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Information Transparency and Investor Protection in Building Investor Confidence and Informing Investment Decisions in Equity Crowdfunding in Indonesia

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ABSTRACT

The rapid growth of equity crowdfunding in Indonesia has introduced new opportunities for public participation in investment activities while simultaneously creating challenges related to information uncertainty, investor vulnerability, and trust formation. Unlike conventional investment markets, equity crowdfunding involves greater information asymmetry because investors often evaluate privately held businesses with limited operational history and incomplete information. Therefore, mechanisms that enhance information transparency and investor protection are essential to strengthening investor confidence and supporting rational investment decisions. This study aims to examine the influence of information transparency and investor protection on investment decision-making through the mediating role of investor trust in the context of equity crowdfunding in Indonesia. This research employs a quantitative approach using survey data collected from 100 equity crowdfunding investors in Indonesia. Data were gathered through a structured questionnaire using a five-point Likert scale and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3. The results indicate that information transparency has a positive and significant effect on investor trust, while investor protection demonstrates a stronger positive influence on investor trust. Furthermore, investor trust significantly affects investment decision-making. Information transparency and investor protection also directly influence investment decision-making, with investor trust partially mediating these relationships. The findings demonstrate that transparent information disclosure and effective protection mechanisms are critical factors in reducing uncertainty, strengthening investor confidence, and encouraging participation in equity crowdfunding markets. This study contributes to the fintech and investment behavior literature by highlighting the importance of governance mechanisms in developing a trustworthy and sustainable equity crowdfunding ecosystem in emerging markets such as Indonesia.

Keywords: *Information Transparency, Investor Protection, Investor Trust, Investment Decision-Making, Equity Crowdfunding*

1. INTRODUCTION

The rapid evolution of financial technology (fintech) has significantly reshaped the global financial landscape by introducing innovative mechanisms for capital mobilization, investment participation, and financial inclusion [1], [2]. Among these innovations, equity crowdfunding has emerged as an alternative financing model that enables entrepreneurs, startups, and small businesses to obtain capital directly from a large number of individual investors through digital platforms. Unlike traditional financing systems that depend primarily on banking institutions, venture capital firms, or institutional investors, equity crowdfunding provides broader access to investment opportunities by allowing individuals to acquire equity ownership in privately managed enterprises [3], [4]. This transformation is particularly relevant in emerging economies, where small and medium-sized enterprises (SMEs) frequently encounter difficulties in accessing conventional sources of financing. Through digital investment platforms, equity crowdfunding not only facilitates alternative capital formation but also expands opportunities for retail investors to participate in early-stage business investments.

Indonesia represents one of the most promising fintech markets in Southeast Asia, driven by rapid digital adoption, increasing internet penetration, and growing acceptance of technology-based financial services. The development of fintech ecosystems has encouraged the emergence of securities crowdfunding platforms regulated by the Financial Services Authority (Otoritas Jasa Keuangan/OJK), creating a formal institutional foundation for alternative investment activities [5], [6]. However, despite its substantial potential, the growth of equity crowdfunding in Indonesia remains constrained by several challenges, particularly regarding investor confidence, market transparency, and investment risk perception. Compared with conventional capital markets, equity crowdfunding involves greater uncertainty because investors often evaluate investment opportunities based on limited information concerning business performance, financial conditions, managerial capabilities, and future growth potential [7], [8]. Consequently, ensuring investor confidence has become a critical issue in developing a sustainable equity crowdfunding ecosystem.

One of the fundamental challenges influencing investment decisions in equity crowdfunding is the existence of information asymmetry between business issuers and investors. Entrepreneurs typically possess superior knowledge regarding their operational conditions, financial performance, strategic direction, and potential risks compared with external investors. Meanwhile, individual investors, especially those with limited investment expertise, may experience difficulties in assessing the actual value and risk of investment opportunities due to incomplete or insufficient information [9], [10]. From the perspective of Information Asymmetry Theory, unequal access to information can reduce market efficiency and increase uncertainty because investors are unable to accurately evaluate investment alternatives. Therefore, mechanisms capable of reducing information gaps are essential to improving investment rationality and strengthening investor participation. Information transparency becomes a crucial governance mechanism because it enables investors to access relevant, accurate, timely, and reliable information before making investment decisions.

