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Constructing Financial Trust in Platform-Based Finance: A Grounded Theory Study of SME Sustainability in Emerging Economies

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ABSTRACT

The rapid expansion of platform-based finance has created new opportunities for small and medium-sized enterprises (SMEs) to access financial services, particularly in emerging economies where traditional banking remains limited. However, existing research has largely focused on access and adoption, offering limited insight into how SMEs develop trust in digitally mediated financial systems and how such trust shapes long-term sustainability. This study addresses this gap by examining how financial trust is constructed in platform-based finance and how it contributes to SME resilience. Drawing on a grounded theory approach, the study analyses qualitative data from SMEs across multiple emerging economies engaging with a range of platform-based financial services, including peer-to-peer lending, e-wallets, and marketplace-based financing. The findings reveal that trust does not precede engagement but emerges through an iterative process of interaction, evaluation, and adjustment. SMEs initially approach platform-based finance with caution, engage in controlled experimentation, and gradually develop conditional trust based on accumulated experience. Over time, this trust may stabilise, enabling the integration of platform-based finance into core business practices. The study shows that the impact of digital finance on SME sustainability is not direct. Rather, it is mediated by the construction of financial trust, which allows SMEs to move from fragmented and reactive usage toward more strategic and consistent financial behaviour. This transition strengthens adaptive capacity, improves financial flexibility, and supports continuity under conditions of uncertainty. Theoretically, the study contributes by conceptualising trust as a dynamic and processual construct embedded within platform ecosystems, rather than a static determinant of adoption. It also extends the literature on SME sustainability by linking trust construction to long-term resilience. Practically, the findings highlight the importance of transparency, consistency, and user experience in building trust, as well as the role of policy and institutional support in enabling more stable digital financial ecosystems.

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1. Introduction

The rapid expansion of platform-based finance has reshaped how small and medium-sized enterprises (SMEs) access, use, and interpret financial services in emerging economies. Digital financial platforms—such as peer-to-peer lending, e-wallets, embedded finance, and marketplace-based financing—have introduced alternative pathways for SMEs that have historically faced structural barriers in formal banking systems. This shift is particularly significant because MSMEs represent a dominant share of firms and employment globally, while the financing gap in emerging markets remains substantial [1], [2]. Recent policy and industry evidence also indicates that digitalisation can strengthen SME competitiveness and resilience when supported by appropriate infrastructure, skills, and regulatory safeguards [3], [4].

However, the promise of platform-based finance should not be understood merely as a story of expanded access. While digital platforms may reduce transaction costs, broaden credit opportunities, and improve payment efficiency, their adoption also introduces new uncertainties related to data privacy, algorithmic decision-making, platform dependency, hidden costs, and regulatory ambiguity [5]–[8]. For SMEs operating in emerging economies, these uncertainties are intensified by institutional voids, fragmented consumer protection, uneven digital literacy, and limited bargaining power in platform ecosystems [9], [10]. Thus, the central issue is not only whether SMEs can access platform-based finance, but whether they can develop sufficient financial trust to rely on such platforms as long-term financial partners.

Trust is a foundational condition in financial exchange, particularly when transactions involve uncertainty, vulnerability, and asymmetric information [11], [12]. In digital environments, trust becomes even more complex because it is mediated not only by interpersonal relationships, but also by technological interfaces, platform rules, data infrastructures, and algorithmic systems [13]–[15]. Existing fintech and digital finance studies have often treated trust as a determinant of adoption or continuance intention, usually measured through survey-based models [16], [17]. Although valuable, this approach tends to reduce trust to a static variable and overlooks how trust is socially constructed, negotiated, repaired, and sustained through SME experience over time.

This limitation is especially problematic in the context of platform-based finance. Unlike traditional financial relationships, platform-based finance is embedded in multi-sided digital ecosystems where SMEs interact simultaneously with lenders, payment providers, marketplace operators, consumers, regulators, and algorithmic scoring systems [18], [19]. Trust in such ecosystems does not emerge from a single institutional source. Rather, it is shaped by the interaction of technological reliability, perceived fairness, transaction transparency, peer validation, regulatory confidence, and accumulated experiential learning. Therefore, financial trust in platform-based finance should be theorised as a dynamic process rather than a simple antecedent of adoption.

At the same time, the literature on SME sustainability has frequently focused on short-term outcomes such as liquidity improvement, business survival, or sales growth. While these outcomes are important, they do not fully capture the strategic meaning of sustainability for SMEs in volatile emerging markets. Long-term resilience refers to the ability of SMEs to absorb shocks, adapt business models, maintain financial continuity, and mobilise resources under conditions of uncertainty [20], [21]. From this perspective, platform-based finance contributes to SME sustainability only when it enables SMEs to build adaptive financial capacity, not merely when it provides temporary access to funds.

