

Examining Funders' Intention in Malaysian Equity Crowdfunding Platforms: Perceived Trust as a Mediator in an Extended Theory of Planned Behavior Framework

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Abstract – Purpose: The objective of this paper is to examine factors that influence funders' intention to contribute to equity crowdfunding platforms through the role of perceived trust in Malaysia. Based on the Theory of Planned Behavior (TPB), this study incorporates motivational factors of intrinsic and extrinsic rewards to provide insight on what motivates Malaysian equity funders to contribute to crowdfunding platforms. **Design/methodology/approach:** Ex post facto research was adopted to address the objective of this study. Data was collected using a stratified random sampling technique and a 5-point Likert scale survey questionnaire were distributed online. From the disseminated questionnaire, data were obtained from seventy-six (76) potential investors actively participating in crowdfunding located around Selangor state, Malaysia. The empirical data gathered was analyzed using SmartPLS software utilizing the Partial Least Squares Structural Equation Modeling (PLS-SEM), to examine the relationships among the TPB constructs, and intention to contribute to equity crowdfunding platform. **Findings:** Extrinsic rewards were found to exert a strong influence on perceived trust, which subsequently creates a positive effect on funders' intention to invest in a crowdfunding platform. Traditional TPB components, attitude, subjective norm, and perceived behavioral control, along with intrinsic rewards, failed to produce statistically significant results to funders' intention however perceived trust emerged as a key mediator, confirming its vital role as a stimulator to increase funders' intention in contributing to the equity crowdfunding platform. **Practical implications:** The findings highlight the need for building perceived trust to enhance funders' interest in making contributions to equity crowdfunding platforms due to the perceived risk of high failure, as it involves startups or early-stage ventures. Besides, limited access to detailed financial information of startups makes trust a crucial psychological determinant for motivating contributions. Thus, emphasizing the tangible benefits may further improve funders' retention and encourage participation in equity crowdfunding platforms. **Originality/value –** This study adds to the expanding literature on crowdfunding and equity crowdfunding by integrating the empirical factors essential for validating and encouraging investors' participation in crowdfunding platforms into an innovative, inclusive, and flexible financial model. Additionally, since crowdfunding also serves as support platforms for social,

cultural, and environmental causes, donors can directly support issues they care about, and innovators can develop high-impact solutions that mainstream funders might deem too risky.

Keywords: Equity Crowdfunding, Crowdfunding, Crowdfunding Platform, Financial Technology

I. INTRODUCTION

The fusion of digital innovation and the sharing economy has ushered in a new mode of investment participation and value exchange known as crowdfunding. Primarily done through a dedicated online platform, it involves collaborative efforts of the 'crowd' in contributing any amount of money, whether pocket change or a substantial amount, for various purposes ranging from social causes to creative ideas, to funding small or big. Crowdfunding offers an alternative means of raising funds via internet platforms from many rather than a few investors or banks. Crowdfunding serves as a strategic approach to diversifying funding sources and reducing reliance on traditional financial institutions (Hoseinnezhad, 2016; Syahir Al-Edru et al., 2023). This type of investment normally involves rewards-based contributions, equity participation, or donations made to support startups or early-stage ventures, all of which aims at enhancing financial resilience. Various crowdfunding models exist that cater to the distinct requirements of governments, corporations, businesses, and individuals. The diverse types of crowdfunding models are illustrated in Fig. 1:

The current trend showed a steady long-term growth (RM686) in Malaysia over an eight-year period due to a shift towards larger, more mature, and sophisticated campaigns for the investor base. Owing to the broader market, the Malaysian crowdfunding ecosystem is expected to expand at approximately 14.7 % CAGR through 2031 (Capital Markets Malaysia). On global crowdfunding, the market is estimated to increase from its 2021 valuation of USD13.5 billion to USD28.2 billion, at a compound annual growth rate (CAGR) of about 11.8%. This global reach is expected to encompass North America, Europe, as well as the Asia-Pacific,

particularly China and Southeast Asia. By removing the need for conventional gatekeepers like banks or venture capitalists, crowdfunding platforms have successfully democratized fundraising, providing access to anyone with internet to start a campaign. It is touted as a robust tool to gain access to capital without the traditional barriers leading to a more cost-effective expansion of both small and large projects. Nevertheless, statistics show that the Malaysian market for equity-based and donation-based crowdfunding is under threat due to a combination of regulatory, economic, technological, and social factors (Securities Commission of Malaysia, 2020). Earlier in 2013, the Malaysian donation-

based crowdfunding started well at a record of USD 0.62 million, and in 2015 the collection increased to USD 3.13 million. However, the collection started to decline in 2016 to USD 1.68 million, and in 2017 it plummeted to USD 0.04. The same pattern was also displayed for equity-based crowdfunding, where the total amount raised fell from twenty-four (24) million to fifteen (15) million after 2017, and the number of campaigns fell from 22 to 14. Funders' propensity to donate and their amount of contribution also decline after their first participation (Choy & Schlagwein, 2016).