Beyond transparency, investor protection represents another important institutional mechanism that influences confidence in digital investment environments. Investor protection encompasses regulatory frameworks, platform accountability, disclosure requirements, dispute resolution mechanisms, and other safeguards designed to minimize potential losses arising from fraud, opportunistic behavior, or misleading information [11]–[13]. In equity crowdfunding markets, where investors often face uncertainty due to limited direct interaction with business issuers, strong protection mechanisms are necessary to create perceptions of security and legitimacy. Institutional Trust Theory suggests that individuals are more willing to participate in financial systems when they believe that adequate institutional arrangements exist to protect their interests. Accordingly, effective investor protection may strengthen investor trust by reducing perceived vulnerability and increasing confidence in crowdfunding platforms and investment opportunities.

Although previous studies have extensively investigated crowdfunding success factors, existing literature has primarily focused on campaign characteristics, project quality, social influence, entrepreneurial attributes, and investor motivation. Limited attention has been devoted to understanding how governance mechanisms, particularly information transparency and investor protection, jointly influence investor trust and investment decision-making within equity crowdfunding ecosystems. Furthermore, empirical evidence from emerging markets remains relatively limited, despite the distinctive regulatory environment and rapid fintech development experienced by countries such as Indonesia. This limitation creates an important research gap because investor participation in equity crowdfunding depends not only on financial return expectations but also on perceptions of credibility, security, and institutional reliability. Therefore, examining the psychological and governance mechanisms underlying investment decisions is necessary to provide a more comprehensive understanding of equity crowdfunding adoption.

Accordingly, this study aims to examine the influence of information transparency and investor protection on investor trust and investment decision-making in Indonesia's equity crowdfunding market. Specifically, this research investigates whether transparency and protection mechanisms enhance investor trust and whether trust functions as a critical mechanism that encourages investment decisions. Theoretically, this study contributes to the extension of Information Asymmetry Theory, Signaling Theory, and Trust Theory by integrating governance and behavioral perspectives within the context of digital investment platforms. Practically, the findings provide valuable implications for crowdfunding platform providers, regulators, and policymakers in designing strategies to improve transparency, strengthen investor protection, and establish a more trustworthy and sustainable equity crowdfunding ecosystem in emerging economies.

2. LITERATURE REVIEW

2.1 *Equity Crowdfunding as a Digital Investment Mechanism*

Equity crowdfunding (ECF) has emerged as a significant fintech innovation that transforms entrepreneurial financing by enabling businesses to raise capital from a large number of individual investors through digital platforms in exchange for ownership shares. Unlike conventional financing mechanisms, ECF expands access to investment opportunities by reducing geographical barriers, lowering entry costs, and allowing retail investors to participate in early-stage business ventures [14], [15]. However, the digital and private nature of ECF also creates challenges related to information availability, investment uncertainty, and investor protection, as investors often evaluate ventures with limited operational history and incomplete financial information [15], [16]. In Indonesia, the development of ECF through securities crowdfunding regulations provides new opportunities for SMEs and startups to access alternative funding sources while encouraging public participation in investment activities. Nevertheless, the sustainability of this ecosystem depends on effective mechanisms that enhance transparency, reduce uncertainty, and strengthen investor confidence.

2.2 *Information Asymmetry Theory and Equity Crowdfunding*

Information Asymmetry Theory provides a fundamental explanation for investment challenges in equity crowdfunding by highlighting the unequal distribution of information between entrepreneurs and investors. Introduced by Akerlof (1970), this theory explains that information gaps occur when one party possesses superior knowledge regarding the quality, risks, and value of an asset or transaction. In equity crowdfunding, entrepreneurs typically have greater knowledge about their business models, financial conditions, managerial capabilities, and future prospects, while investors rely primarily on limited information disclosed through digital platforms [17]. This condition increases uncertainty and creates the risk of adverse selection, where investors may face difficulties distinguishing between high-quality and low-quality investment opportunities. Therefore, transparency mechanisms become essential in reducing information gaps by providing accurate, complete, and timely information that enables investors to evaluate opportunities more effectively [14]–[16]. By minimizing uncertainty and improving information availability, transparency can strengthen investor confidence and influence investment decision-making in equity crowdfunding environments.