Despite growing interest in fintech, digital financial inclusion, and SME resilience, three gaps remain unresolved. First, prior studies have insufficiently explained how SMEs construct financial trust in platform-mediated financial environments. Second, existing research has paid limited attention to how different forms of platform-based finance—P2P lending, e-wallets, and marketplace financing—jointly shape SME financial behaviour. Third, the connection between financial trust and long-term SME resilience remains undertheorised, particularly in multi-country emerging economy contexts. These gaps suggest the need for a qualitative and theory-building approach capable of capturing process, meaning, context, and variation.

Accordingly, this study asks: **How is financial trust constructed in platform-based finance, and how does this process shape the long-term resilience of SMEs in emerging economies?** To answer this question, the study adopts a grounded theory methodology, which is appropriate for developing theory from rich empirical data and for explaining social processes that are not yet sufficiently theorised [22]–[24]. By focusing on SMEs across multiple emerging economies and across mixed forms of platform-based finance, this study seeks to generate an empirically grounded explanation of how trust evolves within digital financial ecosystems.

This article makes three contributions. First, it extends digital finance literature by conceptualising financial trust as a dynamic, multi-dimensional, and ecosystem-embedded process rather than a static adoption factor. Second, it contributes to SME sustainability research by linking trust construction to long-term resilience, thereby moving beyond narrow measures of financial access or short-term performance. Third, it advances qualitative fintech scholarship by developing a grounded theoretical framework that explains how SMEs navigate digital finance under institutional uncertainty. In doing so, the study responds to calls for more contextual, process-oriented, and theoretically generative research on digital finance, platforms, and SME development in emerging economies [25].

2. Literature Review and Theoretical Framework

A. Platform-Based Finance and the Transformation of SME Financing

The emergence of platform-based finance has altered the architecture of SME financing by shifting financial intermediation from institution-centred banking models to digitally mediated, data-driven, and ecosystem-based arrangements. In traditional financial systems, SMEs often encounter financing constraints due to limited collateral, weak formal credit histories, information opacity, and high transaction costs [1], [6]. Platform-based finance seeks to address these constraints by using digital infrastructures, alternative data, algorithmic assessment, and networked transactions to expand financial access beyond conventional banking channels [7], [8], [16].

Unlike conventional finance, platform-based finance operates through multi-sided digital ecosystems in which value is created through interaction among SMEs, consumers, lenders, payment service providers, marketplace operators, and technology intermediaries [18], [19]. This means that the financial relationship is no longer confined to a dyadic interaction between borrower and lender. Instead, it is embedded in platform governance, digital transaction histories, user ratings, payment flows, data analytics, and algorithmic scoring mechanisms. As a result, the financial identity of SMEs is increasingly constructed through their digital traces and participation within platform ecosystems.

For SMEs in emerging economies, this transformation is particularly significant. Many SMEs operate in contexts where formal financial institutions remain inaccessible, bureaucratic, or risk-averse. Digital platforms may therefore function as alternative infrastructures of financial inclusion, enabling faster payment, working capital access, microcredit, embedded lending, and cash-flow visibility [2], [3]. However, the benefits of platform-based finance are not automatic. SMEs must interpret whether these platforms are reliable, fair, transparent, affordable, and aligned with their long-term business needs.

This raises a critical theoretical issue: platform-based finance should not be understood merely as a technological channel for financial access. Rather, it represents a reconfiguration of financial intermediation in which trust, data, algorithms, regulation, and ecosystem participation become central to SME financial behaviour. Therefore, examining platform-based finance requires moving beyond adoption models toward a process-oriented understanding of how SMEs make sense of digital financial relationships over time.

B. Financial Trust in Digital and Platform-Mediated Finance

Trust has long been recognised as a foundational element of financial exchange because financial transactions involve uncertainty, future-oriented commitments, and vulnerability to opportunism [11], [12]. In traditional finance, trust is often anchored in institutional legitimacy, personal relationships, reputation, regulation, and repeated interaction. In digital finance, however, trust becomes more complex because financial interactions are mediated by interfaces, algorithms, automated decisions, digital records, and platform governance structures [13]–[15]. Existing studies on digital finance and fintech adoption often conceptualise trust as an antecedent of usage intention, customer acceptance, or continued use [16], [17]. These studies are useful in explaining why individuals or firms adopt fintech services, but they tend to treat trust as a measurable variable rather than as an evolving social and organisational process. This limits the capacity of existing literature to explain how SMEs actually construct, test, and revise trust in platform-based finance through practical experience.

For SMEs, financial trust is not built solely through technological usability or perceived convenience. It is shaped by multiple dimensions. First, SMEs evaluate technological trust, including whether the platform is reliable, secure, easy to use, and capable of processing transactions consistently. Second, they assess transactional trust, including fee transparency, repayment terms, dispute resolution, speed of service, and predictability of financial outcomes. Third, they rely on relational trust, which emerges through peer recommendations, community narratives, customer experience, and interaction with platform representatives. Fourth, they depend on institutional trust, including confidence in regulation, legal protection, consumer safeguards, and the broader legitimacy of digital financial systems.