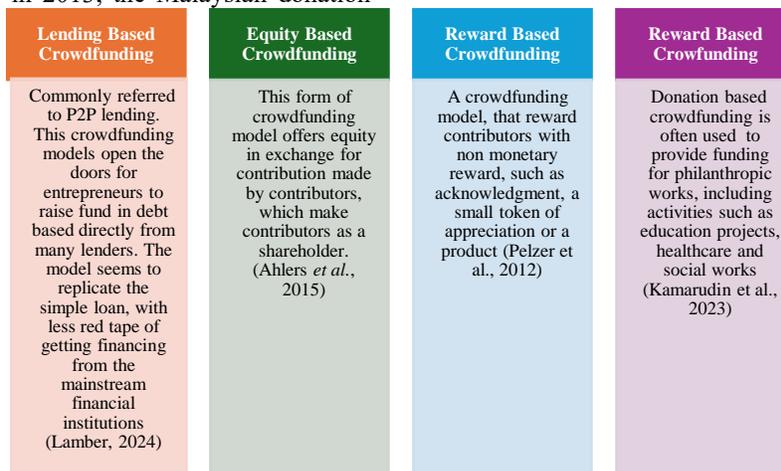


Fig. 1 Crowdfunding Models

Within entrepreneurial discourse, crowdfunding is viewed as a modern financing model that could possibly overcome a financing lacuna for the Micro Small and Medium Enterprise (MSME) (SME Corps Malaysia, 2020). Specifically, lending-based crowdfunding enables businesses to borrow and investors to lend capital, whilst donation-based crowdfunding can be utilized to support social and welfare projects. In Malaysia, a total of RM5.96 was raised in 2023 through 85,793 successful campaigns, benefiting 14,715 issuers (Securities Commission of Malaysia, 2020). This underscore the significant role that crowdfunding plays in the economy. Due to its importance, the drop in funders' interests in making contribution to equity crowdfunding platforms and the decreasing amount of contribution has becomes a matter of concern in the industry. Hence, to ensure the survival of crowdfunding platforms, there exist an urgent need to investigate and comprehend the elements that influence investors' intentions to contribute to these platforms (Nihlani *et al.*, 2024).

1.1 Equity Crowdfunding

Equity crowdfunding (ECF) is experiencing global acceptance across the globe because the model allows more people to participate in wealth creation and, in the case of Malaysia, it has been highlighted as an innovative fundraising method, as well as an enabler to MSMEs to secure funding from the crowd via registered online platform (SME Corps Malaysia, 2020). Nevertheless, even with ECF as an alternative mode of financing, the overall capital valuation is

expected to reduce to RM290 million in Malaysia, indicating a financing gap for MSMEs. The reason for this decline is due to legal and Sharia issues, platform vulnerabilities, lack of secondary markets and investor protection, low awareness, and economic uncertainties compared to traditional financing. Nevertheless, with Malaysia's status as the first country in Southeast Asia to regulate ECF with Securities Commission in Malaysia in 2015, ECF is steadily gaining popularity among investors (Ramachandran & Naik, 2024; Bandhu *et al.*, 2024). In addition, since ECF activities are becoming increasingly prevalent on social media, this prompted ECF market to grow in a more organized manner backed by government support. Agencies such as Cradle Fund, MDEC, and MaGIC were established to stimulate growth and support the rising interest of SMEs in sectors like fintech, agrotech, and greentech. These startups increasingly turn to ECF as a modern, digital-first approach to raising capital.

Despite this promising trend, the current data still register a decline in the ECF investment level. Hence this call for a study to examine the factors that influence the intention of investors to contribute to the ECF Platform due to the platform's significance and practical relevance to the Malaysian entrepreneurial, investment landscape and economic development. Unlike donation or reward-based crowdfunding, which typically support charitable, or product-driven campaigns, ECF addresses the capital needs of (MSMEs), which aligns with the structural financing needs faced by Malaysian entrepreneurs, particularly those in early-

stage, high-risk sectors who are often underserved by traditional financial institutions (SME Corp Malaysia, 2020).

II. EMPIRICAL REVIEW

2.1 Crowdfunding and Equity Crowdfunding

Lehner (2013) describes crowdfunding as an effort to seek funds from a large and dispersed crowd for a project or venture. (Lin et al., 2016; Ordanini et al., 2011; Pelzer et al., 2012) meanwhile explain crowdfunding as financing initiatives aimed at raising funds for a newly proposed project, where the money raised typically comes in the form of investments made in small to substantial amounts. (Mollick, 2014), on the other hand, provides a more comprehensive definition of crowdfunding. It is explained as efforts made by entrepreneurs, either groups or individuals, with the goals of raising funds for projects or businesses. Funds are drawn from any number of individuals via the internet, with no involvement from formal financial intermediaries. Crowdfunding works for a project in need of investment, where the fund seeker invites the public to make an investment. As for ECF, the (World Bank, 2013) defined it as *“the online offering of private company securities to a group of people for investment, allowing individuals to invest in early-stage unlisted companies in exchange for equity (ownership shares).”* According to the definitions discussed, all types of crowdfunding typically consist of the following key elements as shown in Fig. 2. Unlike donation-based or reward-based crowdfunding, ECF investors expect a financial return. The entrepreneurs listed in crowdfunding are founders or owners of the business seeking funding. A campaign or project is a formal online fundraising effort hosted on a licensed ECF platform. ECF leverages the power of the crowd (investors) when entrepreneurs launch a campaign or project, pooling the modest contributions of numerous individuals to generate a sizeable sum of funds for the endeavor.

