THE DETERMINANTS OF POTENTIAL FAILURE OF ISLAMIC PEER-TO-PEER 'LENDING'

(The Perceptions of Stakeholders in Indonesia)

A THESIS

Presented as a Partial Fulfillment of the Requirements to Obtain the Bachelor Degree in Accounting Department

By:

AMALINA KHAIRINA HANUN

Student Number: 15312237

INTERNATIONAL PROGRAM

FACULTY OF ECONOMICS

UNIVERSITAS ISLAM INDONESIA

YOGYAKARTA

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DECLARATION OF AUTHENTICITY

Hereby, I declare the originality of the thesis: I have not presented someone else's work to obtain my university degree, not I have presented someone else's words, ideas or expressions without any of the acknowledgements. All quotations which cited and listed in the bibliography, are based on the guidelines. If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, May 24 2019

Amalina Khairina Hanun

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ABSTRACT

THE DETERMINANTS OF POTENTIAL FAILURE OF PEER-TO-PEER LENDING

(The Perceptions of Stakeholders in Indonesia)

The purpose of this study is to determine the influence of rate of return, financing purpose, size of financing, indebtedness, financing history, Islamic ethics, sharia contract, corporate governance, Ponzi scheme, and risk management toward the potential failure of peer-to-peer lending. This research is a quantitative study with a sample of 115 respondents filled the questionnaires. The sampling method is purposive sampling and the respondents of the questionnaires are practitioners, academicians, and Sharia Supervisory Board. The result of this study indicates that rate of return, financing purpose, size of financing, indebtedness, financing history, Ponzi scheme, and risk management has positive and significant effect on the potential failure of peer-to-peer lending in Yogyakarta. Meanwhile, Islamic ethics, sharia contract, and corporate governance has no negative or significant effect toward the potential failure of peer-to-peer lending.

Keywords: *Rate of Return, Financing Purpose, Size of Financing, Indebtedness, Financing History, Islamic Ethics, Sharia Contract, Corporate Governance, Ponzi Scheme, Risk Management, Peer-to-Peer Lending, Potential Failure of Peer-to-Peer Lending*

ABSTRAK

DETERMINAN POTENSI KEGAGALAN PEER-TO-PEER LENDING

(Persepsi Pemangku Kepentingan di Indonesia)

Penelitian ini bertujuan untuk mengetahui pengaruh tingkat pengembalian, tujuan pendanaan, ukuran pendanaan, hutang, sejarah pendanaan, etika Islam, kontrak syariah, tata kelola perusahaan, skema Ponzi, dan manajemen resiko. Penelitian ini adalah merupakan penelitian kuantitatif dengan sampel sebanyak 115 responden yang mengisi kuesioner. Metode pengambilan sampel adalah purposive sampling dan responden dalam studi ini adalah praktisi, akademisi, dan Dewan Pengawas Syariah. Hasil dari penelitian ini menunjukkan bahwa tingkat pengembalian, tujuan pendanaan, ukuran pendanaan, hutang, sejarah pendanaan, skema Ponzi, dan manajemen resiko mempunyai pengaruh positif dan signifikan terhadap potensi kegagalan peer-to-peer lending. sedangkan etika Islam, kontrak Syariah, dan tata kelola perusahaan tidak mempunyai efek yang negatif maupun signifikan terhadap potensi kegagalan peer-to-peer lending.

Kata kunci: *tingkat pengembalian, tujuan pendanaan, ukuran pendanaan, hutang, sejarah pendanaan, etika Islam, kontrak syariah, tata kelola perusahaan, skema Ponzi, dan manajemen resiko, peer-to-peer lending, potensi kegagalan peer-to-peer lending*

CHAPTER I

INTRODUCTION

1.1 Study Background

The development of technology in this era has made some changes in many aspects of life. That development eases people to access anything. Without face-to-face interaction, people can do transaction. One of the result of the advancement of technology is financial technology (fintech). Fintech refers to the revolution of financial services or products which brought new expectation to consumer in the advancement of technology, such as via mobile and internet (Chuen & Teo, 2015). Financial technology is also explained as the result of the digital technology utilization, for instance, the internet, mobile computing, and data analytics (Gimpel, Rau, & Roglinger, 2018). Fintech is the collaboration of financial services and technology sectors that concentrate on the start-ups, small and medium-enterprises, and other products and services that are provided by conventional service industry (Minerva, 2016). Fintech has several products, one of the products is peer-to-peer lending. In peer-to-peer lending, the online platform allows one party to lend another party on mutually agreed terms. The peer-to-peer lending allows a debt financing by lender to borrower without the role of financial institution. Some examples of peer-

to-peer lending are Prosper, which is the first P2P platform in the United States, Upstart, Funding Circle, and Lending Club.

Although the online peer-to-peer lending helps many parties, especially small and medium-enterprises and startups, it is not far from imperfection. It can be failed because of some factors. There are also some cases related to the failure of peer-to-peer lending, for example, the inability of the lender to repay the debt from the investor because of high interest. An example of this case is from Indonesia. In this case, a woman who has L initial tried to commit suicide because she cannot repay the amount of money that she lent from online fintech (M. Anwar, 2018). This woman had to pay large amount of interest and she could not pay the installment. Not only this woman, but also many victims of the online lending platform suffer because they cannot pay the high rate of interest (M. Anwar, 2018). Although those online lending platforms have the permission from Financial Services Authority, they do not guarantee that the platform will be free from problems. The main problem faced by the lenders is the high rate of interest rate. Interest rates caused people has to repay the creditor multiple times higher than the actual amount that they lend. Therefore, to overcome with that problem, there should be the solution of the interest rate.

Nowadays, peer-to-peer lending is not only for conventional system, but also in Islamic system. Unlike that conventional one, Islamic peer-to-peer lending do not recognize debtor and creditor. Conversely, the parties involved in the contract are investor, or capital provider, and management. The investor is the principal who fund

the business and the management has obligation to run the business well. Islamic peer-to-peer lending promotes Islamic values in it. It prohibits some *haram* actions, such as riba, gharar, and maisir, Islamic peer-to-peer lending must follows the Al-Qur'an and the saying of Prophet Muhammad (PBUH). The contract also has to contain goodness and taqwa to Allah. Dr. Murniati Mukhlisin, the observer from the FinTech Syariah Study Center, stated that the Transparency, Accountability, Responsibility, Independency, and Fairness are the keys of lending platform based on sharia (Anwar, 2018). The Islamic peer-to-peer lending also implement e-KYC (know your customer), e-KYI (know your investor), and Islamic ethics. So, before the capital provider decides to invest some amount of money to the management, the capital provider is already knew with whom she or he deals with. It is advantageous both for the capital provider and the management.

Although Islamic peer-to-peer lending is based on the sharia principle, the possibility of failure is still exist. Some problems might occur because the contract is based on online platform. So, there is a chance that both the capital provider and management do not have clear information about each other. Then, the information asymmetry occur because the capital provider and management are lack of information.

The information asymmetry that occur in online peer-to-peer lending are the financing purpose, size of financing, and the financing history (Courchane, Gailey, & Zorn, 2007; Jiménez & Saurina, 2002). Financing purpose means the primary

intention from the management who manages large amount of money from the investor or capital provider to finance the project. The purpose shows the reason of the management to lend money from the capital provider. Based on a research, loan applications for small businesses were on average less likely than loans for other purposes to have been funded (Mach, Carter, & Slattery, 2014). It is because the small business is still weak in its financial, so there is high possibility that it cannot repay the investor.

The second information asymmetry problem is size of financing. Size of financing is related to the age and size of the management. Size of financing is considered as the measurement of the risk of the financing related to the extent of management and investor relationship, and the age and size of the management (Jiménez & Saurina, 2002). Before making an investment, the capital provider should know the information about the age and size of management, because the new and small management has bigger risk. This is supported by a research that stated risk grows when financing size lowers (Serrano-cinca, Gutiérrez-nieto, & López-palacios, 2015).

Another information asymmetry problem is the financing history. Financing history is related to the information about the length of previous contract, the ability of the management to repay the investor, and also the problems that occur during the financing. Financing history is stating amounts owed, past-due incidences of delinquency in the managements' financing file, the number of derogatory public

records, or the number of inquiries by investor, amongst others (Serrano-cinca et al., 2015). From the financing history information, the capital provider could predict the default.

Besides the information asymmetry problems, there are also other problems in online peer-to-peer lending. In Islamic peer-to-peer lending, the rate of return is used to distribute the profit. The rate of return is stated in the profit-loss sharing ratio (PLS). Profit and loss sharing itself can be defined as a contractual agreement between two or more transacting parties that permit them to pool their resources to invest inside a project to share in financial profit and loss (Meutia, 2017). At the beginning of the contract, both parties has already make agreement about the profit-sharing ratio. In the implementation, the management has to distribute the profit based on that ratio. If the management failed to run the business and it cannot fulfill the agreement, then the peer-to-peer lending contract is failed. Besides, the ability of the management to make repayment to the capital provider can be the determinant of default. When the management cannot make repayment to the investor, it means that it breaks the agreement. The inability of the management to make repayment to the capital provider is called indebtedness. Indebtedness is affiliated with someone's income to the repayment to the investor; and its relationship with solvency has been found relevant in both studies on corporate finance and consumer finance (Serrano-cinca et al., 2015). Someone who experiences indebtedness will have difficulties in

repaying the investors and distribute the profit to them. If so, then the peer-to-peer lending contract will be failed.

In Islamic peer-to-peer lending, the sharia principle is implemented. The contract should be based on the Islamic ethics. Islamic ethics are based on three general premises: whatever serves the people serves God (Qur'an 49:13) and several sayings attributed to prophet, the value of any act is derived from the accompanying intention (sayings of the prophet) and individual moral must follow the saying of Prophet Muhammad (Ali & Al-Aali, 2013). Because of that, the implementation of Islamic ethics should be the solution of the problems happened in the online peer-to-peer lending.

Islamic peer-to-peer lending is also based on the sharia contract. The sharia contract promotes the Islamic value in the contract. Sharia contains the principles and foundations upon which financial system from an Islamic perspective is established and acts as guidance and framework on which the direction of the industry is set (Laldin & Furqani, 2016). Sharia contract also prohibit *riba*, *gharar*, and *maisir*, which are the problems that occur in peer-to-peer lending contract. Hence, the sharia contract can lessen the chance of those problems to be occur because it prohibits some practices, such as interest (*riba*), gambling (*maysir*), uncertainty, (*gharar*) and other prohibited (*haram*) elements (Laldin & Furqani, 2016).

The protection for the investors should exist in the project. The investors should be guaranteed that they will get their result of investment based on the

agreement. To protect the investors, the management should have good corporate governance. Good corporate governance enable the board of directors to monitor the apparatus of managerial behavior and keeping the stakeholders protected (Mokhtar & Mellett, 2013). Another way to protect the investor is the risk management. The management should identify the possible risk that might happen in the future.

In the other hand, financial fraud is also possible to happen. The financial fraud that is likely to happen in a project in Ponzi scheme. It is the situation where the management assure the new investor to join the project and then the management use its funds to pay the old investor.

Therefore, some problems might still occur in the practice of online peer-to-peer lending. Those problems are rate of return, financing purpose, size of financing, indebtedness financing history, and financial fraud. To overcome the problems, the intervention of Islamic principle is needed. The Islamic ethics and Islamic contract can decrease the possibility of those problems to be occurred. Beside that, the good corporate management and risk management can prevent the failure of peer-to-peer lending. Thus, the purpose of this study is to investigate the factors that can cause the failure of peer-to-peer lending.

1.2 Problem formulation

1. Is there any positive relationship between rate of return and the potential failure of peer-to-peer lending?

2. Is there any positive relationship between financing purpose and the potential failure of peer-to-peer lending?
3. Is there any positive relationship between size of financing and the potential failure of peer-to-peer lending?
4. Is there any positive relationship between indebtedness and the potential failure of peer-to-peer lending?
5. Is there any positive relationship between financing history and the potential failure of peer-to-peer lending?
6. Is there any negative relationship between Islamic ethics and the potential failure of peer-to-peer lending?
7. Is there any negative relationship between sharia contract and the potential failure of peer-to-peer lending?
8. Is there any negative relationship between corporate governance and the potential failure of peer-to-peer lending?
9. Is there any positive relationship between Ponzi scheme and the potential failure of peer-to-peer lending?
10. Is there any negative relationship between risk management and the potential failure of peer-to-peer lending?

1.3 Study objective

1. To investigate the relationship between rate of return and the potential failure of peer-to-peer lending
2. To investigate the relationship between financing purpose and the potential failure of peer-to-peer lending
3. To investigate the relationship between size of financing and the potential failure of peer-to-peer lending
4. To investigate the relationship between indebtedness and the potential failure of peer-to-peer lending
5. To investigate the relationship between financing history and the potential failure of peer-to-peer lending
6. To investigate the relationship between Islamic ethics and the potential failure of peer-to-peer lending
7. To investigate the relationship between sharia contract and the potential failure of peer-to-peer lending
8. To investigate the relationship between corporate governance and the potential failure of peer-to-peer lending
9. To investigate the relationship between Ponzi scheme and the potential failure of peer-to-peer lending
10. To investigate the relationship between risk management and the potential failure of peer-to-peer lending.

1.4 Contribution of The Study

1. To give contribution on the development of Islamic accounting and finance, especially how Islamic ethics and sharia contract related to the failure of peer-to-peer lending
2. To give contribution on the development of regulation in Financial Technology, especially how some determinants can positively influence the failure of peer-to-peer lending
3. To give the practical contribution to the actors of peer-to-peer lending contract, especially how they make consideration before making agreement in the contract.

1.5 Systematics of Writing

The systematics of writing is the outline of the study that will make the readers understand the content of this study. The outline of this study are:

CHAPTER I: INTRODUCTION

The first chapter contains the study background, problem formulation, research objective, research contribution, and systematics of writing.

CHAPTER II: REVIEW OF RELATED LITERATURE

The second chapter explains the review of literature used in this study. This chapter includes the theoretical review, theoretical framework, review of previous study, research model, and hypothesis development.

CHAPTER III: RESEARCH METHOD

The third chapter explains the independent and dependent variables used in this study, population and sampling method, and tools used to analyze the data, and the data collection.

CHAPTER IV: DATA ANALYSIS AND DISCUSSIONS

This chapter describes the findings and result of the data analysis.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS

This chapter contains the conclusions about the result of this study. It also explains the implication, limitation, and recommendation for future research.

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1 Theoretical Review

2.1.1 Peer-to-Peer Lending

Peer-to-peer lending has been a modern innovation in nowadays financial service industry. It allows the interactions between capital provider and management via internet or online platforms (Barasinska & Schafer, 2014). Peer-to-peer lending is also described as the intermediation between investor and the management through the internet (Milne & Parboteeah, 2016). Unlike the conventional financial service industry, peer-to-peer lending is an online platform where individual lenders can make loan request to the potential investor supported by social networking tools (Liu, Brass, Lu, & Chen, 2015).

The history of peer-to-peer lending can be examined through the emergence of two companies. The two companies are Zopa in 2005 which is located in United Kingdom, and Prosper was launched in 2006 and based in United States (Milne & Parboteeah, 2016). Both companies provide peer-to-peer lending, where the capital provider and management could meet in the online platform and make a deal with each other. In 2016, Prosper could reach more than 2 million members with total amount of lending of $6 billion. In the other hand, Zopa could attract 53,000

investors to 114,000 borrowers with total amount of lending of £1.4 billion (Milne & Parboteeah, 2016). After the succeed of Prosper and Zopa, other companies began to launch their own marketplaces.

Beside the development of conventional fintech in several countries, the Islamic fintech also emerged. Islamic fintech refers to the business with technology-based and an advanced financial service or products with Islamic or shariah scheme (Rusydiana, 2018). Islamic fintech is also a tool to promote and expand the development of Islamic banking product and services (Bakar & Rosbi, 2018). Islamic fintech uses the shariah-compliant, where the practice should not violate or contradict shariah principle, such as interest (*riba*), speculation or gambling (*qimar*), unearned income (*maysir*), excessive risk (*gharar*) and trading in some haram products or industries (Todorof, 2018). The development in Islamic fintech could become advantageous because of the huge number of population of Muslim in the world (Bakar & Rosbi, 2018; Rusydiana, 2018)

2.1.2 Rate of return

Rate of return is a tool to evaluate the performance of the firm in the organization (Feenstra & Wang, 2000). In other words, rate of return can be defined as the result of the investment, which could be a gain or a loss, in the period of time. The rate of return itself usually stated in the percentage form.

Before making an investment, commonly, the investor will make the estimation on the earning that he or she will get from the investment. The estimation

on earning of the investment is called expected rate of return. Expected rate of return is the calculation of rate of return to define the financial performance of the project in the organization for making decision on the firm's valuation (Feenstra & Wang, 2000). The rate of return is usually related with the risk that will be faced by the investor. The riskier the investment, the higher the expected return (Strong, 2008). To put it simple, when the investors face big risk on the investment, they expect to have high rate of return.

In sharia contract, there is no such a thing like interest rate. The sharia contract uses rate of return. The rate of return in sharia contract is expressed in profitability and loss sharing (PLS) which is varied and offered to the investor or capital provider (S. Anwar & Mikami, 2011). Profit and loss sharing can be defined as an agreed contract between the parties involved in the contract and allow them to unite their capital resources to be invested in a project (Meutia, 2017). So, the rate of return in the investment must be based on the profit-loss sharing ratio and it should be agreed by the capital provider and management. The basic principle in the profit and loss sharing is the proportion of each (in percentage) should be determined at the beginning of the agreement (Meutia, 2017). The researcher also stated that there are two systems for profit sharing. The first one is revenue sharing, which is based on the result of income less expenses. The second one is the revenue sharing which is based on the gross income.

2.1.3 Financing Purpose

Financing purpose is several application characteristics used as the underlying reason of the needs of funds (Stepanova & Thomas, 2002). In other words, financing purpose means the primary intention from the management who manage large amount of money from the investor or capital provider to finance the project.

One of the factors that becomes the determinant of default in lending is financing purpose (Serrano-cinca et al., 2015). Therefore, it is inferred that the objective of the management in lending could be a reason for the failure or late in payment to the capital provider. In the beginning of 2010, it is proven with consistent measures that the loan application for small business has lower chance than those for other purposes to be funded (Mach et al., 2014). It happened because in small business, there is tendency that the management will not pay back to the capital provider. Small business has higher chance of failure, so there is possibility that the management cannot pay the return to the investor. It means that the purpose of the financing determines the successful or failure of lending. However, in Islamic institution, loan does not exist yet it is replaced by financing. The one who finances is called investor, or capital provider and the one who being financed is management.

2.1.4 Indebtedness

Indebtedness is affiliated with someone's income to the repayment to the investor; and its relationship with solvency has been found relevant in both studies on

corporate finance and consumer finance (Serrano-cinca et al., 2015). Indebtedness is strongly associated with low income and financial exclusion (Winckler, 2014). Conversely, low income does not mean that it is the major cause of indebtedness, but it causes big risk because the disposable income is low. Some points to measure the indebtedness, for example: being unable to meet payments; experiencing lending as a subjective burden; the nature of financing commitments and their relationship to income – sometimes considered to be indication of being at risk of indebtedness rather than actual indebtedness (Winckler, 2014).

There are three main factors that may affect the indebtedness: institutional features that shape the market's contracting environment; demand-side factors; and supply-side factors (Jappelli, Pagano, & Maggio, 2008). The example of institutional features are the degree of investor of capital provider rights protection, and also the information sharing arrangements among lenders. The demand-side factors are including the age structure of the population and the degree of income inequality. In a similar case of supply-side factors, there is the competitive structure of the financing market.

2.1.5 Size of financing

Size of financing is thought as the risk indicator of financing which has correlation with the management-investor relationship, and the age and size of the management (Jiménez & Saurina, 2002). The default can be happened because of the size of financing. It is also stated that there is argument saying that risk grows when

financing size decreases (Serrano-cinca et al., 2015). In another hand, there is also a study argues the larger the financing analyzed, the higher the probability of default is, for a given size of the management. In small company, the financial resources only comes from the insider sponsorship, for instance, the family members and relatives (Ahmed, 2011). They do not have track record. Conversely, in medium and large-sized firms, they have long track record and it will ease them to get fund from an institution for setting up new plans. Based on the description, the smaller firms the harder it gets any access to get financing. Still, the size of financing is not the only key of the probability of default, but also the ability of the management to repay the lender.

In addition, the financing to large company is safer than the small company, because the large company has better financial solidity, yet the smaller amount of financing to the small company has greater risk.

2.1.6 Financing History

Financing history also becomes the determinant of the failure of the lending. Financing history relates to the record of the management's ability to pay the return to the capital provider. The payment history is the example of financing history in certain types of account (Serrano-cinca et al., 2015). Some companies have already showed the financing history page. The financing history page reflects the information of company's post-money valuation, including the new equity received during funding. Predicting default from the financing history is better than those from

annual statements. Financing history explained the amount of account payable, the bad incidences during the financing, or the number of question from the investor (Serrano-cinca et al., 2015).

In addition, consumers, researchers, and policy analysts all recognize the increasingly important role played by financing history in today's financial and nonfinancial markets (Courchane et al., 2007). It is not only important in today's financial and nonfinancial markets, but also in financial technology, including peer-to-peer lending. In peer-to-peer lending, the capital provider have to know the credit history of the management, because it will describe the management assessment.

2.1.7 Islamic ethics

Ethics is defined as moral, etiquette, norms, rules of conscience, courtesy, manners, values and alike (Maksum, 2015). Ethics is defined as a branch of philosophy that deals with moral behavior (Abuznaid, 2009). Ethics is outlined as values, good way of life, good rule of life and all the habits adopted and passed on from one person to another or from one generation to another. Ethics is also determined in three condition, the first one is value and moral norms which control the behavior of a person or a group. The second one is a set of principles or moral values or code of ethics. And the last one, it describes the science of good and bad. Ethics related to contracts will include virtues such as honesty, trust, transparency, etc, they also will incorporate fulfilling the legal obligations and stipulation (Ahmed, 2011).

