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Evaluation of Fintech Peer-to-Peer Lending Platforms for Sustainable Online Businesses

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	Abstract
<p>Dr. Adeel Rahim FATA University, F.R. Kohat. adeel.rahim@fu.edu.pk</p> <p>Mr. Kabir Khan MBA-Finance, FATA University.</p> <p>Dr. Syed Bilal Shah FATA University, F.R.Kohat.</p> <p>Ghayur Ahmad* Prince Mohammad Bin Fahd University KSA. Corresponding Author Email: homagedawn@gmail.com</p>	<p>This study evaluates the awareness, perceptions, and adoption potential of FinTech-based online business lending platforms, with a focus on peer-to-peer (P2P) models among young individuals in Pakistan. Despite the rapid global rise of such platforms, their penetration in Pakistan remains limited due to low financial literacy, regulatory ambiguity, and trust deficits. Using a structured, quantitative survey of 120 respondents aged 18–35 comprising students, young professionals, entrepreneurs, and freelancers the research investigates key variables such as awareness levels, perceived benefits, barriers, trust factors, and willingness to adopt. The findings reveal that while the target demographic is digitally active and well-educated, more than two-thirds have never heard of P2P lending, and only a small fraction possess a deep understanding of its operations. The study concludes that online business lending in Pakistan’s youth market holds substantial growth potential, provided that regulatory frameworks, cybersecurity measures, and structured awareness programs are strengthened.</p>
Keywords	Fintech, Peer to Peer Lending, Sustainable online businesses.



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Introduction

Fintech has transformed financial services by integrating digital solutions, enhancing accessibility, and reducing transaction costs (Idrees & Ullah, 2024). Online business lending, a subset of fintech, enables borrowers to secure loans directly from investors via online platforms, eliminating traditional banking intermediaries (Saeed et al., 2024). Globally, countries like the United States, China, and the United Kingdom have witnessed substantial growth in online business lending due to its efficiency and cost-effectiveness (Faisal et al., 2024). However, in developing nations like Pakistan, the adoption of such innovative financial models is slow due to regulatory constraints, lack of awareness, and trust issues (sultan et al., 2023). Pakistan's financial landscape is characterized by a large unbanked population, with limited access to formal credit systems (Ali & Abdullah, 2020). The country's youth, who form a significant portion of the population, are digitally adept and inclined towards technological solutions (sharif & shaikh, 2024). This demographic presents an opportunity for the adoption of fintech online business lending platforms, provided there is adequate awareness and trust in the system.

Awareness plays a crucial role in the adoption of fintech solutions. A study by Rizwan et al. (2024) highlights that financial literacy is a key determinant of fintech adoption in Pakistan. Youngsters, despite being tech-savvy, often lack the necessary knowledge of digital financial services, limiting their engagement with innovative financial solutions (Khanam, 2020). Trust is another significant factor influencing the adoption of online business lending platforms. According to Khan et al. (2023), perceived security and reliability are major concerns among Pakistani users when engaging with digital financial platforms. Many individuals remain skeptical about sharing financial data online due to concerns over fraud and cybersecurity risks (Idrees & Ullah, 2024).

The adoption of fintech-based online business lending in Pakistan faces several challenges, including regulatory barriers, lack of digital literacy, and concerns over financial fraud. Regulatory ambiguity remains one of the most significant obstacles, as there is no clear framework governing online business lending platforms in Pakistan (Rizvi et al., 2018). Unlike China and the United States where online business lending is regulated and widely accepted, Pakistan's financial regulatory authorities have yet to implement specific policies to govern such platforms (Doumi et al., 2024). Another challenge is the lack of trust in digital financial services. Faisal et al. (2024) found that security concerns, including data breaches and fraudulent activities, deter many individuals from using fintech solutions. Furthermore, financial literacy among Pakistani youngsters is low, impacting their ability to make informed decisions about borrowing and investing on online business platforms (sharif & shaikh, 2024). Despite these challenges, online business lending platforms offer several advantages that could benefit young Pakistanis. These platforms provide an alternative financing source for students, entrepreneurs, and small business owners who may not qualify for traditional bank loans (Rehman & Khalil, 2024). Additionally, the low-interest rates and flexible repayment options offered by online business platforms make them an attractive option for young borrowers (Saeed et al., 2024).