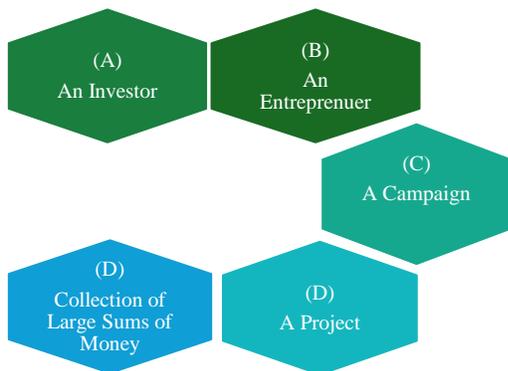


Fig. 2 Key Elements of Crowdfunding

Although Malaysia is a new player in the global crowdfunding market, it holds the distinction of being the pioneering nation in the ASEAN region to formulate a comprehensive governing guideline on equity and debt-based crowdfunding in 2015, supervised by the Securities

Commission of Malaysia. In contrast, donation and reward-based crowdfunding remain unregulated. The recent crowdfunding development has attracted an increasing number of scholars' attention to this subject matter. Since then, a growing number of studies focusing on crowdfunding and project success has been done (Kuppuswamy & Bayus, 2018). Besides, studies also focus on entrepreneur's perspectives on crowdfunding (Bernardino & Santos, 2020), and performance of the crowdfunding itself (Borst et al., 2018). Given that crowdfunding is a novelty in Malaysia, scholars work on understanding funders intention to contribute to equity crowdfunding is still emerging and requires further investigation for deeper insight.

2.2 Crowdfunding Platform

To mobilize financial contributions from the public, crowdfunding primarily takes place on web-based crowdfunding platforms (CFP) that leverage on digital technologies such as Kickstarter, Indiegogo, GoFundMe and Patreon in order to reach a wider and more diverse audience. These platforms connect crowdfunding issuers to a larger pool of funders with the aim of getting financial support for the campaign or projects, while offering a promising prospect for financial return on investment (Hoseinnezhad & Malakshah, 2017). CFP serves as a provider of useful information to deter start-up failures (Cassar, 2014; Wahjono et al., 2020). Moreover, CFPs actively promote campaigns and enhance user awareness, thereby fostering broader engagement and increasing involvement in funding efforts.

Researchers concur that CFP plays a critical role in influencing crowdfunding success. In addition, (Xiao et al., 2014) found that constant and continuous communication with the platform members and visitors are critical in determining the crowdfunding success. Crowdfunding success is also influenced by the latest news on project activities. According to the Securities Commission statistics, the CFP was unable to successfully raise money through platforms because investors lacked trust, stemming from fraud, bad management, and unsubstantiated claims made by fundraisers. Additionally, low financial literacy and public awareness of a well-planned and executed campaigns deter participation. Campaigns that lack professional presentation and promotion struggle to gain traction, which makes them unappealing to donation-based crowdfunding (Kamarudin et al., 2023; Nuong, 2025). Hence, the purpose of this paper is to understand aspects that influence funders' willingness to make contributions to equity crowdfunding platform (ECFP). Because motivation drives behavior and behavior can be influenced by factors proposed in TPB, the conceptual framework for this study is underpinned by the Theory of Planned Behavior (TPB). Advancing from this theory, this paper incorporates two motivational factors, intrinsic and extrinsic rewards, and perceived trust as a mediating construct, which is a new contribution in the field. According to TPB, intention is a predictor of behavioral actions and is influenced by three main factors: (i) attitude toward the

behavior which is one's assessment of it (whether positive or negative); (ii) subjective norms which is the perceived social pressure to engage in the behavior or refrain from doing so; and (iii) perceived behavioral control which is the perceived ease or difficulty committing a behavior (similar to self-efficacy) (Ajzen, 1991).

2.3 A Cognitive-Behavioral Model for Intent-Driven Actions

Originating from the Theory of Reasoned Action (TRA), a theory established in 1975 by Fishbein and Ajzen, the TBP serves as a baseline model to test a range of variables that could influence investors' intention to participate in ECFP. TPB posits that several variables influence behavioral intention, which in turn deliberately shape human behavior or predispose individuals toward a specific behavioral response. It is mentioned as one of the most popular theories in social psychology which is popularly used to understand the relationship between a person's beliefs, attitudes, norms, intentions, and behavior (Jasin et al., 2023). The following section summarizes and discusses main variables hypothesized in this research to influence funders' intention to donate to equity crowdfunding platforms (CFPs), derived from the gap in the literature. These elements include attitude, perceived behavioral control, subjective norms, intrinsic and extrinsic rewards, and perceived trust.

2.3.1 Attitude

An individual's experience of an event, feeling about a situation, opinion on an issue, or perception of a situation will form a person's attitude. It is referred to as cognitive or feelings of emotion towards a situation that can be positively or negatively expressed by an individual. Rahadjeng & Fiandari (2022) found that the more favorable an individual's attitude toward a given situation, the stronger their intention to participate or engage in it. In this instance, this paper proposes that funders with a strong and positive attitude toward ECFP would have a higher intention to make contributions to ECFP. This research hypothesized that the influence of funders' attitudes and behavioral intention to make contributions to CFP is positive.

