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The Financial Sharing Economy, its Users and Providers: Democratising the Capital Market?

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Abstract

The sharing economy, characterised by digitally intermediated exchanges among peers, has extended into the financial sector. While the sharing economy is often seen as democratising access to and the provision of resources and services, it remains unclear if its users and providers reflect the diversity of society at large. Using unique auction data from the financial sharing economy platform Toborrow, this paper categorises users and providers in the financial sharing economy. Findings indicate that participants are relatively homogeneous: the typical user and provider is a young male residing in a large city, suggesting that the reach of the financial sharing economy does not yet align with its democratic potential. This paper highlights the untapped potential of the financial sharing economy among underrepresented groups who could greatly benefit from alternative lending and borrowing options. Expanding access to these sharing economy platforms may help fulfil their promise of inclusivity and broaden the impact of the sharing economy within the financial sector.

Keywords: democratise, demographics, financial, platform economy, reverse auction, sharing economy.

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1 Introduction

We live in a society marked by a financial crisis. Over the past few years, individuals have grown accustomed to not earning interest on their savings, while it has become increasingly difficult to qualify for loans. As a means to control inflation, borrowing money has become expensive, and amortisation requirements have risen. Meanwhile, the financial sector has undergone significant deregulation.

The sharing economy—digitally intermediated exchanges among peers—has expanded from its roots in the accommodation platform *Airbnb* and the transportation services of *Uber* (Öberg, 2023b) into a variety of new sectors (Geissinger et al., 2021). Among these, peer-to-peer borrowing and lending have emerged as a part of the *financial* sharing economy (Öberg, 2020), in which individuals act as borrowers and lenders with conditions negotiated and intermediated through a digital platform.

Compared to traditional funding arrangements through banks and crowdfunding (Chandna, 2022), the financial sharing economy democratises borrowing *and* lending by enabling individuals to play active roles as both borrowers and lenders. In this context, democratisation refers to inclusivity across demographic groups and the absence of barriers that would prevent individuals from participating as providers or users, regardless of their social standing (cf. Cumming et al., 2021).

However, while the financial sharing economy opens such doors, it is uncertain whether participation is truly widespread. By examining who borrows and lends money through a financial sharing economy platform, this paper questions the extent to which the financial sharing economy is democratised, asking: How democratised is the financial sharing economy? The purpose of this paper is *to categorise users and providers in the financial sharing economy*. This categorisation captures the characteristics of individuals participating as borrowers and lenders and helps to assess whether they are representative of society at large. To address this, unique auction data on borrowers and lenders from the financial sharing economy platform *Toborrow* is compared to demographic data to systematically evaluate the representativeness of the population.

While research on the sharing economy is extensive, we know less about the financial sharing economy. The limited past research on the financial sharing economy has focused on financial regulations affecting this area (Tarkhanova et al., 2018; Yu & Shen, 2019), platform performance (Gao et al., 2018; Rietveld et al., 2021), and the legitimacy of and trust in financial sharing economy platforms (Zwilling et al., 2020; Öberg, 2020). The limited scope of past research and the emergence of diverse financial sharing economy platforms highlight several opportunities for both research and practice to better understand this phenomenon. This paper complements past research on the spread of the broader sharing economy (Geissinger et al., 2021) as such research has captured the launch of new platforms rather than the inclusion of users and providers. This means that we approach issues related to the democratisation of sharing economy exchanges rather than the entrepreneurial aspects of platforms. When users and providers are analysed in past research on the broader sharing economy, with some exceptions (Bäro et al., 2022; Lutz & Newlands, 2018), most prior research focuses primarily on users alone and describes them based on behavioural rather than demographic characteristics (Hellwig et al., 2015; Sands et al., 2020), without examining financial sharing specifically. Practically, this paper offers valuable insights for those adopting financial sharing economy platforms as well as for incumbent firms in the financial sector responding to changes brought about by the sharing economy.

