in female-centered projects that advance gender equity and communal welfare. This alignment between financial performance and ethical outcomes increases the attractiveness of Sharia-compliant P2P platforms, positioning them as vehicles for both economic gain and moral fulfillment.

To sustain this dual appeal, Islamic P2P platforms must maintain competitive profit structures while reinforcing compliance, trust, and social accountability. Initiatives that integrate real-time performance data, third-party audits, and Sharia governance mechanisms are essential to ensure profitability does not overshadow ethical mandates. Additionally, segmentation strategies that match investor risk profiles with appropriate project types can enhance return predictability and reduce churn. These practices will not only attract profit-motivated investors but also retain those whose primary interest lies in promoting ethical finance. The successful fusion of profit orientation and Islamic values holds transformative potential for expanding inclusive finance and legitimizing fintech models that serve both economic and religious imperatives.

Impact of Perceived Risk

Perceived risk, encompassing digital data security, information transparency, financing scores, and contract compliance, significantly affects Muslim investor preferences. Prior research (Abdeldayem & Aldulaimi, 2022; Pierrakis, 2019) emphasizes the criticality of risk factors in crowdfunding, a relatively novel financing model that necessitates robust safeguards against fraud and security breaches. Muslim investor preferences reflect risk-return considerations consistent with studies by Al-Khazali et al. (2014) and Djedović & Djedović (2019), which highlight the favorable risk-return profiles of Sharia investments relative to conventional alternatives. Digital security is paramount in P2P platforms, given the sensitivity of personal and financial data. Investors prefer platforms that safeguard their information from cyber threats, consistent with the Islamic concept of *amanah* (trust), which mandates responsible stewardship by platform providers (Muneeza et al., 2021). Additionally, transparency in project information is essential for Muslim investors, who require assurance that projects are halal-compliant and that risk-sharing arrangements are equitable. Information ambiguity '*garār*' undermines trust and participation (Hamidah et al., 2024; Pierrakis, 2019).

Financing scores, which evaluate borrower credibility and repayment capacity, serve as vital risk mitigation tools. Accurate scoring enables investors to align investments with personal risk tolerance, as noted by Edward et al. (2023) and Y. Zhang et al. (2017). Clear, Sharia-compliant contracts are likewise critical, ensuring legal and ethical conformity to both regulatory and religious standards. Platforms must facilitate adherence to economic and social responsibilities throughout the investment lifecycle to maintain investor confidence. Zhu (2018) highlights that contract compliance is indispensable for ethically grounded and legally enforceable investments. The complexity of P2P financing, characterized by regulatory, legal, and informational asymmetries, accentuates the importance of risk management in minimizing adverse selection and moral hazard Ahlers et al. (2015) and Marzban et al. (2014). Transparent information disclosure, robust credit scoring, and contractual clarity are essential for protecting investors and enhancing market stability.

Perceived risk constitutes a pivotal dimension in Muslim investor decision-making, particularly within the context of digital P2P lending ecosystems. The integration of financial technology with religious compliance introduces unique vulnerabilities that necessitate heightened investor vigilance. Perceptions of risk, shaped by platform reliability, data protection mechanisms, and regulatory enforcement, directly influence participation rates. In Islamic finance, where trust (amanah) and contractual integrity are paramount, any indication of operational or ethical uncertainty can significantly deter investment. This underscores the necessity for platforms to institutionalize Sharia-compliant risk mitigation protocols, thereby aligning investment mechanisms with Islamic principles of transparency '*tabyīn*', justice ''*adl*', and certainty '*yaqīn*'. Risk is not solely confined to technical vulnerabilities but extends to the perceived fairness and enforceability of contractual arrangements. Muslim investors demonstrate sensitivity to ambiguous terms and hidden clauses, which are perceived as violations of *garār* and inconsistent with Islamic ethical norms. Clear delineation of rights and obligations, profit-sharing ratios, default procedures, and exit strategies are therefore fundamental.

The establishment of standardized, Sharia-certified contracts not only enhances legal enforceability but also reinforces moral legitimacy, an essential criterion in religiously motivated financial behavior. This is particularly salient in female-centered P2P lending, where investor scrutiny often intensifies due to concerns over borrower credibility and project impact, necessitating greater contractual clarity and borrower screening. Furthermore, effective communication of financing scores enhances risk assessment by enabling investors to match capital allocations with individual risk profiles and ethical considerations. These scoring systems must integrate both conventional financial indicators and Sharia compliance metrics to holistically evaluate borrower trustworthiness. Risk disclosure that incorporates religious dimensions, such as the presence of *ribā*-free structures and adherence to halal business operations, provides a dual assurance framework for Muslim investors. Platforms that fail to implement such integrated approaches risk undermining investor trust and stalling long-term platform growth. As the Islamic fintech landscape matures, robust and transparent risk governance will serve as a cornerstone for sustainable investor engagement and market development.