2.3.2 Subjective Norms

Subjective norms are defined as one's belief as to whether people who matter to them approve or disapprove of a specific behavior or thoughts. (Ajzen, 1991). Several studies assert that the relationship between subjective norms (SN) and human actions within behavioral finance studies are often positive, this notion were discussed by number of researchers includes, (Tokuoka, 2017) who found that investment decisions among siblings are contagious. Additionally, (Alqasa et al., 2014) found that the relationship between the subjective norms, attitude and intention to use financial services is significant (Kang, 2024). In view that Malaysia is a collectivist society with a polyethnic population, it is intriguing to discover how subjective norms affect funders' intentions to take part in ECFP.

2.3.3 Perceived Behavioral Control (PBC).

Perceived behavioral control (PBC) was later introduced by Ajzen in 1985 as an additional variable to the Theory of Reasoned Action (TRA), giving rise to the Theory of Planned Behavior (TPB). PBC was used to measure and explain how one's confidence or belief controls their intention to perform a particular behavior (Gopi & Ramayah, 2007). For example, in the context of ECF, if a potential funder believes they have sufficient knowledge about a project, their perceived behavioral control will be high, which in turn increases their intention to make contribution to ECP. (Ajzen, 1991) added that perceived behavioral control also refers to the degree of ease or difficulty associated with performing a particular behavior. Hence, in the context of crowdfunding, PBC depicts the potential funders' feelings towards their willingness to participate in funding activities through online platforms. Therefore, to better understand the impact of funders' behavioral control when contributing to ECFP, this research study integrates PBC as a construct under investigation.

2.3.4 Rewards

This study acknowledges the importance of motivation theories, particularly the differentiation between intrinsic and extrinsic rewards, as crucial to comprehend people's behavioral intentions, considering the intricacy of human behavior and the numerous factors that influence it. Literature on crowdfunding shows that this type of investment differs from other venture as it does not necessarily provide monetary rewards to funders; rather funder interest to contribute to CFP can be purely altruistic. In crowdfunding, funders often receive non-monetary returns, especially in reward-based and donation-based models, such as social recognition, a sense of participation, and personal identification with the project. Crowdfunding has not always appealed to an extensive spectrum of funders. To attract funders and promote involvement in crowdfunding platforms, a variety of returns have been implemented across various models (Belleflamme et al., 2014). This ranges from finite and symbolic incentives to material rewards and monetary gains. Equity crowdfunding, for example, aligns funders' interests with the project's success by giving them a proportionate share of ownership in the venture. Because rewards play a crucial role in influencing funders' intention, this study takes a step towards comprehending the specific impact of "intrinsic" and "extrinsic" rewards on the intention to contribute to ECP.

2.3.5 Perceived Trust

Because perceived trust lowers perceived risk and uncertainty, it is a pivotal influence in guiding one's intention to perform a behavior or action. People are more assured that their expectations will be accomplished and that they will not be misled or harmed when they have faith in a person, group, or system. This self-assurance motivates them to perform the desired action, whether buying a product, joining a program, or collaborating on a project (Gefen et al., 2003). Hence, trust

functions as a central mediating variable in this study. The nature of CP necessitates a solid foundation of trust, both in the platform and the issuer. According to (Agrawal et al., 2014; Ahlers et al., 2015), trust mitigates concerns related to moral hazard and adverse selection, common in early-stage investment. (Chitranapawong & Chirapanda, 2025) found that subjective norms can significantly reinforce trust, especially when the endorsement comes from a credible source. This study proposes that perceived trust not only directly strengthens funders' intentions but also mediates the effects of other independent variables on funders' intention to act.

2.3.6 Intention

Behavioral intention explains the degree of willingness an individual exhibits toward performing an act; in this case, contributing to an equity crowdfunding platform. Ajzen (1991) posited that intention is the most powerful antecedent to action. Empirical studies affirm that when attitudes are favorable, social norms supportive, and trust is present, the likelihood of investment through ECF platforms increases significantly.

III. RESEARCH FRAMEWORK

The conceptual framework in Fig. 3 has been developed for this study and forms the foundation of this research, based on the identified gap in the literature.

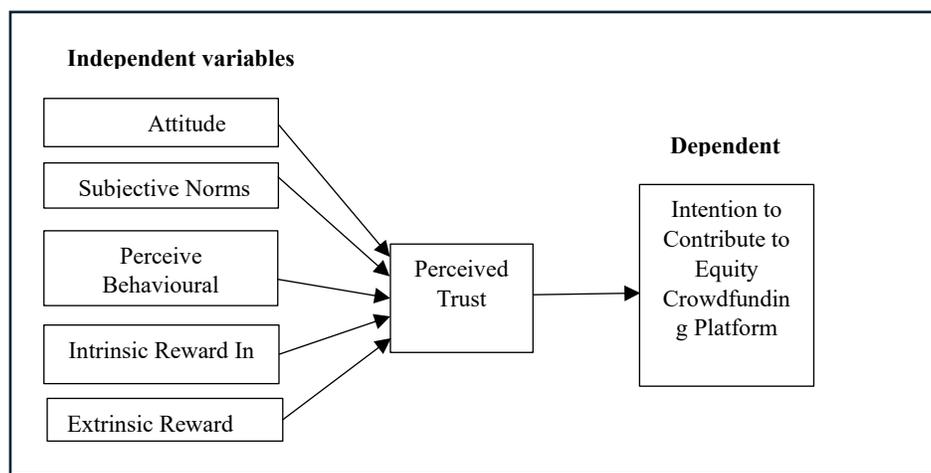


Fig. 3 Research Framework of Intention to Contribute to Equity Crowdfunding Platform