The rest of the paper is structured as follows. After this introduction, a brief overview of current research on the sharing economy is presented, followed by a discussion on segmentation based on demographic factors and its link to engagement in the sharing economy. Next, the research design is outlined, detailing how data was collected and analysed. The empirical evidence is then presented and discussed. The paper ends with conclusions and suggestions for future research.

2 Background and framing

2.1 The sharing economy at a glance

The sharing economy as a phenomenon has evolved from ideas about excessive production and has become a means for consumers to share resources among themselves (Cohen & Kietzmann, 2014). For example, a consumer traveling from Point A to Point B with empty seats in her car could allow other people to travel with her, or someone might share a spare room in her home with a traveller looking for an alternative to hotels. As the sharing economy has expanded, it has become increasingly diverse while spreading to new sectors (Mahmuda et al., 2020; Mair & Reischauer, 2017; Öberg, 2023b). The diversity includes the expansion of the sharing economy to encompass service and *product* sharing (Frenken & Schor, 2017). It has also become increasingly professionalised with for-payment services and product rental (Ahsan, 2020; Sundararajan, 2016) coexisting with for-free, true sharing services (Öberg, 2023b).

While still described as the *sharing* economy, the for-payment sharing economy often relies on products or services produced specifically for users, rather than utilising latent resources (Geissinger et al., 2019; Öberg, 2024). This includes *Uber* drivers providing transportation to destinations solely to earn income, rather than combining the service with their own travel needs. It also includes hotel-like facilities acquired or built specifically for *Airbnb* purposes. While the sharing economy began with an environmental sustainability ambition of reducing resource depletion, it now encompasses a wide range of variations across many sectors. This shift suggests that the sharing economy has partly abandoned its early ambitions and has instead become synonymous with digitally intermediated exchanges, driven by platform owners who associate themselves with the term.

To contextualise the financial sharing economy within this framework, lending and borrowing align with product sharing in that an individual temporarily relinquishes access to a latent resource (money) so that someone else can use it. In the case of for-payment services, this includes a premium in the form of interest. Unlike other forms of service and product sharing, however, the financial sharing economy does not require the local presence that has often limited the growth of other sharing economy operations (Öberg, 2023a). That said, the financial sharing economy faces unique challenges, as it operates and competes in a market shaped by regulatory frameworks (Yu & Shen, 2019).

Financial sharing economy operations can take various forms, including lenders designating their loans to specific individuals or causes, spreading a lender's financing across a portfolio of borrowers, and allowing either lenders or platforms to make decisions about borrower eligibility. Borrowers in the financial sharing economy may be entrepreneurs, private individuals, or, more recently, various types of organisations, creating overlaps with crowdfunding (cf. Chandna, 2022). However, crowdfunding relies on diverse forms of financing—such as payments in return for products or services, equity stakes, grants, or donations (Bonini & Capizzi, 2019; Flannery, 2007; Lehner & Harrer, 2019). In contrast, the financial sharing economy only involves loans, with the lender receiving their money back (with interest) once the loan expires. Risks are borne either by the lender or through diversification among borrowers. Compared to crowdfunding, financial sharing does not involve ownership stakes or other benefits beyond the temporary provision of money and the associated interest. Furthermore, private individuals can participate as both lenders and borrowers.

2.2 Providers and users in the sharing economy

Despite the extensive research on the broader sharing economy, our knowledge of the demographics of users and providers remains limited. Agarwal and Steinmetz (2019) describe how past sharing economy research has focused on the following themes: sustainability, behaviours of partakers, regulations, business models and conceptualisations. Others have added sector-level analyses and motives as main themes (Cheng, 2016; Sutherland & Jarrahi, 2018; Öberg, 2023b). Studies on motives may segment users, primarily, into various behavioural categories. For example, Malecka et al. (2022) divided users into social followers, distrustful prosumers, doubtful laggards and traditional spenders. Sands et al. (2020) detected three segments of sharing economy users: the mobility-focused sharer, the diverse-platform sharer, and the power-platform sharer. Meanwhile, Hellwig et al. (2015) segmented sharing economy users into idealists, opponents, pragmatists, and normatives (cf. Hwang & Griffiths, 2017; Milanova & Maas, 2017). Other scholars follow similar divisions focusing on price sensitivity and environmental orientation. Combined, these divisions acknowledge the heterogeneity among individual users. However, with the exception of studies such as those by Lutz and Newlands (2018) and Bäro et al. (2022), which include

both behavioural and demographic factors, these studies largely focus only on users' *behavioural* characteristics.