This study therefore positions financial trust as a multi-dimensional construct that is continuously constructed through interaction between SMEs and platform ecosystems. Trust is not simply present or absent; it develops through sequences of exposure, trial, confirmation, disappointment, repair, and routinisation. This view is consistent with organisational trust theory, which emphasises ability, benevolence, and integrity as key dimensions of trustworthiness [11], and with institutional trust perspectives that highlight the role of formal and informal structures in stabilising economic exchange [12].

In emerging economies, the construction of financial trust is particularly fragile. Regulatory uncertainty, weak enforcement, data misuse, predatory lending practices, and uneven digital literacy may weaken SMEs' confidence in platform-based finance [9], [10]. At the same time, successful platform experiences—such as reliable payments, transparent financing, flexible repayment, and peer validation—may strengthen SMEs' willingness to integrate digital finance into their long-term business strategies. Thus, trust formation in platform-based finance should be examined as a situated, dynamic, and context-sensitive process.

C. Platform Ecosystems, Embedded Finance, and SME Dependency

Platform-based finance does not operate in isolation from the broader platform economy. Many SMEs access financial services through e-commerce platforms, digital wallets, payment gateways, logistics platforms, and marketplace ecosystems. In these settings, finance becomes embedded within commercial activity. Credit offers may be linked to sales history, payment flows, merchant ratings, transaction frequency, or platform participation. This integration can reduce information asymmetry and improve access to working capital, especially for SMEs lacking formal collateral. However, embedded finance also creates new forms of dependency. SMEs may become increasingly reliant on platform infrastructures for sales, payments, credit, and customer access. While such dependency can generate efficiencies, it may also expose SMEs to platform rule changes, opaque algorithms, sudden account restrictions, changing fee structures, or unequal bargaining power. Therefore, platform-based finance has a dual character: it can empower SMEs by expanding financial access, but it can also discipline SMEs through platform control.

This duality is central to understanding trust. SMEs may trust a platform because it provides liquidity, visibility, and market access, yet simultaneously distrust it because they do not fully understand how decisions are made. Algorithmic credit scoring, for example, can accelerate loan approval but may also create anxiety when SMEs cannot interpret why they are approved, rejected, or assigned particular financing terms. Trust in platform-based finance therefore depends not only on service availability, but also on perceived fairness, explainability, and procedural transparency.

From a theoretical perspective, this suggests that platform-based finance must be examined through an ecosystem lens. Platform ecosystems are governed by rules, architectures, incentives, and power relations [18], [19]. SMEs do not merely adopt platforms; they negotiate their position within them. Their trust is shaped by how platforms allocate resources, manage risk, communicate decisions, resolve disputes, and distribute value. Thus, financial trust is embedded in platform governance.

D. SME Sustainability and Long-Term Resilience

SME sustainability is often discussed in relation to survival, growth, profitability, and continuity. However, in volatile emerging economies, sustainability should be understood more broadly as the capacity of SMEs to remain viable over time despite shocks, uncertainty, and structural constraints. This aligns with the concept of organisational resilience, which refers to an organisation's ability to absorb disruption, adapt to changing conditions, and renew itself strategically [20], [21].

Long-term resilience differs from short-term survival. Survival may indicate that an SME can withstand immediate pressure, such as a liquidity crisis or temporary sales decline. Resilience, however, implies deeper adaptive capacity: the ability to reconfigure resources, maintain financial flexibility, learn from disruption, and develop new routines that support future stability. For SMEs, resilience may be reflected in improved cash-flow management, diversified financial access, stronger digital capability, better risk awareness, and the ability to use financial platforms strategically rather than opportunistically.

Platform-based finance can contribute to SME resilience in several ways. It may improve liquidity through faster access to working capital, increase transaction efficiency through digital payments, provide financial records that support future creditworthiness, and connect SMEs to wider digital markets. Yet these benefits are contingent on trust. If SMEs perceive digital finance as risky, opaque, exploitative, or unstable, they may use platforms only temporarily or avoid integrating them into core financial practices. In contrast, when SMEs develop trust in platform-based finance, they may incorporate digital finance into long-term planning, investment decisions, customer management, and risk mitigation.

Therefore, the relationship between platform-based finance and SME resilience is not direct. It is mediated by the construction of financial trust. Access to finance may provide immediate relief, but trust determines whether that access becomes part of a durable resilience-building strategy. This distinction is important because many studies on fintech and SME performance focus on adoption or usage, while paying less attention to the deeper process through which SMEs convert digital financial access into long-term organisational capability.

E. Emerging Economies as Contexts of Institutional Complexity

Emerging economies provide a critical context for studying platform-based finance because they combine high financial exclusion, rapid digital adoption, institutional gaps, and entrepreneurial dynamism. SMEs in these economies often face limited access to formal credit, weak legal protection, underdeveloped financial infrastructure, and volatile market conditions [1], [2]. At the same time, mobile connectivity, platform marketplaces, digital wallets, and fintech innovation have expanded rapidly, creating new opportunities for financial inclusion and business transformation [3], [8].