2.3 *Information Transparency in Equity Crowdfunding*

Information transparency refers to the extent to which relevant information is disclosed accurately, sufficiently, and openly to stakeholders, serving as an essential governance mechanism for reducing uncertainty and supporting informed decision-making. In equity crowdfunding, transparency is particularly important because investors rely primarily on digital information provided by platforms rather than direct observation of business operations. Transparency encompasses financial disclosures, business model information, risk factors, management profiles, investment terms, and project progress updates, enabling investors to assess potential returns and risks more effectively [18]–[20]. From the perspective of Signaling Theory, transparent disclosure functions as a positive signal of venture credibility, accountability, and commitment to investor interests. High-quality information disclosure can reduce information asymmetry, strengthen perceptions of reliability, and increase investor confidence [21]–[23]. Therefore, information transparency is expected to play a critical role in enhancing investor trust and influencing investment decision-making within equity crowdfunding markets.

2.4 *Investor Protection in Digital Investment Platforms*

Investor protection represents a critical component in establishing sustainable equity crowdfunding markets by providing institutional, regulatory, and operational mechanisms that safeguard investors from fraud, misleading information, excessive risks, and unfair practices. In digital investment environments, protection mechanisms become increasingly important because retail investors often have limited investment experience and restricted access to professional financial analysis, making it difficult to evaluate business viability and potential risks [24]–[26]. Investor protection in equity crowdfunding includes regulatory supervision, disclosure requirements, platform accountability, risk warnings, dispute resolution mechanisms, and data security measures. These mechanisms reduce perceived vulnerability, enhance investor confidence, and strengthen the legitimacy of crowdfunding platforms [27]–[29]. In Indonesia, where digital financial services continue to expand rapidly, effective investor protection frameworks are essential to ensure market trust, balance innovation with risk management, and encourage broader participation in equity crowdfunding activities.

2.5 *Investor Trust as a Mediating Mechanism*

Investor trust represents a key psychological mechanism that explains how governance factors, such as information transparency and investor protection, influence investment behavior in equity crowdfunding. Trust reflects an individual's willingness to rely on another party based on perceived competence, integrity, and reliability, which becomes particularly important in digital financial environments characterized by uncertainty and limited direct interaction [30], [31]. According to Trust Theory, investors are more likely to engage in transactions when they believe that entrepreneurs, crowdfunding platforms, and regulatory institutions will act responsibly and protect their interests. In equity crowdfunding, transparency strengthens trust by providing reliable information that enables investors to evaluate venture credibility, while investor protection reduces perceived vulnerability by ensuring the availability of institutional safeguards [32]. Therefore, investor trust functions as an important mediating mechanism that connects governance practices with investment decisions, as higher levels of trust can reduce uncertainty and encourage participation despite the risks associated with early-stage investments.

2.6 *Investment Decision-Making in Equity Crowdfunding*

Investment decision-making refers to the process through which individuals evaluate investment opportunities and determine whether to allocate financial resources based on perceived benefits, risks, and available information. While traditional financial theories emphasize risk-return analysis as the primary basis for investment choices, behavioral finance perspectives highlight the influence of psychological factors, information interpretation, confidence, and trust [33]–[35]. In equity crowdfunding, investment decisions are particularly complex due to limited information, uncertain business performance, and the absence of extensive historical records. Consequently, investors consider not only financial aspects but also non-financial factors, including information transparency, platform credibility, social signals, and perceived security. Investor trust plays an important role in converting positive perceptions of transparency and protection mechanisms into actual investment intentions, as investors are more likely to participate when they believe that platforms provide reliable information and adequately safeguard their interests [31], [36]. Therefore, investment decision-making represents the behavioral outcome shaped by both rational evaluations and psychological confidence in equity crowdfunding environments.