To elaborate on these rare demographic studies: Based on a questionnaire directed at *Airbnb* users, Lutz and Newlands (2018), identified a variety of user types related to the platform. They linked different demographic factors (age, gender, income, education, family situation) to behavioural preferences for shared rooms or entire homes. Significant findings included that women were less likely to share rooms, while the preference for entire homes showed no such gender-based variation. Income and education were positively correlated with staying in entire homes, while the remaining factors showed no significant correlations.

Bäro et al. (2022), using panel data of active users and individuals with knowledge of the sharing economy, examined a combination of demographic factors (gender, age, education) alongside personal traits and attitudes to profile sharing economy users and providers. They concluded that women engaged less than men, despite displaying stronger social preferences. Middle-aged individuals were more likely than younger ones to use sharing economy services, though age did not appear to influence the likelihood of provision. Additionally, individuals with higher incomes and education levels showed a stronger preference for the sharing economy. Other studies have opposite to this suggested that individuals engage with sharing economy services because they are less expensive than alternatives (e.g., Hamari et al., 2016), and related to income, Hernandez et al. (2021) and Sarlay and Neuhofer (2021) segmented tourism and travel sharing economy users based on affordability.

However, a shared limitation across these studies is a population bias: they examine only those who choose to engage in the sharing economy, failing to address whether these individuals are representative of society at large. This omission overlooks whether the sharing economy is inclusive and democratic in practice. To answer the question about the democratisation of the sharing economy, it is important to benchmark providers and users against the broader population.

In consumer marketing research, segmentation is a tool for understanding various groups of individuals by linking them to characteristics such as demographic factors (Beane & Ennis, 1987). While these factors are approximations that help explain individuals' behaviours or preferences, they are essential in in-group/out-group analyses to determine not only who to target but also who has historically used a product or service. A basic assumption in marketing research focusing on demographic segmentation to predict behaviour is that segments are internally homogeneous but differ from each other. This paper reverses that order by examining demographic factors and their differences to understand a shared behaviour: participation in financial sharing economy exchanges.

The sharing economy—especially when linked to different behavioural patterns—may exhibit heterogeneity among its participants. The belief that the sharing economy is democratic implies that all demographic groups in society participate as providers and users in product and service sharing (Frenken & Schor, 2017). By analysing who participates in sharing economy exchanges as providers and users—and, importantly, who does not—it becomes possible to assess the extent to which the sharing economy achieves its democratic promise.

3 Method

Empirically, this paper examines the Swedish financial sharing economy platform *Toborrow*. Sweden, with its strong focus on fintech, has long been seen as a forerunner in developing innovative business models related to finance. The startup ecosystem in the capital has been regarded as a nurturing ground for new sharing economy platforms, making the choice of a Swedish platform

particularly compelling. *Toborrow*, an established actor in the emerging financial sharing economy, was a fitting subject for this study. As a financial sharing economy platform, *Toborrow* resembles other prominent platforms such as *Zopa* and *Funding Circle* in the UK, *Prosper* and *Lending Club* in the USA, *Lendify* and *Tessin* in Sweden, *Fixura* and *Fellow Finance* in Finland, and the now-bankrupt *Trustbuddy*, which previously operated across the Nordic countries. These platforms are characterised by their focus on loans where the lender's only stake is the money lent and the associated interest rate. Unlike crowdfunding, where money providers often have stakes in the borrower's ventures, the financial sharing economy entails risks tied only to the assessed lending project.

Toborrow, founded in 2013, has facilitated loans totalling approximately €6 million since mid-2014, with individual loan amounts ranging from approximately €10,000 to €220,000 (referring to entire loans per auction). The platform operates as a digital marketplace, connecting borrowers seeking loans with lenders seeking opportunities to invest their savings at a self-determined interest rate. Borrowers on the platform present motivations for their loans, financial summaries of the past few years, and credit scores provided by *Toborrow*.