Ethics is very important in life. It is the guide to make good relationship with others. Beside the definition of ethics in general, Islam also has its definition about ethics. Islamic ethics took shape in the early years of Islam and were the product of several factors, including the stage of economic development, religion, and openness (Ali & Al-Aali, 2013). Islamic ethics are based on three general premises: whatever serves the people serves God (Qur'an 49:13) and several sayings attributed to prophet, the value of any act is derived from the accompanying intention (sayings of the prophet), and whether or not individual moral judgment is judged sound must solely be measured by the capacity to benefit rather than harm others (several sayings attributed to the prophet) (Ali & Al-Aali, 2013). In other words, the sources of Islamic ethics are based on the Muslim holy book, Al-Qur'an, and also the hadiths, which is the sayings of Prophet Muhammad. Muslim derive their ethical system from the teaching of the Qur'an (which Muslims believe is a book revealed by God to Muhammad in seventh century Arabia), and from the sunnah (the recorded sayings and behavior of Muhammad) (Rice, 1999). From an Islamic pint of view, ethics is related to several Arabic terms, those are; *ma'ruf* (approved), *Khayr* (goodness), *haqq* (truth and right), *birr* (righteousness), *qist* (equity), *'adl* (equilibrium and justice), and *taqwa* (piety) (Al-Aidaros, Shamsudin, & Idris, 2013).

2.1.8 Sharia Contract

The contract that is happened in Islamic financial institution must be based on the sharia. Sharia is God's eternal and immutable will for humanity, as expressed in

the *Quran* and Muhammad's example (Sunnah), considered binding for all believers; ideal Islamic law (Oxford Islamic Studies Online, n.d.). Islamic economics and financial institution are guided by the Sharia, the precepts of which are funded upon the Qur'an, the Sunnah (the practices and sayings of Prophet Muhammad [pbuh]) (Samad, Gardner, & Cook, 2005). Sharia contains the principles and foundations upon which financial system from an Islamic perspective is established and acts as guidance and framework on which the direction of the industry is set (Laldin & Furqani, 2016). Thus, sharia contract definition is the contract that refers to the al-Qur'an and hadist (sayings of Muhammad PBUH). To have a contract that is based on the sharia, that contract must fulfill several conditions. Those conditions are free of *riba*, *gharar*, and *qimar*. In a contract, the main prohibitions are *riba*, *gharar*, and *qimar*, which are considered major causes for usurpation others' property (Ayub, 2007). Unlike the conventional finance, Islamic law perspective prohibit some practices, such as interest *(riba*), gambling (*maysir*), uncertainty, (*gharar*) and other prohibited (*haram*) elements (Laldin & Furqani, 2016).

In a sharia contract, someone must avoid *riba*. The financial contracts created between clients and Islamic bank should be free from intrest (*riba*) (Ismail, 2010). *Riba* is an increase that has no corresponding consideration in an exchange of an asset for another asset. *Gharar* is also prohibited in the sharia contract (Ayub, 2007). *Gharar* is defined as uncertainty of the result of the contract. For instance, selling baby cow that is still in the womb. The example of *gharar* are short-selling of shares,

the sale of conventional derivatives and the insurance business (Ayub, 2007). In addition, sharia contract has to be free of *qimar* and *maysir* (games of chance). *Qimar* can be defined as gambling or rely on luck and chance. Besides that, there is *maysir*, which means getting something too easily or getting a profit without working for it (Ayub, 2007). If the contract fulfill those conditions, which are free of *riba*, *gharar*, *qimar* and *maysir*, the contract is valid, conversely, if the contract betrays those prohibition, the contract is invalid.

2.1.9 Corporate Governance

Corporate governance is related to the control of manager in a company. It is the policy which organized by the manager to make the stakeholder safe. According to L'Huillier in 2014, corporate governance means tool for a manager to watch and control the profit and shareholder gained by the company and a measurement of a manager and subcontractors accomplishment (L'Huillier, 2014). L'Huillier also claimed that corporate governance is defined as the situation where the board of directors have to obey the professional managers (L'Huillier, 2014). Swastika (2013) stated that the board of director has a role to monitor and control the management for the shareholders interest (Swastika, 2013). In addition, the board of directors in corporate governance has vital role in monitoring the apparatus of managerial behavior and keeping the stakeholders protected (Mokhtar & Mellett, 2013). It is implied that the corporate governance has a function as the instrument for the board

of directors to command the manager to make arrangement for the shareholder rights protection.

The corporate governance is also understood as the way to improve the financial performance of the company. The principle of the corporate governance is aimed to make improvement in financial performance in a company. The better the corporate governance in a company, the better the performance of a company (Wati, 2012). Good Corporate Governance in a company is a key role in improving the economic efficiency, includes the relation between board of directors, shareholders, and stakeholders (Wati, 2012).

2.1.10 Ponzi Scheme

Ponzi scheme is one of the financial fraud that become the factor of possibility of failure in an investment. Ponzi scheme is the situation where the management deceived the investors by paying dividends to them with the capital of new investor. The success of the business is determined by the contribution of new investor (Deason, Rajgopal, Waymire, & White, 2015). The contribution of new investor will be given to old investor as the dividends. This cycle will continue along with the existence of new investor. Ponzi scheme can be drawn as a structured pyramid, where the money comes will be paid as the profit to the earliest investors (Eisenberg & Quesenberry, 2014). According to Bartoletti et al. in 2017, Ponzi scheme is a case of financial fraud whereas the scammer assure the new investor for

high profits investment meanwhile their capital is used to recover the previous investment to continue the business (Bartoletti et al., 2017).

In the case of Ponzi scheme, the actor of deception will make the new investor trust the business. The new investor will believe that the income of the business is gained from the result of the investment. Furthermore, the returns to investor promised by the scammer is relatively stable and the manipulated information from the scammer seems trusted (Deason et al., 2015).

According to Nesvetailova & Palan in 2013, Ponzi scheme is known as the shadow financial system (Nesvetailova & Palan, 2013). This shadow financial system contains illegal acts and practices, which becomes financial fraud. This practice is illegal because the management lies to the new investor. They promise high-yield profit with little risk as the result of the investment. In reality, they pay the investor using the capital from new investor. As a result, when the investors ask their funds to be returned and the management cannot recruit new investors, the business will collapse (Bartoletti et al., 2017). It will happen because the management do not have enough sources to recover the previous investment.

2.1.11 Risk Management

Risk management is very important in a company. It is related to the individuals protection from losses due to incidences (Dionne, 2013). Risk management also determines and manages risk, including omit, reduce, and control

the risk, by applying the procedure in order to recognize, examine, and evaluate the possible risk that occur in a project (Marcelino-sádaba, Pérez-ezcurdia, Echeverría, & Villanueva, 2014). Risk management is also defined as understanding and comprehending all of possible risks in the company, rather than managing them individually (Bromiley, Mcshane, Nair, & Rustambekov, 2015).

Risk management is also applied in peer-to-peer lending platform. The management should have good risk management to protect the investors. It has to identify the risk that possibly occurred during the project. The aspect of good risk identification includes origin, appearance phase, consequences, evaluation, response plan, and responsible person (Marcelino-sádaba et al., 2014). The management must recognize all of those information before analyzing and evaluating the identified risk.

2.1.12 Potential Failure of Peer-to-Peer Lending

Online peer-to-peer (P2P) lending services are a new type of social platform that enables individuals borrow and lend money directly from one to another (Ceyhan, 2011). Peer-to-peer lending is used to describe online marketplaces where lenders (also referred interchangeably as investors) can lend to individuals or small business (Mateescu, 2015). Online peer-to-peer (P2P) lending organization enables an individual to obtain an unsecured loan from a collection of individuals without the participation of bank (Collier & Hampshire, 2010). Online P2P lending is characterized as an online platform that becomes a media for the lender to fund the borrower to run the individual or small business. In other words, the peer-to-peer

lending allows a debt financing by lender to borrower without the role of financial institution. Some examples of peer-to-peer lending are Prosper, which is the first P2P platform in the United States, Upstart, Funding Circle, and Lending Club.

There are some indicators that could be the possibility of the failure in peer-to-peer lending. The possibility of the failure of P2P lending can be indicated by the problematic financing. There are three categories of problematic financing. Problematic financing can be categorized to be substandard, doubtful, and bad credit (Hendrianita, 2016). The financing can be categorized as substandard if the management cannot pay the installment more than 90 days. It will be categorized to be doubtful if the management cannot pay the installment over 180 days, and it will be bad credit if the management cannot pay the installment over 270 days and there is high chance of the business to be stopped.

Beside the indicator of the failure of the peer-to-peer lending contract, the contract can be ended by several factors. The contract can be ended when the period of the contract has been over (Safira, 2009). It also ends when one party decide to leave, or one of the parties passed away. The contract can fail when the management misused the fund from the investor, or the management does not use the fund based on the agreement. For example, the contract will be failed when the management uses the fund for other business, or for the party's personal need. Last, the contract will ends when the business has already run out of funds.

2.2 Theoretical Framework

2.2.1 Theory of Financial Intermediation

Theory of financial intermediation explains the role of the intermediaries as the party that collects money and give the funds to the entrepreneur to be financed (Werner, 2014). The aim of this theory is to mediate the capital from individuals and investors to the management in order to reduce the transactional cost (Julia, 2018). In peer-to-peer lending, the website acts as the intermediary between the investor who acts as the capital provider, and the management as the entrepreneur who runs the business and needs the capital from the investor. The characteristics of peer-to-peer lending is the platform that acts as the intermediary between the capital provider and the management indirectly (Julia, 2018). Myers and Rajan (as cited in Werner, 2014) stated that through the intermediation, in this case is peer-to-peer lending website, the management can be financed to its own business and the investor can lend the money to fund the project. The intermediaries function is to confront the management and investors to meet their needs (Scholtens & Wensveen, 2000)

Financial intermediation theory also explains the transaction cost and asymmetry information (Allen & Santomero, 1998; Andries & Cuza, 2009; Serrano-cinca et al., 2015). The financial intermediation theory describes that intermediaries exist to reduce transaction cost and information asymmetries (Scholtens & Wensveen, 2000). When a management proposed a project to be financed, the peer-to-peer lending platform assess the management and determine whether the loan

should be approved or not. To evaluate the management, both the capital provider and the platform should know the information about the applicant. If there is information asymmetry occur, the investor and the platform cannot evaluate the management.

The financial intermediation theory would explain that the role of financial intermediaries is to make a financial contracts to provide capital to another business enterprises (Philippon, 2012). The intermediation theory also suggests that the intermediation or financial facilitator is the media to offer funds for an investment for household and enterprises (Beck, Degryse, & Kneer, 2014). In Islamic finance, the intermediation has an obligation to be a capital provider in a project as an equity holder rather than a debt holder (Yusof & Bahlous, 2013). The Islamic intermediation does not only give benefits to the capital provider and the business enterprise, but also enhances the business skill of the business enterprise through the intervention of the capital provider in decision making (Yusof & Bahlous, 2013). The Islamic financial intermediaries is an important contributor for the economic world because it financially supports the enterprises in investment activities (Kassim, 2016).

2.2.2 Stakeholder Theory

Stakeholder theory explains the way to satisfy the management and stakeholder interest as the organizational goals, and the answer of how to redefine, redescribe, or interpret those goals (Freeman, Harrison, Wicks, Parmar, & Colle, 2010). The stakeholder theory is a management theory based on moral treatment of

stakeholders and not a moral theory and also happens to be relevant to management (Harrison, Freeman, & de Abreu, 2015). Stakeholder theory advocates people to act fairly, honestly, and generously to all of stakeholders (Harrison et al., 2015). Thus, the stakeholder theory is defined as the theory which describes the ethical and moral values and treatment to manage the business well. There are also several groups of stakeholders. The main groups of stakeholders are customers, employees, local communities, suppliers and distributors, and shareholders (Fontaine, Haarman, & Schmid, 2006). Those groups of stakeholders have to cooperate together in order to make the firm become successful. The important notion in stakeholder theory is the achievement of the company depends on good cooperation among all stakeholders (Tullberg, 2013).

In stakeholder theory, managers should make decisions on the behalf of the interests of all stakeholders (Jensen, 2011). In order to make decision, the manager must consider to involve an ethical component and the ethical arguments to manage the stakeholder's interest as the important consideration (Harrison et al., 2015)

There are three types of stakeholder theory: descriptive/empripical, instrumental, and normative (Hasnas, 2013). The definition of those types of stakeholder theory are as follows (Fontaine et al., 2006) :

- Descriptive: the purpose of descriptive type is to explain how managers make agreement with the stakeholders and how they represent their interest.

- Instrumental Approach: Study the consequences in the organization with considering the stakeholders in management and examining the relationship between the practice of stakeholder management and the achievement of organizational goals.
- Normative: the framework about moral or philosophy which is related to the activities or the management or corporations.

2.3 Review of Previous Study

Table 2.1 Previous Study

no	Authors, year, title	hypothesis	method	findings
1	Peer-to-Peer Lending: An Empirical Study Mingfeng Lin (2009)	Dependent variable : The probability of a loan getting 100% funding Independent variable : three sets of information about borrowers (information about loans, hard and soft credit information, and auction charcteristics)	Data collected from P2P website: Prosper.com The researcher uses a Heckman model to simultaneously estimate the probability of selection (having loans funded) and the interest rate of loans conditioning on the fact that it has been funded.	Borrower's friendship network does not affect the risk of default and therefore do not help avoiding information asymmetry.

2	Evaluating credit risk and loan performance in online Peer-to-Peer (P2P) lending Riza Emektera, Yanbin Tub, Benjamas Jirasakuldech (2015)	Dependent variable: probability of default Independent variable : FICO score, the Lending Club Credit Grade, debt-to-income ratio, and revolving line utilization	This study uses 61 451 loan applications in the Lending Club from May 2007 to June 2012 obtained from www.lendingclub.com	Higher credit grade loan is associated with lower default risk. Loans with lower credit grade and longer duration are associated with high mortality rate. Interest rate currently charged for the riskier borrower is not significant enough to justify the higher default probability.
3	Determinants of Default in P2P Lending Carlos Serrano-Cinca, Begoña Gutiérrez-Nieto, Luz López-Palacios (2015)	H1. The relationship between interest rate and risk of default in P2P is positive. H2a. Loan characteristics, such as loan purpose and loan amount, are related to the probability of default in P2P lending. H2b. Borrower characteristics, such as current housing	The empirical study uses data from Lending Club, the biggest US P2P lending company. The sample analyzed contains 24,449 loans. Hypotheses have been tested by using univariate means tests and survival analysis The Chi-square test is used to discover if there is a statistically significant association between two categorical variables	The higher the interest rate, the higher the default probability is. Loan characteristics, such as loan purpose; borrower characteristics, such as annual income and current housing situation credit history and borrower indebtedness do matter. Loan amount or the length of

		situation, annual income, and employment length are related to the probability of default in P2P lending H2c. Credit history, a record of a consumer's ability to repay debts, is related to the probability of default in P2P lending H2d. Personal indebtedness is related to the probability of default in P2P lending		employment do not seem to be relevant within the data analyzed. Comparing loan purposes, the riskiest is 'small business' and the least risky is 'wed- ding purpose'. The risk of loans for 'small business', ceteris paribus, is 2.279 times higher than the risk of loans for 'no small business'.
4	Peer to Peer Lending: The Relationship Between Language Features, Trustworthiness, and Persuasion Success Laura Larrimore, Li Jiang, Jeff Larrimore, David	H1: The use of longer loan descriptions will be positively associated with funding success. H2: The use of language specifying concreteness will be positively correlated with funding success. H3: Providing quantitative information	The data about loan request and loan outcome information is downloaded from Prosper. The loan request contains financial variables such as the borrower's credit grade, loan-specific variables such as the amount of money requested, and language variables such as the request's textual loan description. The data from Prosper include	There is significant positive impact of the length of loan description on funding success supported H1 H2 predicted that the language dimensions that reflect concreteness would increase loan success. H2 was partially supported.

	Markowitz & Scott Gorski (2011)	increases funding success. H4a: Providing humanizing details will be associated with a decreased likelihood of funding success. H4b: Providing justifications will be associated with decreased funding success.	220,257 completed loan request from 2005-2008.	H3 predicted that quantitative information related to the ability to repay the loan. Therefore our results supported H3. H4 hypothesized that information that is irrelevant to the ability to repay and appeals to peripheral processing would decrease funding success since this information may distract rational reasoning. The data showed that in general providing humanizing details actually harmed funding success. H4b was also supported.
5	Peer-to-peer lending to small businesses Traci L. Mach, Courtney M. Carter, Cailin R.	Dependent variable : rejected loan application and funded loans data set Independent	In this paper we use data on individual loans and applications from the LendingClub.com website to examine more closely the characteristics of	Loans that were for small businesses were charged an interest rate nearly a full percentage point higher than loans

	Slattery (2014)	variable: Amount of money, HPI (Corelogic house price index), Fico credit scores, year of application	loans that get funded as well as the interest rate paid on those loans. Our data set consists of more than 670,000 rejected loan applications and just under 100,000 funded loans.	for other purposes After controlling for observable differences in the quality of the borrowers, loans for small businesses were more than 250 times more likely to perform poorly than loans for other purposes, which may give some insights into why such loans are charged a higher rate (table 10)
6	Loan Characteristics and Credit Risk Gabriel Jiménez and Jesús Saurina (2002)	Dependent variable : default Independent variable : type of instrument, currency, maturity, collateral, amount lent, business sector, region, type of financing institution	This study uses information on more than three million loans entered into by Spanish credit institutions over a complete business cycle (1988 to 2000) collected by the Bank of Spain's Credit Register (Central de Información de Riesgos)	Our study shows the marginal impact of each characteristic of a credit operation on PD, highlighting the utility that it can have for a banking supervisor interested in off-site monitoring of credit risk or in an improving allocation of scarce resources when carrying out the necessary on-

				site monitoring.

There are several factors that caused the default in P2P lending (Serrano-cinca et al., 2015). P2P lenders suffer a severe problem of information asymmetry (Serrano-cinca et al., 2015). The purpose of this research is to study the relevance of the information provided by the P2P lending by the P2P lending site for lenders' decision making and for lowering information asymmetry. The data of this research is secondary data, which is obtained from loans' data collection from Lending Club. The analysis is using univariate means of tests and survival analysis. The factors of default being analyzed in this research are loan purpose, annual income, current housing situation, credit history and indebtedness. The result of this research is that the loan purpose becomes the factor in explaining default. For instance, the purpose loan for wedding is less risky than the loan aimed to run small business. The annual income, current housing situation, and credit history and indebtedness are also relevant variables.

Conversely, applications for a lending for a small business were almost twice likely to have been funded than loans for other purposes (Mach et al., 2014). It is claimed that loan purpose is not taken into account in assessing the credit quality of the application, loans for business purposes paid nearly one percentage point higher interest rate than other loans, holding borrower characteristics constant. The data is obtained from the website LendingClub.com to closely examine the characteristics of

loans that get funded as well as the interest rate paid on those loans. The data itself consist of more than 670,000 rejected loan application and just under 100,000 funded loans.

Indebtedness, which is strongly associated with low income and final exclusion, is experienced by people who have low income. People who have low income do not make greater use of credit than other household. When they have low income they have to do repayment based on income ratios and they are more likely to fail to pay the credit (Winckler, 2014). It is likely to fail because people who have low income usually experience lending as a problem when they have to do repayment to the investor.

Some researchers also did research about the financing size. The size of financing is related to the size of the management, the age of the management, or the age and the length of the bank-borrower relationship, can also be an indicator of credit risk (Jiménez & Saurina, 2002). Young company usually has greater risk and higher rates of default, or late in repayment. This study uses information on more than three million loans request in Spanish credit institutions over a complete business cycle that collected by Bank of Spain's Credit Register in 1988 to 2000 (Central de Informacion de Riesgos). The aim of the study is to determine the impact of certain characteristics of financing (i.e. collateral, maturity, size, type of lender and closeness of the customer-bank relationship) have on default rates (PD). The result of this study as regards the maturity and size of loans reveals the importance of the

screening process carried out by institutions. Long-term lending (over five years) implies a lower credit risk than medium-term lending (1 to 5 years) or very short-term lending (less than 3 months). In addition, the large loans are lower risk, probably because the management is normally a large company and the operation has been studied in greater detail.

2.4 Hypothesis Development

2.4.1 Rate of return and the potential failure of peer-to-peer lending

Rate of return is the result of the investment, which could be gain or loss, in the period of time. The rate of return is usually stated in the percentage form. Before signing a contract, the investor and management will have an agreement about the rate of return. The agreement of the rate of return is agreed by the investor and the management. This agreement is the profit-loss sharing ratio. In addition, based on sharia contract, the interest rate is prohibited and the investor will get profit based on the percentage of rate of return. The rate is varied and depend on the profitability and loss sharing (PLS) ratio offered to the depositor (S. Anwar & Mikami, 2011). It means that in a contract, the capital provider and management will make agreement about the PLS ratio and the result of the business will be distributed based on the PLS ratio. In this contract, both capital provider and management should obey the PLS ratio that has been agreed. If one of the parties do not follow the agreement on the rate of return, the contract will be failed. One of the pillar of the contract is the profit

distribution (Safira, 2009). In other words, if the pillar is not accomplished, then the contract is not valid of failed.

The relationship between rate of return and the failure of peer-to-peer lending is supported by the theory of financial intermediation. Theory of financial intermediation explains the peer-to-peer lending as the platform for the management and investor to meet and run the project (Werner, 2014). In this case, peer-to-peer lending acts as an intermediaries between the management and investor. Therefore, it has to prevent the contract to be failed. It should control the management to give profit based on the profit loss sharing.