Moreover, the rise of digital financial services can enhance financial inclusion by providing credit access to individuals in remote areas where traditional banking infrastructure is lacking (sultan et al., 2023). If properly regulated and promoted, online business lending platforms could significantly contribute to Pakistan's financial inclusion goals (Ali & Abdullah, 2020). The study on "evaluation of fintech online business lending platforms awareness: a case study of Pakistani youngsters" highlights the importance of digital financial literacy and trust in the adoption of online business lending platforms. While the potential for growth is evident, several challenges, including regulatory barriers and security concerns, need to be addressed.

To enhance awareness and adoption, policymakers should implement regulatory frameworks to ensure the security and legitimacy of online business lending platforms. Financial literacy programs targeted at young individuals can also play a crucial role in increasing adoption rates. Additionally, partnerships between fintech firms and educational institutions can help bridge the knowledge gap, encouraging responsible financial behavior among youngsters. With the right strategies in place, online business lending can serve as a viable financial solution for young Pakistanis, fostering economic growth and financial inclusion in the country.

Problem Statement

Financial technology (fintech) platforms provide an alternative financing mechanism by directly connecting borrowers and lenders, by passing through traditional financial institutions. While online business lending has gained traction globally, its adoption in Pakistan remains limited due to regulatory constraints, lack of trust, and insufficient awareness among potential users, particularly the youth (Idrees & Ullah, 2024).

Despite being digital natives, Pakistani youngsters exhibit low engagement with online business lending platforms due to limited financial literacy, security concerns, and unfamiliarity with digital lending models (Rizwan et al., 2024). This knowledge gap prevents young entrepreneurs, students, and professionals from leveraging alternative financial solutions, potentially hindering financial inclusion and economic development (Saeed et al., 2024).



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This study aims to evaluate the level of awareness, adoption barriers, and perception of fintech-based online business lending platforms among young Pakistanis, identifying the factors influencing their decision to engage with such services. The findings will offer valuable insights for policymakers, fintech companies, and financial regulators to promote financial inclusion through digital lending solutions.

Research Objectives

The objectives of this study are.

- To evaluate fintech lending platforms for online business in Pakistan. · To identify the key factors influencing adoption of online business lending, such as financial literacy and regulatory concerns.
- To explore barriers to adoption and challenges faced by youngsters in engaging with online business lending platforms.
- To examine the role of financial education and digital literacy in improving the adoption rate of online business lending.
- To provide policy recommendations and strategic solutions to enhance awareness and adoption of online business lending in Pakistan.

Research Questions

- What is the current level of awareness of fintech-based online business lending platforms among Pakistani youngsters?
- What factors influence the adoption of online business lending platforms among young Pakistanis?
- What are the primary barriers preventing the widespread use of online business lending platforms in Pakistan?
- How do trust, security concerns, and financial literacy impact the adoption of digital lending solutions?
- What strategies can be implemented to increase awareness and adoption of online business lending among Pakistani youth?

Research Gap

Although fintech and online business lending have been widely researched in developed economies (Lukonga, 2021; Faisal et al., 2024), limited academic work has explored their adoption in developing countries, particularly in Pakistan. Previous studies have primarily focused on financial inclusion through mobile banking and digital payments (Rizvi et al., 2018; Ali & Abdullah, 2020), overlooking online business lending as a viable alternative to traditional banking.

Furthermore, existing research has not sufficiently examined the role of financial literacy, trust, and regulatory frameworks in shaping young Pakistanis' fintech trend towards online business lending (Sharif & Shaikh, 2024). This study fills this gap by conducting an in-depth analysis of youth awareness, adoption barriers, and policy recommendations tailored to Pakistan's financial ecosystem.

Scope of the Study

This study is focused on evaluating the awareness and perception of fintech-based online business lending platforms among Pakistani youngsters.

Research Methodology

This study employed a quantitative research design to assess the awareness, perceptions, and adoption potential of FinTech-based online business lending platforms among young individuals in Pakistan. The target population comprised youth aged 18–35, including university students, entrepreneurs, freelancers, and young professionals from major urban centers and smaller cities. A systematic sampling technique was used to ensure participants had some exposure to digital financial services. Primary data was collected through a structured, self-administered questionnaire comprising five sections: demographic information, awareness levels, perceived benefits and barriers, willingness to adopt, and suggestions for improvement. The survey was distributed online via social media platforms, university networks, and professional groups. A total of 120 valid responses were analyzed using descriptive statistics (frequency distributions, means, and percentages) and inferential methods such as chi-square tests, t-tests, ANOVA, and regression analysis to identify relationships between demographic factors, financial literacy, trust levels, and adoption intentions.