IV. RESEARCH METHODOLOGY

Using a quantitative methodology and stratified random sampling, this study focused on working adults in Selangor, Malaysia. The sampling process followed a pre-qualified population procedure in accordance with (Creswell & Creswell, 2017; Etikan et al., 2016), as to mitigate selection bias and increase sample representativeness within the target group. The process resulting in involving only working adults aged 18 years and above residing in the state of Selangor. The participants were chosen based on the assumption that they are more likely to be financially active and capable of making informed financial decisions which align with the objectives of the research. This method works best for exploratory research as it aims to investigate patterns or relationships within a defined group rather than extrapolating results to a larger population. Seventy-six Selangor working adults made up the final sample. Despite its modest size, this sample size is adequate for early-stage quantitative assessment, especially in exploratory or context-specific research.

4.1. Data Collection

This study uses questionnaires for data collection, employing a 5-point Likert Scale, ranging from 1 (Strongly Disagree) to

5 (Strongly Agree). Various sources were used in developing the questionnaire including (Ajzen, 1984; Bretschneider & Leimeister, 2017; Alam, & Subramanian 2024; Alam et al., 2012). The questionnaire was divided into three main sections. Section A covers the demographic profile of the respondents; Section B addresses the Independent Variables: Attitude (ATT), Subjective Norms (SN), Perceive Behavioral Control (PBC), Intrinsic Reward (IR), and Extrinsic Reward (ER). Section C captures the respondent's Intention to make Contributions into Crowdfunding Platforms (ICECP). Data was shared and distributed using a Google Form, with all responses accepted and used.

This study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS to analyze the relationships among the constructs hypothesized to influence the intention to contribute to the equity crowdfunding platform (ICECP). It integrates components from the Theory of Planned Behavior (TPB), added into the model were intrinsic rewards, extrinsic rewards, and perceived trust as a mediator.

V. RESULTS AND DISCUSSIONS

5.1 Demographics of the Respondents

The questionnaire was administered online using Google Form. 150 questionnaires were distributed but only seventy-six (76) questionnaires were completed and usable. Data was analyzed in its existing form, without further data cleaning or removal of outliers. The respondent’s demographic information is summarized in TABLE I. It is evident that some groups are disproportionately represented within the sample i.e. those aged between 27 to 42 years old, professing Islam, and have gross monthly income between RM5,001 to RM10,000. Consequently, this could potentially skew the distribution and affect the generalizability of the findings.

TABLE I DEMOGRAPHIC OF THE RESPONDENTS

	Percent (%)
Gender	
Female	51.06
Male	48.94
Ages (years old)	
18 - 26	27.8
27 - 42	43
43 - 58	29.1
Religion	
Islam	81
Buddha	2.5
Hindu	12.7
Christian	3.8
Others	-
Education Level	
Undergraduate	31.6
Graduate	26.6
Postgraduate	30.4
SPM/STPM	11.4
Marital Status	
Married	62
Single	34.2
Divorce	3.8
Gross monthly income	
Less than RM2,500	26.6
RM2,500-RM5,000	26.6
RM5,001-RM10,000	46.8
More than RM10,001	-

5.2 Results

The strength and direction of the relationship between variables are represented by the path coefficients (β) shown in Fig. 4. It is evident that all constructs have a positive relationship with perceived trust, with Extrinsic rewards emerging as the strongest predictor of Perceived Trust (0.465). The results also showed that Perceived Trust has a strong positive influence on Intention (0.888). With a path coefficient of ($\beta = 0.888$), Perceived Trust emerges as a key mediator in this model. Its substantial influence on Intention affirms the centrality of trust in equity crowdfunding contexts, where information asymmetry and risk are high and confirms the study by Al-Edrus et al., (2023).

Cross-loading analysis is performed to avoid discriminant validity, which will affect the finding. Under the cross-loading analysis, each construct in the model must demonstrate distinctiveness from the others to ensure that discriminant validity is met. Fig. 4 shows the structural model for ICECP, with 0.7 set as a threshold, while the path coefficients are presented in TABLE II. Item E1 showed an observable low loading at 0.697, indicating a weak relationship between the item and its intended factor (Hair et al., 2010). Adjustment was made by deleting the E1 item, and an improvement is recorded for Perceived Trust from $R^2 = 0.686$ to $R^2 = 0.690$ as presented in Fig. 5 which meets the satisfactory discriminant validity value (Hair et al., 2017). Overall, the model was considered fit to proceed with the structural modelling assessment.