Based on the description above, the hypothesis proposed are as follows:

H1: Rate of return has positive relationship to the failure of peer-to-peer lending

2.4.2 Financing purpose and the potential failure of peer-to-peer lending

Financing purpose means the underlying reason from the management who manage large amount of money from the investor or capital provider to finance the project. When the investor and management agree to make a contract, then the investor should know the purpose of the management for being financed. The purpose of financing of the management could be the factor of the failure in peer-to-peer lending contract. In addition, one of the considerations of the likelihood of default in lending is financing purpose (Serrano-cinca et al., 2015). For example, a company that has small business will be more likely to be late in payment to the

investor. It is caused by the small business that has just started has higher chance to experience failure. If the management experience failure, the contract would be ended. The contract will be ended if the management cannot run the business well to achieve the purpose of the business (Safira, 2009). Therefore, the investor must understand well the purpose of financing of the management so that the failure of peer-to-peer lending can be avoided.

Before making contract, the capital provider should know the purpose of financing of the management so that the information asymmetry would not occur. Information asymmetry is one of the problems that might occur in the peer-to-peer lending. As in the theory of financial intermediation, the asymmetric information does matter in peer-to-peer lending (Allen & Santomero, 1998). In order to get funded, both the platform and the capital provider need to know the information, such as financing purpose about the project, so the project will be accepted.

Therefore, the proposed hypothesis is:

H2: Financing purpose has positive relationship to the potential failure of peer-to-peer lending

2.4.3 Indebtedness and the potential failure of peer-to-peer lending

Indebtedness is related to the inability of the management to repay the investor. Indebtedness is affiliated with someone's income to the repayment to the

investor; and its relationship with solvency has been found relevant in both studies on corporate finance and consumer finance (Serrano-cinca et al., 2015). The management will be in indebtedness when it experiences a difficulty in repaying to the investor. The management experiences difficulty in repaying the investor because it has low income. Low income make the management will be difficult to pay amount of money to the capital provider. It could be factor of the failure in peer-to-peer lending because in the contract, the management must distribute the result of the investment based on the PLS. If the management cannot repay the investor based on the PLS, the contract might be failed. In addition, the profit distribution is the pillar of the contract (Safira, 2009). If the management cannot distribute the profit because it experiences indebtedness, then the peer-to-peer lending contract will be failed.

The indebtedness is positively related to the failure of peer-to-peer lending. It is supported by the theory of financial intermediation, which stated that the management and capital provider to meet in a project and run the business in order to get profit based on profit loss sharing (Werner, 2014). The peer-to-peer lending platform as the intermediaries should assure that the project run as it should be. As an intermediaries, it should have information about the project so the information asymmetry does not occur. According to Allen and Santomero in 1998, the theory of financial intermediation also describes the information asymmetry (Scholtens & Wensveen, 2000). Therefore, the indebtedness can also be the factor of the failure in peer-to-peer lending.

Based on the description above, the hypothesis is:

H3: indebtedness has positive relationship to the potential failure of peer-to-peer lending.

2.4.4 Size of financing and the potential failure of peer-to-peer lending

Size of financing is related to the size and age of the management. Size of financing is considered as the meter of the risk of the financing which related to the extent of management and investor relationship, and the age and size of the management (Jiménez & Saurina, 2002). The age and size of management could determine the failure of peer-to-peer lending. For instance, the new company that has just started the business has higher chance of default, because small company is still weak and their financial is not guaranteed. In small company, the source of finance comes only from insider finance, such as family members and friend (Ahmed, 2011). Because of the source of finance comes only from insider finance, then the chance of late in payment to the investor is higher than the medium-large company. In medium-large company, the business has been growing and it has another source of fund rather than insider finance. If the small and young company cannot pay the investor in time, then the peer-to-peer lending contract will be failed. Problematic financing can be categorized to be substandard, doubtful, and bad credit (Hendrianita, 2016). Each problematic financing can be categorized by those three groups if the management cannot repay the investor for 90 days, 180, and 270 days each. So, when

the management cannot pay the investor more than these days, then the financing could be in problem. Then, the problematic finance could lead the contract to be failed. In another hand, the contract will be ended if the management cannot be trusted or *amanah* in running the business to achieve the goal of the contract (Safira, 2009). Then, size of financing should be considered by the investor, so the failure of peer-to-peer lending can be avoided.

The size of financing can be the factor in the failure of peer-to-peer lending. When young and small company cannot repay the investor, then the peer-to-peer lending can be failed because that small company has weak financial. It is related to the theory of financial intermediation. It suggests that before accepting a project, the platform and the investor should know the information of the project (Werner, 2014). In this term, the information need to be known is the size of the company. If the size of the company is still small and young, then there is high possibility that a company will be default or late in payment. If so, the contract can be regarded as failed.

Therefore, the hypothesis is proposed as follows:

H4: size of financing has positive relationship to the potential failure of peer-to-peer lending

2.4.5 Financing history and the potential failure of peer-to-peer lending

Financing history is related to the record of the management. Financing history is including the payment history information on specific types of account (Serrano-cinca et al., 2015). Financing history is very important both for the management and investor. The investor needs to know the financing history of the management to predict the default. Financing history can be used as a tool to predict the failure of the contract. The financing history will show some information of the management. Financing history is stating amounts owed, past-due incidences of delinquency in the managements' financing file, the number of derogatory public records, or the number of inquiries by investor, amongst others (Serrano-cinca et al., 2015). So the investor should know all of those information before making the contract otherwise the information asymmetry will occur.

Based on the financial intermediation theory, it examines the asymmetry information about the party being financed (Allen & Santomero, 1998). Before accepting a project, the platform and investor should consider the information of the management (Werner, 2014). If the information asymmetry occur, then the failure of peer-to-peer lending could happen because the information of financing history is needed by the investor to predict the default. If the investor does not know the information, then the investor cannot predict the default and unintended occurrence may be happen.

Based on the description, the hypothesis is:

H5: financing history has positive relationship to the potential failure of peer-to-peer lending

2.4.6 Islamic ethic and the potential failure of peer-to-peer lending

Ethics is defined as a branch of philosophy that deals with moral behavior (Abuznaid, 2009). Ethics is very important for managing good relationship among others. Islam also uphold the value of ethics. It has its own definition and source of ethics. Islamic ethics are based on three general premises: whatever serves the people serves God (Qur'an 49:13) and several sayings attributed to prophet, the value of any act is derived from the accompanying intention (sayings of the prophet), and whether or not individual moral judgment is judged sound must solely be measured by the capacity to benefit rather than harm others (several sayings attributed to the prophet) (Ali & Al-Aali, 2013). The Islamic ethics promotes everyone to behave based on what is written in the holy Qur'an and imitate the hadist or the saying of Prophet Muhammad PBUH. The Islamic ethic is also very important to be implemented in the peer-to-peer lending. In the contract, both investor and management should have Islamic ethic. From an Islamic pint of view, ethics is related to several Arabic terms, those are; *ma'ruf* (approved), *Khayr* (goodness), *haqq* (truth and right), *birr* (righteousness), *qist* (equity), *'adl* (equilibrium and justice), and *taqwa* (piety) (Al-Aidaros et al., 2013). If the contract is not suitable to the Islamic ethic, then it can be

the indication of the failure of peer-to-peer lending. Furthermore, if the investor wants to invest in Islamic peer-to-peer lending, then all of the stakeholder should uphold the Islamic ethic.

The explanation above is supported by the stakeholder theory approach. The stakeholder theory suggested all of the stakeholder to be ethical to each other. Stakeholder theory advocates for treating all stakeholders with fairness, honesty, and even generosity (Harrison et al., 2015). So, all of stakeholders should implement the Islamic ethic in the contract. In this case, because the contract is based on the sharia, so if it does not implement Islamic value then the peer-to-peer lending is failed.

Based on the description above, then the hypothesis is:

H6: Islamic ethics has negative relationship to the potential failure of peer-to-peer lending

2.4.7 Sharia contract and the potential failure of peer-to-peer lending

Sharia contract is related to the agreement based on the sharia. Sharia contains the principles and foundations upon which financial system from an Islamic perspective is established and acts as guidance and framework on which the direction of the industry is set (Laldin & Furqani, 2016). It means that in the sharia contract, the stakeholders must obey the principle and systems that is based on the Islamic perspective. There are some criteria to be fulfilled in the sharia contract. Unlike the

conventional finance, Islamic law perspective prohibits some practices, such as interest (*riba*), gambling (*maysir*), uncertainty, (*gharar*) and other prohibited (*haram*) elements (Laldin & Furqani, 2016). In this case, the Islamic peer-to-peer lending is based on the Islamic value so the contract should be sharia contract. If one of those condition is not fulfilled, then the contract is failed.

The explanation is also in line with the stakeholder theory. Stakeholder theory promotes the ethical value to all of the stakeholders. According to Harrison et al. (2015), stakeholder theory is a management theory based on moral treatment of stakeholders and not a moral theory and also happens to be relevant to management (Harrison et al., 2015). So, in Islamic peer-to-peer lending all of stakeholder should apply the sharia contract and follow its condition. If the investor or the management do not follow the sharia contract, then the Islamic peer-to-peer lending is failed.

Based on the explanation, the hypothesis is proposed as follows:

H7: Sharia contract has negative relationship to the potential failure of peer-to-peer lending.

2.4.8 Corporate governance and the potential failure of peer-to-peer lending

Peer to-peer lending is prone to be failed. It happens because sometimes there is no exact policy to guarantee the shareholder's safety. Therefore, the rule to protect the shareholder is needed. The tool for a manager to watch and control the profit and

shareholder gain in the company and a measurement of a manager and subcontractors accomplishment is corporate governance (L'Huillier, 2014). In corporate governance, the board of directors has vital role in monitoring the apparatus of managerial behavior and keeping the stakeholders protected (Mokhtar & Mellett, 2013). Good corporate governance will result better financial performance because they monitor and control the company to protect the shareholder profit. Conversely, if there is no good corporate governance, it means there will be lack of shareholders protection in the company. The investors might suffer loss because the management does not control the company well.

Peer-to-peer lending platform should protect its investor from being loss. It has to filter the project and give protection to the investor. If something bad happen during the project, the platform should be the mediator between the management and investor. According to the theory of financial intermediation, the peer-to-peer lending platform is the intermediary between the management and investor (Werner, 2014). Based on this theory, the platform should be able to intermediate the management and the investor to be successfully run the project. Therefore, the good corporate governance in the platform is needed in order to succeed and protect the investor from the possibility of failure.

Based on the description above, the proposed hypothesis is:

H8 : Corporate governance has negative relationship to the potential failure of peer-to-peer lending.

2.4.9 Ponzi scheme and the potential failure of peer-to-peer lending

Ponzi scheme is the situation where the management make financial fraud. This financial fraud contains deception to the new investor by promising them high yield of investment, while they use their capital to pay the old investor. Bartoletti in 2017 defined Ponzi scheme as a case of financial fraud whereas the scammer assure the new investor for high profits investment meanwhile their capital is used to recover the previous investment to continue the business (Bartoletti et al., 2017). Ponzi scheme will secceed by the existence of new investor (Deason et al., 2015). This business cycle will be ended when the management is difficult to recruit new investor while they must pay the old investor.

Ponzi scheme can happen in peer-to-peer lending project. It can cause the failure of peer-to-peer lending. When the management cannot recruit new investor to the project, they will be lack of investment funds. As a result, the management cannot pay the old investor. According to Safira in 2009, the peer-to-peer lending contract will be ended if there is no funds available to run the business anymore (Safira, 2009). If so, the peer-to-peer lending will be failed.

Peer-to-peer lending platform should be the intermediary between the management and capital provider. It can prevent the Ponzi scheme to happen. The

platform should make selection whether some project is suspicious and free of financial fraud. Based on the theory of financial intermediation, the peer-to-peer lending platform evaluate and determine whether the loan proposed by the management should be approved or not (Serrano-cinca et al., 2015). It means that the Ponzi scheme can be prevented in the project if the peer-to-peer lending endures its role as the intermediary.

Therefore, the hypothesis is proposed as follows:

H9: Ponzi scheme has positive relationship to the potential failure of peer-to-peer lending

2.4.10 Risk Management

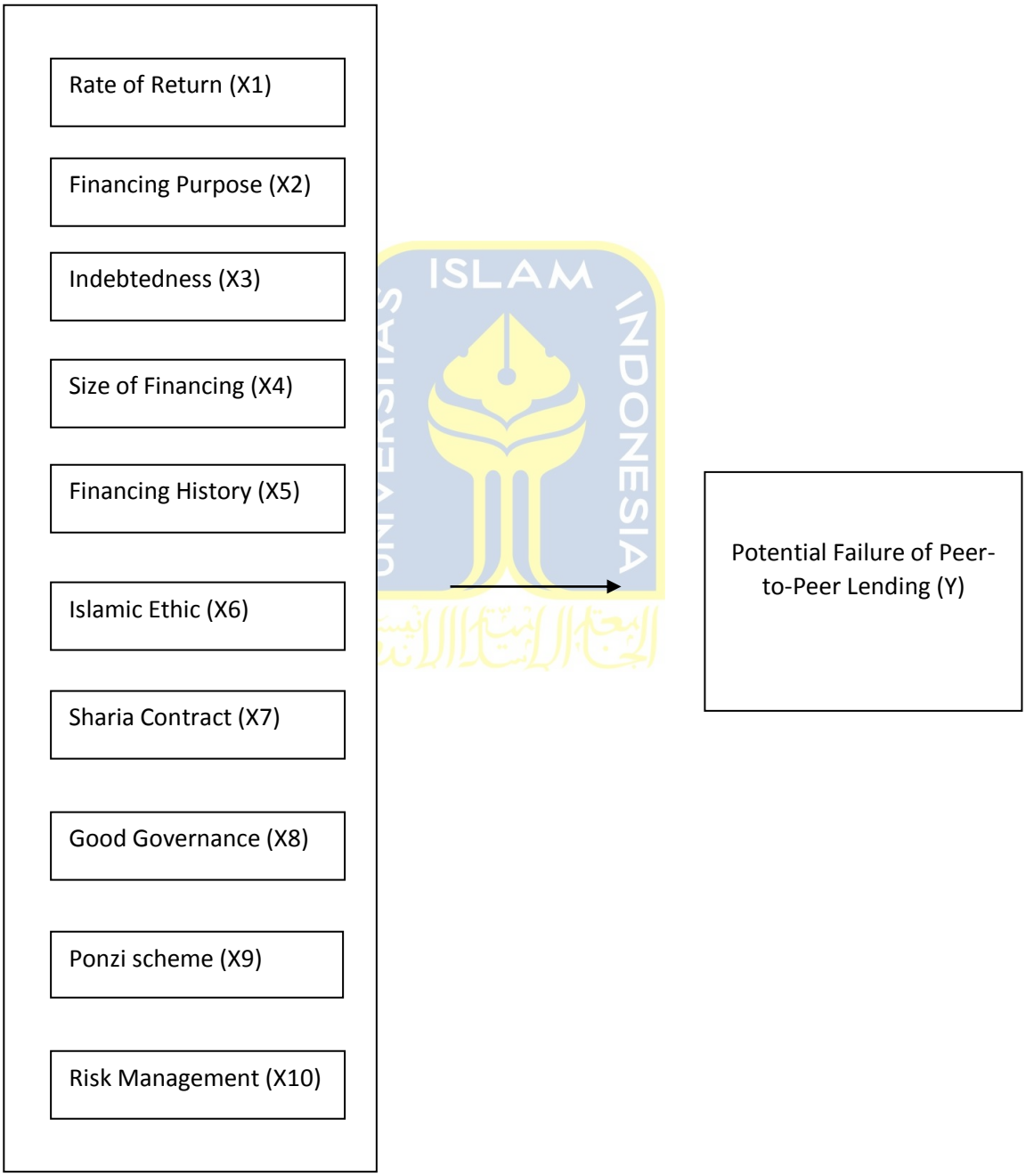
Risk management is a practice that is organized by the management to recognize and control risk. According to Marcelino- sádaba in 2014, risk management defines and cope with the risk, including omit, reduce, and control the risk, by applying the procedure in order to recognize, examine, and evaluate the possible risk that matter in a project (Marcelino-sádaba et al., 2014). It means good risk management can anticipate the project to be failed because the risk has already identified from the beginning. in peer-to-peer lending, the management must have risk identification about the project being financed by the investor. The possible losses can be prevented if there is risk management by the management.

Based on the theory of financial intermediation, the peer-to-peer lending platform should be able to evaluate the management, collect the information about the management and capital provider (Scholtens & Wensveen, 2000). If so, the identification of possible risk can be done. If there is risk management, the possibility of failure in peer-to-peer lending can be avoided.

Based on the description above, the hypothesis is:

H10 : Risk management has negative relationship to the potential failure of peer-topeer lending.

Figure 2.1. Research model



CHAPTER III

RESEARCH METHOD

3.1 Population and Sample

Population or universe is the object that is being observed in any sector in the research (Kothari, 2007). In the research, the population needs to be determined. The population can be the person, institution, or body that is significant to the research. In this research, the populations are the intellectuals, practitioners, and regulators. After knowing the population, the sample can be determined. Sample is a part of the population or the universe. It also can be defined as the total items that can be quantified and related to the subject of the research (Etikan, Musa, & Alkassim, 2016).

The sampling method in this research is purposive sampling. Because the populations of this research have certain characteristics, purposive sampling is a suitable method to choose the sample (Kothari, 2007). The purposive sampling techniques, which are also called judgment sampling, concern on the qualities of the participant that is intentionally chosen (Etikan et al., 2016). By the purposive sampling, the researcher sets up the people who has the competence in the study being observed. Therefore, the sampling has been determined by some

characteristics. The purpose or characteristics that are must be met in this purposive sampling are:

1. The respondents are the employee of Islamic banks, the financial practitioners that have competence in Islamic banking and finance
2. The regulators who are capable of financial technology in Yogyakarta
3. The academicians, including lecturers of university in Yogyakarta, who have academics qualification at least Master degree and have academic or research interests in Islamic economics and Islamic banking and finance
4. Shariah Supervisory Board (SSB)

3.2 Type of Study

There are two types of study, those are qualitative and quantitative research. Qualitative research is related to the phenomena of the quality, such as the human behavior and underlying motives, and usually use interviews to get the data (Kothari, 2007). In the other hands, quantitative research is the research that can be quantified in quantity and amount (Kothari, 2007). Quantitative methods focus on the broad understanding of the research, while qualitative research purposes to get deep knowledge of the research (Etikan et al., 2016). In addition, the quantitative research

uses the data that can be quantified. The data used in quantitative research is numerical data and can be measured in the statistics. Hence, this study uses the quantitative research.

The source of data is categorized into two types, those are primary and secondary data. The primary data is obtained from the experiment or survey, and the data can help the researcher to support the hypothesis (Kothari, 2007). In the other hand, the secondary data is already collected from someone else and it has been processed statistically.

The data from this research is obtained through questionnaires. The questionnaire is filled by the chosen samples which consist of practitioners of sharia bank, regulators, academicians, and respondents for Shariah Supervisory Board. Besides that, the online questionnaire is also distributed via Google form. After getting the result of questionnaires, then the data can be quantified through statistical process. Therefore, this study uses primary data which is obtained from questionnaires.

3.3 Data Collection

The researcher designs questionnaire to the characterized samples to collect the required data. The questionnaires will be distributed to the participants. The participants will have approximately one week to complete the questionnaires to answer the questions about the determinants of potential failure of peer-to-peer

lending. The online questionnaire via Google form is also distributed. It takes approximately three weeks to collect the data from Google form.

3.4 Variables and Measurement

3.1.1 Independent Variable

1. Rate of Return

Rate of return in sharia contract is presented in Profit and Loss Sharing (PLS). PLS is a deal that is agreed by two or more parties in a transaction that allows the parties to invest their capital in the contract and share the financial profit or loss based on the agreement (Meutia, 2017). This independent variables were measured by some characteristics, those are:

1. Rate of return does not meet the agreed contract between the management and capital provider
2. The distribution of profit and loss that does not fit the contract
3. The high rate of return that causes the management not able to repay the investor

2. Financing Purpose

Financing purpose is identical with the reason behind the management to receive amount of money from the capital provider. The objective of the management in lending could be a reason for the failure or late in payment to the

capital provider (Serrano-cinca et al., 2015). The indicator to measure this variable are:

1. The purpose of the management to lend some money from the investor
2. The purpose of financing does not meet the sharia rule
3. The financing for the small management that cannot repay the investor
4. The inability of the management in repaying the investor

3. Indebtedness

Indebtedness can be defined as the risk that is indicated by the suffers in lending problem, the inability to make repayment, the relationship of the management towards its income, and the problem in financing obligation (Winckler, 2014). The measurement of the indebtedness are:

1. The low income that is got by the management
2. The inability of the management to share the profit to the investor
3. The problem in managing the funds from investor

4. Size of Financing

Size of financing is related with the length of life of the management, the magnitude of the management, the relationship between management and investor, as the indicator of the risk in the financing (Jiménez & Saurina, 2002). The points in measuring the size of financing are:

1. The management that is new in its business
2. The small management that does not have good financial status
3. The obstacles that are faced by the management to repay the investor

5. Financing History

Financing history definition is the folder related to the financing, including the notes about management problems, the number of the lending application to the investor, and the past-events about the management in lending (Serrano-cinca et al., 2015). Some indicators to measure financing history are:

1. The bad history of the management in lending
2. The information about financing history of the management
3. The information of amount of funds that has been received by the management
4. The violation that has been conducted by the management

6. Islamic Ethic

Islamic ethic is the principle based on the saying of Prophet Muhammad (PBUH), the guidance to behave in the society as the individual to give advantage to them and not give disadvantages, and the way to assist people like what has determined by God (Ali & Al-Aali, 2013). Several indicators to measure Islamic ethics are:

1. The Islamic ethics can prevent the failure of peer-to-peer lending
2. The prohibition of failure in peer-to-peer lending by following the saying of Prophet Muhammad (PBUH)
3. The prohibition of failure in peer-to-peer lending by following the guidance in Al-Qur'an
4. Doing the business that is allowed by Sharia
5. Doing the business that will give good influence to people
6. Upholds the right and honesty in doing the business
7. The principle of justice in doing the business
8. Taqwa to Allah can prohibits the failure in peer-to-peer lending

7. Sharia Contract

Sharia contract refers to the agreement which is based on the Sharia law. The main exclusions of the shari'a contract are *riba*, *qimar*, *gharar*, which are regarded as

the violence against the Sharia contract (Ayub, 2007). The scopes of the Sharia contract are:

1. The prevention of the failure in peer-to-peer lending by contract that is based on sharia, such as Al-Qur'an and Hadist
2. The financial system using Islamic perspective
3. Avoiding *riba*, *gharar*, *maisir*, and *qimar* in the contract

8. Corporate Governance

Corporate governance is one of the apparatuses to protect shareholders right. L'Huillier (2014) defined corporate governance as a tool for manager to watch and control the profit and shareholder gain in the company and a measurement of a manager and subcontractors accomplishment. There are some indicators to measure corporate governance, those are:

1. Bad corporate governance in the management
2. The failure of management in controlling the profit for shareholders
3. The failure of management in controlling information technology system.