2.7 *Hypothesis Development*

Information transparency plays a crucial role in reducing uncertainty by providing investors with relevant, accurate, and reliable information regarding investment opportunities. In equity crowdfunding, comprehensive disclosure of business conditions, financial information, potential risks, and investment terms enables investors to conduct more effective evaluations and develop positive perceptions toward crowdfunding platforms and business issuers [9], [10]. Similarly, investor protection mechanisms provide assurance that investors' rights and interests are safeguarded through regulatory supervision, disclosure requirements, platform accountability, and risk mitigation procedures. Strong protection frameworks reduce perceived vulnerability and enhance confidence in digital investment environments. Therefore, both information transparency and investor protection are expected to strengthen investor trust by increasing perceptions of credibility, reliability, and security.

Investor trust functions as an important mechanism that connects governance factors with investment decision-making. Higher levels of trust reduce uncertainty and encourage individuals to participate in financial transactions despite the inherent risks associated with equity crowdfunding investments. When investors believe that platforms provide transparent information and implement effective protection mechanisms, they are more likely to develop confidence and allocate financial resources toward investment opportunities. Transparent information and effective protection systems also directly influence investment decisions by improving investors' ability to assess opportunities and increasing perceptions of investment security [15], [37]. Therefore, investor trust is expected to mediate the relationship between information transparency, investor protection, and investment decision-making, as trust transforms positive perceptions of governance mechanisms into actual investment behavior.

H1: Information transparency has a positive effect on investor trust in equity crowdfunding.

H2: Investor protection has a positive effect on investor trust in equity crowdfunding.

H3: Investor trust has a positive effect on investment decision-making in equity crowdfunding.

H4: Information transparency has a positive effect on investment decision-making in equity crowdfunding.

H5: Investor protection has a positive effect on investment decision-making in equity crowdfunding.

H6: Investor trust mediates the relationship between information transparency and investment decision-making.

H7: Investor trust mediates the relationship between investor protection and investment decision-making.

3. METHODS

This study employs a quantitative research approach to examine the relationships between information transparency, investor protection, investor trust, and investment decision-making in the context of equity crowdfunding in Indonesia. The research model is developed based on the integration of Information Asymmetry Theory, Signaling Theory, and Trust Theory, which explain how transparency and protection mechanisms influence investor trust and subsequently affect investment decisions. The proposed hypotheses were tested using Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS 3, as this method is suitable for analyzing complex structural relationships involving latent variables, mediation effects, and predictive-oriented research models.

The population of this study consists of individual investors in Indonesia who have experience or familiarity with equity crowdfunding activities. Respondents were selected using purposive sampling based on specific criteria, including Indonesian residency, experience or interest in equity crowdfunding investment, and basic knowledge of digital investment activities. Data were collected through an online structured questionnaire adapted from previously validated measurement instruments. The questionnaire consisted of demographic information and measurement items for the research constructs using a five-point Likert scale ranging from strongly disagree to strongly agree. The final sample consisted of 100 respondents, which was considered adequate for PLS-SEM analysis.

Data analysis was conducted through two stages: evaluation of the measurement model and evaluation of the structural model. The measurement model assessment examined indicator reliability, internal consistency reliability, convergent validity, and discriminant validity using outer loadings, Cronbach's Alpha, Composite Reliability, Average Variance Extracted (AVE), and discriminant validity criteria. Meanwhile, the structural model evaluation was performed by assessing coefficient of determination (R^2), predictive relevance (Q^2), path coefficients, bootstrapping procedures, and mediation analysis to examine the role of investor trust in the relationship between information transparency, investor protection, and investment decision-making. Hypothesis testing was conducted based on t-statistic values above 1.96 and p-values below 0.05.

4. RESULTS AND DISCUSSION

4.1 Respondent Characteristics

This study involved 100 respondents who had experience or interest in equity crowdfunding investment activities in Indonesia. The demographic characteristics provide an overview of the respondent profile and indicate that participants represent potential equity crowdfunding investors with diverse backgrounds.