Research Design

This study follows a quantitative research design using a survey-based approach to collecting primary data. The rationale behind using a structured questionnaire is to obtain measurable insights into awareness levels, influencing factors, and barriers to Online Business lending adoption.



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Target Population and Sampling

Target Population

The target population consists of young individuals in Pakistan aged 18-35, including:

- University students
- Young online traders and professionals
- Entrepreneurs

These groups were chosen because they represent the most digitally active demographic with the highest potential to adopt FinTech solutions.

Sampling Technique

Systematic sampling technique was used to ensure that participants have at least some exposures to digital financial services. The study primarily targets individuals who:

- Have access to mobile banking, digital payments, or financial apps.
- Have heard about or used fintech platforms, even if they have not used online business lending specifically.

Sample Size

A minimum of 120 respondents were surveyed to ensure statistical significance and generalizability. This number is based on Cochran's sample size formula for large populations.

Data Collection Instrument: Questionnaire Design

A structured questionnaire was used for data collection. It consists of five sections, each addressing distinct aspects of FinTech awareness and adoption.

Data Analysis

The results of the primary data were collected through a structured questionnaire administered to 120 respondents within the target demographic of young individuals in Pakistan. The analysis focuses on understanding their awareness, perceptions, trust levels, and willingness to adopt FinTech-based online business lending platforms, particularly peer-to-peer (P2P) lending models. Data is organized into descriptive tables that detail demographics characteristics, awareness levels, familiarity, usage of other FinTech services, perceived benefits and barriers, and adoption intentions. Each table is followed by an in-depth narrative interpretation that identifies patterns, compares findings with relevant literature, and highlights key implications for the adoption of online lending in Pakistan. The presentation of results in this study forms the empirical foundations for the discussions, conclusions, and recommendations in the subsequent section.

Demographic Variables

Variable	Category	Frequency
Age	18–22	47
	23–27	39
	28–32	30
	33–35	4
	Total	120
Gender	Female	35
	Male	73
	Prefer not to say	12
	Total	120
Education	Intermediate	37
	Bachelor's degree	64
	Other	19

Employment and Income Information

		Total	120
Employment	Employed (full-time)		25
	Employed (part-time)		10
	Self-employed / Entrepreneur		56
	Student		13
	Unemployed		16
	Total		120
Income	No income		19
	Less than PKR 30,000		23
	PKR 30,001 – 60,000		39
	PKR 60,001 – 100,000		26
	Above PKR 100,000		13
	Total		120

Table 1.1 Demographic and Income Information

The demographic data provides a foundational understanding of the participant’s profile and is crucial for interpreting subsequent findings. The age distribution reveals that the largest group of respondents falls within the 18–22 years category (39.2%), closely followed by those aged 23–27 years (32.5%). This confirms that the research captures perspectives primarily from early adulthood, a stage marked by high digital engagement but potentially limited financial experience. The smaller representation of those aged 28–32 (25%) and 33–35 (3.3%) suggests that slightly older youth, who may have greater earning capacity and financial responsibilities, are underrepresented. Gender distribution shows that males (60.8%) dominate the sample, with females accounting for 29.2% and 10% preferring not to disclose. This male dominance may reflect broader patterns in Pakistan’s entrepreneurship and online financial engagement, where men often have greater mobility, digital exposure, and access to financial decision-making. Education levels indicate that over half of respondents (53.3%) have a bachelor’s degree, with 30.8% holding Intermediate-level education, and 15.8% categorized as “Other,” possibly including diploma holders or vocational certifications. This high education profile is significant because digital finance adoption is often correlated with higher education levels, as highlighted in the literature review (Khanam, 2020; Abbas & Khan, 2024). Employment status reveals that self-employed or entrepreneurial respondents make up the largest proportion (46.7%), followed by those in full-time employment (20.8%), and students (10.8%). This composition aligns well with the study’s focus since entrepreneurs and the self-employed are more likely to seek alternative financing options, such as online business lending, to support business growth. Income distribution further contextualizes the economic position of respondents: the largest group earns PKR 30,001–60,000 per month (32.5%), followed by those earning PKR 60,001–100,000 (21.7%) and a notable 15.8% reporting no income at all.