9. Ponzi Scheme

Ponzi scheme is the business cycle where the management take the fund of new investor as the payment to the old investor. According to Bartoletti et al. (2017),

Ponzi scheme is a case of financial fraud whereas the scammer assures the new investor for high profits investment meanwhile their capital is used to recover the previous investment to continue the business. Several indicators of Ponzi scheme are:

1. The inability of management in fulfilling their promise to give high returns with little risk
2. Financial fraud where the management promises to give high return using the funds from new investor to pay old investor
3. The inability of the management in recruiting new investor.

10. Risk management

Risk management is also defined as understanding and comprehending all of possible risks in the company, rather than managing them individually (Bromiley et al., 2015). The scopes of risk management are:

1. The failure of the management in identifying and managing the investment risk
2. The failure of management in minimalizing or controlling the risk in the project
3. The failure of the management in increasing the chance to succeed the project because of bad risk management.

3.4.2 Dependent Variable

1. Failure in Peer-to-Peer Lending

Peer-to-peer lending is an online platform which become the media for the Lenders or investor lend some money to individual or small business (Mateescu, 2015). Peer-to-peer lending contract fail because of several factors. The contract will fail if the contract has been over, when a party decide to leave the contract, when a party passed away, and when the management misused the money from the investor (Safira, 2009). Some indicators of the failure in peer-to-peer lending are:

1. The management cannot repay the investor in 90, 180, or 270 days
2. The management left the contract
3. One of the parties is passed away
4. The management misuse the fund
5. The business run out of fund to continue the business

3.4.3 Measurement

The determinants of the failure in peer-to-peer lending is measured by Likert-scale questionnaires. In the Likert-scale, the hypothesis being studied is tested by a set of statements and the participants express their agreement over the statements on the metric scale (Joshi, Kale, Chandel, & Pal, 2015). In this study, the level of agreement is showed by 5-point likert scale, whereas 1=strongly disagree,

2=disagree, 3=neutral, 4=agree and 5=strongly agree (Li, 2013). Therefore, the measurement is stated as follows:

Table 3.1 The Likert Scale Used in The Study

Level of Agreement	Description
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

3.5 Data Analysis Method

3.5.1 Reliability and Validity Test

1. Reliability Test

Reliability test is a test to measure whether the questionnaire is consistent or not. The Cronbach Alpha Techniques is used to determine if all items in the questionnaire has internal consistencies. The value of Cronbach Alpha should be > 0.60 to consider that the items in questionnaire are reliable.

2. Validity Test

Validity test is conducted to test the validity of the respondent's answer toward the questionnaires. It is also used as the measurement to determine the validity of the items in the questionnaire.

3. Multiple Regression Analysis

Multiple Regression Analysis is a technique used to describe the relationship between dependent and independent variable. The model of multiple regression analysis of this research is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10}$$

Where:

Y = Failure in Peer-to-Peer Lending

X_1 = Rate of Return

X_2 = Financing Purpose

X_3 = Indebtedness

X_4 = Size of Financing

X_5 = Financing History

X_6 = Islamic Ethic

X_7 = Sharia Contract

X8 = Corporate Governance

X9 = Ponzi Scheme

X10 = Risk Management

3.5.2 Classical Assumption Test

Classical assumption test is a test purposes to analyze the regression model, whether it is free from classical assumption. To test the classical assumption, researcher has to conduct several tests that consist of normality test, and multicollinearity test

1. Normality test

Normality test aims to determine that the data distribution of dependent and independent variable is normal or not. The linear regression through the least square method can be completed by the normality of data (Suharjo, 2008).

2. Multicollinearity test

Multicollinearity test will examine the regression and find out if it is good or not. It is used to determine the correlation among the independent variables (Suharjo, 2008).

3.5.3 Hypothesis testing

1. F-test

F-test is used to analyze the influence of all independent variables toward its dependent variable. If the calculated F-test is less than 0.05, then it regarded as significant. Conversely, if it is higher than 0.05, it will be not significant.

2. T-Test

T-test is a statistical tool that examines whether the independent variable influences the dependent variable, significantly or not significantly. If the level of significant if less than 0.05, it means that the independent and dependent variable have significant relationship. In another hand, if the level of significant is higher than 0.05, it means that the independent and dependent variable have not significant relationship.

3. Coefficient of Determination (R^2) or Ajusted r^2

Coefficient of determination allows the researcher to find out the strength of the relationship between dependent and independent variables which is expressed by the value between 0 and +1. The greater the value of R^2, the better it is to explain the variation of variable.

CHAPTER IV

DATA ANALYSIS AND DISCUSSION

4.1 General Explanation of Research Objects

This chapter is about the data analysis and result of the study about the determinants of the potential failure of peer-to-peer lending. Those determinants are rate of return, financing purpose, indebtedness, size of financing, financing history, Islamic ethics, shariah contract, corporate governance, Ponzi scheme, and risk management. The researcher will analyze the data that have been collected through questionnaires regarding to the problems and hypothesis formulation to determine whether the proposed hypothesis is accepted or rejected.

Respondents in this research are the practitioners, academicians, and sharia supervisory board. The primary data is collected through the questionnaires which spread directly to several Islamic Bank in Yogyakarta. The questionnaires are distributed to Muammalat, Shariah Mandiri, BNI shariah, Bank Mega Syariah, Bank Permata Syariah, and BPR Syariah. The questionnaires are also distributed to Bank of Indonesia as the regulator. Beside that, the questionnaire is also spread through by Google form application. There are 60 questionnaires distributed to Islamic banks, while the returned questionnaires are 56. It means, there are 4 questionnaires that do not return. Meanwhile, the data obtained from Google form applications are 59.

Table 4.1 Data Collection Result

Information	Total	Percentage (%)
Number of delivered questionnaires	119	100%
Questionnaire not returned	4	3%
Questionnaire returned but could not be processed	0	0%
Questionnable questionaire	115	97%

Source: Data Output (2019)

The result of this study is presented through descriptive analysis and quantitative analysis (hypothesis testing). Descriptive analysis is used to the respondent's demographic and variables in the research; meanwhile the quantitative analysis is done by multiple linear regression.

4.2 Test of Validity and Reliability

4.2.1 Validity Testing

Validity testing is conducted to determine the validity of the indicators in the questionnaires. It will measure several variables appropriately without bias. The analysis tool used is *Pearson Product Moment* correlation. The criteria of testing is the comparison between the value of coefficient correlation counted (rxy) and r table in α 5%. If the value of r xy > r table, the indicators are valid. Conversely, if r xy < r table, the indicators are not valid. The result of validity testing are shown in the Table 3.2:

Table 4.2 Validity Testing Result

Variable	Indicators	Corrected Item-Total Correlation (r count)	r table	Result
rate of return	X1.1	0.530	0.183	valid
	X1.2	0.654	0.183	valid
	X1.3	0.771	0.183	valid
Financing purpose	X2.1	0.683	0.183	valid
	X2.2	0.641	0.183	valid
	X2.3	0.409	0.183	valid
Indebtedness	X3.1	0.646	0.183	valid
	X3.2	0.744	0.183	valid
	X3.3	0.619	0.183	valid
Size of Financing	X4.1	0.746	0.183	valid
	X4.2	0.554	0.183	valid
	X4.3	0.488	0.183	valid

Financing History	X5.1	0.622	0.183	valid
	X5.2	0.830	0.183	valid
	X5.3	0.832	0.183	valid
	X5.4	0.652	0.183	valid
Islamic Ethics	X6.1	0.916	0.183	valid
	X6.2	0.904	0.183	valid
	X6.3	0.957	0.183	valid
	X6.4	0.956	0.183	valid
	X6.5	0.939	0.183	valid
Shariah Contract	X7.1	0.969	0.183	valid
	X7.2	0.975	0.183	valid
	X7.3	0.952	0.183	valid
Corporate Governance	X8.1	0.942	0.183	valid
	X8.2	0.930	0.183	valid
	X8.3	0.908	0.183	valid
Ponzi Scheme	X9.1	0.553	0.183	valid

	X9.2	0.655	0.183	valid
	X9.3	0.450	0.183	valid
Risk Management	X10.1	0.866	0.183	valid
	X10.2	0.911	0.183	valid
	X10.3	0.827	0.183	valid
Failure of Peer-to-Peer Lending	Y1.1	0.630	0.183	valid
	Y1.2	0.656	0.183	valid
	Y1.3	0.611	0.183	valid
	Y1.4	0.419	0.183	valid
	Y1.5	0.532	0.183	valid

Source: Data Output (2019)

Based on the Table 3.2, all of the indicators in questionnaires are valid because the r count (rxy) is higher than r table.

4.2.2 Reliability Testing

The techniques for measuring the reliability is *Cronbachis Alpha*. The variables are reliable if *alpha crobach* is higher than 0.6. the result of reliability testing is shown in the Table 4.3 :

Table 4.3 Reliability Testing Result

Variables	Cornbach Alpha Coefficient	Minimum margin	Result
rate of return	0.800	0.6	Reliable
Financing Purpose	0.740	0.6	Reliable
Indebtedness	0.814	0.6	Reliable
Size of Financing	0.754	0.6	Reliable
Financing History	0.871	0.6	Reliable
Islamic Ethics	0.978	0.6	Reliable
Shariah Contract	0.984	0.6	Reliable
Corporate Governance	0.965	0.6	Reliable
Ponzi Scheme	0.728	0.6	Reliable
Risk Management	0.935	0.6	Reliable
Failure of Peer-to-Peer Lending	0.787	0.6	Reliable

Source: Data Output (2019)

Based on the 4.2 table, the *Alpha Cronbach* coefficient is higher than 0.6, so all of variables are reliable.

4.3 Descriptive Statistics Analysis

Descriptive analysis in this research explains the characteristics of respondents and respondents' perception through the variables in the research.

4.3.1 Respondents' Category

Respondents' category analyzed in this study includes gender, age, education, occupation, and working experience. The respondents' categories are described as follows:

1. **Gender**

Based on the result of the questionnaires, the result is shown in Table 4.4.

Table 4.4 Respondents Classification Based on Gender

Gender	Number	Percentage
Male	74	64.3%
Female	41	35.7%
Total	115	100.0%

Source: Data Output (2019)

Based on table 4.4, there are 64.3% of male respondents and 35.7% of female respondents.

2. Age

Based on the result of questionnaires, the results are shown in Table 4.5.

Table 4.5 Respondent Classification Based on Age

Age	Number	Percentage
20 - 29 years	23	20.0%
30 - 39 years	66	57.4%
40 - 49 years	21	18.3%
50 - 60 years	5	4.3%
Total	115	100.0%

Source: Data Output (2019)

Based on the data above, the majority of respondents are between 30-39 years old with the percentage of 57.4% (66 people) 20-29 years old with the percentage of 20% (23 people), the age between 40-49 years old with the percentage of 18.3% (21 people) and between 50-60 years old with the percentage of 4.3% (5 people).

3. Education

Based on the result of the questionnaires, the result is shown in the Table 4.5.

Table 4.6 Respondents Classification Based on Education

Education	Number	Percentage
Diploma	1	0.9%
Undergraduate	4	3.5%
Master	90	78.3%
Doctoral	20	17.4%
Total	115	100.0%

Source: Data Output (2019)

The majority of respondents are master degree, which is 78.3% or 90 people. The diploma are only 0.9% or one person, undergraduates are 3.5% or 4 people, and doctoral degree are 17.4% or 20 people.

4. Working Experience

The result of data analysis are obtained from the data frequency distribution is shown in the Table 4.7:

Table 4.7 Respondents Working Experience

Length of Working	Number	Percentage
< 5 years	51	44.3%
5 - 10 years	34	29.6%
> 10 years	30	26.1%
Total	115	100.0%

Source: Data Output (2019)

The majority length of working experience for less than 5 years are 44.3% (51 people), between 5 to 10 are 29.6% or 34 people, and more than 10 years are 26.1% of 30 people.

4.3.2 Descriptive Analysis for Research Variables

Descriptive analysis for research variables will show the response of respondents in the variables of this study. This study use likert scale from 1 to 5, which 5 means strongly agree, 4 means agree, 3 means neutral, 2 means disagree, and 1 means strongly disagree.

The descriptive analysis is based on the mean value, which follows:

Highest scale: 5

Lowest scale: 1

Interval = $\frac{5-1}{5} = 0{,}80$

1.00 – 1.79 = Strongly Disagree

1.80 – 2.59 = Disagree

2.60 – 3.39 = Neutral

3.40 – 4.19 = Agree

4.20 – 5.00 = strongly Agree

The result of descriptive analysis toward the research variables is shown in this Table 4.8:

Table 4.8 Result of Descriptive Analysis for Research Variables

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
x1	115	1.00	5.00	3.5884	.93380
x2	115	1.33	5.00	3.8145	.85406
x3	115	1.67	5.00	3.9101	.76767
x4	115	1.33	5.00	3.8841	.77112
x5	115	1.75	5.00	4.0848	.70001
x6	115	1.00	5.00	2.6678	1.46441
x7	115	1.00	5.00	2.6406	1.54979
x8	115	1.00	5.00	2.7159	1.35598
x9	115	1.67	5.00	4.0986	.64281
x10	115	1.00	4.33	1.8000	.63798
y	115	2.40	5.00	4.1496	.48907
Valid N (listwise)	115				

Source: Data Output (2019)

Rate of return has mean value of 3,58 and is in the interval of 3.4 – 4.2, which means rate of return is in high scale. It shows that the inconsistent profit sharing ratio, high profit sharing ratio, and high rate of return cause the inability of the management to repay the investor. Therefore, the accepted agreement between two or more parties in the transaction allows the parties to invest the capital in the contract and share the profit or financial loss based on the agreement.

The financing purpose has mean value of 3.81 in the interval of 3.4 – 4.2, means that financing purpose is in the high scale. It indicates that the purpose of financing that is not in accordance with the management ability, the purpose for *haram* things, and the low management ability can be the reason for the management to be late in payment or fail in repaying to the capital provider.

Indebtedness has mean of 3.91 in the interval of 3.4 – 4.2. It means that indebtedness is also in high scale. It shows that small management's income, inability of the management to repay the investor, and the management weakness in managing the cash flow cause the problem in repaying to the investor. The management with high risk is showed by the problem in repaying to the investor, the relationship between the management and its income, and the problem in the obligatory to share the profit.

The size of financing has the mean value of 3.88 in the interval of 3.4 – 4.2, means that size of financing is in high scale. The factors that make the management has potential failure are the weakness in managing the finding source, the size of

financing which is inconsistent with the management ability, and extremely small financing source.

The financing history has mean value of 4.08 which is in the interval of 3.4 – 4.2. It is in the high scale. It shows that according to the practitioners' perspective, the history of financing, the information about repayment, and the record of violation of the management indicate the potential failure of Islamic fintech.

The variable Islamic ethics has mean value of 2.66 and is in the interval of 2.60 – 3.39, which is in moderate scale. It shows that the management minimizes the potential failure of Islamic fintech by implementing Islamic ethics, following the Allah commandments, Rasulullah saying, and runs the *halal* and *thoyib* business, and uphold the truth, honesty, and justice.

Shariah contract has mean value of 2.64, which is in the interval of 2.60 – 3.39, and in the moderate scale. It shows that the management in Islamic fintech performs the shariah values in Alquran and As-Sunnah, avoiding *riba*, *gharar*, *maysir*, and the businesses that harm other people.

The variable corporate governance has mean value of 2.71 or is in the interval of 2.60 – 3.39. It means that the management of Islamic fintech has good corporate governance, manager can control the management in making profit and gain to the shareholders, and management can control the Information Technology system.

The ponzi scheme has mean value of 4.09 and is in the interval of 3.4 – 4.2. It indicates the inability of the management in fulfilling its promise to give high return with low risk. Management promises to give high return by using the fund from old investor, and when the management cannot recruit new investor, they cannot give the return to the old investor.

The risk management has mean value of 1.80 and is in the interval of 1.80 – 2.60, which means that risk management is in low scale. It indicates that the management of Islamic fintech does not fail in identifying and manage the risk in the project, and good risk management increases the chance of success of the project.

The potential failure of peer-to-peer lending has mean value of 4.14 and in the interval of 3.4 – 4.2, which means it is in the high scale. It shows that the management in Islamic finctech has failure potential if the management misused the fund to business continuance, contract violation, and wrong business process.

4.4 Classical Assumption Test

The classical assumption test used in this study is Normality test and Multicolonearity test.

4.4.1 Normality Test

Normality test is aims to determine that the data distribution of dependent and independent variable is normal or not. The linear regression through the least

square method can be completed by the normality of data (Suharjo, 2008). Test criteria are carried out by looking at the level of significance (p-value).

1) If the p-value is greater than 0.05, then the research data is normal
2) if the p-value is smaller or equal to 0.05, then the research data is abnormal

Table 4.9 Normality Test

One-Sample Kolmogorov-Smirnov Test

		Standardized Residual
N		115
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	.95513387
Most Extreme Differences	Absolute	.086
	Positive	.086
	Negative	-.060
Kolmogorov-Smirnov Z		.926
Asymp. Sig. (2-tailed)		.357

a. Test distribution is Normal.

b. Calculated from data.

Source: Data Output (2019)

Based on the normality test with Kolmogorov Smirnov's One Sample, it shows that the P-value is .357 > .05. Thus the variables of this study are normally distributed data.

4.4.2 Multicolinearity Test

Multicolinearity is used to determine the correlation among the independent variables (Suharjo, 2008). The result of regression is based on the value of Tolerance

and VIF of the independent variables. To prove the presence or absence of multicollinearity violations, it can be used VIF Test :

1) Value of VIF < 10, and tolerance > .1, means there is no multicolonearity
2) Value of VIF > 10, and tolerance < .1, means there is multicolonearity

Table 4.10 Result of Multicollinearity Test

Variable	VIF	Tolerance	Result
x1	0.766	1.306	No Multicolonearity
x2	0.407	2.458	No Multicolonearity
x3	0.388	2.575	No Multicolonearity
x4	0.331	3.023	No Multicolonearity
x5	0.512	1.953	No Multicolonearity
x6	0.261	3.832	No Multicolonearity
x7	0.197	5.083	No Multicolonearity
x8	0.294	3.405	No Multicolonearity
x9	0.470	2.129	No Multicolonearity
x10	0.373	2.683	No Multicolonearity

Source: Data Output (2019)

Based on the result above, it is known that all of the independent variables have no muticollonearity because the value of VIF is less than 10.

4.5 Multiple Regression Analysis

Multiple regression analysis in this study uses the SPSS 20 software, whereas the result is concluded in Table 4.11:

Table 4.11 Result of Estimated Multiple Regression Analysis

Variable	Regression Coeficient	T count	Sig t	Result
Constant	1.846			
X1	0.085	3.483	0.001	Significant
X2	0.073	2.001	0.048	Significant
X3	0.109	2.620	0.010	Significant
X4	0.152	3.384	0.001	Significant
X5	0.131	3.281	0.001	Significant
X6	-0.001	-0.034	0.973	Not Significant
X7	-0.005	-0.160	0.873	Not Significant
X8	0.012	0.450	0.654	Not Significant
X9	0.110	2.422	0.017	Significant
X10	-0.166	-3.240	0.002	Significant
Adjusted R Square = 0,811				
F count = 49,814				
Sig F = 0,000				

Source: Data Output (2019)

Based on the multiple regression analysis, therefore the regression equation is;

$$Y = 1.846 + 0.085X_1 + 0{,}073X_2 + 0.109X_3 + 0.152X_4 + 0.131X_5 - 0.001X_6 - 0.005X_7 + 0.012X_8 + 0.110X_9 - 0.166X_{10}$$

4.5.1 Coefficient Regression Interpretation

1) Coefficient of Constant

The Constanta value of 1.846 means that without the influence of rate of return (X_1), financing purpose (X_2), size of financing (X_3), indebtedness (X_4), financing history (X_5), Islamic ethics (X_6), sharia contract (X_7), corporate governance (X_8), ponzi scheme (X_9) and risk management (X_{10}), the potential failure of peer-to-peer lending is 1.846.

2) Rate of Return (X1)

Variable Rate of Return (X1) has a positive and direct relationship with the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of 0.085. It shows that the relationship between the variable rate of return and the potential failure of peer-to-peer lending are in the same direction. If the rate of return variable increases, the potential failure of peer-to-peer lending will increase. Conversely, if the rate of return variable decreases, the potential failure of peer-to-peer lending will decrease.