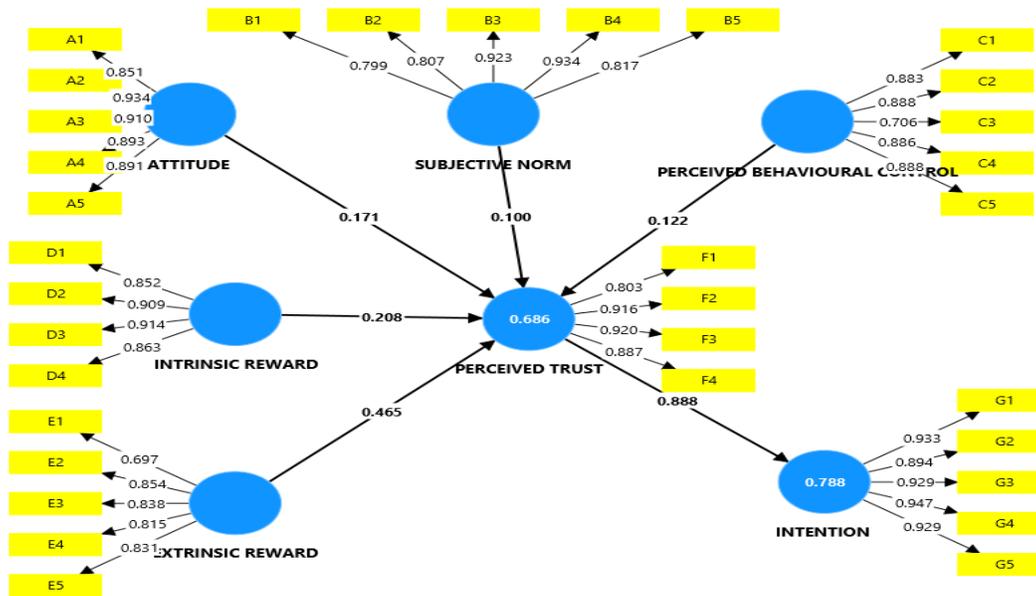


Fig. 4 PLS-SEM Algorithm Analysis Before Adjustment

TABLE II OUTER LOADINGS OF INDICATORS ON LATENT CONSTRUCTS

No	Items	Outer Loadings
A1	I believe making contributions to an equity crowdfunding platforms is beneficial	0.851
A2	I believe contributing to an equity crowdfunding platform is the right thing to do	0.934
A3	I am always very positive about the idea of an equity crowdfunding.	0.910
A4	I believe I should make contributions to an equity crowdfunding platform.	0.893
A5	I believe equity crowdfunding platforms are one of the best social finance products.	0.891
B1	Most people who are important to me approve of me making a contribution into crowdfunding platform.	0.799
B2	People who are close to me expect me to contribute to equity crowdfunding platform.	0.807
B3	People whom I am close to think that contributing to an equity crowdfunding platform is beneficial	0.923
B4	Most people who are important to me want me to make a contribution to an equity crowdfunding platform.	0.934
B5	In matters of contribution to an equity crowdfunding platform, I want to do what my family and friends think I should do.	0.817
C1	Having resources would enable me to contribute to an equity crowdfunding platform	0.883
C2	I am confident that I could contribute to an equity crowdfunding platform if I wanted to	0.888
C3	The decision to contribute to equity crowdfunding platform services is within my control.	0.706
C4	The decision to contribute to an equity crowdfunding platform will help me improve society's well-being.	0.886
C5	I will try to make contributions to an equity crowdfunding platform.	0.888
D1	I find personal fulfillment in helping others by contributing to an equity crowdfunding platform, even if I must make sacrifices	0.852
D2	I want to help people with good ideas on an equity crowdfunding platform without expecting any compensation	0.909
D3	I want to be able to make a meaningful impact through an equity crowdfunding platform.	0.914
D4	I am happy to receive exclusive up-to-date information and take a look behind the scenes at the latest developments of the project.	0.863
E2	I participate in some of the projects on the equity crowdfunding platform in the prospect of a reward	0.827
E3	I aim to receive rewards from the projects I engage in on an equity crowdfunding platform	0.801
E4	I am proud of the equity crowdfunding that I support, and like to display it on my publicly visible crowdfunding profile	0.851
E5	I like sharing with others about the project I supported	0.865
F1	Equity crowdfunding platforms can always be trusted	0.802
F2	I trust that the equity crowdfunding platform can function effectively as what they are designed to do	0.917
F3	I believe that the equity crowdfunding platform would act in my best interest.	0.920
F4	I would characterize the equity crowdfunding platform as honest.	0.886
G1	The chances that I would consider funding an equity crowdfunding project via a platform are high.	0.933
G2	If I were to fund a project, I would consider an equity crowdfunding project via a crowdfunding platform.	0.894
G3	The likelihood of me making contributions to an equity crowdfunding platform is high	0.929
G4	My willingness to fund for an equity crowdfunding platform project is high	0.947
G5	I predict I will contribute to an equity crowdfunding platform	0.929

5.3 Reliability and Validity Analysis

Internal consistency and reliability of the item were measured using Cronbach's Alpha and composite reliability. Meanwhile convergent validity using average variance extracted (AVE), was employed to assess the amount of dispersion captured by a construct in relation to the variance. These three assessments determined the quality criteria needed before the analysis could proceed to the next stage of Structural Equation Model (SEM) Analysis.

Cronbach's Alpha score for the dependent and independent variables is presented in TABLE III. A Cronbach's Alpha of more than 0.7 was recorded for all seven variables, suggesting a good fit as the value falls within acceptable threshold (Hair et al., 2017). These results is strengthened by the average variance extracted (AVE), which displays a value of more than 0.5, higher than the minimum acceptable level. This means that the questions used were able to capture and reflect the underlying concept of intention to donate to ECF.

To prevent lateral collinearity problems from skewing the estimation of path coefficients, a collinearity assessment was conducted. This assessment is crucial to ensure the structural

model used in this research adequately explains the research framework and addresses the research questions. The assessment shows that the VIF value was below the recognized cutoff of 5 (Ringle et al., 2012; Ryan & Deci, 2000). On the other hand, the calculated tolerance and Variance Inflation Factor (VIF) values showed no discernible multicollinearity among the predictor variables.