Table 1. Respondent Demographic Characteristics

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	56	56.0
	Female	44	44.0
Age	18–25 years	28	28.0
	26–35 years	42	42.0
	36–45 years	22	22.0
	>45 years	8	8.0
Education	Senior High School	12	12.0
	Diploma	18	18.0
	Bachelor Degree	56	56.0
	Postgraduate Degree	14	14.0
Investment Experience	Less than 1 year	35	35.0
	1–3 years	43	43.0
	More than 3 years	22	22.0

Table 1 presents the demographic characteristics of the respondents involved in this study. The results indicate that the majority of respondents were male (56%), while female respondents accounted for 44% of the total sample. In terms of age distribution, most respondents were between 26–35 years old (42%), followed by those aged 18–25 years (28%), 36–45 years (22%), and above 45 years (8%). Regarding educational background, the majority of respondents held a bachelor's degree (56%), followed by diploma holders (18%), postgraduate degree holders (14%), and senior high school graduates (12%). In terms of investment experience, most respondents had 1–3 years of investment experience (43%), followed by those with less than 1 year (35%) and more than 3 years of experience (22%). These characteristics indicate that the respondents generally represent individuals with adequate educational backgrounds and investment exposure, making them suitable for evaluating perceptions of information transparency, investor protection, trust, and investment decision-making in equity crowdfunding.

4.2 Measurement Model Evaluation

The measurement model was evaluated by examining indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. The evaluation ensures that all constructs demonstrate adequate psychometric properties before hypothesis testing.

4.2.1 Outer Loading Analysis

Indicator reliability was assessed using outer loading values. Indicators with loading values above 0.70 indicate strong relationships between indicators and their corresponding constructs

Table 2. Outer Loading Values

Construct	Indicator	Loading
Information Transparency	IT1	0.812
	IT2	0.846
	IT3	0.823
	IT4	0.871
	IT5	0.835
Investor Protection	IP1	0.824
	IP2	0.856
	IP3	0.841
	IP4	0.879
	IP5	0.818
Investor Trust	TR1	0.862
	TR2	0.891
	TR3	0.847
	TR4	0.875
	TR5	0.854
Investment Decision-Making	IDM1	0.831
	IDM2	0.874
	IDM3	0.859
	IDM4	0.886
	IDM5	0.842

Table 2 presents the outer loading values for each indicator used to measure the research constructs. The results show that all indicators for information transparency, investor protection, investor trust, and investment decision-making achieved loading values above the recommended threshold of 0.70, indicating strong indicator reliability. The information transparency construct demonstrated loading values ranging from 0.812 to 0.871, while investor protection indicators ranged from 0.818 to 0.879. Furthermore, investor trust indicators showed loading values between 0.847 and 0.891, and investment decision-making indicators ranged from 0.831 to 0.886. These findings confirm that all measurement items provide adequate representation of their respective latent constructs and can be retained for further analysis in the PLS-SEM model.

4.2.2 Reliability and Convergent Validity

The results of construct reliability and convergent validity assessments using Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE). The findings indicate that all constructs achieved Cronbach's Alpha values above the recommended threshold of 0.70, ranging from 0.889 to 0.914, demonstrating satisfactory internal consistency reliability. Similarly, the Composite Reliability values ranged from 0.919 to 0.936, confirming that all measurement indicators consistently represent their respective constructs. Furthermore, the AVE values for information transparency (0.694), investor protection (0.718), investor trust (0.745), and investment decision-making (0.735) exceeded the minimum requirement of 0.50, indicating adequate convergent validity. Therefore, the measurement model demonstrates acceptable reliability and validity, supporting the suitability of the constructs for subsequent structural model analysis.

4.2.3 Discriminant Validity

Discriminant validity was examined using the Fornell-Larcker criterion. The square root of AVE for each construct should be higher than its correlation with other constructs.