3) Financing Purpose (X2)

Financing purpose variable (X2) has a positive and direct relationship with the potential failure of peer-to-peer lending, it is indicated by the regression

coefficient of 0.073. It shows that the variable financing purpose and the potential failure of peer-to-peer lending are in the same direction. If the financing purpose variable increases, the potential failure of peer-to-peer lending will increase. Conversely, if the financing purpose variable decreases, the potential failure of peer-to-peer lending will decrease.

4) Size of Financing (X3)

Size of financing variable (X3) has a positive and direct relationship with the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of 0.109. It shows that the variable size of financing and the potential failure of peer-to-peer lending are in the same direction. If the size of financing variable increases, the potential failure of peer-to-peer lending will increase. Conversely, if the size of financing variable decreases, the potential failure of peer-to-peer lending will decrease.

5) Indebtedness (X4)

Indebtedness variable (X4) has a positive and direct relationship with the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of 0.152. It shows that the variable indebtedness and the potential failure of peer-to-peer lending are in the same direction. If the indebtedness variable increases, the potential failure of peer-to-peer lending will increase. Conversely, if the indebtedness variable decreases, the potential failure of peer-to-peer lending will decrease.

6) Financing History (X5)

Financing history variable (X5) has a positive and direct relationship with the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of 0.131. It shows that the variable financing history and the potential failure of peer-to-peer lending are in the same direction. If the financing history variable increases, the potential failure of peer-to-peer lending will increase. Conversely, if the financing history variable decreases, the potential failure of peer-to-peer lending will decrease.

7) Islamic Ethic (X6)

Islamic ethics variable (X6) has a negative relationship and opposes the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of -0,001. It shows that the Islamic ethics variable and the potential failure of peer-to-peer lending are different. If the Islamic ethics variable increases, the potential failure of peer-to-peer lending will decrease. Conversely, if the Islamic ethics variable decreases, the potential failure of peer-to-peer lending will increase.

8) Sharia Contract (X7)

Sharia contract variable (X7) has a negative relationship towards the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of -0,005. It shows that the sharia contract variable and the potential failure of peer-to-peer lending are opposed. If the sharia contract variable increases, the potential

failure of peer-to-peer lending will decrease. Conversely, if the sharia contract variable decreases, the potential failure of peer-to-peer lending will increase.

9) Corporate Governance (X8)

Corporate governance variable (X8) has a positive and direct relationship with the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of 0.012. It shows that the variable corporate governance and the potential failure of peer-to-peer lending are in the same direction. If the corporate governance variable increases, the potential failure of peer-to-peer lending will increase. Conversely, if the corporate governance variable decreases, the potential failure of peer-to-peer lending will decrease.

10) Ponzi Scheme (X9)

Ponzi scheme variable (X9) has a positive and direct relationship with the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of 0.110. It shows that the variable Ponzi scheme and the potential failure of peer-to-peer lending are in the same direction. If the Ponzi scheme variable increases, the potential failure of peer-to-peer lending will increase. Conversely, if the ponzi scheme variable decreases, the potential failure of peer-to-peer lending will decrease.

11) Risk Management (X10)

Risk management variable (X10) has a negative relationship towards the potential failure of peer-to-peer lending, it is indicated by the regression coefficient of -0.166. It shows that the risk management variable and the potential failure of peer-

to-peer lending are opposed. If the risk management variable increases, the potential failure of peer-to-peer lending will decrease. Conversely, if the risk management variable decreases, the potential failure of peer-to-peer lending will increase.

4.5.2 T-Test (Partial)

The results of the T test on the rate of return obtained sig of 0.001 <0.05, so Ha is accepted which means there is a positive and significant rate of return on the potential failure of peer-to-peer lending. It means that the higher the rate of return, the potential failure of peer-to-peer lending will increase. Therefore, **the first hypothesis is supported.**

The results of the T test on financing purpose obtained sig of 0.048 <0.05, so Ha is accepted. It means that there is a positive and significant effect of financing purpose on the potential failure of peer-to-peer lending. If the purpose of financing increase, the potential failure of peer-to-peer lending will increase as well. Hence, **the second hypothesis is supported**.

T test results on size of financing obtained sig of 0.010 <0.05, so Ha is accepted, which means that there is a positive and significant effect of size of financing on the potential failure of peer-to-peer lending. It indicates that the higher the size of financing, the potential failure of peer-to-peer lending will increase. As a result, **the third hypothesis is supported**.

The T test on indebtedness is obtained sig at 0.001 <0.05, then Ha is accepted, which means there is a positive and significant influence on the potential

failure of peer-to-peer lending. It shows that the higher the indebtedness, the potential failure of peer-to-peer lending will increase. Thus, **the fourth hypothesis is supported**.

The results of the T test on financing history were obtained by sig at 0.001 <0.05 so Ha is accepted which means there is a positive and significant financing history effect on the potential failure of peer-to-peer lending. It shows that the higher the financing history, the potential failure of peer-to-peer lending will increase. Consequently, **the fifth hypothesis is supported**.

The results of the T test on the Islamic ethics were obtained sig at 0.973> 0.05 so Ha is rejected. It means there was no negative and significant influence on the Islamic ethics on the potential failure of peer-to-peer lending. Hence, **the sixth hypothesis is not supported**.

The sharia contract T test results obtained sig at 0.873> 0.05, then Ha is rejected which means there is no negative influence and significant sharia contract to the potential failure of peer-to-peer lending. Thua, the **seventh hypothesis is not supported**.

The results of the T test on corporate governance were obtained by sig of 0.654> 0.05 so Ha is rejected. It means there was no negative and significant effect of corporate governance on the potential failure of peer-to-peer lending. Therefore, the **eighth hypothesis is not supported**.

The results of the T-test on the ponzi scheme obtained sig of 0.017 <0.05, so Ha is accepted. It means that there is a positive and significant effect of the ponzi scheme on the potential failure of peer-to-peer lending. Then, the **ninth hypothesis is supported**.

The results of the T test on risk management obtained sig of 0.002 <0.05, so Ha is accepted, which means there is a negative influence and significant risk management on the potential failure of peer-to-peer lending. Consequently, the **tenth hypothesis is supported**.

4.5.3 F-Test

F test results obtained sig 0,000 <0,05. Therefore, there is influence toward the variables that consist of rate of return (X1), financing purpose (X2), size of financing (X3), indebtedness (X4), financing history (X5), Islamic ethics (X6), sharia contract (X7), corporate governance (X8), ponzi scheme (X9) and risk management (X10) and the potential failure of peer-to-peer lending (Y) .

4.5.4 Coefficient of Determination (R^2) or Ajusted r^2

The influence of variable rate of return (X1), purpose financing (X2), size of financing (X3), indebtedness (X4), financing history (X5), Islamic ethics (X6), sharia contract (X7), corporate governance (X8) , ponzi scheme (X9) and risk management (X10) on the potential failure of peer-to-peer lending (Y) can be seen from the magnitude of the coefficient of determination or adjusted R2. Table 4.11 shows the magnitude of the coefficient of determination (Adjusted R2) = 0.811. In

other words, 81.1% of the potential failure of peer-to-peer lending is influenced by variable rate of return (X1), financing purpose (X2), size of financing (X3), indebtedness (X4), financing history (X5), Islamic ethics (X6), sharia contract (X7), corporate governance (X8), ponzi scheme (X9) and risk management (X10), while the remaining 18.9% is influenced by other variables that are not included in the research model.

4.6 Discussion

4.6.1 Rate of Return (X1) has significant effect toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is a significant and positive effect of the rate of return on the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05, so Ho is rejected and Ha is accepted. It means that the higher the rate of return, the higher the potential failure of peer-to-peer lending. The results of this study are in accordance with the research of Serrano-cinca et al. (2015) which concluded that annual income affects the default in the Lending Club (Serrano-cinca et al., 2015).

According to Anwar and Mikami, (2011), rate of return is an agreement between investors and management. This agreement is about Profit Loss Sharing (PLS), and investors will get profit based on the percentage of rate of return. It means that in the contract, the investor and management will make an agreement about the PLS ratio, for example 40: 60, and the results of this profit will be distributed based

on the PLS ratio. In this contract, investors and management must comply with the agreed PLS ratio. If one of the parties does not follow the agreement about the agreement about the rate of return, it will cause the potential failure of peer-to-peer lending.

In addition, the rate of return that is inconsistent with the agreed contract between management and the capital provider will fail the business because the distribution of profits and losses are not in accordance with the contract, and the high rate of return causes management to be unable to repay the investors (Safira, 2009).

The relationship between rate of return and potential failure of peer-to-peer lending is in line with the financial intermediation theory which explains that peer-to-peer lending is a platform for management and investors to meet and run projects (Werner, 2014). In this case, peer-to-peer lending acts as an intermediary between management and investors. Therefore, the rate of return must prevent the contract from failing. It must control management to provide profits based on profit sharing.

4.6.2 Financing purpose (X2) has significant effect toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is a significant and positive influence on the financing purpose to the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05. Hence, Ho is rejected and Ha is accepted. It means that the better the purpose of financing, the higher the potential failure of peer-to-peer lending. The results of this study are in accordance

with the research of Serrano-cinca et al., (2015) which concluded that the purpose of financing is a factor in explaining the default. Serrano-cinca et al. (2015) stated that there is significant influence between the purpose of financing and the potential failure of peer-to-peer lending. The purpose of financing for small business has bigger risk than the financing for non-business purposes. It happens because the small business has small chance to be success and it tends to have problem in generating profit from the business. Therefore, the funding for other purposes, such as wedding, credit card, car loan, home improvement, education, and other purpose has smaller risk.

The purpose of financing of the management can be a factor of failure in peer-to-peer lending contracts. Investors must understand well the objectives of the financing, so that peer-to-peer lending failures can be avoided. The purpose of financing is the objective of management which manages large amounts of money from investors or capital providers to finance the project. Before making a contract, the capital provider must know the purpose of financing to avoid the information asymmetry. Information asymmetry is one of the problems that may occur in peer-to-peer lending (Courchane et al., 2007). It is consistent with the theory of financial intermediation. Financial intermediation theory explains the transaction cost and asymmetry information (Allen & Santomero, 1998; Andries & Cuza, 2009; Serrano-cinca et al., 2015).

4.6.3 Indebtedness (X3) has significant effect toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is a significant and positive influence on the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05, so Ho is rejected and Ha is accepted. It means that the higher the indebtedness, the higher the potential failure of peer-to-peer lending. The results of this study are in accordance with the research of Serrano-cinca et al., (2015) which concluded that lending has a significant effect on defaults in P2P loans at the Lending Club (Serrano-cinca et al., 2015). According to Serrano-cinca et al. (2015), indebtedness is statistically significant to the potential failure of peer-to-peer lending. The income of management can affect the indebtedness. Low income tend to cause default in peer-to-peer lending.

Indebtedness is related to management's inability to pay investors. The greater the indebtedness, the higher the solvability, furthermore, it influences the ability of management to pay installments (Serrano-cinca et al., 2015). Management that has high indebtedness will tend to experience difficulties in making installment payments to investors, and it relates to low income (Winckler, 2014). When income is low, it will reduce management ability in paying the installments, so the risk of failure in the peer-to-peer loan in the contract is higher.

Indebtedness is positively related to the failure of peer-to-peer lending. This result is supported by the financial intermediation theory which states that

management and capital providers meet in a project to run a business and earn a profit based on profit sharing ratio (Werner, 2014). The peer-to-peer lending platform as an intermediary must ensure that the project is running as it should be.

4.6.4 Size of financing (X4) has significant effect toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is a significant and positive effect in size of financing and the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05, so Ho is rejected and Ha is accepted. It means that the higher the Size of financing, the higher the potential failure of peer-to-peer lending. The results of this study are in accordance with the research of Jimenez and Saurina, (2002) which stated that the size of financing is related to the size of the management, the age and the length of the bank-borrower relationship, and size of financing can also be an indicator of credit risk (Jiménez & Saurina, 2002). According to Jiménez and Saurina (2002), the size of financing is an important factor to determine the probability of default. Large amount of funds is usually related to large company. Therefore, large company has more stable financial condition and the probability of deafult is smaller.

The result of hypothesis is in accordance with the financial intermediation theory which states that before accepting the project, the platform and investors must know information about the project (Werner, 2014). In this term, the information that needs to be known is the size of the company. If the size of the company is small and

young, then there is a high probability that the company will default or late in payment.

4.6.5 Financing history (X5) has significant influence toward potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is a significant and positive effect of financing history on the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05, so Ho is rejected and Ha is accepted. It means that the higher the financing history, the higher the potential failure of peer-to-peer lending. This result is in conformity with the study that conducted by Serrano-Cinca et al. (2015) which stated that the financing history could predict the potential of failure in peer-to-peer lending better than the financial statements (Serrano-cinca et al., 2015). Before making the contract, the investor should know the information about violation record, the past incidence that occur in the management, and the number of inquiries by investors and other parties (Serrano-cinca et al., 2015). Therefore, the investors have to consider some information about the management (Scholtens & Wensveen, 2000).

This result is supported by the theory of financial intermediation. Theory of financial intermediation suggests that the history of financing should be determined by the investor in order to avoid the information asymmetry (Scholtens & Wensveen, 2000). If the investors do not consider the history of financing in the management,

they will not know the track record of the management and it will increase the potential failure of peer-to-peer lending.

4.6.6 Islamic ethics (X6) does not have significant effect toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is no significant and positive effect of Islamic ethic on the potential failure on peer-to-peer lending, because the probability value (sig-t) is greater than 0.05, so Ho is accepted and Ha is rejected. It means that the increase or decrease of Islamic ethics does not not affect the potential failure of peer-to-peer lending.

In this case, Islamic fintech is not only performed by individuals who are Muslims, but also by other groups. The sharia system in peer to peer lending has provided greater benefits than conventional systems, so other groups prefer to use Islamic fintech because the Islamic fintech prohibits some actions that can harm other people, such as the interest (*riba*), gambling (*maysir*), uncertainty (*gharar*) and other *haram* elements (Laldin & Furqani, 2016). So, based on the investor perspective, the Islamic ethic will not affect the potential failure of peer-to-peer lending because not all of Islamic fintech users are originated from Muslim groups.

The theory used in this hypothesis is stakeholder theory. Stakeholder theory advocates for treating all stakeholders with fairness, honesty, and even generosity (Harrison et al., 2015). However, the theory does not supported, since the Islamic ethics is not significant to the potential failure of peer-to-peer lending.

4.6.7 Sharia contract (X7) has no significant effect toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is no significant and positive effect of Sharia contract on the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05, so Ho is accepted and Ha are rejected. It means that the increasing or decreasing in Sharia contract does not affect the potential failure of peer-to-peer lending.

Sharia contracts are related to agreements based on the sharia system. Sharia contains the principles and foundations about the financial system from an Islamic perspective and it is established and used as a guideline and framework in running the business (Laldin & Furqani, 2016). It means that in sharia contracts, stakeholders must uphold to principles and systems based on an Islamic perspective. There are several criteria that must be fulfilled in sharia contracts. Unlike conventional one, the perspective of Islamic law forbids some practices, such as interest (*riba*), gambling (*maysir*), uncertainty (*gharar*), and other prohibited elements (*haram*) (Laldin & Furqani, 2016). However, the lack of control of investors toward management work makes the investors cannot monitor the management in conducting their business, which should be in accordance with Islamic principles, because the online system has caused a high information asymmetry between investors and management (Scholtens & Wensveen, 2000). Thus, if the management

is still able to pay the profit share, it will not cancel the contract. Therefore, Islamic ethics has not significantly affected the potential failure of peer-to-peer lending.

Since the sharia contract is not significantly affected the potential failure of peer-to-peer lending, the stakeholder theory is not supported. Stakeholder theory is a management theory based on moral treatment of stakeholders and not a moral theory and also happens to be relevant to management (Harrison et al., 2015). Based on this theory, all stakeholder should implement the sharia law. However, the capital provider cannot always monitor the management work. Thus, the sharia law in the contract cannot fully implemented.

4.6.8 Corporate governance (X8) has no significant effect toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is no significant or negative effect of corporate governance toward the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05, so Ho is accepted and Ha is rejected. It means that good corporate governance does not affect the potential failure of peer-to-peer lending.

One of the factors that led to the failure of Islamic fintech is the lack of rules to protect investors by good governance. In corporate governance, the board of directors has an important role in monitoring managerial behavior and protecting stakeholders (Mokhtar & Mellett, 2013). Good corporate governance will produce better financial performance because they monitor and control the company to protect

shareholder profits. However, because most of the managements in this study are relatively small companies, which have low level of corporate governance implementation, then there is no separation between the supervisory function and executive function so that corporate governance is not implemented effectively. It makes the corporate governance does not have a significant effect on the potential failure of peer-to-peer lending.

According to the theory of financial intermediation, the peer-to-peer lending platform is the intermediary between the management and investor (Werner, 2014). Based on this theory, peer-to-peer lending as a financial intermediary should be a mediator between the investor and management to run the business. Thus, the theory is not supported.

4.6.9 Ponzi Scheme (X9) has significant effect toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is a significant and positive effect of the ponzi scheme toward the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05, so Ho is rejected and Ha is accepted. It means that the higher the ponzi scheme, the higher the potential failure of peer-to-peer lending.

Ponzi scheme is a financial fraud whereas the new investors are promised for high investment returns, while the management use their capital to pay the old investors. Thus, capital is not used to improve company performance, but is used to

pay the profit of other investors. According to Bartoletti (2017), Ponzi schemes is a financial fraud where the scammers reassure new investors with high profits while their capital is used to recover previous investments to continue business (Bartoletti et al., 2017).

Ponzi schemes can occur in peer-to-peer lending projects. It can cause the failure of peer-to-peer lending. When management cannot recruit new investors to the project, they will be lack of investment funds. As a result, management cannot pay old investors. According to Safira (2009), peer-to-peer loan contracts will end if there are no funds available to run the business again (Safira, 2009). Therefore, peer-to-peer lending will fail.

This result support the theory of financial intermediation. The theory of financial intermediation suggest that peer-to-peer lending platform evaluate and determine whether the funds proposed by the management should be approved or not (Serrano-cinca et al., 2015). If there is an indication of Ponzi scheme in the contract, then the investor should agree the contract or not because Ponzi scheme will enhance the potential failure of peer-to-peer lending.

4.6.10 Risk management (X10) has significant influence toward the potential failure of peer-to-peer lending

The results of the analysis through the t test show that there is a significant and negative effect of Risk Management on the potential failure of peer-to-peer lending, because the probability value (sig-t) is less than 0.05, so Ho is rejected and

Ha is accepted. It means that the higher the Risk Management, the lower the potential failure of peer-to-peer lending.

According to Marcelino-sádaba et al. (2014), risk management is defined as resolving the risks, including eliminating, reducing, and controlling risks, by implementing procedures to recognize, examine, and evaluate risks that may exist in a project (Marcelino-sádaba et al., 2014). It means that good risk management can anticipate failures in the project because risks have been identified from the beginning. It also affects the peer-to-peer lending. In peer-to-peer lending, management must have risk identification about projects funded by investors. The possibility of losses can be prevented if there is risk management.

Based on financial intermediation theory, peer-to-peer lending platforms must be able to evaluate management, collect information about management and capital providers (Scholtens & Wensveen, 2000). Therefore, the identification of possible risks can be conducted. If there is risk management, the possibility of failure in peer-to-peer lending can be avoided.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Based on the results of the study which has been explained in the previous chapter, the conclusions are:

1. Rate of return has positive and significant effect toward the potential failure of peer-to-peer lending. It means that the higher the rate of return, the higher the potential failure of peer-to-peer lending.
2. Financing purpose has positive and significant effect toward the potential failure of peer-to-peer lending. It means that if the financing purpose increases, the potential failure of peer-to-peer lending will increase as well.
3. Size of financing has positive and significant effect toward the potential failure of peer-to-peer lending. It shows that the increasing of financing size will increase the potential failure of peer-to-peer lending.
4. Indebtedness has significant and positive effect toward the potential failure of peer-to-peer lending. It means that when the indebtedness increasing, then the potential failure of peer-to-peer lending will increase.
5. Financing history has significant and positive effect toward the potential failure of peer-to-peer lending. It shows that if the financing history increase, the potential failure of peer-to-peer lending will increase as well.

6. Islamic ethics has no negative or significant effect toward the potential failure of peer-to-peer lending. It means that the Islamic ethics will not influence the potential failure of peer-to-peer lending.
7. Sharia contract has no negative or significant effect toward the potential failure of peer-to-peer lending. It means that the increasing or decreasing of sharia contract will not influence the potential failure of peer-to-peer lending.
8. Corporate governance has no negative and significant effect toward the potential failure of peer-to-peer lending. It means that good corporate or bad corporate governance will not influence the potential failure of peer-to-peer lending.
9. Ponzi scheme has positive and significant effect toward the potential failure of peer-to-peer lending, it means that the increasing of ponzi scheme will increase the potential failure of peer-to-peer lending
10. Risk management has negative and significant effect toward the potential failure of peer-to-peer lending. It means that the higher risk management will result in the decreasing of potential failure of peer-to-peer lending.

5.2 Research Implication

As explained earlier, the objective of this research is to investigate the relationship between rate of return, financing purpose, size of financing, indebtedness, financing history, Islamic ethics, sharia contract, Ponzi scheme, risk

management toward the potential failure of peer-to-peer lending. Based on the finding, it is proved that rate of return, financing purpose, size of financing, indebtedness, financing history, Ponzi scheme, and risk management affect the potential failure of peer-to-peer lending. Hence, it is expected that the result will give better and deeper understanding about the determinants of the potential failure of peer-to-peer lending. In the other hands, it is also expected that this study will be useful for future researchers to develop the study regarding this topics.