Lenders compete in a reverse auction process, offering to lend specified amounts (minimum €10) at interest rates they set themselves (capped at 15%). Auctions typically remain open for a few weeks to attract sufficient lender interest. This reverse auction model encourages competitive bidding, making it advantageous for borrowers. Each lender can monitor the auction's status, including the average and maximum interest rates of bids likely to be included in the final loan. When an auction concludes, the lowest bids are accepted, meaning lenders secure different interest rates. Additionally, borrowers pay a fee of 2–4% to *Toborrow*.

To collect data for this study, we participated as lenders in auctions (cf. Whyte, 1995), while also gathering data from websites and public databases. These sources included demographic data from *Statistics Sweden* and geographic information from the *Swedish Association of Local Authorities and Regions (SALAR)*. We used *Hitta.se* and *Retriever Business* databases to trace demographic factors such as age, gender, and place of residence for individuals. Table 1 summarises the data sources. These combined data sources provided a rare and robust opportunity for demographic analysis.

Through our participation in auctions, we gained access to data on all bidders (lenders) and borrowers. As registered lenders, we were able to view detailed information about each borrower and the identities of all lenders in every auction. The dataset included 768 lenders participating in 3,020 loans. This included multiple instances of lenders making repeated bids across auctions and multiple lenders contributing to individual auctions. The number of accepted bids per auction ranged from 51 to 430, with the average bid amounting to approximately 4,200 SEK (€420). The size of loans ranged from 100,000 SEK to 2.2 million SEK (€10,000–€220,000).

For borrowers, the data included identifiable individuals responsible for various loan applications. Using Swedish national security numbers, we identified these individuals' precise ages and genders. The national security number also enabled us to determine borrowers' exact places of residence via *Hitta.se* and gather information about their corporate engagements through *Retriever Business*.

For lenders, we could identify 364 of the 768 individuals due to incomplete data caused by common Swedish names (if an individual had a very common Swedish name, such as Anders Andersson, and we lacked access to their national security number, it was not possible to accurately determine which specific Anders Andersson the data referred to). For these identifiable lenders, we retrieved their ages, genders, residential addresses, and corporate engagements (e.g., ownership of limited companies, CEO roles, or board memberships). This data was gathered from *Hitta.se* (providing date of birth and residency) and *Retriever Business*.

To benchmark our findings against the broader Swedish population, we relied on data from *SALAR* and *Statistics Sweden*. *Statistics Sweden* offers comprehensive demographic datasets drawn from registers and surveys, which we used to map the distributions of age, gender, and residential location across the Swedish population. This provided insights into the characteristics of the "typical Swede," which we compared to the demographic profiles of *Toborrow* users and providers.

Table 1. Data used

Data source	Description of source	Used in the paper to
Toborrow, partaking in reverse auctions as lender	Real data on participants accessible through being an active lender	Capture all other bidders as borrowers and lenders related to each auction and including details to be able to identify them in other databases.
Various websites and newspaper items	Data on Toborrow, firms and individuals	To capture background story of Toborrow and to identify individuals from the auctions
Hitta.se	Database with all inhabitants in Sweden, stating their address and age	To trace age, gender, place of living for lenders and borrowers in the reverse auctions
Business Retriever	Database with all companies in Sweden, including size and financials, CEOs and board members	Trace possible engagements in firms among bidders and lenders
Statistics Sweden	Statistic agency of Sweden collecting data from authorities and surveys	To capture population (Swedish population) data on age and gender distribution to compare with the lender and bidder equivalents
Swedish Association of Local Authorities and Regions	Databases with geographical data	To capture distribution across types of city sizes for the Swedish population to compare with the lender and borrower data

The initial data analysis involved clustering information about the lenders and borrowers. For place of living, categories from *SALAR* were used, based on parameters such as population and commuting patterns (SALAR, 2022). These were divided into large cities (>200,000 inhabitants) and nearby municipalities; medium-sized towns (>50,000 inhabitants) and nearby municipalities; and smaller towns, urban areas, and rural municipalities. We categorised our data accordingly and compared it with the distribution of the Swedish population across these geographical classifications to assess the representativeness of borrowers and lenders relative to the Swedish population.