Awareness of and Familiarity with Peer-to-Peer Lending

Table 1.2

Q: Have you ever heard of Peer-to-Peer lending in online business

Answer	Frequency	Percentage
No	82	68.33
Yes	38	31.67
Grand Total	120	100

The findings here are striking: a substantial **68.3%** of respondents have never heard of peer-to-peer (P2P) lending, while only **31.7%** report any awareness of the concept. Given the target population’s high education levels and digital engagement, this lack of awareness underscores a significant knowledge gap in Pakistan’s FinTech landscape. Compared to developed countries where P2P lending awareness has been accelerated by targeted marketing, government-backed literacy campaigns, and media

coverage, Pakistan’s youth is largely uninformed about these platforms. This finding aligns with Sharif & Shaikh (2024), who note that while Generation Z is digitally savvy, their exposure to alternative financial solutions remains minimal without formalized education or structured promotional efforts. The implication is clear — before adoption can occur at scale, basic awareness-building must be prioritized.

Table 1.3

Question: How familiar are you with Peer-to-Peer Lending

Answer	Frequency	Percentage
Not familiar	48	40
Slightly familiar	22	18.3
Moderately familiar	23	19
Familiar	14	11.7
Remarkably familiar	13	11
Grand Total	120	100

Even among the minority who are aware of P2P lending, familiarity is shallow. A significant **40%** of respondents report being “not familiar” at all with how such platforms work, and **18.3%** are only “slightly familiar.” This suggests that mere exposure to the term does not equate to understanding its mechanics, benefits, and risks. Only **22.7%** of respondents rate themselves as “familiar” or “very familiar,” indicating a small core group with a deeper grasp of the concept. This gap between awareness and comprehension is critical: without functional understanding, potential users cannot make informed decisions or trust digital lending models. As the literature review highlighted (Khanam, 2020; Rizwan & Mustafa, 2022), digital financial literacy is a key determinant in the adoption of emerging financial services. The low familiarity levels here echo those findings, reinforcing the need for both informational and experiential exposure to P2P lending.

Table 1.4

Question: Which FinTech services have you used?

Answer	Frequency	Percentage
Mobile banking	52	43.3
Digital wallets	38	31.7
Crowdfunding	4	3.3
Online Business lending	11	9.2
None	15	12.5
Total	120	100

Usage data reveals that mobile banking (43.3%) and digital wallets (31.7%) are the most widely adopted FinTech services among respondents, reflecting the broader global trend where payment-related innovations typically precede lending adoption. In contrast, only **9.2%** have ever used online business lending, and **3.3%** have engaged in crowdfunding, suggesting that credit-oriented FinTech products remain at the fringes of user behavior in Pakistan. Notably, **12.5%** of respondents have not used any FinTech service at all, indicating that a portion of the population remains digitally unbanked despite being in the younger, more connected demographic. This uneven adoption aligns with Lukonga’s (2021) findings that in developing economies, FinTech uptake tends to follow a staggered path with transactional services paving the way for more complex offerings like lending.

Table 1.5

Question: What is your source of Awareness of Peer-to-Peer Lending

Answer	Frequency	Percentage
Bank or financial institution	24	20
Friends / Family	25	20

Other	5	4
Social media	51	43
University / Educational institution	15	13
Grand Total	120	100

For those who are aware of P2P lending, **social media (43%)** is the dominant source of information, far outpacing traditional institutional channels. Friends and family (20.8%) and banks or financial institutions (20%) share the second position, while universities account for 13% and “other” sources just 4%. The dominance of social media highlights the informal, decentralized way information about financial innovations is spreading in Pakistan. However, it also raises concerns about accuracy, as unregulated online discourse can perpetuate misinformation or incomplete understanding. This trend underlines the importance of leveraging digital platforms for structured awareness campaigns while ensuring that content is credible and user oriented.

Perceived Benefits and Barriers

Table 1.6.