Impact of Income

Income significantly influences Muslim investor preferences, while age and investment experience do not demonstrate a significant effect. This aligns with Kurniawan et al. (2023), who identified income as a primary determinant of investment behavior. Young Indonesian P2P investors, predominantly salaried employees with regular incomes, allocate discretionary earnings to P2P investments intermittently. Higher income levels increase participation likelihood, as wealthier investors tend to diversify portfolios and tolerate greater risk, whereas lower-income investors generally prefer low-risk options to mitigate potential losses.

Income shapes not only investment participation but also preference, with higher-income investors more likely to prioritize long-term profitability and social impact. These findings contrast with Sukumaran et al. (2022), who reported no significant income effect. From an economic perspective, income directly affects the capacity and propensity to invest by providing greater disposable funds and reducing liquidity constraints. Higher income facilitates risk absorption, portfolio diversification, and sustained investment strategies. For P2P markets, these results suggest that platforms targeting higher-income investors should offer diversified products and advanced risk management tools, while those aiming to serve lower-income investors must design smaller-scale, low-risk options with transparent risk disclosures. Policymakers and providers should promote inclusive financial literacy programs to bridge income-related access gaps, enabling equitable participation and fostering financial inclusion.

Muslim Investor Preferences in Female-Centered P2P Lending

The growing appeal of female-centered P2P lending platforms among Muslim investors reflects an integration of religious compliance, ethical alignment, and social consciousness. These investors prioritize adherence to Islamic finance principles, particularly the prohibitions of *ribā*, *garār*, and *maysīr*, as defined by Sharia law. Female-focused platforms offer a compelling alternative to conventional instruments, partly due to the perception that women exhibit lower risk preferences (Aliano et al., 2023; Chen et al., 2020). Investing in female borrowers promotes social impact by empowering women economically, especially those underserved by traditional banking, thus advancing gender equity and economic inclusivity in rural areas. This objective aligns with *maqāṣid al-syarī'ah* 'Islamic law objectives', particularly wealth protection and social welfare promotion. Achmad et al. (2022) emphasize that women's economic empowerment enhances household resilience and is closely tied to social capital factors such as trust and networks. Female borrowers are perceived as reliable and community-oriented, making investments in female-led microenterprises both socially responsible and financially prudent. This dual value proposition reinforces Muslim investor preferences for platforms combining ethical finance and gender empowerment, signaling a broader shift toward value-based investing within Islamic finance.

Trust is central to Muslim investor behavior, especially in digital ecosystems marked by information asymmetry. Transparency in contracts, borrower assessments, and risk management strengthens confidence. Empirical evidence suggests that Muslim investors prioritize ethical integrity and transparency over mere profit maximization, consistent with Islamic economics, which integrates financial and moral accountability. The study's results indicate perceived risk as the most influential factor, followed by religious values and profit orientation, underscoring the need to minimize financial and ethical uncertainty. Income also significantly shapes investment behavior. These insights highlight the imperative for P2P platforms to emphasize transparency, uphold religious compliance, and deliver realistic, competitive returns. Aligning platform design with these priorities is crucial for building trust, encouraging sustained participation, and advancing an inclusive Islamic fintech ecosystem.

CONCLUSION

Perceived risk exerts the most dominant influence on Muslim investor preferences, followed by religious values, which have a stronger influence than profit orientation. As an emerging innovation, P2P lending involves a high degree of information asymmetry. Platforms that prioritize religious principles become critical in shaping investor assessments of compliance and trust. Significant financial losses may occur if risks and compliance are not properly evaluated. Income level also significantly shapes both investment capacity and preference. This study advances the discourse on the intersection of Islamic financial ethics and gender-responsive investment practices, contributing to financial inclusion and women's economic empowerment within a Shariah-compliant framework. From a policy and practical standpoint, P2P lending platforms are advised to strengthen governance mechanisms, enhance transparency and risk management procedures, and implement inclusive financial literacy initiatives tailored to different income segments. Such interventions are essential for fostering investor trust, promoting sustained participation, and advancing the sustainable growth of Islamic fintech while aligning with broader Islamic financial objectives and social justice imperatives.

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