TABLE III VALIDITY AND RELIABILITY ANALYSIS

Factors	Cronbach's alpha	Composite reliability (rho a)	Composite reliability (rho c)	Average variance extracted (AVE)
ATT	0.939	0.948	0.953	0.803
ER	0.858	0.870	0.903	0.700
INT	0.959	0.960	0.968	0.858
IR	0.908	0.913	0.935	0.783
PBC	0.906	0.925	0.930	0.728
PT	0.905	0.923	0.934	0.779
SN	0.909	0.921	0.933	0.736

To further validate the model, based on outer loadings, to observe how well an individual item reflects the latent construct that it intended to measure, the items D5, E1 and F5 were removed from the original model. Fig. 5 shows the PLS-SEM Algorithm Analysis after Adjustment.

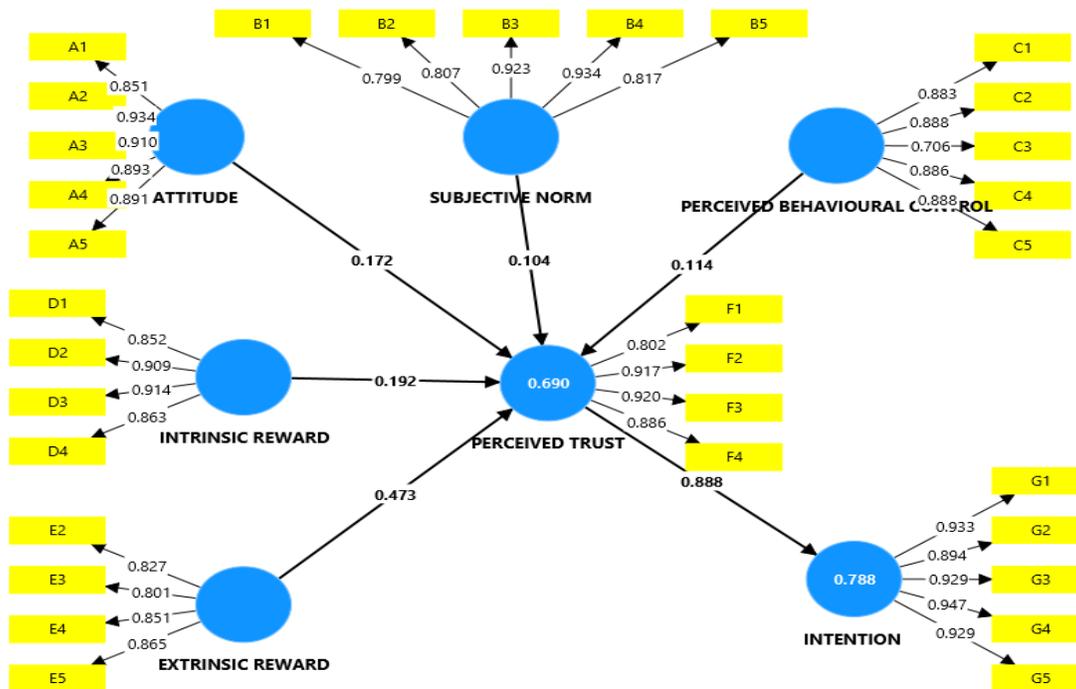


Fig. 5 PLS-SEM Algorithm Analysis After Adjustment

5.4 Path Coefficients and Significance Levels

Four statistical indicators were used to determine the quality of the measurement model, the four include the path coefficients (β), coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). To generate reliable estimates and investigate the significance of the structural paths, the bootstrapping procedures were used as proposed by (Hair et al., 2017; Ishak & Mohammad Nasir, 2024). TABLE IV shows findings for path coefficients, observed t-statistics,

and significant levels for all the hypothesized paths. The assessment is based on the traditional significance threshold of $p < 0.05$ to determine whether the relationships between constructs were statistically significant based on the original sample estimates (O), t-statistics, and p-values.

The results reveal that out of the six hypothesized relationships, only two paths are statistically significant at $p < 0.05$. Extrinsic Reward ($\beta = 0.473$, $t = 7.432$, $p < 0.001$) has been observed to have a strong and notable positive

impact on Perceived Trust. Meanwhile, Perceived Trust significantly predicts Intention ($\beta = 0.888$, $t = 34.144$, $p < 0.001$). Conversely, other constructs Attitude ($\beta = 0.172$, $p = 0.148$), Intrinsic Reward ($\beta = 0.192$, $p = 0.101$), Perceived Behavioral Control ($\beta = 0.114$, $p = 0.413$), and Subjective Norm ($\beta = 0.104$, $p = 0.425$) show no evidence of a statistically significant effect on Perceived Trust. These findings suggest that traditional TPB antecedents and intrinsic motivations are less influential in building trust compared to reward-based incentives in this context.