However, institutional complexity shapes how SMEs interpret and trust digital finance. Institutional voids—such as weak regulatory enforcement, limited dispute resolution, lack of transparency, and fragmented consumer protection—can make SMEs more cautious in engaging with digital financial platforms [9]. In such contexts, trust may be built less through formal guarantees and more through practical experience, peer networks, social proof, and repeated successful transactions.

A multi-country emerging economy perspective is therefore important. It avoids reducing SME digital finance behaviour to a single national setting and allows the study to identify patterns across different institutional arrangements. Although emerging economies share common constraints, they differ in regulatory maturity, fintech ecosystem development, digital infrastructure, cultural norms, and SME financing practices. These differences may influence how financial trust is constructed and how platform-based finance supports long-term resilience.

By adopting a multi-country design, this study can distinguish between context-specific conditions and more generalisable trust-building mechanisms. For example, in one context, regulatory legitimacy may be central to trust; in another, peer endorsement or platform familiarity may be more influential. This comparative sensitivity strengthens the theoretical contribution of the study because it allows the resulting grounded theory to capture both common processes and contextual variation.

F. Toward a Grounded Theoretical Framework

Based on the reviewed literature, this study develops an initial sensitising framework rather than a fixed hypothesis-driven model. This is consistent with grounded theory, where existing literature informs theoretical sensitivity but does not predetermine the categories that emerge from data [22]–[24]. The framework positions financial trust as the core process linking platform-based finance and SME long-term resilience.

The proposed theoretical logic is as follows. First, SMEs encounter platform-based finance through different entry points, including P2P lending, e-wallets, marketplace financing, and embedded financial services. These entry points expose SMEs to new financial opportunities but also to uncertainty. Second, SMEs interpret platform-based finance through trust-related evaluations, including technological reliability, transactional transparency, relational assurance, institutional legitimacy, and perceived fairness. Third, through repeated interaction, SMEs construct financial trust by comparing expectations with lived experience. Fourth, when trust becomes sufficiently stabilised, SMEs are more likely to integrate platform-based finance into long-term business practices. Finally, this integration strengthens SME resilience by improving adaptive financial capacity, resource mobilisation, strategic flexibility, and continuity under uncertainty.

This framework does not assume that platform-based finance automatically produces SME sustainability. Instead, it argues that sustainability outcomes depend on whether SMEs are able to transform platform access into trusted financial capability. In this sense, financial trust functions as both a mechanism and a bridge: it connects digital financial access with long-term resilience.

Accordingly, the study proposes that the construction of financial trust is the central process through which platform-based finance becomes meaningful for SME sustainability. This process is not linear, universal, or purely rational. It is iterative, relational, and shaped by institutional context. SMEs may move between trust, distrust, cautious experimentation, and strategic reliance depending on their experiences with platform-based finance. Therefore, a grounded theory approach is appropriate because it allows the study to capture the processual and contextual nature of trust construction.

G. Research Gap and Theoretical Positioning

The preceding review identifies three major gaps. First, fintech and SME finance studies have largely focused on access, adoption, and performance outcomes, while paying insufficient attention to

the process through which SMEs construct financial trust in platform-based finance. Second, digital trust studies often treat trust as an individual-level perception or adoption variable, rather than as an ecosystem-embedded process shaped by technology, institutions, and repeated financial interactions. Third, SME sustainability research has not fully explained how digital financial participation contributes to long-term resilience, particularly in emerging economies marked by institutional uncertainty.

This study addresses these gaps by developing a grounded theory of financial trust construction in platform-based finance. The study is theoretically positioned at the intersection of digital finance, platform ecosystem theory, organisational trust, and SME resilience. Its central argument is that platform-based finance contributes to SME sustainability not merely by increasing access to financial services, but by enabling SMEs to construct trusted financial relationships that support long-term resilience. This theoretical positioning strengthens the study's relevance for international scholarship because it explains not only whether platform-based finance matters for SMEs, but how and under what conditions it becomes a source of sustainable resilience.

This study theorises that platform-based finance enhances SME long-term resilience through the construction of financial trust. Financial trust emerges through iterative interactions between SMEs and platform ecosystems, involving technological reliability, transactional transparency, relational assurance, institutional legitimacy, and experiential confirmation. When such trust becomes stabilised, SMEs are more likely to convert digital financial access into adaptive financial capability, thereby strengthening their capacity for continuity, flexibility, and resilience in uncertain emerging economy contexts.

Given the limited explanatory power of existing adoption-based and outcome-oriented models, this study adopts a grounded theory methodology to generate an empirically grounded explanation of how SMEs construct financial trust in platform-based finance and how this process shapes long-term resilience across emerging economies.

3. Method

A. Research Design

This study employs a qualitative research design grounded in the principles of grounded theory to explore how financial trust is constructed in platform-based finance and how such processes shape the long-term resilience of SMEs. The choice of a grounded theory approach is deliberate. While the literature on fintech adoption and SME financing has expanded considerably, it still offers limited explanation of *how* trust actually emerges, evolves, and stabilises in digitally mediated financial environments.

