



Perceived investor protection in Ghana's equity crowdfunding market: A moderated mediation model of regulatory frameworks, institutional trust, and platform governance

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ABSTRACT

Equity crowdfunding broadens access to entrepreneurial finance but also exposes retail market participants to information asymmetry and platform-related risk. This study examined whether perceived regulatory frameworks are associated with perceived investor protection in Ghana, whether institutional trust mediates that association, and whether platform governance conditions the relevant paths. Institutional and Signalling theories guided this study. A quantitative cross-sectional survey obtained responses from 323 retail investors and prospective investors reached through purposive and snowball sampling. Data were collected with a structured questionnaire containing demographic items and four multi-item scales. Data were analysed with partial least squares structural equation modelling in SmartPLS 4 using 5,000 bootstrap resamples. Regulatory frameworks had a positive direct association with perceived investor protection ($\beta = .247$, $p < .001$). Institutional trust carried a larger indirect association ($\beta = .315$, $p < .001$), representing 56.1% of the total association. Platform governance strengthened the path from regulatory frameworks to institutional trust ($\beta = .094$, $p = .040$), but its interaction with institutional trust on perceived protection was not statistically significant ($\beta = .083$, $p = .068$). The conditional indirect association rose from .283 at low governance to .347 at high governance, although both interaction effects were small. The model explained 58.1% of the variance in perceived investor protection. The study concludes that formal regulation reaches perceived protection mainly because it is filtered through confidence in the institutions expected to enforce it, and that platform governance matters chiefly while that confidence is forming rather than after it is established. It recommends that the Securities and Exchange Commission Ghana publish enforcement actions, licensing status and complaint outcomes on a regular cycle; that crowdfunding intermediaries standardise disclosure, due diligence summaries, conflict of interest statements and grievance procedures; and that investor education reach the women, older adults and less digitally engaged participants underrepresented in this sample. Because the design is cross-sectional and the sample is non-probability based, the results establish associations rather than causal effects.

Keywords: Equity Crowdfunding; Ghana, Institutional Trust; Investor Protection; Platform Governance; Regulation

I. INTRODUCTION

Equity crowdfunding allows start-ups and small enterprises to raise capital from dispersed investors through digital platforms. It can widen participation in entrepreneurial finance, particularly where conventional funding is constrained, but the same digital architecture can deepen information asymmetry because investors have limited means of verifying venture quality, issuer claims and platform conduct (Agrawal et al., 2014; Cumming et al., 2021; Vismara, 2016). The central policy problem is therefore not only whether crowdfunding expands access, but whether market participants believe that their interests are protected when transactions occur through a platform. Formal regulation is the most visible response to this problem. Licensing, disclosure, investment limits, due diligence and operational oversight are intended to reduce fraud and improve market integrity (International Organization of Securities Commissions [IOSCO], 2015; Hornuf & Schwienbacher, 2017). Yet rules on paper do not translate automatically into felt safety. Their practical significance depends on implementation, enforcement credibility and the ability of investors to interpret the information supplied. Evidence that regulation can constrain access when it is poorly calibrated also cautions against treating regulatory intensity as equivalent to investor protection (Hornuf & Schwienbacher, 2017).

Institutional trust offers a mechanism through which formal rules may become meaningful to investors. In this study, institutional trust refers to confidence in the competence, integrity and reliability of the public institutions



responsible for regulating the market. Such confidence can reduce perceived uncertainty when direct verification is costly, and low trust measurably suppresses participation in formal securities markets even after wealth and risk aversion are taken into account (Guiso et al., 2008; Knack & Keefer, 1997; Sapienza & Zingales, 2012). Trust may equally be shaped by prior experience, broader institutional performance and social context rather than by regulation alone, and it may amount to calculative risk assessment rather than confidence in any strict sense (Williamson, 1993). This distinction matters because awareness of a regulatory framework is not the same as confidence that it will be applied consistently.

Platform governance supplies a second layer of protection. It comprises the internal arrangements through which platforms and intermediaries disclose information, conduct due diligence, monitor offerings, manage conflicts of interest and handle complaints. These visible practices can signal quality and accountability under conditions of uncertainty, although the services platforms provide vary widely and do not all carry the same weight with investors (Ahlers et al., 2015; Rossi & Vismara, 2018; Sendra-Pons et al., 2024; Vismara, 2016). Platform governance may therefore strengthen the credibility of regulation while trust is being formed, but it may not influence every stage of the process equally. Ghana provides a timely setting for examining these relationships. The Securities and Exchange Commission Ghana (SEC Ghana) issued the Securities Industry (Crowdfunding) Guidelines on 7 March 2024, with immediate effect, and launched them publicly on 19 June 2024. The framework covers licensing, investor eligibility and limits, platform duties, disclosure, due diligence, complaints, reporting, data protection and record keeping (SEC Ghana, 2024). Although it creates formal safeguards, little empirical evidence shows how retail market participants perceive those safeguards or how institutional trust and platform governance jointly relate to perceived protection in this new regulatory environment.