Based on the result of this study, it is found that rate of return, financing purpose, size of financing, indebtedness, financing history, Ponzi scheme, and risk management affect the potential failure of peer-to-peer lending. This result is expected to give relevant and reliable information and to be the consideration in making regulation about peer-to-peer lending or online based funding platform.

Since the Islamic ethics, sharia contract and corporate governance has no negative or significant effect toward the potential failure of peer-to-peer lending, it implies that the stakeholders does not implement the Islamic ethics, sharia contract, and good corporate governance during the financing process. Based on this result, the study is expected to give understanding about the Islamic ethics, sharia contract, and corporate governance to the stakeholders in order to avoid the potential failure of peer-to-peer lending.

5.3 Research Limitations

In conducting the research, there are some limitations and constraints faced by the researchers and it affect the result of the study. The limitations are:

1. The data collection method is using questionnaires, so it is possible that the respondents answer the questionnaires randomly without their knowledge about the topic. Moreover, the process of data collection takes time because the researcher should wait for the company to confirm about the permission to spread questionnaires.
2. The targeted respondents in this study are practitioners, academicians, regulators, and shariah supervisory board. Since the regulators of fintech is not located in Yogyakarta, the researcher cannot obtain the data from regulator.
3. This topic is considered as a new issue, so it is difficult to find the credible literature that discuss about the factors that influence the potential failure of peer-to-peer lending.
4. The measurement on each variables need to be improved.
5. In the reality, there are many factors that can influence the failure of peer-to-peer lending other than the variables that discussed in this study.

5.4 Recommendations

Based on the conclusions and limitations above, the recommendations can be proposed as follow:

1. It is better for the stakeholders to be careful in analyzing the investment or financing, so the potential of the failure decreases. It can be done through several analysis tools, such as the factors that proven to affect the failure of peer-to-peer lending significantly. Those factors are rate of return, financing purpose, size of financing, indebtedness, financing history, Ponzi scheme, and risk management.
2. The next researchers should complement the result of this research, for instance, increase the number of research samples and add more variables that could influence the failure of peer-to-peer lending

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APPENDICES

APPENDIX 1: QUESTIONNAIRE SHEET

Kuisioner Penelitian:

"Faktor-Faktor yang Mempengaruhi Potensi Kegagalan Islamic Financial Technology (Peer to Peer Lending)"

Nama Peneliti:
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2019

Definisi Umum :

Islamic Financial Technology merupakan sebuah platform pembiayaan yang memungkinkan para penggunanya baik investor maupun pengguna dana dapat bertemu untuk mengadakan transaksi pembiayaan menggunakan prinsip syariah dengan perantara penyedia platform berbasis teknologi informasi. Prinsip syariah yang dikembangkan di dalam *Islamic Fintech* antara lain dengan menggunakan akad-akad pembiayaan dengan skema jual beli *(murabahah, salam, dan istishna)*, bagi hasil *(mudharabah dan musyarakah)*, dan/ sewa *(ijarah)* /sewa beli *(ijarah muntahiyah bit tamlik)*.

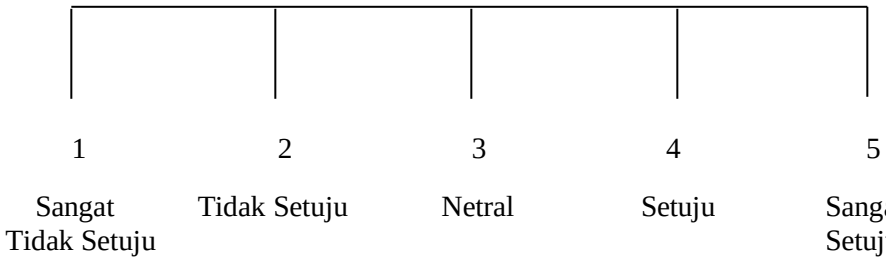
Islamic Financial Technology yang berkembang memiliki dua jenis platform utama yaitu *Peer to Peer (P2P) Lending* dan *Crowdfunding*. *P2P Lending* memungkinkan investor untuk memilih langsung partner pembiayaan sesuai dengan kriteria dan rating yang telah disediakan oleh penyedia platform dengan akad yang disepakati sebelumnya. Sedangkan *Crowdfunding* memungkinkan calon pengguna dana untuk mempromosikan proyek yang akan ditawarkan kepada calon investor yang akhirnya secara bersama-sama turut mendanai proyek yang ditawarkan.

Obyek penelitian ini adalah *P2P Lending* yang berdasarkan prinsip syariah. Pembiayaan berbasis syariah tidak mengenal debitur dan kreditur, melainkan penyedia modal dan manajemen yang menjalankan bisnis. Selain itu, *peer-to-peer lending* syariah juga mengharamkan riba, gharar, dan maysir. Dalam implementasinya, semua pihak tunduk dan patuh terhadap prinsip-prinsip syariah yang telah di atur di dalam Al-Qur'an dan As-Sunnah.

Penelitian ini bertujuan untuk menganalisis **faktor-faktor yang mempengaruhi potensi kegagalan *Islamic Fintech*** dari sudut pandang beberapa kelompok stakeholders antara lain: praktisi keuangan, regulator, akademisi keuangan syariah, dan dewan pengawas syariah. Penelitian ini menjadi penting untuk dilaksanakan sebagai langkah awal dalam merumuskan langkah-langkah antisipasi serta mitigasi risiko adanya potensi kegagalan ***Islamic Fintech*** pada khususnya.

PART A :

<u>Petunjuk</u>: Bulatkan salah satu skala yang menurut Anda paling sesuai.



No	Pertanyaan	STS	TS	N	S	SS
	Rate of return	1	2	3	4	5
1	Tingkat bagi hasil/margin/sewa yang tidak sesuai dengan kontrak	1	2	3	4	5
2	Tingkat bagi hasil/margin/sewa yang tinggi	1	2	3	4	5
3	Tingkat bagi hasil/margin/sewa yang memberatkan	1	2	3	4	5
	Tujuan Pendanaan					
4	Tujuan pendanaan yang tidak sesuai dengan kemampuan manajemen	1	2	3	4	5
5	Tujuan pendanaan yang tidak sesuai dengan syariah (untuk hal-hal haram)	1	2	3	4	5
6	Kemampuan modal perusahaan yang kecil/ kurang memadai	1	2	3	4	5
	Hutang					
7	Kecilnya pendapatan nasabah	1	2	3	4	5
8	Ketidakmampuan nasabah dalam memenuhi kewajiban pokoknya beserta margin/bagi hasil/sewa	1	2	3	4	5
9	Lemahnya pengelolaan arus kas *(cash flow)*	1	2	3	4	5

	Ukuran pendanaan					
10	Lemahnya pengelolaan sumber pendanaan secara optimal	1	2	3	4	5
11	Ukuran pendanaan yang tidak sesuai dengan kapasitas nasabah	1	2	3	4	5
12	Sumber pendanaan yang terlalu kecil	1	2	3	4	5
	Sejarah pendanaan					
13	Sejarah pembiayaan nasabah	1	2	3	4	5
14	Sejarah pembiayaan nasabah	1	2	3	4	5
15	Informasi sejarah pengembalian pembiayaan nasabah	1	2	3	4	5
16	Catatan pelanggaran yang pernah dilakukan oleh nasabah	1	2	3	4	5
	Etika Islam					
17	Implementasi etika Islami	1	2	3	4	5
18	Mengikuti Perintah Allah SWT dan Rasulullah SAW	1	2	3	4	5
19	Melakukan bisnis yang Halal dan Thoyib	1	2	3	4	5
20	Menjunjung nilai-nilai kebenaran dan kejujuran dan keadilan	1	2	3	4	5
21	Kontrak yang sesuai dengan prinsip syariah yang adil dan membawa mashlahah	1	2	3	4	5
	Kontrak shariah					

22	Kontrak menjalankan nilai-nilai syariah yang tedapat dalam Al-Qur'an dan As-Sunnah	1	2	3	4	5
23	Menjauhi riba, gharar, dan maysir / spekulasi	1	2	3	4	5
24	Menghindari usaha yang merugikan pihak lain	1	2	3	4	5

	Tata Kelola					
25	Tata kelola organisasi yang tidak baik	1	2	3	4	5
26	Kegagalan manajer dalam mengontrol manajemen dalam menghasilkan profit dan keuntungan untuk pemegang saham	1	2	3	4	5
27	Kegagalan manajemen dalam mengarahkan dan mengontrol sistem *Information Technology*	1	2	3	4	5
	Skema Ponzi					
28	Ketidakmampuan manajemen dalam menepati janjinya untuk memberikan tingkat pengembalian yang tinggi dengan resiko yang kecil	1	2	3	4	5
29	*Financial fraud*, dimana manajemen menjanjikan profit yang tinggi dengan cara mengambil uang dari nasabah baru untuk membayar bagi hasil investasi kepada investor lama	1	2	3	4	5
30	Manajemen yang tidak mampu merekrut investor baru dan sejumlah investor lama meminta investasi mereka dikembalikan	1	2	3	4	5
	Risk Management					
31	Kegagalan manajemen dalam mengidentifikasi dan mengelola resiko dari investasi	1	2	3	4	5
32	Kegagalan manajemen dalam meminimalisir atau mengontrol resiko dalam suatu proyek	1	2	3	4	5
33	Kegagalan manajemen dalam meningktkan kesempatan sukses proyek karena manajemen resiko yang tidak baik	1	2	3	4	5

	Kegagalan Peer-to-Peer Lending					
34	Nasabah Islamic fintech memiliki potensi kegagalan apabila tidak mampu membayar angsuran selama lebih dari 90 hari, 180 hari, atau 270 hari	1	2	3	4	5
35	Islamic fintech memiliki potensi kegagalan apabila manajemen menyalahgunakan dana	1	2	3	4	5
36	Islamic fintech memiliki potensi kegagalan apabila manajemen kehabisan dana untuk meneruskan bisnisnya	1	2	3	4	5
37	Nasabah Islamic fintech akan mengalami potensi kegagalan apabila melanggar kontrak (akad)	1	2	3	4	5
38	Islamic fintech memiliki potensi kegagalan karena proses bisnisnya	1	2	3	4	5

BAGIAN B :

<u>Petunjuk:</u> Isilah identitas pribadi Anda tanpa menuliskan nama Anda

1	Jenis kelamin	☐ Pria ☐ Wanita
2	Umur	☐ < 20 tahun ☐ 20 – 29 tahun ☐ 30 – 39tahun ☐ 40 – 49 tahun ☐ 50 – 60 tahun
3	Posisi saat ini	
4	Latar belakang pendidikan	☐ Diploma ☐ S1 ☐ S2 ☐ S3 ☐ Pendidikan profesional
5	Spesialisasi kompetensi	
6	Berapa lama Anda bekerja di bank ini?	☐ < 3 tahun ☐ 3 – 5 tahun ☐ 6 – 10 tahun ☐ > 10 tahun
7	Apakah sebelumnya Anda pernah mengikuti pelatihan / seminar / pertemuan ekonomi, perbankan dan keuangan Islam dalam 1 tahun terakhir?	☐ Ya ☐ Tidak
8	Jika Ya, berapa kali anda mengikuti pelatihan / seminar / pertemuan tersebut dalam 1 tahun terakhir?	☐ < 3 ☐ – 5 ☐ > 5 Sebutkan, _____
9	Apakah sebelumnya Anda pernah bekerja di Bank Syariah?	☐ Ya ☐ Tidak

10	JikaYa, berapa lama Anda bekerja disana?	☐ < 3 tahun ☐ 3 – 5tahun ☐ > 5 tahun

APPENDIX 2: RECAPITULATION OF REPONDENTS' ANSWER

Rate of Return (X1)					
No	X1.1	X1.2	X1.3	Mean	Total
1	4	4	4	4.00	12
2	5	4	4	4.33	13
3	4	2	2	2.67	8
4	4	4	4	4.00	12
5	4	4	4	4.00	12
6	4	4	4	4.00	12
7	4	5	5	4.67	14
8	4	5	5	4.67	14
9	4	4	5	4.33	13
10	5	5	5	5.00	15
11	5	5	5	5.00	15
12	4	5	5	4.67	14
13	4	4	4	4.00	12
14	1	2	2	1.67	5
15	5	4	4	4.33	13
16	5	5	5	5.00	15
17	5	5	5	5.00	15
18	4	4	4	4.00	12
19	4	4	4	4.00	12
20	2	4	2	2.67	8
21	2	4	2	2.67	8
22	3	3	3	3.00	9
23	5	5	5	5.00	15
24	4	3	2	3.00	9
25	4	4	4	4.00	12
26	4	5	5	4.67	14
27	5	5	5	5.00	15
28	4	4	3	3.67	11
29	3	3	4	3.33	10
30	5	3	3	3.67	11
31	2	4	4	3.33	10
32	5	2	2	3.00	9

33	2	4	4	3.33	10
34	2	2	4	2.67	8
35	2	4	4	3.33	10
36	4	5	5	4.67	14
37	1	4	3	2.67	8
38	1	4	3	2.67	8
39	5	1	1	2.33	7
40	4	4	4	4.00	12
41	5	3	4	4.00	12
42	4	4	4	4.00	12
43	2	3	4	3.00	9
44	4	2	3	3.00	9
45	4	4	4	4.00	12
46	4	4	5	4.33	13
47	4	4	4	4.00	12
48	4	4	4	4.00	12
49	2	2	2	2.00	6
50	4	4	4	4.00	12
51	3	4	3	3.33	10
52	5	2	2	3.00	9
53	4	4	4	4.00	12
54	4	2	2	2.67	8
55	4	2	2	2.67	8
56	4	4	4	4.00	12
57	5	4	5	4.67	14
58	2	2	4	2.67	8
59	2	3	2	2.33	7
60	4	4	4	4.00	12
61	4	5	4	4.33	13
62	5	5	5	5.00	15
63	5	4	4	4.33	13
64	4	3	2	3.00	9
65	2	4	4	3.33	10
66	2	4	4	3.33	10
67	4	4	4	4.00	12
68	4	4	5	4.33	13

69	3	4	2	3.00	9
70	3	4	3	3.33	10
71	4	3	4	3.67	11
72	3	3	4	3.33	10
73	4	3	3	3.33	10
74	4	5	4	4.33	13
75	4	4	4	4.00	12
76	5	2	4	3.67	11
77	5	3	4	4.00	12
78	3	3	3	3.00	9
79	4	4	5	4.33	13
80	2	4	3	3.00	9
81	2	3	2	2.33	7
82	4	4	4	4.00	12
83	3	3	3	3.00	9
84	3	2	4	3.00	9
85	2	3	2	2.33	7
86	4	4	4	4.00	12
87	3	3	4	3.33	10
88	4	4	4	4.00	12
89	1	2	1	1.33	4
90	1	4	1	2.00	6
91	3	5	4	4.00	12
92	2	4	4	3.33	10
93	5	5	5	5.00	15
94	2	5	5	4.00	12
95	5	4	4	4.33	13
96	5	5	5	5.00	15
97	5	3	5	4.33	13
98	4	4	4	4.00	12
99	5	1	5	3.67	11
100	4	4	4	4.00	12
101	5	4	4	4.33	13
102	5	3	5	4.33	13
103	4	3	4	3.67	11
104	5	3	3	3.67	11

105	4	4	4	4.00	12
106	4	2	3	3.00	9
107	5	5	5	5.00	15
108	4	3	4	3.67	11
109	4	4	4	4.00	12
110	4	4	4	4.00	12
111	5	5	5	5.00	15
112	5	3	5	4.33	13
113	2	4	4	3.33	10
114	1	1	1	1.00	3
115	5	5	5	5.00	15

Financing Purpose (X2)					
No	X2.1	X2.2	X2.3	Mean	Total
1	5	5	5	5.00	15
2	4	4	5	4.33	13
3	4	4	4	4.00	12
4	4	4	4	4.00	12
5	4	4	4	4.00	12
6	4	4	4	4.00	12
7	5	5	4	4.67	14
8	5	5	5	5.00	15
9	5	5	4	4.67	14
10	5	5	5	5.00	15
11	4	4	4	4.00	12
12	5	5	4	4.67	14
13	4	4	4	4.00	12
14	2	2	2	2.00	6
15	5	5	4	4.67	14
16	5	4	4	4.33	13
17	5	5	4	4.67	14
18	4	4	5	4.33	13
19	5	4	5	4.67	14
20	2	1	1	1.33	4
21	2	1	1	1.33	4
22	3	3	3	3.00	9
23	5	5	5	5.00	15
24	3	1	2	2.00	6
25	4	4	4	4.00	12
26	4	5	5	4.67	14
27	4	4	5	4.33	13
28	4	5	4	4.33	13
29	3	4	3	3.33	10
30	4	3	3	3.33	10
31	2	3	4	3.00	9
32	4	4	2	3.33	10
33	3	3	3	3.00	9
34	4	3	2	3.00	9

35	3	2	4	3.00	9
36	5	5	3	4.33	13
37	4	4	4	4.00	12
38	4	4	4	4.00	12
39	5	3	3	3.67	11
40	4	4	4	4.00	12
41	4	5	4	4.33	13
42	5	5	2	4.00	12
43	4	4	4	4.00	12
44	4	4	4	4.00	12
45	4	4	4	4.00	12
46	4	5	5	4.67	14
47	4	4	4	4.00	12
48	4	4	4	4.00	12
49	1	1	1	1.00	3
50	4	4	3	3.67	11
51	4	3	4	3.67	11
52	3	5	5	4.33	13
53	4	5	4	4.33	13
54	4	4	4	4.00	12
55	4	4	4	4.00	12
56	4	5	1	3.33	10
57	4	3	4	3.67	11
58	4	4	4	4.00	12
59	2	5	3	3.33	10
60	3	4	3	3.33	10
61	4	4	4	4.00	12
62	5	5	2	4.00	12
63	5	5	4	4.67	14
64	3	2	4	3.00	9
65	3	2	4	3.00	9
66	4	4	4	4.00	12
67	4	4	4	4.00	12
68	4	5	4	4.33	13
69	3	2	3	2.67	8
70	3	2	4	3.00	9

71	4	4	3	3.67	11
72	3	4	2	3.00	9
73	3	3	4	3.33	10
74	5	5	5	5.00	15
75	4	5	4	4.33	13
76	5	5	2	4.00	12
77	4	4	4	4.00	12
78	3	3	3	3.00	9
79	4	5	4	4.33	13
80	2	4	4	3.33	10
81	2	2	2	2.00	6
82	4	2	4	3.33	10
83	3	3	3	3.00	9
84	4	4	3	3.67	11
85	3	3	3	3.00	9
86	5	5	4	4.67	14
87	3	4	4	3.67	11
88	4	4	4	4.00	12
89	1	1	4	2.00	6
90	1	1	3	1.67	5
91	4	2	5	3.67	11
92	2	2	4	2.67	8
93	5	5	5	5.00	15
94	3	5	4	4.00	12
95	4	5	2	3.67	11
96	5	5	5	5.00	15
97	5	5	3	4.33	13
98	3	3	4	3.33	10
99	5	5	5	5.00	15
100	4	5	4	4.33	13
101	5	5	4	4.67	14
102	4	4	3	3.67	11
103	4	5	5	4.67	14
104	2	2	2	2.00	6
105	5	5	4	4.67	14
106	2	1	3	2.00	6

107	4	5	3	4.00	12
108	4	5	2	3.67	11
109	4	4	4	4.00	12
110	4	1	2	2.33	7
111	5	5	5	5.00	15
112	5	5	4	4.67	14
113	4	5	2	3.67	11
114	3	5	1	3.00	9
115	5	5	5	5.00	15

Indebtedness (X3)					
No	X3.1	X3.2	X3.3	Mean	Total
1	5	4	4	4.33	13
2	4	4	4	4.00	12
3	4	4	4	4.00	12
4	4	4	4	4.00	12
5	4	4	4	4.00	12
6	4	4	4	4.00	12
7	4	4	4	4.00	12
8	4	4	4	4.00	12
9	4	4	4	4.00	12
10	5	5	5	5.00	15
11	4	4	5	4.33	13
12	4	5	5	4.67	14
13	4	4	4	4.00	12
14	3	2	1	2.00	6
15	4	5	5	4.67	14
16	4	4	4	4.00	12
17	4	4	5	4.33	13
18	5	5	5	5.00	15
19	4	4	4	4.00	12
20	2	2	2	2.00	6
21	2	2	2	2.00	6
22	3	3	3	3.00	9
23	5	5	5	5.00	15
24	2	2	2	2.00	6
25	4	4	5	4.33	13
26	5	5	5	5.00	15
27	3	4	5	4.00	12
28	3	4	4	3.67	11
29	4	4	3	3.67	11
30	3	4	4	3.67	11
31	4	4	4	4.00	12
32	2	4	2	2.67	8
33	3	3	3	3.00	9
34	4	3	3	3.33	10

35	3	3	4	3.33	10
36	4	5	4	4.33	13
37	3	4	4	3.67	11
38	3	4	4	3.67	11
39	3	5	5	4.33	13
40	4	4	4	4.00	12
41	2	4	4	3.33	10
42	3	4	4	3.67	11
43	4	4	4	4.00	12
44	2	3	4	3.00	9
45	4	4	4	4.00	12
46	5	5	4	4.67	14
47	4	4	4	4.00	12
48	4	4	4	4.00	12
49	3	4	4	3.67	11
50	4	4	4	4.00	12
51	4	4	4	4.00	12
52	3	4	4	3.67	11
53	4	4	4	4.00	12
54	4	4	4	4.00	12
55	4	4	4	4.00	12
56	5	5	4	4.67	14
57	4	4	5	4.33	13
58	5	4	4	4.33	13
59	4	4	4	4.00	12
60	4	4	4	4.00	12
61	5	4	5	4.67	14
62	4	4	4	4.00	12
63	4	5	5	4.67	14
64	2	4	4	3.33	10
65	4	3	5	4.00	12
66	2	2	4	2.67	8
67	4	4	4	4.00	12
68	4	4	4	4.00	12
69	2	3	3	2.67	8
70	4	4	4	4.00	12