TABLE IV PATH ANALYSIS

Variables	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values
ATT → PT	0.172	0.164	0.119	1.448	0.148
ER → PT	0.473	0.476	0.064	7.432	0.000
IR → PT	0.192	0.193	0.117	1.639	0.101
PBC → PT	0.114	0.109	0.139	0.818	0.413
PT → INT	0.888	0.888	0.026	34.144	0.000
SN → PT	0.104	0.116	0.131	0.798	0.425

5.5 Findings

The success of the ECF campaign is largely dependent on funders' interest in contributing to projects. Although ECF projects may vary, this study found that perceived trust is strongly and significantly influenced by extrinsic rewards. This suggests that material and tangible benefits play a crucial role in shaping trust within the ECF context. The finding aligns with Ferreira et al. (2022), who observed that extrinsic rewards enhance perceived trust and participants' engagement in crowdfunding (CF). Similarly, Lin and Chang (2016) explained that projects offering more rewards, particularly those that are limited or added later in the campaign, tend to achieve higher success rates. In the same vein, Hu et al. (2025) asserted that material benefits not only attract funders but also increase the total amount contributed. Collectively, this study reinforces the views of earlier researchers (Ferreira et al., 2022; Hu et al., 2025) that extrinsic rewards such as bonuses and returns are perceived as essential by funders in motivating participation in ECF context.

On the other hand, Fehr and Falk (2002) cautioned that overreliance on material rewards could erode intrinsic motivation, thereby reducing funders' long-term intention and loyalty to participate in ECF. Hence, this study proposes that the long-term effects of extrinsic and intrinsic rewards on funder commitment warrant further exploration.

This study also seeks to understand how funders' intentions to contribute are shaped by the level of perceived trust. The findings reveal that trust is crucial in predicting funders' intentions, consistent with (Agha & Sohail, 2024), who highlighted trust as a significant determinant of funding

decisions. These results underscore the importance of extrinsic rewards and the role of the Theory of Planned Behavior (TPB) in building trust. When trust is established, it sparks funders' desire to contribute to ECF projects.

The regulatory framework for ECF in Malaysia was only introduced in 2015, leaving the industry in its infancy. While regulatory structures are still developing, perceived trust plays a pivotal role in fostering funders' intentions. Trust mitigates potential concerns about platform reliability and project legitimacy, which is especially critical in uncertain environments where information is limited.

In conclusion, operators of crowdfunding platforms must carefully navigate the complex interplay between regulatory contexts and funders' motivational factors. Designing ECF campaigns that align with funders' interests will not only boost participation but also sustain long-term engagement.

VI. CONCLUSION

Based on the study's outcomes, extrinsic rewards are the most noteworthy predictor of perceived trust, outperforming the conventional TPB components like attitude, subjective norm, perceived behavioral control, and intrinsic rewards, all of which had no statistically significant impact in the current study. This highlights the importance of material or monetary rewards in building trust on crowdfunding platforms. Furthermore, intention was found to be strongly and significantly predicted by perceived trust ($\beta = 0.888$, $p < 0.001$), establishing its critical mediating role in influencing funders' willingness to contribute. These insights imply that, in practice, platform operators and campaign designers should prioritize open communication of extrinsic rewards, maintain steady engagement, and establish reliable governance frameworks. The study theoretically contributes to the literature by combining reward-based and trust-based constructs with TPB to better explain funder behavior in digital financial ecosystems. The results provide a strong basis for future research, particularly studies with larger demographics or longitudinal approaches, and emphasize trust, which is bolstered by extrinsic motivators, as a crucial catalyst in driving donation intention within the context of online crowdfunding, despite existing sample size and generalizability limitations.

6.1. Implications and Contribution

This study provides useful advice for improving the efficacy of crowdfunding platforms by highlighting the critical roles that trust, and reward-based incentives play in influencing funder intention. The study offers practical insights that can boost campaign success rates by identifying extrinsic rewards as a major factor in perceived trust. More startups and SMEs may be able to access capital, which would encourage innovation, job creation, and entrepreneurial activity. Building trust through open and incentive-driven tactics increases investor confidence, which in turn stimulates capital flow in the digital economy, democratizing

investment opportunities and advancing wider financial inclusion.

From a societal perspective, this study established how transparent incentive structures and trust-based mechanisms could increase public involvement in financing socially beneficial projects. Crowdfunding provides communities with the ability to support solutions that are consistent with their values as more people feel comfortable making contributions to businesses or causes. Enhancing trust can also diffuse scepticism and fraud-related worries in the context of donation- or reward-based crowdfunding in a less regulated countries like Malaysia, contributing to the development of a more legitimate and engaged digital funding culture. This promotes community-driven innovation and the funding of underrepresented industries and facilitates the expansion of new businesses.

6.2. Limitations

Despite its contributions, this study has several limitations. First, the use of a small sample size (n = 76) from a specific geographical area (Selangor, Malaysia) may limit the wider applicability of the findings to broader populations. Second, the cross-sectional design captures donor intention recorded at a single point, which limits understanding of how motivation and trust grow over time or across different campaign types. Third, the data garnered from self-reported responses bring the possibility of social desirability bias or respondent misinterpretation. Lastly, since the study concentrated on perceived trust as a mediator, it did not consider other potentially significant factors such as campaign quality, risk perception, or previous platform experience.

6.3. Future Research

For future consideration, a longitudinal study can be conducted to observe how trust and donor intention change over time or in response to platform strategies and campaign performance. Insight into crowdfunding behavior across diverse socio-cultural contexts, using comparative studies across different regions may provide richer findings. In addition, qualitative approaches that focus on groups may offer deeper motivational dimensions and emotional influences that quantitative methods may have overlook.

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