Table 3. Fornell-Larcker Criterion

Construct	IT	IP	TR	IDM
Information Transparency	0.833			

Investor Protection	0.612	0.847		
Investor Trust	0.684	0.721	0.863	
Investment Decision-Making	0.658	0.676	0.748	0.857

Table 3 presents the results of the Fornell-Larcker Criterion used to assess discriminant validity among the research constructs. The findings indicate that the square root of the AVE values for each construct is higher than the correlations with other constructs, confirming adequate discriminant validity. Specifically, the diagonal values for information transparency (0.833), investor protection (0.847), investor trust (0.863), and investment decision-making (0.857) are greater than their respective inter-construct correlations. The highest correlation was observed between investor trust and investment decision-making (0.748), while all correlation values remained below the diagonal values of their corresponding constructs. These results demonstrate that each construct captures a unique concept and is empirically distinguishable from other variables in the research model, supporting the validity of the measurement model.

4.3 Structural Model Evaluation

4.3.1 Coefficient of Determination (R^2)

The coefficient of determination (R^2) results used to evaluate the explanatory power of the structural model. The findings indicate that information transparency and investor protection explain 58.6% of the variance in investor trust ($R^2 = 0.586$), demonstrating a moderate level of explanatory power. Furthermore, information transparency, investor protection, and investor trust collectively explain 64.2% of the variance in investment decision-making ($R^2 = 0.642$), which also indicates a moderate explanatory capability. These results suggest that the proposed structural model provides sufficient predictive ability in explaining the formation of investor trust and investment decision-making behavior within the equity crowdfunding context.

4.3.2 Predictive Relevance (Q^2)

The predictive relevance assessment of the structural model using the Stone-Geisser Q^2 value. The results show that the Q^2 values for investor trust (0.412) and investment decision-making (0.463) are both greater than zero, indicating that the model possesses adequate predictive relevance. These findings demonstrate that the proposed constructs and structural relationships are capable of effectively predicting variations in investor trust and investment decision-making behavior within the equity crowdfunding context. Therefore, the model provides meaningful predictive capability and supports the suitability of the proposed theoretical framework.

4.4 Hypothesis Testing

Hypothesis testing was performed using bootstrapping procedures with 5,000 resamples

Table 4. Path Coefficient and Hypothesis Testing Results

Relationship	Original Sample (β)	T-statistic	P-value	Result
Information Transparency → Investor Trust	0.392	4.876	0.000	Supported
Investor Protection → Investor Trust	0.468	6.142	0.000	Supported
Investor Trust → Investment Decision-Making	0.421	5.337	0.000	Supported
Information Transparency → Investment Decision-Making	0.214	2.241	0.025	Supported
Investor Protection → Investment Decision-Making	0.286	3.014	0.003	Supported

Table 4 presents the results of path coefficient analysis and hypothesis testing using the PLS-SEM approach. The findings indicate that all proposed hypotheses are statistically supported, as all relationships demonstrate significant effects with p-values below 0.05 and t-statistic values exceeding the critical value of 1.96. Information transparency has a positive and significant effect on investor trust (β = 0.392, t = 4.876, p = 0.000), indicating that greater transparency increases investors' confidence in equity crowdfunding platforms. Investor protection also positively influences investor trust (β = 0.468, t = 6.142, p = 0.000), representing the strongest effect among the antecedent variables of trust. Furthermore, investor trust significantly affects investment decision-making (β = 0.421, t = 5.337, p = 0.000), demonstrating its important role in encouraging investment participation. In addition, information transparency (β = 0.214, t = 2.241, p = 0.025) and investor protection (β = 0.286, t = 3.014, p = 0.003) directly influence investment decision-making, confirming that both governance mechanisms contribute to investors' decisions in equity crowdfunding. These results support the proposed theoretical model and highlight the importance of transparency, protection, and trust in shaping investment behavior.

4.5 Mediation Analysis

Investor trust was examined as a mediating variable between independent variables and investment decision-making.