Question: Main perceived benefit of Online Business lending

Answer	Frequency	Percentage
Easy accessibility	51	42.5
Lower interest rates	15	12.5
Alternative to banks	24	20
Other	5	4.2
Faster approval process	25	20.8
Total	120	100

Table 1.6 reveals that **easy accessibility** is overwhelmingly perceived as the primary benefit of online business lending, cited by **42.5%** of respondents. This suggests that users highly value the convenience and reduced procedural barriers compared to traditional financing methods. **Faster approval process (20.8%)** and viewing it as an **alternative to banks (20%)** also rank strongly, highlighting that speed and independence from conventional banking channels are significant motivators. Interestingly, only **12.5%** consider **lower interest rates** as the main benefit, indicating that while cost matters, procedural ease and speed are more compelling to potential users. A small proportion (**4.2%**) selected “Other,” which could encompass personalized benefits such as flexible repayment options, better access for underserved individuals, or suitability for small-scale borrowing.

Table 1.7

Question: How much do you trust Online Business lending platforms?

Degree of Trust	Frequency	Percentage
No Trust at all	12	10.0
Low Trust	41	34.2
Neutral	25	20.8
High Trust	31	25.8
Complete Trust	11	9.2
Total	120	100

Trust remains a significant challenge, with **34.2%** of respondents expressing “low trust” and 10% having no trust at all. A neutral stance is held by 20.8%, suggesting a segment that could be swayed through targeted reassurance measures. On the positive side, 25.8% report “high trust” and 9.2% express “complete trust,” representing a smaller but committed group of believers in the model. This polarization in trust levels echoes the literature, where security concerns, lack of regulation, and limited direct experience are common inhibitors in developing markets (Faisal et al., 2024).

Table 1.8

Question: Primary concerns about using Online Business lending platforms

Answer	Frequency	Percentage
Fraud / scams	27	22.5
High risk of default	11	9.2
Lack of information	11	9.2
Lack of regulation	29	24.2
Privacy concerns	42	35.0
Total	120	100

Privacy concerns dominate, cited by **35%** of respondents, followed by lack of regulation (24.2%) and fraud/scams (22.5%). This aligns with global patterns in FinTech adoption where users fear data misuse, particularly in countries with weaker consumer protection laws. Concerns about high default risk (9.2%) and lack of information (9.2%) are less prominent but still relevant. These perceptions highlight the dual challenge for P2P platforms building both technological safeguards and an enabling regulatory framework.

Willingness to Adopt

Table 1.9

Question: Would you consider using an Online Business lending platform in the future?

Future P2P Adoption Prospect	Frequency	Percentage
Yes	54	45.0
No	25	20.8
Maybe	41	34.2
Total	120	100

Encouragingly, **45%** of respondents would consider using online lending in the future, and 34.2% are open to “maybe,” indicating a significant potential user base if key concerns are addressed. Only 20.8% firmly reject the idea, which means the majority can still be converted through awareness-building, regulatory assurances, and positive user experiences.

Table 1.10

Question: What would most encourage you to use Online Business lending?

Answer	Frequency	Percentage
Financial education / training	27	22.5
Government regulation & protection	53	44.2
Partnership with known banks	17	14.2
Successful user stories	20	16.7
Other	3	2.5
Total	120.0	100.0

Government regulation and protection is the leading motivator (44.2%), underscoring the importance of formal policy in fostering user confidence. Financial education and training (22.5%) come second, indicating a clear demand for capacity-building initiatives.

Partnerships with known banks (14.2%) and highlighting successful user stories (16.7%) also feature, suggesting that both credibility and relatable case studies can drive adoption.

Measures to Improve Adoption

Table 1.11

Question: Which measures should Peer-to-peer lending platforms take to increase trust?

Answer	Frequency	Percentage
Awareness campaigns	15	12.5
Government regulations	32	26.7
Partnerships with banks	19	15.8
Stronger security systems	50	41.7
Other	4	3.3
Total	120.0	100.0

Respondents identify stronger security systems (41.7%) as the most important trust building measure, reflecting their priority for safe transactions and protection from cyber threats. Government regulations (26.7%) and partnerships with banks (15.8%) follow, highlighting that institutional credibility must complement technological safeguards. Awareness campaigns are less emphasized (12.5%), reinforcing the idea that trust cannot be built by marketing alone without addressing core security and policy concerns.

Table 1.12

Question: Should universities/colleges include financial literacy programs that cover Online Business/ peer-to-peer lending?