Age, gender, and corporate commitments were treated as scale and nominal variables, respectively. Age and gender data were compared against the population distributions provided by *Statistics Sweden*, while corporate engagements were benchmarked against aggregate data from *Retriever Business*.

Statistical analyses were conducted using SPSS and SQLite to perform descriptive statistics and comparisons with demographic data from *Statistics Sweden*, focusing on individuals aged 18 and above, as this represented the target group for potential lenders and borrowers. These comparisons included tests to ensure statistical significance, as well as multivariable analyses across different variables for both lenders and borrowers (cf. Sarantakos, 1998), as detailed in

the Findings chapter. To elaborate on the statistical methods, T-tests were employed to analyse data on geographical distribution, age, and gender. For nominal data, dummy variables were used, while scales were applied to other variables. Mean comparisons and distribution analyses were conducted across borrowers, lenders, and the general Swedish population.

We also investigated differences between first-time and repeated borrowers and lenders to determine if potential skewness diminished over time or became more pronounced (cf. Avital, 2000). Separate analyses were thereby performed for first-time and repeated borrowers and lenders, and we also examined overlaps between those acting as both bidders and borrowers.

4 Findings

In this section, we first present the basic data and compare it with the population data. We then analyse the differences and overlaps between lenders and borrowers, focusing on demographic variables.

Gender distribution: Men were strongly overrepresented in both borrower and lender groups, accounting for 86% of borrowers and 84% of lenders. This contrasts sharply with the Swedish population aged 18 and above, where men constitute only 49.8%. Despite this male dominance, there was no significant difference between men and women in how they acted once engaged with the platform (e.g., repeated lending). On average, lenders participated in 3.3 auctions (range: 1–20), with no notable difference between genders. Lenders also often placed multiple bids in a single auction, meaning that one lender could hold two or more outstanding loans with the same borrower. The average number of bids per lender was 3.9 (range: 1–27), again with no gender differences.

Age distribution: Borrowers had an average age of 42.7 years, while lenders were slightly older, averaging 43.1 years. The youngest identified lender was 21, and the oldest was 84. Among lenders, those aged under 40 accounted for 45.5% of all bids, suggesting lower activity levels among younger participants. When compared to the general Swedish population (average age 49.2 years for individuals aged 18 and above), both borrowers and lenders were significantly younger. There was no significant gender difference in the average age of participants within either group.

Geographical Distribution: Geographically, participants were predominantly located in larger urban areas, with an overrepresentation of individuals from large cities and their surrounding municipalities. Small towns and rural areas, which constitute over a quarter of the Swedish population's residence, were largely absent among both borrowers and lenders (see Figure 1). The Stockholm region was particularly overrepresented, with 41.5% of lenders residing there, compared to 22.7% of the general population. Similarly, nearly 50% of borrowers were located near Stockholm.

For gender comparisons, there was no significant difference in the type of region between men and women ($\chi^2 = 0.189$, p = 0.910). However, lenders from large cities were, on average, younger (41.8 years; $F = 3.041$, $p = 0.049$) compared to lenders overall.

Corporate commitments: A significant proportion of lenders, 46.4%, had corporate commitments, such as serving as board members, top managers, or formal representatives of a company or organisation. Male lenders, on average, held 1.4 corporate commitments, compared to 0.8 for female lenders—a difference that was statistically significant. Interestingly, lenders with board