71	3	4	4	3.67	11
72	3	2	4	3.00	9
73	4	4	4	4.00	12
74	5	5	5	5.00	15
75	3	4	5	4.00	12
76	2	5	5	4.00	12
77	5	5	5	5.00	15
78	3	3	3	3.00	9
79	4	4	3	3.67	11
80	3	4	2	3.00	9
81	3	2	3	2.67	8
82	4	4	4	4.00	12
83	3	3	3	3.00	9
84	5	3	4	4.00	12
85	4	4	3	3.67	11
86	5	4	4	4.33	13
87	4	4	4	4.00	12
88	3	4	5	4.00	12
89	3	3	4	3.33	10
90	3	2	1	2.00	6
91	4	4	4	4.00	12
92	2	2	4	2.67	8
93	5	5	5	5.00	15
94	5	5	5	5.00	15
95	2	4	4	3.33	10
96	3	5	5	4.33	13
97	5	5	5	5.00	15
98	4	4	4	4.00	12
99	2	2	5	3.00	9
100	3	4	4	3.67	11
101	4	5	4	4.33	13
102	5	4	4	4.33	13
103	4	5	5	4.67	14
104	2	2	4	2.67	8
105	4	4	4	4.00	12
106	5	3	5	4.33	13

107	3	4	4	3.67	11
108	2	3	3	2.67	8
109	4	4	4	4.00	12
110	3	3	3	3.00	9
111	5	5	5	5.00	15
112	5	5	5	5.00	15
113	4	5	5	4.67	14
114	1	1	3	1.67	5
115	4	4	5	4.33	13

Financing Size (X4)					
No	X4.1	X4.2	X4.3	Mean	Total
1	4	5	4	4.33	13
2	4	4	4	4.00	12
3	4	4	4	4.00	12
4	4	4	4	4.00	12
5	4	4	4	4.00	12
6	4	4	4	4.00	12
7	4	4	4	4.00	12
8	5	5	5	5.00	15
9	5	5	5	5.00	15
10	5	5	5	5.00	15
11	5	4	4	4.33	13
12	5	5	5	5.00	15
13	4	4	4	4.00	12
14	2	1	2	1.67	5
15	4	4	5	4.33	13
16	5	5	5	5.00	15
17	5	5	5	5.00	15
18	5	4	4	4.33	13
19	5	4	4	4.33	13
20	2	2	2	2.00	6
21	2	2	2	2.00	6
22	3	3	3	3.00	9
23	5	5	5	5.00	15
24	2	2	2	2.00	6
25	5	4	4	4.33	13
26	5	5	5	5.00	15
27	5	3	3	3.67	11
28	4	2	2	2.67	8
29	3	3	3	3.00	9
30	4	4	3	3.67	11
31	2	4	2	2.67	8
32	3	4	2	3.00	9
33	3	3	3	3.00	9
34	4	4	4	4.00	12

35	4	4	4	4.00	12
36	4	4	4	4.00	12
37	4	4	3	3.67	11
38	4	4	3	3.67	11
39	3	5	1	3.00	9
40	4	4	4	4.00	12
41	4	4	4	4.00	12
42	5	5	2	4.00	12
43	4	3	4	3.67	11
44	4	4	2	3.33	10
45	4	4	4	4.00	12
46	4	4	4	4.00	12
47	4	4	4	4.00	12
48	4	4	4	4.00	12
49	3	3	3	3.00	9
50	4	4	4	4.00	12
51	4	4	3	3.67	11
52	4	3	3	3.33	10
53	4	4	4	4.00	12
54	4	5	2	3.67	11
55	4	5	2	3.67	11
56	4	4	1	3.00	9
57	5	5	5	5.00	15
58	5	5	4	4.67	14
59	4	4	4	4.00	12
60	4	4	4	4.00	12
61	4	5	4	4.33	13
62	4	4	2	3.33	10
63	4	4	4	4.00	12
64	4	4	2	3.33	10
65	4	4	3	3.67	11
66	4	4	4	4.00	12
67	4	4	4	4.00	12
68	4	4	4	4.00	12
69	2	2	4	2.67	8
70	4	4	4	4.00	12

71	4	4	3	3.67	11
72	4	3	4	3.67	11
73	4	4	3	3.67	11
74	5	5	4	4.67	14
75	5	5	2	4.00	12
76	4	5	3	4.00	12
77	5	5	3	4.33	13
78	3	3	3	3.00	9
79	3	4	4	3.67	11
80	2	2	2	2.00	6
81	3	2	2	2.33	7
82	4	4	4	4.00	12
83	3	3	3	3.00	9
84	5	4	4	4.33	13
85	4	2	3	3.00	9
86	5	4	5	4.67	14
87	4	5	2	3.67	11
88	4	5	2	3.67	11
89	4	2	3	3.00	9
90	1	1	2	1.33	4
91	4	3	4	3.67	11
92	2	2	4	2.67	8
93	5	5	5	5.00	15
94	4	4	3	3.67	11
95	4	4	2	3.33	10
96	5	5	3	4.33	13
97	5	5	5	5.00	15
98	5	4	4	4.33	13
99	5	5	4	4.67	14
100	4	3	3	3.33	10
101	4	5	1	3.33	10
102	4	4	4	4.00	12
103	5	5	4	4.67	14
104	4	2	4	3.33	10
105	4	4	4	4.00	12
106	5	4	4	4.33	13

107	4	5	2	3.67	11
108	3	4	2	3.00	9
109	4	4	5	4.33	13
110	4	4	1	3.00	9
111	5	5	5	5.00	15
112	5	5	4	4.67	14
113	4	5	3	4.00	12
114	3	3	1	2.33	7
115	5	5	4	4.66	14

Financing History (X5)						
No	X5.1	X5.2	X5.3	X5.4	Mean	Total
1	4	5	4	5	4.50	18
2	4	5	5	5	4.75	19
3	4	4	4	4	4.00	16
4	4	5	5	5	4.75	19
5	4	5	5	5	4.75	19
6	4	4	4	4	4.00	16
7	4	5	5	5	4.75	19
8	5	5	5	5	5.00	20
9	5	5	5	5	5.00	20
10	5	5	5	5	5.00	20
11	4	5	5	5	4.75	19
12	5	5	5	5	5.00	20
13	4	4	4	5	4.25	17
14	1	2	2	1	1.50	6
15	5	5	5	5	5.00	20
16	5	5	5	5	5.00	20
17	5	5	5	5	5.00	20
18	5	5	4	4	4.50	18
19	4	4	4	4	4.00	16
20	2	2	2	2	2.00	8
21	2	2	1	2	1.75	7
22	3	3	3	3	3.00	12
23	5	5	5	5	5.00	20
24	2	4	4	4	3.50	14
25	4	4	4	4	4.00	16
26	5	5	5	5	5.00	20
27	3	3	4	4	3.50	14
28	4	4	4	5	4.25	17
29	3	3	4	3	3.25	13
30	4	4	4	4	4.00	16
31	4	4	4	4	4.00	16
32	4	4	4	4	4.00	16
33	3	3	3	3	3.00	12
34	4	4	4	4	4.00	16

35	4	4	4	4	4.00	16
36	4	5	4	4	4.25	17
37	4	4	4	4	4.00	16
38	4	4	4	4	4.00	16
39	5	5	5	5	5.00	20
40	4	4	4	4	4.00	16
41	3	4	4	3	3.50	14
42	2	4	4	5	3.75	15
43	3	3	3	4	3.25	13
44	3	4	4	5	4.00	16
45	4	4	4	4	4.00	16
46	3	4	4	4	3.75	15
47	4	5	4	4	4.25	17
48	4	4	4	4	4.00	16
49	2	5	5	5	4.25	17
50	4	4	4	4	4.00	16
51	3	3	3	4	3.25	13
52	3	3	4	5	3.75	15
53	4	4	4	4	4.00	16
54	4	4	4	4	4.00	16
55	4	4	4	4	4.00	16
56	5	5	5	5	5.00	20
57	5	5	5	5	5.00	20
58	4	4	4	4	4.00	16
59	4	4	4	5	4.25	17
60	4	4	5	5	4.50	18
61	5	5	5	5	5.00	20
62	4	4	4	4	4.00	16
63	4	4	4	5	4.25	17
64	4	4	4	2	3.50	14
65	5	5	5	5	5.00	20
66	4	4	4	4	4.00	16
67	4	4	4	4	4.00	16
68	5	5	4	4	4.50	18
69	4	4	4	4	4.00	16
70	4	4	4	4	4.00	16

71	3	4	4	4	3.75	15
72	4	4	3	3	3.50	14
73	3	4	4	4	3.75	15
74	5	5	5	5	5.00	20
75	4	4	4	4	4.00	16
76	3	4	5	5	4.25	17
77	2	5	5	5	4.25	17
78	3	3	3	3	3.00	12
79	4	4	4	4	4.00	16
80	4	4	4	4	4.00	16
81	2	3	3	3	2.75	11
82	5	5	4	4	4.50	18
83	3	4	4	4	3.75	15
84	3	4	4	4	3.75	15
85	3	4	4	4	3.75	15
86	4	5	4	4	4.25	17
87	3	4	4	5	4.00	16
88	4	3	4	4	3.75	15
89	3	4	4	1	3.00	12
90	5	5	5	5	5.00	20
91	4	5	5	5	4.75	19
92	2	2	2	2	2.00	8
93	5	5	5	5	5.00	20
94	4	5	5	5	4.75	19
95	4	4	4	4	4.00	16
96	5	5	5	5	5.00	20
97	5	5	5	5	5.00	20
98	3	4	4	4	3.75	15
99	5	4	4	5	4.50	18
100	4	4	4	4	4.00	16
101	4	4	4	5	4.25	17
102	4	3	3	4	3.50	14
103	4	4	4	4	4.00	16
104	4	5	5	5	4.75	19
105	4	4	5	5	4.50	18
106	4	3	2	1	2.50	10

107	4	4	4	4	4.00	16
108	2	2	2	2	2.00	8
109	4	4	4	5	4.25	17
110	3	3	4	4	3.50	14
111	5	5	5	5	5.00	20
112	4	5	5	5	4.75	19
113	4	4	3	5	4.00	16
114	3	4	4	4	3.75	15
115	4	5	4	4	4.25	17

Islamic Ethics (X6)							
No	X6.1	X6.2	X6.3	X6.4	X6.5	Mean	Total
1	1	1	2	2	2	1.60	8
2	2	1	1	2	2	1.60	8
3	5	5	5	5	5	5.00	25
4	2	2	2	2	2	2.00	10
5	2	2	2	2	2	2.00	10
6	2	2	2	2	2	2.00	10
7	2	2	1	2	2	1.80	9
8	2	1	2	1	1	1.40	7
9	1	1	2	2	2	1.60	8
10	1	1	1	1	1	1.00	5
11	1	1	2	2	2	1.60	8
12	1	1	2	2	2	1.60	8
13	1	1	1	1	1	1.00	5
14	1	1	1	1	1	1.00	5
15	5	5	5	5	5	5.00	25
16	5	5	4	4	4	4.40	22
17	2	2	3	1	1	1.80	9
18	3	3	4	4	4	3.60	18
19	5	5	5	5	5	5.00	25
20	5	5	5	5	5	5.00	25
21	4	4	5	5	5	4.60	23
22	2	2	3	3	4	2.80	14
23	5	5	5	5	5	5.00	25
24	5	5	5	5	5	5.00	25
25	4	5	4	4	4	4.20	21
26	4	5	4	4	4	4.20	21
27	1	1	1	2	1	1.20	6
28	1	1	1	1	1	1.00	5
29	3	3	3	3	3	3.00	15
30	2	2	2	2	2	2.00	10
31	4	4	3	3	2	3.20	16
32	2	2	2	2	2	2.00	10
33	3	3	2	2	2	2.40	12
34	3	3	2	2	2	2.40	12

35	2	2	2	2	2	2.00	10
36	1	1	1	1	1	1.00	5
37	2	2	1	1	1	1.40	7
38	2	2	1	1	1	1.40	7
39	3	3	3	1	1	2.20	11
40	2	2	2	2	2	2.00	10
41	1	1	2	2	2	1.60	8
42	2	1	1	2	1	1.40	7
43	2	2	2	2	2	2.00	10
44	2	2	2	2	2	2.00	10
45	2	2	2	2	2	2.00	10
46	2	1	1	1	2	1.40	7
47	1	1	1	1	1	1.00	5
48	3	3	2	2	2	2.40	12
49	1	1	1	1	1	1.00	5
50	2	2	2	2	2	2.00	10
51	2	2	1	1	1	1.40	7
52	3	3	3	3	2	2.80	14
53	1	1	2	2	2	1.60	8
54	1	1	2	2	2	1.60	8
55	3	3	2	2	2	2.40	12
56	5	5	2	2	2	3.20	16
57	1	1	1	1	1	1.00	5
58	1	1	2	2	2	1.60	8
59	1	1	1	1	1	1.00	5
60	3	3	2	2	2	2.40	12
61	1	1	1	1	1	1.00	5
62	1	1	1	1	1	1.00	5
63	2	2	1	1	1	1.40	7
64	4	4	3	3	2	3.20	16
65	1	1	1	1	1	1.00	5
66	1	1	1	1	1	1.00	5
67	2	1	2	2	2	1.80	9
68	2	1	2	2	2	1.80	9
69	2	2	2	1	2	1.80	9
70	2	2	2	1	1	1.60	8

71	2	2	2	2	2	2.00	10
72	2	2	2	2	2	2.00	10
73	1	1	1	1	1	1.00	5
74	1	1	1	1	1	1.00	5
75	1	2	2	2	2	1.80	9
76	3	1	3	2	3	2.40	12
77	1	1	3	1	2	1.60	8
78	3	3	2	2	2	2.40	12
79	1	1	1	1	1	1.00	5
80	2	4	2	2	2	2.40	12
81	2	2	2	2	2	2.00	10
82	1	1	1	1	1	1.00	5
83	2	3	1	1	1	1.60	8
84	2	2	2	2	2	2.00	10
85	5	5	5	5	5	5.00	25
86	4	4	4	4	5	4.20	21
87	5	5	5	5	5	5.00	25
88	5	5	5	5	5	5.00	25
89	5	5	5	5	5	5.00	25
90	3	4	4	5	4	4.00	20
91	5	5	5	5	5	5.00	25
92	5	5	5	5	5	5.00	25
93	5	5	5	5	5	5.00	25
94	4	4	5	5	5	4.60	23
95	4	4	4	4	4	4.00	20
96	5	5	4	5	5	4.80	24
97	5	5	5	5	5	5.00	25
98	4	5	5	5	5	4.80	24
99	5	5	5	5	5	5.00	25
100	5	5	5	5	5	5.00	25
101	3	4	4	4	4	3.80	19
102	5	5	5	5	5	5.00	25
103	5	5	5	5	5	5.00	25
104	5	2	4	5	5	4.20	21
105	5	5	5	5	4	4.80	24
106	5	5	5	5	5	5.00	25

107	4	5	5	5	5	4.80	24
108	1	1	1	1	1	1.00	5
109	4	2	2	2	2	2.40	12
110	4	4	4	4	4	4.00	20
111	4	4	4	3	3	3.60	18
112	3	4	2	1	1	2.20	11
113	3	4	4	4	2	3.40	17
114	3	1	1	1	1	1.40	7
115	2	1	1	1	1	1.20	6

Shariah Contract (X7)					
No	X7.1	X7.2	X7.3	Mean	Total
1	1	1	1	1.00	3
2	2	2	2	2.00	6
3	2	2	2	2.00	6
4	2	2	2	2.00	6
5	2	2	2	2.00	6
6	2	2	2	2.00	6
7	2	2	2	2.00	6
8	1	2	2	1.67	5
9	2	2	2	2.00	6
10	1	1	1	1.00	3
11	2	2	1	1.67	5
12	1	3	1	1.67	5
13	1	1	1	1.00	3
14	1	1	1	1.00	3
15	5	5	5	5.00	15
16	4	4	4	4.00	12
17	2	2	2	2.00	6
18	4	4	4	4.00	12
19	5	5	5	5.00	15
20	5	5	5	5.00	15
21	4	5	4	4.33	13
22	4	4	4	4.00	12
23	2	1	2	1.67	5
24	5	5	5	5.00	15
25	4	4	4	4.00	12
26	4	4	5	4.33	13
27	1	1	1	1.00	3
28	1	1	1	1.00	3
29	5	5	5	5.00	15
30	2	2	2	2.00	6
31	3	3	3	3.00	9
32	2	2	2	2.00	6
33	4	4	5	4.33	13
34	2	2	2	2.00	6

35	2	2	2	2.00	6
36	1	1	1	1.00	3
37	1	1	1	1.00	3
38	1	1	1	1.00	3
39	3	3	3	3.00	9
40	2	2	2	2.00	6
41	2	2	2	2.00	6
42	1	1	2	1.33	4
43	2	3	3	2.67	8
44	2	2	2	2.00	6
45	2	2	2	2.00	6
46	2	1	1	1.33	4
47	1	1	1	1.00	3
48	2	2	2	2.00	6
49	1	1	2	1.33	4
50	2	2	2	2.00	6
51	1	1	3	1.67	5
52	3	3	2	2.67	8
53	2	2	2	2.00	6
54	2	1	1	1.33	4
55	2	1	1	1.33	4
56	2	2	2	2.00	6
57	1	1	1	1.00	3
58	2	2	2	2.00	6
59	1	1	1	1.00	3
60	2	2	2	2.00	6
61	1	1	1	1.00	3
62	1	1	1	1.00	3
63	2	1	2	1.67	5
64	4	4	4	4.00	12
65	1	1	1	1.00	3
66	1	1	1	1.00	3
67	2	2	2	2.00	6
68	2	2	1	1.67	5
69	1	1	1	1.00	3
70	1	1	1	1.00	3

71	2	2	2	2.00	6
72	2	2	2	2.00	6
73	1	1	1	1.00	3
74	1	1	1	1.00	3
75	1	1	2	1.33	4
76	3	2	1	2.00	6
77	1	1	2	1.33	4
78	2	2	2	2.00	6
79	1	1	1	1.00	3
80	5	5	5	5.00	15
81	5	5	4	4.67	14
82	1	1	1	1.00	3
83	1	1	1	1.00	3
84	1	1	1	1.00	3
85	5	5	5	5.00	15
86	5	5	5	5.00	15
87	5	5	5	5.00	15
88	5	5	5	5.00	15
89	5	5	5	5.00	15
90	4	4	4	4.00	12
91	5	5	5	5.00	15
92	5	5	5	5.00	15
93	3	3	5	3.67	11
94	5	5	5	5.00	15
95	4	4	4	4.00	12
96	5	5	5	5.00	15
97	5	5	5	5.00	15
98	5	5	4	4.67	14
99	5	5	5	5.00	15
100	5	5	5	5.00	15
101	4	5	5	4.67	14
102	1	1	1	1.00	3
103	5	5	5	5.00	15
104	5	5	5	5.00	15
105	5	5	4	4.67	14
106	5	5	5	5.00	15

107	5	5	5	5.00	15
108	1	1	1	1.00	3
109	2	1	1	1.33	4
110	4	3	3	3.33	10
111	3	3	3	3.00	9
112	1	1	1	1.00	3
113	4	4	4	4.00	12
114	4	4	5	4.33	13
115	1	1	1	1.00	3

Corporate Governance (X8)					
No	X8.1	X8.2	X8.3	Mean	Total
1	2	3	1	2.00	6
2	2	2	2	2.00	6
3	2	2	2	2.00	6
4	1	1	1	1.00	3
5	2	2	2	2.00	6
6	2	2	2	2.00	6
7	2	2	2	2.00	6
8	2	2	2	2.00	6
9	2	2	2	2.00	6
10	1	1	1	1.00	3
11	2	2	2	2.00	6
12	2	2	1	1.67	5
13	1	1	1	1.00	3
14	1	1	1	1.00	3
15	5	5	5	5.00	15
16	4	3	3	3.33	10
17	2	1	1	1.33	4
18	5	5	4	4.67	14
19	5	4	4	4.33	13
20	5	5	4	4.67	14
21	5	5	4	4.67	14
22	5	4	4	4.33	13
23	1	1	2	1.33	4
24	5	5	4	4.67	14
25	4	4	4	4.00	12
26	5	4	5	4.67	14
27	1	3	1	1.67	5
28	4	4	4	4.00	12
29	2	2	2	2.00	6
30	2	2	3	2.33	7
31	2	2	2	2.00	6
32	2	2	2	2.00	6
33	5	5	5	5.00	15
34	2	2	2	2.00	6

35	2	2	2	2.00	6
36	2	2	2	2.00	6
37	2	2	2	2.00	6
38	2	2	2	2.00	6
39	1	3	1	1.67	5
40	2	2	2	2.00	6
41	2	2	3	2.33	7
42	3	2	2	2.33	7
43	2	2	2	2.00	6
44	2	3	2	2.33	7
45	2	2	2	2.00	6
46	2	2	2	2.00	6
47	2	2	2	2.00	6
48	2	2	2	2.00	6
49	2	2	3	2.33	7
50	2	2	2	2.00	6
51	2	2	2	2.00	6
52	1	3	3	2.33	7
53	2	2	2	2.00	6
54	2	3	3	2.67	8
55	2	3	3	2.67	8
56	2	2	2	2.00	6
57	1	1	1	1.00	3
58	2	3	3	2.67	8
59	1	1	2	1.33	4
60	1	1	2	1.33	4
61	1	2	2	1.67	5
62	1	1	2	1.33	4
63	1	1	2	1.33	4
64	1	2	2	1.67	5
65	1	2	2	1.67	5
66	1	1	2	1.33	4
67	2	2	2	2.00	6
68	1	2	1	1.33	4
69	2	2	2	2.00	6
70	1	1	1	1.00	3