Answer	Frequency	Percentage
Yes	120	100.0
No	0	0.0
Total	120.0	100.0

The unanimous agreement (100%) that universities and colleges should include financial literacy programs covering online business and P2P lending is highly significant. It not only validates the role of educational institutions in bridging the knowledge gap but also presents a practical entry point for policymakers and FinTech companies to collaborate on structured, curriculum-based interventions. This finding aligns strongly with Abbas & Khan (2024), who argue that embedding FinTech education in formal academic settings is key to improving adoption rates among youth.

Findings

The findings of this research provide valuable insights into the current state of awareness, perceptions, and adoption potential of FinTech-based peer-to-peer (P2P) online business lending platforms among young individuals in Pakistan. The analysis of data from 120 respondents highlights several important demographics, behavioral, and attitudinal patterns that have implications for policymakers, FinTech firms, and educational institutions alike.

The demographic composition of respondents indicates that the majority belonged to the younger age brackets of 18–27 years, a group that is digitally active but may still lack financial maturity and experience with alternative lending solutions. Over half of the respondents were bachelor's degree holders, while a considerable proportion also reported being self-employed or entrepreneurs. This suggests that the sample was both educated and economically diverse, with many participants belonging to the very group that could potentially benefit most from alternative financing channels. Income levels varied, but a large proportion fell in the low- to middle-income ranges, demonstrating that access to affordable and accessible credit options could be highly relevant for their personal and entrepreneurial needs.

A particularly striking finding is the low level of awareness about P2P lending, with more than two-thirds of the participants indicating they had never heard of such platforms. Even among the minority who had some awareness, familiarity was shallow, as many did not fully understand the mechanics or processes involved. This gap reflects the broader challenge of financial literacy in Pakistan, where despite technological penetration, knowledge about sophisticated financial innovations remains limited. The fact that mobile banking and digital wallets were the most widely used FinTech services, while lending platforms remained at the margins, demonstrates that adoption tends to start with transactional services before extending to credit-based products.



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The study also found that awareness is being driven primarily through informal and digital channels, with social media emerging as the most dominant source of information. Friends and family played a role as well, while banks and universities were relatively weak contributors. This highlights both an opportunity and a concern. On one hand, digital platforms can be leveraged as powerful tools for spreading awareness, but on the other, reliance on informal networks can result in misinformation and incomplete understanding of financial risks. The lack of strong institutional involvement indicates that structured efforts are missing in bridging the knowledge gap.

When examining perceived benefits, respondents overwhelmingly cited convenience related factors, particularly easy accessibility, faster approval processes, and independence from traditional banks. These findings indicate that the youth are more attracted to efficiency, flexibility, and procedural ease than to cost-related advantages such as lower interest rates. This points to a significant cultural shift in financial preferences, where speed and user experience are prioritized over purely economic considerations.

However, these benefits were tempered by notable trust deficits. A substantial proportion of respondents expressed either low trust or no trust at all in P2P lending platforms. Privacy concerns were reported as the single biggest barrier, followed closely by lack of regulation and fears of fraud or scams. This indicates that while the demand potential exists, the absence of strong regulatory frameworks and data security measures severely undermines confidence. Such trust issues mirror global experiences in early-stage FinTech markets, where users are hesitant to adopt credit-oriented digital solutions without robust safeguards.

Despite these challenges, the research uncovered promising signs of future adoption potential. Nearly 80% of respondents indicated a willingness or at least an openness to consider using P2P lending platforms in the future. Importantly, their adoption was shown to be conditional, with government regulation and protection emerging as the strongest enabler, followed by financial education, partnerships with established banks, and the promotion of successful user experiences. This clearly demonstrates that users are not rejecting the concept outright; rather, they are seeking assurances and safeguards that would enable them to adopt confidently.

A particularly noteworthy finding was the unanimous agreement among all respondents that financial literacy programs should be integrated into university and college curricula. This reflects a strong demand for structured, formalized education in digital finance, and also suggests that young people recognize their own knowledge gaps. It also highlights the strategic role that educational institutions can play in bridging this gap, not only by increasing awareness but also by fostering responsible adoption.