Rather than testing predefined hypotheses, this study seeks to uncover the underlying processes through which SMEs make sense of platform-based financial services. In doing so, it aligns with a constructivist grounded theory perspective, which views meaning and theory as co-constructed through interaction between the researcher and participants. This orientation is particularly relevant given that trust in digital finance is not simply an objective condition but is shaped by perception, experience, and context.

The research adopts a multi-country design, allowing the study to capture variation across different institutional and digital environments. This comparative sensitivity is important, as SMEs operating in emerging economies often navigate financial systems characterised by uneven regulation, evolving fintech ecosystems, and varying degrees of digital maturity.

B. Research Context and Sampling

The empirical setting of this study consists of SMEs operating across several emerging economies, each characterised by rapid fintech development alongside persistent structural constraints in traditional finance. These contexts provide fertile ground for examining how platform-based finance is interpreted, trusted, and integrated into business practices. Participants were selected using a theoretical sampling strategy, consistent with grounded theory methodology. Initial participants were SMEs actively using platform-based financial services. As data collection progressed, subsequent participants were selected based on emerging analytical needs—for instance, to contrast high-trust users with more cautious or sceptical ones, or to explore differences across platform types. To be included in the study, participants needed to meet the following criteria:

a. They were actively involved in managing SME financial decisions;
b. They had at least one year of experience using digital or platform-based finance;
c. They had engaged with one or more forms of platform finance, including P2P lending, e-wallets, or marketplace-based financing.

The final sample comprises SMEs from multiple countries and sectors, allowing for variation in firm size, industry, and level of digital engagement. Data collection continued until theoretical saturation was reached, indicated by the point at which additional interviews no longer yielded substantively new insights.

C. Data Collection

Data were primarily collected through in-depth, semi-structured interviews with SME owners and financial decision-makers. This method was chosen because it allows participants to articulate their experiences in their own terms while still enabling the researcher to probe specific themes related to trust, risk, and financial behaviour. Interviews typically lasted between 45 and 90 minutes and were conducted either in person or via online communication platforms, depending on geographical and logistical considerations. All interviews were recorded with participants' consent and transcribed verbatim. The interview guide was intentionally flexible. Rather than imposing rigid categories, it focused on broad areas such as:

a. Experiences with different forms of platform-based finance;
b. Perceptions of reliability, transparency, and risk;
c. Moments of trust formation or breakdown;
d. Decision-making processes related to continued or discontinued use;
e. The role of digital finance in supporting business continuity and adaptation.

In addition to interviews, supplementary materials—such as platform interfaces, policy documents, and observational notes—were used to provide contextual grounding. These materials helped situate participants' accounts within the broader structure of platform ecosystems.

D. Data Analysis

Data analysis followed the iterative logic of grounded theory, moving back and forth between data collection and interpretation. The process unfolded in three overlapping stages.

1. Initial Coding

The analysis began with close, line-by-line coding of interview transcripts. At this stage, the emphasis was on staying close to participants' language and identifying meaningful actions, perceptions, and experiences. Codes such as *"testing the platform," "uncertain fees," "learning by doing,"* and *"trust after repeated use"* began to emerge.

2. Focused and Axial Coding

As the analysis progressed, more focused coding was used to group initial codes into broader conceptual categories. Relationships between categories were then explored. For instance, patterns began to emerge around how SMEs moved from initial scepticism to cautious experimentation, and eventually to routinised use—often contingent on specific experiences such as successful transactions or transparent communication. At this stage, attention was given to:

a. Conditions under which trust increased or decreased;
b. The role of platform design and interaction;
c. The influence of peer networks and external validation;
d. The consequences of trust for financial decision-making.

3. Theoretical Integration

The final stage involved integrating these categories into a coherent explanatory framework. A core process was identified—namely, the construction of financial trust in platform-based finance. This process was not linear but iterative, shaped by cycles of engagement, evaluation, and adjustment. Throughout the analysis, constant comparison was employed. Incidents were compared across participants, across countries, and across different types of platforms. This allowed the study to move beyond isolated experiences and identify more generalisable patterns.

E. Ensuring Research Quality

Several strategies were employed to enhance the trustworthiness of the study. Credibility was strengthened through prolonged engagement with the data and iterative interpretation. In some cases, participants were re-contacted to clarify interpretations or confirm emerging insights. Transferability was addressed by providing detailed descriptions of the research context and participant characteristics, allowing readers to assess the applicability of findings to other settings. Dependability was ensured through careful documentation of the research process, including coding decisions and analytical memos. Confirmability was supported by maintaining a reflexive stance throughout the research. Analytical decisions were grounded in data, and efforts were made to remain attentive to alternative interpretations.

F. Ethical Considerations

All participants were informed about the purpose of the study and their right to withdraw at any time. Anonymity was preserved by removing identifying information from transcripts and reporting. Given the sensitivity of financial information, particular care was taken to ensure confidentiality and secure data storage.