71	2	3	2	2.33	7
72	2	2	2	2.00	6
73	1	1	1	1.00	3
74	1	1	1	1.00	3
75	1	1	3	1.67	5
76	1	1	3	1.67	5
77	1	2	3	2.00	6
78	5	5	5	5.00	15
79	1	1	1	1.00	3
80	5	5	5	5.00	15
81	4	4	4	4.00	12
82	1	2	2	1.67	5
83	1	1	1	1.00	3
84	2	3	2	2.33	7
85	5	5	5	5.00	15
86	5	5	5	5.00	15
87	4	4	4	4.00	12
88	5	5	5	5.00	15
89	5	5	5	5.00	15
90	3	4	4	3.67	11
91	5	5	5	5.00	15
92	4	3	4	3.67	11
93	2	3	1	2.00	6
94	5	5	5	5.00	15
95	4	4	4	4.00	12
96	4	4	4	4.00	12
97	4	4	4	4.00	12
98	5	5	5	5.00	15
99	5	5	5	5.00	15
100	4	4	3	3.67	11
101	4	4	4	4.00	12
102	5	5	5	5.00	15
103	5	5	5	5.00	15
104	5	5	5	5.00	15
105	3	2	3	2.67	8
106	4	4	4	4.00	12

107	5	5	5	5.00	15
108	2	2	3	2.33	7
109	2	2	2	2.00	6
110	4	4	3	3.67	11
111	3	3	3	3.00	9
112	1	1	1	1.00	3
113	3	4	3	3.33	10
114	4	5	5	4.67	14
115	1	1	1	1.00	3

Ponzi Scheme (X9)					
No	X9.1	X9.2	X9.3	Mean	Total
1	5	4	3	4.00	12
2	4	4	4	4.00	12
3	4	4	4	4.00	12
4	5	5	5	5.00	15
5	4	4	4	4.00	12
6	4	4	4	4.00	12
7	5	5	5	5.00	15
8	4	4	4	4.00	12
9	4	4	4	4.00	12
10	5	5	5	5.00	15
11	5	4	4	4.33	13
12	5	4	3	4.00	12
13	5	5	5	5.00	15
14	5	5	5	5.00	15
15	4	4	4	4.00	12
16	4	3	4	3.67	11
17	4	4	5	4.33	13
18	5	5	5	5.00	15
19	4	3	4	3.67	11
20	2	2	2	2.00	6
21	1	2	2	1.67	5
22	3	3	3	3.00	9
23	5	5	5	5.00	15
24	5	5	5	5.00	15
25	4	4	4	4.00	12
26	5	5	5	5.00	15
27	5	4	4	4.33	13
28	4	4	4	4.00	12
29	4	4	3	3.67	11
30	4	4	4	4.00	12
31	4	4	4	4.00	12
32	4	4	3	3.67	11
33	3	3	3	3.00	9
34	4	4	4	4.00	12

35	4	4	4	4.00	12
36	4	4	3	3.67	11
37	3	3	3	3.00	9
38	3	3	3	3.00	9
39	5	5	5	5.00	15
40	4	4	4	4.00	12
41	4	4	4	4.00	12
42	4	4	4	4.00	12
43	4	4	3	3.67	11
44	5	4	3	4.00	12
45	4	4	4	4.00	12
46	4	4	4	4.00	12
47	3	4	4	3.67	11
48	4	4	4	4.00	12
49	3	4	4	3.67	11
50	4	4	4	4.00	12
51	4	5	4	4.33	13
52	4	5	5	4.67	14
53	4	4	4	4.00	12
54	4	4	4	4.00	12
55	4	4	4	4.00	12
56	4	4	4	4.00	12
57	4	4	4	4.00	12
58	4	4	4	4.00	12
59	3	4	3	3.33	10
60	4	4	4	4.00	12
61	5	5	5	5.00	15
62	4	4	4	4.00	12
63	4	5	5	4.67	14
64	4	4	4	4.00	12
65	4	4	2	3.33	10
66	5	5	4	4.67	14
67	4	4	4	4.00	12
68	4	4	4	4.00	12
69	4	4	4	4.00	12
70	5	5	5	5.00	15

71	4	4	3	3.67	11
72	4	4	4	4.00	12
73	5	5	5	5.00	15
74	5	5	5	5.00	15
75	5	5	2	4.00	12
76	5	5	3	4.33	13
77	4	5	3	4.00	12
78	4	4	4	4.00	12
79	5	5	5	5.00	15
80	4	4	4	4.00	12
81	3	3	3	3.00	9
82	4	5	5	4.67	14
83	5	5	5	5.00	15
84	4	4	4	4.00	12
85	3	4	4	3.67	11
86	4	4	4	4.00	12
87	4	3	4	3.67	11
88	4	5	4	4.33	13
89	5	5	5	5.00	15
90	4	1	3	2.67	8
91	4	4	4	4.00	12
92	3	5	4	4.00	12
93	5	5	5	5.00	15
94	2	5	4	3.67	11
95	4	4	4	4.00	12
96	1	1	5	2.33	7
97	5	5	1	3.67	11
98	4	4	4	4.00	12
99	5	5	5	5.00	15
100	3	5	4	4.00	12
101	5	5	4	4.67	14
102	4	5	5	4.67	14
103	4	4	4	4.00	12
104	4	2	3	3.00	9
105	4	5	4	4.33	13
106	5	4	4	4.33	13

107	5	4	4	4.33	13
108	4	5	4	4.33	13
109	4	5	4	4.33	13
110	5	5	5	5.00	15
111	5	5	5	5.00	15
112	5	5	4	4.67	14
113	3	5	5	4.33	13
114	4	4	4	4.00	12
115	5	5	4	4.67	14

Risk Management (X10)					
No	X10.1	X10.2	X10.3	Mean	Total
1	4	4	4	4.00	12
2	4	4	4	4.00	12
3	4	4	4	4.00	12
4	5	5	5	5.00	15
5	4	4	4	4.00	12
6	4	4	4	4.00	12
7	4	4	4	4.00	12
8	4	4	4	4.00	12
9	4	4	4	4.00	12
10	5	5	5	5.00	15
11	4	4	4	4.00	12
12	3	4	4	3.67	11
13	5	5	5	5.00	15
14	4	4	4	4.00	12
15	5	5	5	5.00	15
16	4	5	5	4.67	14
17	5	5	5	5.00	15
18	5	5	5	5.00	15
19	4	5	5	4.67	14
20	2	2	2	2.00	6
21	2	1	2	1.67	5
22	3	3	3	3.00	9
23	5	5	5	5.00	15
24	5	5	5	5.00	15
25	4	4	4	4.00	12
26	5	5	5	5.00	15
27	4	5	4	4.33	13
28	4	4	4	4.00	12
29	3	3	3	3.00	9
30	4	4	4	4.00	12
31	4	4	4	4.00	12
32	3	3	3	3.00	9
33	3	3	3	3.00	9
34	4	4	4	4.00	12

35	4	4	4	4.00	12
36	4	4	4	4.00	12
37	4	4	4	4.00	12
38	4	4	4	4.00	12
39	5	5	5	5.00	15
40	4	4	4	4.00	12
41	4	4	4	4.00	12
42	4	4	4	4.00	12
43	4	3	4	3.67	11
44	3	3	4	3.33	10
45	4	4	4	4.00	12
46	4	4	5	4.33	13
47	4	4	4	4.00	12
48	4	4	4	4.00	12
49	4	4	4	4.00	12
50	4	4	4	4.00	12
51	4	4	3	3.67	11
52	4	4	4	4.00	12
53	4	4	4	4.00	12
54	4	4	4	4.00	12
55	4	4	4	4.00	12
56	4	4	4	4.00	12
57	5	4	5	4.67	14
58	5	5	5	5.00	15
59	4	4	4	4.00	12
60	4	4	4	4.00	12
61	5	4	4	4.33	13
62	4	4	4	4.00	12
63	5	5	4	4.67	14
64	4	4	4	4.00	12
65	4	4	4	4.00	12
66	5	5	4	4.67	14
67	4	4	4	4.00	12
68	4	4	4	4.00	12
69	4	4	4	4.00	12
70	5	5	5	5.00	15

71	4	4	4	4.00	12
72	4	4	4	4.00	12
73	5	4	4	4.33	13
74	5	5	5	5.00	15
75	5	5	5	5.00	15
76	5	5	5	5.00	15
77	5	5	4	4.67	14
78	4	4	4	4.00	12
79	5	5	5	5.00	15
80	4	3	3	3.33	10
81	3	3	3	3.00	9
82	5	5	5	5.00	15
83	5	5	5	5.00	15
84	4	5	4	4.33	13
85	4	4	4	4.00	12
86	4	4	5	4.33	13
87	3	3	3	3.00	9
88	4	4	4	4.00	12
89	5	5	5	5.00	15
90	4	4	4	4.00	12
91	4	5	5	4.67	14
92	4	4	4	4.00	12
93	5	5	5	5.00	15
94	5	5	4	4.67	14
95	4	4	4	4.00	12
96	5	5	5	5.00	15
97	5	5	5	5.00	15
98	4	4	4	4.00	12
99	5	5	5	5.00	15
100	4	4	3	3.67	11
101	4	4	4	4.00	12
102	4	4	5	4.33	13
103	4	4	4	4.00	12
104	2	3	4	3.00	9
105	5	5	4	4.67	14
106	5	5	5	5.00	15

107	4	4	4	4.00	12
108	4	4	4	4.00	12
109	4	4	4	4.00	12
110	5	5	5	5.00	15
111	5	5	5	5.00	15
112	5	5	4	4.67	14
113	5	5	5	5.00	15
114	4	4	4	4.00	12
115	5	5	5	5.00	15

Potential Failure of Peer-to-Peer Lending (Y)							
No	Y1.1	Y1.2	Y1.3	Y1.4	Y1.5	Mean	Total
1	5	4	4	5	4	4.40	22
2	4	4	5	4	4	4.20	21
3	3	4	4	4	4	3.80	19
4	4	4	4	5	5	4.40	22
5	4	4	4	4	4	4.00	20
6	4	4	4	4	4	4.00	20
7	5	4	4	4	5	4.40	22
8	5	5	5	4	4	4.60	23
9	5	5	5	4	4	4.60	23
10	5	5	5	5	5	5.00	25
11	5	4	5	4	4	4.40	22
12	5	5	5	4	4	4.60	23
13	4	4	5	5	5	4.60	23
14	5	5	5	5	5	5.00	25
15	5	5	5	4	5	4.80	24
16	5	5	5	5	4	4.80	24
17	5	5	5	5	5	5.00	25
18	4	5	4	5	5	4.60	23
19	4	4	4	4	4	4.00	20
20	3	3	3	3	3	3.00	15
21	2	2	3	3	2	2.40	12
22	3	3	4	4	3	3.40	17
23	5	5	5	5	5	5.00	25
24	3	3	4	4	4	3.60	18
25	4	4	5	5	4	4.40	22
26	5	5	5	5	5	5.00	25
27	5	4	4	5	4	4.40	22
28	4	3	5	5	4	4.20	21
29	3	3	3	5	3	3.40	17
30	4	4	4	4	4	4.00	20
31	3	3	3	4	4	3.40	17
32	3	3	4	4	3	3.40	17
33	3	3	3	4	3	3.20	16
34	3	4	4	4	4	3.80	19

35	3	4	4	4	4	3.80	19
36	5	4	5	5	4	4.60	23
37	3	4	4	5	4	4.00	20
38	3	4	4	5	4	4.00	20
39	3	4	4	4	5	4.00	20
40	4	4	4	4	4	4.00	20
41	4	4	4	4	4	4.00	20
42	4	4	4	4	4	4.00	20
43	4	4	4	4	4	4.00	20
44	4	3	4	4	4	3.80	19
45	4	4	4	4	4	4.00	20
46	5	4	4	4	4	4.20	21
47	4	4	5	5	4	4.40	22
48	4	4	4	4	4	4.00	20
49	4	4	5	4	4	4.20	21
50	4	4	4	4	4	4.00	20
51	4	4	4	4	4	4.00	20
52	4	4	3	4	4	3.80	19
53	4	4	4	4	4	4.00	20
54	3	4	4	4	4	3.80	19
55	3	4	4	4	4	3.80	19
56	4	4	4	4	4	4.00	20
57	4	5	5	5	4	4.60	23
58	3	5	4	4	5	4.20	21
59	3	4	5	5	4	4.20	21
60	4	4	4	4	4	4.00	20
61	4	5	5	5	5	4.80	24
62	5	4	5	5	4	4.60	23
63	5	4	4	5	5	4.60	23
64	3	3	3	4	4	3.40	17
65	3	4	5	5	4	4.20	21
66	4	3	5	5	5	4.40	22
67	4	4	4	4	4	4.00	20
68	4	4	4	5	4	4.20	21
69	3	3	4	5	4	3.80	19
70	3	4	4	5	5	4.20	21

71	4	4	4	4	4	4.00	20
72	3	3	4	4	4	3.60	18
73	3	4	4	5	5	4.20	21
74	5	5	5	5	5	5.00	25
75	4	4	4	5	5	4.40	22
76	4	4	4	4	5	4.20	21
77	4	5	4	4	4	4.20	21
78	3	3	3	4	4	3.40	17
79	4	4	5	5	5	4.60	23
80	3	3	4	3	4	3.40	17
81	2	3	3	4	3	3.00	15
82	4	4	5	5	5	4.60	23
83	3	3	4	5	5	4.00	20
84	3	4	4	5	4	4.00	20
85	3	3	4	4	4	3.60	18
86	4	5	4	5	4	4.40	22
87	4	4	4	5	3	4.00	20
88	4	4	4	4	4	4.00	20
89	2	3	4	5	5	3.80	19
90	2	2	5	5	3	3.40	17
91	4	4	5	5	4	4.40	22
92	3	3	4	4	4	3.60	18
93	5	5	5	5	5	5.00	25
94	4	4	4	5	4	4.20	21
95	4	3	5	5	4	4.20	21
96	5	4	5	5	4	4.60	23
97	4	5	5	5	4	4.60	23
98	4	4	4	4	4	4.00	20
99	4	4	5	5	5	4.60	23
100	4	4	5	4	4	4.20	21
101	5	4	5	5	4	4.60	23
102	4	4	4	5	5	4.40	22
103	4	5	4	4	4	4.20	21
104	3	3	5	5	3	3.80	19
105	4	4	5	5	5	4.60	23
106	3	4	4	5	5	4.20	21

107	5	4	5	5	4	4.60	23
108	4	3	4	4	4	3.80	19
109	4	4	4	4	4	4.00	20
110	3	3	4	5	5	4.00	20
111	5	5	5	5	5	5.00	25
112	5	5	4	5	5	4.80	24
113	4	4	4	4	5	4.20	21
114	2	2	4	5	4	3.40	17
115	5	5	5	5	5	5.00	25

APPENDIX 3: PROCESSING DATA WITH SPSS

Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	x10, x6, x1, x2, x5, x9, x3, x8, x4, x7[b]	.	Enter

a. Dependent Variable: y

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.910[a]	.827	.811	.21280

a. Predictors: (Constant), x10, x6, x1, x2, x5, x9, x3, x8, x4, x7

b. Dependent Variable: y

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.558	10	2.256	49.814	.000[b]
	Residual	4.710	104	.045		
	Total	27.267	114			

a. Dependent Variable: y

b. Predictors: (Constant), x10, x6, x1, x2, x5, x9, x3, x8, x4, x7

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.846	.346		5.337	.000
	x1	.085	.024	.162	3.483	.001
	x2	.073	.037	.128	2.001	.048
	x3	.109	.042	.171	2.620	.010
	x4	.152	.045	.240	3.384	.001
	x5	.131	.040	.187	3.281	.001
	x6	-.001	.027	-.003	-.034	.973
	x7	-.005	.029	-.015	-.160	.873
	x8	.012	.027	.034	.450	.654
	x9	.110	.045	.144	2.422	.017
	x10	-.166	.051	-.216	-3.240	.002

Normality Test

NPar Tests

One-Sample Kolmogorov-Smirnov Test

		Standardized Residual
N		115
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	.95513387
Most Extreme Differences	Absolute	.086
	Positive	.086
	Negative	-.060
Kolmogorov-Smirnov Z		.926
Asymp. Sig. (2-tailed)		.357

a. Test distribution is Normal.

b. Calculated from data.

Multicolinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.846	.346		5.337	.000		
	x1	.085	.024	.162	3.483	.001	.766	1.306
	x2	.073	.037	.128	2.001	.048	.407	2.458
	x3	.109	.042	.171	2.620	.010	.388	2.575

x4	.152	.045	.240	3.384	.001	.331	3.023
x5	.131	.040	.187	3.281	.001	.512	1.953
x6	-.001	.027	-.003	-.034	.973	.261	3.832
x7	-.005	.029	-.015	-.160	.873	.197	5.083
x8	.012	.027	.034	.450	.654	.294	3.405
x9	.110	.045	.144	2.422	.017	.470	2.129
x10	-.166	.051	-.216	-3.240	.002	.373	2.683

a. Dependent Variable: y

Descriptive

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
x1	115	1.00	5.00	3.5884	.93380
x2	115	1.33	5.00	3.8145	.85406
x3	115	1.67	5.00	3.9101	.76767
x4	115	1.33	5.00	3.8841	.77112
x5	115	1.75	5.00	4.0848	.70001
x6	115	1.00	5.00	2.6678	1.46441
x7	115	1.00	5.00	2.6406	1.54979
x8	115	1.00	5.00	2.7159	1.35598
x9	115	1.67	5.00	4.0986	.64281
x10	115	1.00	4.33	1.8000	.63798
y	115	2.40	5.00	4.1496	.48907
Valid N (listwise)	115				

Frequency Table

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	74	64.3	64.3	64.3
	Female	41	35.7	35.7	100.0
	Total	115	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 29 years	23	20.0	20.0	20.0
	30 - 39 years	66	57.4	57.4	77.4
	40 - 49 years	21	18.3	18.3	95.7
	50 - 60 years	5	4.3	4.3	100.0
	Total	115	100.0	100.0	

Profession

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sharia Supervisory Board	3	2.6	2.6	2.6
	Academicians	41	35.7	35.7	38.3
	Researchers	1	.9	.9	39.1
	PNS	1	.9	.9	40.0
	Practicioners	56	48.7	48.7	88.7
	Bank Employee	11	9.6	9.6	98.3

	Regulator	1	.9	.9	99.1
	Phd Students	1	.9	.9	100.0
	Total	115	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	1	.9	.9	.9
	Undergraduate	4	3.5	3.5	4.3
	Post Graduate	90	78.3	78.3	82.6
	Doctoral	20	17.4	17.4	100.0
	Total	115	100.0	100.0	

Working Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 5 years	51	44.3	44.3	44.3
	5 - 10 years	34	29.6	29.6	73.9
	> 10 years	30	26.1	26.1	100.0
	Total	115	100.0	100.0	

Result of validity and reliability test of rate of return (X1)

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.800	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X1.1	7.1913	3.998	.530	.854
X1.2	7.2000	4.021	.654	.721
X1.3	7.1391	3.489	.771	.590

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Result of validity and reliability test of financing purpose (X2)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.740	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X2.1	7.5913	3.279	.683	.530
X2.2	7.5391	2.654	.641	.564
X2.3	7.7565	3.958	.409	.819

Result of validity and reliability test of indebtedness (X3)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.814	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X3.1	7.9826	2.386	.646	.773
X3.2	7.8087	2.472	.744	.664
X3.3	7.6696	2.872	.619	.791

Result of validity and reliability test of size of financing (X4)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.754	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X4.1	7.6087	2.644	.746	.510
X4.2	7.6435	2.793	.554	.704
X4.3	8.0522	2.576	.488	.803

Result of validity and reliability test of financing history (X5)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.871	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X5.1	12.4783	4.848	.622	.876
X5.2	12.1739	4.566	.830	.797
X5.3	12.2087	4.535	.832	.796
X5.4	12.1565	4.449	.652	.871

Result of validity and reliability test of Islamic ethics (X6)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.978	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X6.1	10.6000	35.295	.916	.975
X6.2	10.6348	34.322	.904	.977
X6.3	10.6696	34.539	.957	.969
X6.4	10.7130	33.978	.956	.969
X6.5	10.7391	34.387	.939	.971

Result of validity and reliability test of sharia contract (X7)

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.984	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X7.1	5.2783	9.799	.969	.974
X7.2	5.2957	9.508	.975	.970
X7.3	5.2696	9.742	.952	.986

Result of validity and reliability test of corporate governance (X8)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.965	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X8.1	5.5130	6.971	.942	.937
X8.2	5.3826	7.519	.930	.945
X8.3	5.4000	7.961	.908	.961

Result of validity and reliability test of Ponzi scheme (X9)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.728	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X9.1	8.1826	1.887	.553	.636
X9.2	8.1043	1.673	.655	.506
X9.3	8.3043	2.073	.450	.753

Result of validity and reliability test of risk management (X10)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.935	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X10.1	3.6000	1.681	.866	.906
X10.2	3.6087	1.556	.911	.870
X10.3	3.5913	1.805	.827	.937

Result of validity and reliability test of potential failure of peer-to-peer lending (Y)

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	115	100.0
	Excluded[a]	0	.0
	Total	115	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.787	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Y1.1	16.8870	3.417	.630	.728
Y1.2	16.8087	3.665	.656	.714
Y1.3	16.4696	4.128	.611	.734
Y1.4	16.2783	4.676	.419	.788
Y1.5	16.5478	4.267	.532	.758

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