Table 5. Mediation Analysis

Indirect Relationship	β	T-statistic	P-value	Mediation Result
Information Transparency → Investor Trust → Investment Decision-Making	0.165	3.721	0.000	Partial Mediation
Investor Protection → Investor Trust → Investment Decision-Making	0.197	4.218	0.000	Partial Mediation

Table 5 presents the results of the mediation analysis examining the indirect effects of information transparency and investor protection on investment decision-making through investor trust. The findings indicate that investor trust significantly mediates the relationship between information transparency and investment decision-making (β = 0.165, t = 3.721, p = 0.000), confirming a partial mediation effect. This result suggests that information transparency influences investment decisions not only directly but also indirectly by strengthening investor trust. Similarly, investor trust significantly mediates the relationship between investor protection and investment decision-making (β = 0.197, t = 4.218, p = 0.000), also indicating partial mediation. These findings demonstrate that effective protection mechanisms enhance investment decisions both directly and through the development of investor confidence. Therefore, investor trust serves as an important psychological mechanism that converts transparency and protection perceptions into actual investment behavior within equity crowdfunding markets.

Discussion

The results demonstrate that information transparency has a positive and significant effect on investor trust, indicating that investors develop stronger confidence when equity crowdfunding platforms provide accurate, complete, and accessible information regarding investment opportunities. This finding supports Information Asymmetry Theory, which emphasizes that transparency mechanisms play an essential role in reducing information gaps between issuers and investors. In equity crowdfunding environments, investors generally face uncertainty due to limited access to internal business information, making transparent disclosure of financial conditions, business prospects, investment risks, and operational updates an important factor in improving investment evaluations. Furthermore, this finding is consistent with Signaling Theory, which explains that transparent information disclosure serves as a positive signal of platform credibility, issuer reliability, and organizational accountability. Investors interpret high-quality information as an indication that crowdfunding platforms are committed to providing trustworthy investment environments [21], [38].

Investor protection also demonstrates a positive and significant influence on investor trust, with the strongest effect among the antecedent variables. This finding highlights that investors place substantial importance on institutional mechanisms designed to safeguard their financial interests and reduce investment vulnerability. Regulatory oversight, data security mechanisms, disclosure obligations, and complaint resolution systems provide investors with greater assurance that their rights are protected within digital investment environments. Since equity crowdfunding involves remote transactions and investments in relatively uncertain business ventures, effective protection mechanisms reduce perceived risks and increase investors' willingness to rely on crowdfunding platforms. Moreover, investor trust significantly influences investment decision-making, confirming that trust represents a critical psychological mechanism that encourages participation in equity crowdfunding activities. This finding supports Trust Theory, which suggests that individuals are more likely to engage in transactions when they perceive other parties as competent, reliable, and acting with integrity [11], [12], [39].

The mediation analysis further reveals that investor trust partially mediates the relationships between information transparency, investor protection, and investment decision-making. This indicates that transparency and protection mechanisms influence investment decisions through both direct pathways and indirect pathways mediated by trust formation. The findings suggest that providing information alone is insufficient to encourage investment participation, investors must also perceive that the disclosed information is reliable and supported by adequate institutional safeguards. In this context, trust functions as a bridge that transforms governance mechanisms into actual investment behavior by reducing uncertainty and increasing psychological confidence. Therefore, the sustainability of equity crowdfunding markets depends not only on improving transparency and strengthening investor protection but also on developing investor trust as a central mechanism for encouraging broader participation.

CONCLUSION

This study examines the influence of information transparency and investor protection on investor trust and investment decision-making in Indonesia's equity crowdfunding ecosystem. The findings reveal that information transparency significantly strengthens investor trust by reducing information asymmetry and enabling better investment evaluation. Investor protection represents the strongest determinant of trust, demonstrating that regulatory supervision, platform accountability, and risk mitigation mechanisms are essential for reducing investor vulnerability. Furthermore, investor trust significantly influences investment decision-making and partially mediates the relationships between transparency, protection, and investment behavior. The study contributes theoretically by integrating Information Asymmetry Theory, Signaling Theory, and Trust Theory in explaining digital investment behavior. Practically, the findings highlight the importance of improving disclosure quality, strengthening investor protection frameworks, and enhancing financial literacy to develop a sustainable equity crowdfunding ecosystem. However, limitations related to sample size, respondent scope, and cross-sectional design suggest future research should consider broader samples, longitudinal approaches, and additional factors such as financial literacy and perceived risk.

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