4. Results

Overview of the Findings

What became increasingly apparent during the analysis is that trust does not precede the use of platform-based finance—it emerges *through* it. SMEs do not begin with confidence; they begin with hesitation. Trust is something they *work out* over time, often cautiously, sometimes reluctantly, and always in relation to their lived experience. Across cases, a recurring pattern could be observed. SMEs moved through a series of phases—not in a perfectly linear way, but in a recognisable progression—starting from skepticism, moving into cautious experimentation, and, in some instances, arriving at a point where digital finance became embedded in their everyday business practice. Rather than treating

these as rigid stages, it is more accurate to understand them as moments in an evolving relationship between SMEs and platform-based finance.

A. Entering with Doubt: "Trying, But Not Trusting"

For most participants, the initial engagement with platform-based finance was marked by a noticeable degree of hesitation. SMEs did not approach these platforms with immediate confidence; instead, they approached them with a mix of curiosity and concern. Several participants described their first interaction as "just trying it out" or "seeing if it works." This language is telling. It reflects a mindset where usage is not driven by trust, but by necessity and opportunity—often in situations where traditional financial channels had already proven inadequate. What stood out in these early encounters was the deliberate effort to limit exposure. SMEs tended to:

a. Start with small transaction amounts
b. Avoid relying on the platform for core financial needs
c. Use it alongside existing financial arrangements rather than replacing them

This behaviour suggests that early engagement is less about adoption and more about risk containment. Trust, at this point, is not absent—but it is provisional, fragile, and highly conditional.

B. Learning by Doing: Trust Through Experience

As SMEs continued to use platform-based finance, their perceptions began to shift—not because of what the platform claimed, but because of what they *experienced*. Trust started to take shape in very practical ways. It was not discussed in abstract terms, but in relation to specific moments:

a. A loan that was disbursed exactly as promised
b. A payment that went through without delay
c. A transaction that matched the expected cost

These seemingly routine events played a disproportionate role in shaping trust. For many SMEs, consistency mattered more than sophistication. A simple system that worked reliably was often valued more than a complex one that was difficult to understand. At the same time, negative experiences were equally influential. Unexpected fees, unclear terms, or delayed responses from platforms could quickly disrupt emerging confidence. In several cases, SMEs described moments where a single negative incident caused them to "step back" or reduce usage. What this suggests is that trust is not something that accumulates steadily. Instead, it is constantly recalibrated, shaped by an ongoing comparison between expectation and experience.

C. Trust, But With Conditions

Over time, many SMEs developed what might best be described as a *working trust*. They were willing to use the platform, and in some cases rely on it—but not without boundaries. This form of trust was highly pragmatic. SMEs did not necessarily believe that the platform was entirely reliable or risk-free. Rather, they learned how to use it in a way that felt manageable. For example:

a. Some participants limited platform use to short-term financing needs
b. Others avoided large transactions, even after positive experiences
c. Many maintained parallel financial channels as a form of backup

In this sense, trust did not eliminate caution—it coexisted with it. SMEs appeared to develop their own internal rules about when and how the platform could be trusted. Trust was often reinforced not just by personal experience, but by:

a. Recommendations from peers
b. Observations of how other businesses used the platform
c. Informal conversations within business networks

D. When Trust Becomes Routine

For a smaller group of SMEs, continued positive experience led to a noticeable shift. Platform-based finance was no longer something they "tried" or "used carefully"—it became part of how they operated. At this point, trust seemed less visible, not because it disappeared, but because it became **taken for granted**. SMEs no longer questioned every transaction or double-checked every outcome. The platform became predictable enough to be integrated into routine decision-making. This shift was reflected in several ways:

a. Digital payments became the default mode of transaction
b. Financing decisions were made with the platform in mind
c. Business operations began to align with platform systems and timelines

Importantly, this did not mean that SMEs were unaware of risks. Rather, it suggests that they had reached a level of familiarity where those risks were understood, anticipated, and managed.

E. Trust and the Ability to Withstand Uncertainty

The most significant difference between SMEs that developed stable trust and those that did not was not simply how often they used the platform—but how they *used it*. Where trust had stabilised, platform-based finance appeared to support a broader set of capabilities:

a. Managing cash flow more flexibly
b. Responding more quickly to market changes
c. Accessing funds when opportunities arose
d. Maintaining operations during periods of disruption

In contrast, SMEs that remained cautious or ambivalent tended to use platforms in a more fragmented way. Their engagement was occasional, reactive, and often limited to short-term needs. What emerges here is an important distinction. Platform-based finance, in itself, does not guarantee resilience. Its contribution depends on whether SMEs are able to move beyond tentative use and develop a level of trust that allows for deeper integration.

F. Bringing the Process Together

Taken together, the findings suggest that trust develops through a series of interconnected moments (a) Initial hesitation and controlled experimentation; (b) Gradual learning through repeated interaction; (c) The development of bounded, experience-based trust; and also (d) the eventual normalisation of platform use in daily operations. This process is not uniform. SMEs may move forward, pause, or even step back depending on their experiences. However, across different countries and platform types, the underlying pattern remains consistent.