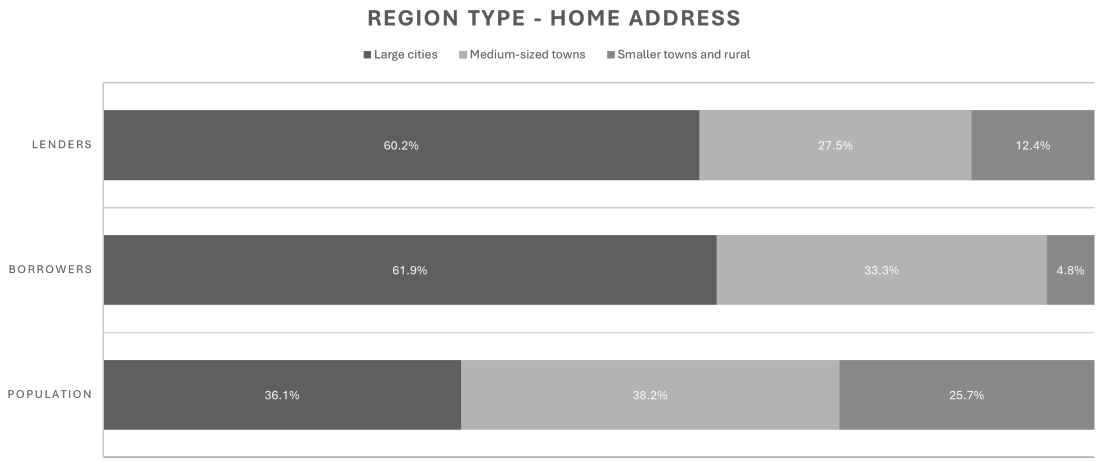

Figure 1. Individuals by region type.

commitments were less active in the auctions, contributing a relatively smaller share of the bids despite their higher representation. Table 2 provides a summary of the findings.

Table 2. Summary of findings

	Men	Women	Total	Test statistics
N (%)				
BORROWERS	18 (85.7%)	3 (14.3%)	21	
LENDERS (%)	307 (84.3%)	57 (15.7%)	364	
Swedish Population (18+)	0.498	0.502	7 918 746	
Average Age				
BORROWERS	43.5	37.7	42.7	
LENDERS	43	43.9	43.1	$t(362) = -.505$ $p=.614$
Swedish Population (18+)	48.3	50.1	49.2	
Home Address in Large City				
BORROWERS	0.667	0.333	0.619	-
LENDERS	0.603	0.596	0.602	-
Swedish Population (18+)	-	-	0.361	-
Has board commitments (average)				
BORROWERS	100% (3.1)	100% (1.3)	100% (2.9)	-
LENDERS	48.2% (1.4)	36.8% (0.8)	46.4% (1.3)	$t(171) = 2.632$ $p=.009$
LENDERS' activities				
Number of Auctions	3.4	3.3	3.3	$t(362) = .219$, $p=.827$
Number of Bids	3.9	3.9	3.9	$t(362) = -.089$ $p=.929$

Overlap between borrowers and lenders: The analysis of gender, age, geographical location, and corporate commitments suggests that lenders and borrowers represent a non-representative segment of the Swedish population, characterised as younger, urban males with corporate commitments. However, this does not address whether individuals acted as both lenders and borrowers. To investigate this, a final analysis was conducted, revealing only two cases of overlap between borrowers and lenders across all auctions: (1) One male both lent and borrowed money within the same auction, effectively lending to himself; and (2) One female engaged in lending and borrowing activities in separate auctions, borrowing funds for her venture while also lending her own money in different contexts. These findings suggest minimal overlap between the roles of borrowers and lenders on the platform.

5 Discussion

What thus comes forth is how the users and providers in the financial sharing economy is quite a homogeneous group—a clique of young, urban men with corporate commitments. This exclusivity persists despite the lack of geographic constraints inherent to financial sharing platforms, unlike traditional service or product-sharing systems (cf. Frenken & Schor, 2017; Öberg, 2023a). It indicates that albeit the opportunity to bridge various demographic segments and geographical areas, the financial sharing economy is not as democratised as peer-to-peer sharing would anticipate (Wirtz et al., 2019). It is more of an elite that reflects a similar part of the population as is often ascribed to the entrepreneurial scene of the capital, further emphasised in our data on corporate commitments among the lenders. The professionalisation in terms of lenders repeatedly engaging in auctions would only deepen that chasm to the rest of the population and further emphasise an in-group/out-group dynamic, where the financial sharing economy thereby creates an economic structure on the side of traditional exchanges, rather than as part of them.