Conclusion

This research set out to evaluate the awareness, perceptions, and adoption potential of FinTech-based peer-to-peer (P2P) lending platforms among young individuals in Pakistan. The findings revealed that although the youth segment is digitally active and highly engaged with mobile banking and digital wallets, their awareness and understanding of P2P lending remains limited. More than two-thirds of respondents had never heard of such platforms, and even those who had were largely unfamiliar with their mechanisms. This gap between digital activity and financial knowledge highlights a fundamental barrier to adoption awareness alone is not enough, and deeper financial literacy is required for informed decision-making.

The study also underscored the critical role of convenience as a driving factor in shaping perceptions. Respondents valued easy accessibility, faster approval processes, and independence from traditional banks more than cost-related benefits such as lower interest rates. This indicates that the appeal of online business lending lies not only in its affordability but also in its efficiency and user-centered design. However, this potential was counterbalanced by a strong trust deficit. Privacy concerns, lack of regulation, and fear of fraud emerged as the most significant barriers, reflecting deep-seated insecurities about digital transactions in Pakistan's financial ecosystem.

Despite these concerns, the findings point toward a latent openness to adopt. Nearly 80% of respondents indicated that they would consider using such platforms in the future, provided that proper safeguards are introduced. This conditional willingness highlights both the promise and the fragility of the sector: young people are not rejecting the concept of P2P lending, but their adoption is contingent upon robust regulatory frameworks, cybersecurity measures, and credible awareness initiatives. The dominance of social media as a channel of awareness further reinforces the need for structured campaigns that can provide accurate information and counter misinformation.

One of the most striking findings was the unanimous agreement that financial literacy programs should be integrated into university and college curricula. This demonstrates a strong recognition among young people of their own knowledge gaps and signals a willingness to learn. It also underscores the crucial role of academic institutions in fostering informed adoption, as universities and colleges are well-positioned to function as intermediaries between policymakers, FinTech firms, and end-users. By embedding digital finance education in academic programs, long-term behavioral change and responsible adoption can be achieved.

In conclusion, the study affirms that P2P online business lending holds significant growth potential in Pakistan's youth market, but its success depends on addressing barriers of trust, literacy, and regulation. The current stage can be described as one of cautious curiosity: awareness is low, concerns are high, but openness to adoption exists if the right conditions are created. Strengthening regulatory frameworks, enhancing cybersecurity, promoting financial literacy, and building institutional credibility are essential



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steps. If these enablers are implemented effectively, P2P lending can become a transformative force for financial inclusion, entrepreneurship, and economic growth in Pakistan's emerging digital economy.

Recommendations

Based on the findings, the following recommendations are proposed for policymakers, FinTech companies, and educational institutions:

1. Strengthen Regulatory Frameworks

The State Bank of Pakistan, in collaboration with relevant authorities, should develop clear, enforceable regulations governing online business lending platforms. Regulations should include licensing requirements, transparent disclosure norms, data protection provisions, and consumer grievance redressal mechanisms to build public trust.

2. Enhance Cybersecurity and Privacy Protections

Platforms must invest in advanced security infrastructure, including encryption, multi-factor authentication, and fraud detection systems. Publicly communicating these measures can help reassure potential users about the safety of their personal and financial data.

3. Launch Targeted Awareness Campaigns

Campaigns should focus on explaining the benefits, processes, and safety measures of online lending in clear, relatable language. Partnerships with social media influencers, digital marketing agencies, and online communities can amplify reach among youth.

4. Integrate Financial Literacy into Education

Universities and colleges should incorporate digital finance and online lending modules into business, economics, and IT curricula. Workshops, seminars, and interactive simulations can provide experiential learning, reducing misconceptions and fear around digital borrowing.

5. Foster Strategic Partnerships

Collaborations between FinTech companies and established banks can lend credibility to online lending platforms and encourage adoption. Joint ventures with microfinance institutions can expand outreach to underserved communities.

6. Promote Positive Case Studies and Testimonials

Sharing verified success stories of borrowers who benefited from online business lending can humanize the concept and reduce skepticism. Video testimonials and media features can make adoption more relatable.

7. Incentivize Early Adoption

Offering lower service fees, loyalty programs, or first-loan discounts can encourage trial among first-time users. Referral programs can harness peer networks to spread adoption organically.

8. Continuous User Feedback and Improvement

Platforms should establish channels for continuous user feedback to identify pain points and make iterative improvements. Transparency in addressing complaints can strengthen credibility over time.

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