5. Discussions

A. Reframing Trust in Platform-Based Finance

One of the central contributions of this study lies in how it repositions trust within the literature on digital finance. Much of the existing work treats trust as a precondition for adoption—something that needs to be established before users engage with fintech services. The findings here suggest a

different story. For SMEs, trust is not something that precedes action; it is something that *emerges through action*.

This shift matters. It challenges the dominant logic in technology adoption models, where trust is often conceptualised as a static variable influencing intention. Instead, what we see is a more dynamic and practice-based process. SMEs do not wait until they fully trust a platform—they engage first, often cautiously, and then develop trust through repeated interaction. This aligns more closely with process-oriented views of trust, where trust is continuously negotiated rather than assumed. However, the findings extend this perspective by showing that, in platform-based finance, trust is not only relational but also deeply entangled with technological systems, transaction design, and platform governance. In other words, trust is not directed at a single actor, but at an entire socio-technical arrangement.

B. Trust Beyond Individuals: An Ecosystem Perspective

Another important insight concerns the locus of trust. Traditional trust literature often focuses on interpersonal or inter-organisational relationships—trust in a lender, a bank, or a business partner. In contrast, SMEs in this study were not trusting a single entity. They were navigating a broader ecosystem that included platforms, algorithms, payment systems, and often invisible decision-making processes. This suggests that trust in platform-based finance is better understood as distributed. It is shaped by multiple elements simultaneously:

a. The reliability of the interface
b. The predictability of transactions
c. The perceived fairness of rules
d. The credibility of the broader system

This finding resonates with platform ecosystem theory, which emphasises that value creation is distributed across multiple actors and infrastructures. However, the study adds an important layer by showing that trust itself is also distributed. SMEs build confidence not just in "the platform," but in how the entire system behaves over time. This helps explain why even technically advanced platforms may struggle to gain traction if users perceive inconsistencies, lack of transparency, or weak institutional backing. Conversely, relatively simple platforms may be trusted if they are perceived as predictable and fair.

C. The Role of Experience in Reducing Uncertainty

The findings also highlight the central role of experience in shaping trust. While prior studies often rely on perception-based measures (e.g., perceived usefulness, perceived risk), this study shows that SMEs rely heavily on lived experience to evaluate platform-based finance. This experiential dimension is particularly important in emerging economies, where formal institutional guarantees may be limited or unevenly enforced. In such contexts, SMEs cannot rely solely on regulatory assurances or brand reputation. Instead, they develop trust through what might be described as *practical verification*—testing the system and observing how it responds.

This has two implications. First, trust is inherently fragile in the early stages of engagement, as it is based on limited experience. Second, trust can strengthen rapidly when platforms consistently meet expectations. However, it can also deteriorate quickly when expectations are violated. In this sense, trust behaves less like a stable attribute and more like a sensitive indicator of system performance.

D. From Access to Capability: Rethinking SME Sustainability

A key contribution of this study lies in how it reframes the relationship between platform-based finance and SME sustainability. Much of the existing literature emphasises access—access to

credit, access to payments, access to financial services. While access is undoubtedly important, the findings suggest that it is not sufficient. What matters more is whether SMEs are able to translate access into capability. SMEs that developed stable trust were not simply using platform-based finance more frequently; they were using it more *strategically*. They integrated digital finance into their decision-making processes, used it to manage uncertainty, and relied on it to support ongoing operations.

In contrast, SMEs that remained in a state of cautious or conditional trust tended to use platforms in a fragmented way. Their engagement was reactive rather than strategic, which limited the contribution of digital finance to long-term resilience. This distinction helps bridge the gap between fintech and SME resilience literature. It suggests that platform-based finance contributes to sustainability not directly, but through an intermediate process—namely, the construction of trust, which enables the development of financial capability.

E. Trust as a Mechanism of Resilience

Building on this, the study positions trust as a mechanism rather than simply a condition. Trust enables SMEs to move from tentative engagement to confident reliance. This shift, in turn, allows them to (a) Plan more effectively; (b) Respond more quickly to changes; and (c) Maintain continuity under pressure. In this sense, trust plays a role similar to what resilience literature describes as an *enabling capability*. It does not eliminate uncertainty, but it allows organisations to operate within it more effectively. This perspective adds nuance to the idea of resilience. Rather than viewing resilience purely in terms of outcomes (e.g., survival, recovery), the findings suggest that resilience is also shaped by how SMEs relate to the systems they depend on. When those relationships are characterised by trust, SMEs are better positioned to navigate uncertainty.

F. The Influence of Context: Emerging Economies and Institutional Complexity

The multi-country design of the study also sheds light on the role of context. While the overall process of trust construction was broadly similar across cases, the conditions under which trust developed varied. In some contexts, institutional signals—such as regulation or association with established financial institutions—played a significant role in supporting trust. In others, trust was more strongly influenced by peer networks and informal validation. This suggests that trust in platform-based finance is not only a function of platform design, but also of institutional environment. In emerging economies, where formal systems may be less predictable, SMEs appear to rely more heavily on experiential and social cues. This finding reinforces the importance of studying digital finance in context, rather than assuming that insights from developed economies can be directly applied.