Given the increasing challenges of obtaining loans and earning favourable interest rates on bank deposits, the financial sharing economy's core demographic—the clique of young, urban men with corporate commitments—is notably not the group facing the greatest difficulties in accessing traditional financing. Typically, low-income individuals and families encounter such barriers. Similarly, this clique does not consist of those who find it most challenging to negotiate favourable terms with banks, invest in stock markets, or explore venture investments. This suggests that the financial sharing economy does not primarily exist to fill a critical market gap. Instead, it appeals to individuals drawn to its alternative nature, distinct from traditional financial institutions. This all indicates how the financial sharing economy is not foremost there to bridge a gap in the market, but rather attracts individuals based on them being part of an inner clique of entrepreneurs. Following from how those lending and borrowing in the financial sharing economy not being those in foremost need for such provision and use, we can start to understand that it is not primarily financial gains (cf. Hernandez et al., 2021; Sarlay & Neuhofer, 2021 on affordability as a motive in the sharing economy) that leads individuals to partake in the financial sharing economy. Rather, it is about being part of something different to established institutions sector (Tarkhanova et al., 2018; Yu & Shen, 2019).

At first glance, one might assume these individuals represent early adopters, suggesting others would eventually follow. However, this notion is contradicted by the fact that the sharing economy has already reached a level of professionalisation, which typically attracts a more diverse range of participants (cf. Öberg, 2023b). Malecka et al. (2022) divided users in the broader sharing economy into social followers, distrustful prosumers, doubtful laggards and traditional

spenders, thereby indicating how sharing economy users would not be those in the frontiers of new developments.

Previous studies on the broader sharing economy, such as Lutz and Newlands (2018), suggest that all segments of society engage with it, albeit with differing preferences. However, our findings suggest a more homogeneous clique. Bäro et al. (2022) highlighted that women engage less in sharing, and that the age group tends to be middle-aged rather than young. They also found that higher-income and more educated individuals are more likely to participate in the sharing economy compared to their lower-income and less-educated counterparts. Interestingly, Bäro et al. (2022) expressed how they found their findings surprising. Meanwhile, the selection bias with only those using or having a good knowledge on the sharing economy starkly differs from our populational benchmarking.

In the financial sharing economy, borrowers, lenders, and platforms all stand to benefit from greater participation. Increased participation would help distribute risk and improve conditions for all parties. There is untapped potential within the current financial sharing economy, particularly as less-regulated financing could provide opportunities for individuals who are ineligible for traditional loans or those seeking higher interest rates. Borrowers might include first-time homebuyers, individuals with insufficient solvency to secure bank loans, or those looking to refinance high-interest debt. Lenders, on the other hand, could be individuals with excess capital seeking short-term investment options, as opposed to longer-term investments like stocks or ventures. However, a challenge arises with borrowers, as many in this group may have low solvency, making them riskier for lenders (Zwilling et al., 2020; Öberg, 2020). To address this, business models within the financial sharing economy may need to adjust by spreading risk across borrowers, which could also reduce the reliance on lenders' expertise, and thereby further democratise the financial sharing economy.

6 Conclusions

To answer the question 'How democratised is the financial sharing economy?', this paper categorised users and providers in the financial sharing economy. The findings indicate that the financial sharing economy primarily attracts a homogeneous clique of borrowers and lenders. This group is predominantly composed of young men with corporate engagements residing in large cities. This demographic significantly deviates from the general Swedish population, and, more crucially, from the individuals who would be in primary need of financial sharing services.

6.1 Theoretical contributions

Our study highlights how the financial sharing economy is far less democratised than its idealised vision suggests. It allows us to conceptualise the financial sharing economy as a clique for young, urban men who identify with the entrepreneurial scene of the capital. The idea of a clique means that the financial sharing economy albeit being a largely transactional, digital exchange arena, actually has a social substance that has not be described in past sharing economy studies.