G. Theoretical Contribution

Taken together, the study makes three main theoretical contributions. First, it advances the literature on digital finance by conceptualising trust as a process, rather than a static determinant of adoption. This shifts the analytical focus from "why SMEs adopt fintech" to "how SMEs come to trust fintech over time." Second, it contributes to platform theory by showing that trust in platform-based finance is ecosystem-based and distributed, rather than centred on a single actor or relationship. Third, it extends SME resilience literature by identifying trust as a key mechanism linking digital financial access to long-term resilience. This moves beyond the dominant focus on access and highlights the importance of capability development.

6. Conclusions and Practical Implications

A. Conclusion

This study set out to understand how financial trust is constructed in platform-based finance and how this process shapes the long-term resilience of SMEs in emerging economies. Rather than treating trust as a prerequisite for adoption, the findings show that trust develops gradually through interaction, shaped by experience, interpretation, and context. What emerges is a shift in how platform-based finance should be understood. Access alone does not transform SME outcomes. While digital platforms may expand financial opportunities, their contribution to sustainability depends on whether SMEs are able to engage with them in a way that builds confidence over time. In this sense, trust is not an initial condition, but an evolving relationship. The study also shows that this relationship is neither linear nor uniform. SMEs move between caution and confidence, often adjusting their level of reliance based on accumulated experience. Only when trust becomes sufficiently stable do SMEs begin to integrate platform-based finance into their core operations. At that point, digital finance shifts from being a supplementary tool to becoming part of a broader resilience strategy.

From a theoretical standpoint, the findings contribute by reframing trust as a process, positioning it within a broader ecosystem of digital interaction, and linking it to the development of adaptive capability. This helps bridge previously disconnected strands of literature—fintech adoption, platform ecosystems, and SME resilience—into a more coherent explanation.

B. Practical Implications

The findings also carry several implications for stakeholders involved in digital financial ecosystems.

1. For Policymakers

The results suggest that expanding access to digital finance, while important, is not sufficient. Policymakers need to pay closer attention to the conditions under which trust can develop. In emerging economies, where institutional trust may be uneven, visible and consistent regulatory signals can play a stabilising role in shaping SME confidence. This includes:

a. Strengthening regulatory clarity and enforcement to reduce uncertainty
b. Ensuring transparency in pricing, data usage, and platform governance
c. Providing accessible mechanisms for dispute resolution
d. Supporting financial and digital literacy among SMEs

2. For Platform and Fintech Providers

For platform operators, the findings highlight that trust is built less through marketing claims and more through consistent performance. Importantly, SMEs pay close attention to how platforms behave when something goes wrong. Moments of failure, if handled well, can strengthen trust rather than weaken it. Platforms should also recognise that SMEs often engage cautiously. Designing services that support gradual engagement—rather than assuming full commitment from the outset—may help build more sustainable relationships. Several aspects appear particularly critical:

a. Reliability of transactions and system stability
b. Clear and predictable fee structures
c. Transparent communication, especially during disruptions
d. Responsive customer support

3. For SME Development Programs and Support Institutions

Organizations that support SMEs can play an important role in facilitating trust-building processes. Peer influence emerged as a significant factor in shaping trust. Leveraging this social dimension can accelerate more informed and confident adoption. This may involve:

a. Providing training on how to evaluate and use digital financial services
b. Creating spaces for peer learning and experience sharing
c. Helping SMEs understand risks as well as opportunities
d. Encouraging diversified financial strategies rather than reliance on a single platform

C. Limitations and Future Research

As with any qualitative study, the findings should be interpreted in light of certain limitations. First, while the multi-country design enhances contextual richness, it does not aim for statistical generalisation. Instead, the study offers analytical insights that may be transferable to similar contexts. Second, the focus on SME perspectives means that the study does not directly capture the viewpoints of platform providers or regulators. Future research could adopt a multi-actor perspective to better understand how trust is co-produced across different stakeholders. Third, the study examines trust as it develops over time, but within the constraints of retrospective accounts. Longitudinal research could provide deeper insight into how trust evolves in real time. Future studies may also explore:

a. Differences across specific types of platforms (e.g., lending vs. payments)
b. The role of algorithmic transparency in shaping trust
c. Comparative analysis between emerging and developed economies
d. Quantitative validation of the proposed process model

D. Closing Statement

Ultimately, this study suggests that the impact of platform-based finance on SME sustainability cannot be reduced to access or technology alone. What matters is how SMEs come to understand, evaluate, and ultimately trust these systems. In environments characterised by uncertainty, trust becomes more than a perception—it becomes a capability. And it is this capability that enables SMEs not only to use digital finance, but to rely on it as part of their long-term resilience.

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