This social dimension implies a sense of belonging — a feeling of being part of, or excluded from, the financial sharing economy. It forms a kind of elite group, where membership is tied to a social identity associated with entrepreneurship in urban centres, particularly in the capital.

This finding contrasts sharply with the democratised ideals often associated with the sharing economy, while our findings are party different from past sharing economy research focusing on behavioural aspects of affordability (e.g., Hamari et al., 2016) and the sharing economy nurturing middle-aged individuals as users while the provision side would include individuals across all age

groups (Bäro et al., 2022). A main contribution of this present study lies in how it addresses some of the population biases that have plagued previous studies, offering a more accurate and comprehensive picture of who participates in the sharing economy. By combining auction data with public register comparisons, we overcome the limitations of self-reported data or biased sample selections, which have potentially skewed past findings.

In this way, our paper makes a significant methodological contribution, providing a more robust framework for understanding the demographics and social dynamics within the sharing economy.

The auction data and comparison to public registers creates a method contribution, not least related to past research on the sharing economy's users and providers. This methodologically rigorous approach enriches our understanding of how the financial sharing economy operates and highlights important nuances about who participates and why, moving beyond the idealised, inclusive vision typically presented in the literature.

6.2 Managerial implications

For platform managers in the financial sharing economy, it is crucial to reconsider how borrowing and lending are organised to ensure more inclusive participation. *Toborrow*, with its current model focused on lenders bidding on borrowers' descriptions, may unintentionally exclude less educated individuals who have more pressing financial needs. This could limit the platform's ability to reach those who would most benefit from alternative lending options.

A potential solution would be to spread risk across borrowers by creating borrower portfolios, similar to how platforms like *Lendify* operate. This approach could help mitigate individual lending risk and create more diversified investment opportunities. However, it still leaves the challenge of attracting lenders beyond the current homogeneous clique (with *Lendify* moving towards more organisations as lenders rather than reversibly including individuals across societal groups). The platform would need to implement strategies to encourage broader participation by lenders from various demographic backgrounds and financial profiles.

To achieve this, platforms might need to reconsider how they match borrowers and lenders, moving beyond models where the borrower's self-described needs and finances determine the transaction. By incorporating more automated assessments, risk-based pricing models, and greater transparency in both lending opportunities and borrower needs, platforms could open up opportunities for a wider range of participants. This would also allow for greater alignment between the demographic characteristics of lenders and borrowers, potentially bridging the gap between different socioeconomic groups and making the financial sharing economy more democratic and inclusive.

6.3 Limitations and future research

This paper is the first to analyse the demographic profiles of those who engage in the financial sharing economy *and* those who do not. The specific platform analysed in this study may limit the generalisability of the findings, as other platforms could cater to different demographic groups beyond the ones captured in our research. For example, other platforms might be designed to attract individuals with different socioeconomic status, which could influence participation patterns. Additionally, Sweden's unique startup scene and entrepreneurial culture may have contributed to the overrepresentation of entrepreneurial participants, and while we compared these activities to the general population, it is important to recognise that the findings may be specific to Sweden's context.

Future studies should expand the scope by including analyses of other financial sharing economy platforms and collecting data from different countries. Comparative studies that test the

results presented here, alongside large-scale analyses, would help to build a more comprehensive understanding of who engages in the financial sharing economy, especially in different cultural and economic contexts. This would allow researchers to better assess the demographic diversity of users and providers across various platforms.

As discussed in this paper, platforms that distribute risk and offer investment strategy skills could potentially attract a broader range of borrowers and lenders beyond those currently participating in the studied reverse auction model. Experimenting with different business models within the financial sharing economy, such as incorporating risk pooling or providing financial literacy tools, could be key to attracting more diverse participants and create basis for action-related research. From both a theoretical and practical perspective, the findings of this study provide a starting point for exploring the under-represented groups in the financial sharing economy. By identifying the current clique of lenders and borrowers, this research underscores the untapped potential of individuals who are currently excluded from these financial systems. Exploring alternative business models and innovative platform features may be a promising direction to make the financial sharing economy more inclusive and democratic for a wider array of participants.

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