Existing crowdfunding research has usually examined regulation, trust, signalling and platform practices separately, and Mochkabadi and Volkmann (2020) show in their systematic review that regulatory questions occupy a small and largely descriptive corner of the field. Much of the evidence also draws on mature markets, campaign records or cross-country comparisons, leaving limited evidence on subjective protection in recently regulated African markets (Cumming et al., 2021; Kuma et al., 2024; Senyo & Osabutey, 2020). This fragmentation creates a conceptual and contextual gap: it remains unclear whether regulation is associated with perceived protection directly, whether trust carries that association, and whether governance changes the strength of the relevant paths. The present study addresses this gap through an integrated moderated mediation model while treating all estimates as associations because the data are cross-sectional.

1.1 Research Objectives

- i. To examine the association between perceived regulatory frameworks and perceived investor protection in Ghana's equity crowdfunding market.
- ii. To assess whether institutional trust mediates the association between perceived regulatory frameworks and perceived investor protection.
- iii. To determine whether platform governance moderates the association between perceived regulatory frameworks and institutional trust, and the association between institutional trust and perceived investor protection.
- iv. To assess whether the indirect association between perceived regulatory frameworks and perceived investor protection through institutional trust varies across levels of platform governance.

II. LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Institutional theory

Institutional theory explains how formal rules, regulatory structures and shared expectations shape organisational and individual behaviour (Scott, 2014). In an emerging crowdfunding market, the SEC framework represents a regulative institution because it specifies legitimate participants, acceptable conduct, disclosure duties and sanctions. Its influence, however, depends on more than legal existence. Rules acquire practical authority when market participants regard the regulator as competent, predictable and legitimate. Institutional trust is therefore treated as the perceptual mechanism through which a formal framework can be associated with a sense of protection. This application also exposes a boundary in institutional reasoning. Trust may reflect general confidence in public institutions, past financial experiences or prevailing economic sentiment, not only the crowdfunding rules being studied (Knack & Keefer, 1997; Sapienza & Zingales, 2012). The theory consequently supports an indirect pathway but does not, by itself, establish its direction. That direction must be tested empirically and interpreted cautiously in a cross-sectional design.

2.1.2 Signalling Theory

Signalling theory addresses decisions made under information asymmetry, where one party cannot directly observe the quality or intentions of another (Spence, 1973). Equity crowdfunding has this structure because investors cannot fully verify issuer quality, platform diligence or the likelihood of regulatory enforcement. Regulatory requirements and platform practices can function as signals when they are visible, credible and costly to imitate.



Disclosure, issuer screening, monitoring and accessible complaints procedures may therefore help investors infer that the market is governed responsibly (Ahlers et al., 2015; Sendra-Pons et al., 2024; Vismara, 2016). The signalling interpretation should not be stretched too far. The study measures perceived governance rather than independently audited governance practices, so a strong association may show that respondents evaluate several favourable cues together rather than that governance objectively improves protection. Signalling theory nevertheless helps specify why governance may matter most at the stage when investors form confidence in the regulatory environment.

2.1.3 Integrated Theoretical Model

The two theories are complementary rather than competing. Institutional theory locates protection within a formal regulatory order and treats legitimacy as the source of compliance (Scott, 2014), while signalling theory explains how visible cues allow investors to interpret that order when verification is costly (Spence, 1973). Neither alone specifies the sequence, which is why the two have largely been applied in parallel rather than jointly in crowdfunding research (Mochkabadi & Volkmann, 2020). The integrated model therefore proposes that perceived regulatory frameworks are associated with perceived protection directly and indirectly through institutional trust, with platform governance conditioning both the regulation to trust path and the trust to protection path. This formulation does not claim that perception is equivalent to legal protection; it examines how formal and platform level arrangements are associated with the way market participants judge their safety.

2.2 Empirical Review

2.2.1 Regulatory Frameworks and Perceived Investor Protection

Comparative evidence on crowdfunding regulation converges on one point: licensing, disclosure duties, investment caps and platform obligations narrow the scope for outright misconduct. Across the jurisdictions IOSCO surveyed, regulators pursued the same balance between investor protection and market development, and most relied on disclosure and eligibility limits to strike it (IOSCO, 2015). Hornuf and Schwienbacher (2017) reach a compatible conclusion from the opposite direction, showing that a regime calibrated too tightly constrains the small issuers it was designed to serve. Cumming et al. (2021) qualify the optimism further, finding that even where regulation opened equity crowdfunding to retail participants, the resulting investor base remained concentrated rather than genuinely democratised.

These studies diverge in what they treat as the outcome. Each measures a market level result, whether issuance volumes, campaign success or participation rates, rather than whether investors themselves feel protected. Mochkabadi and Volkmann (2020) make the omission explicit, and Kuma et al. (2024) show for Ghana specifically that information asymmetry, not the absence of rules, is what participants actually describe as their problem. For a market in which the Guidelines took effect only in March 2024 and no campaign history yet exists to analyse (SEC Ghana, 2024), perceived protection is in practice the only outcome currently observable. The study therefore tests:

H1: Perceived regulatory frameworks are positively associated with perceived investor protection.

2.2.2 Institutional Trust as a Mediating Mechanism

Research on financial participation converges strongly on trust as a precondition rather than a by product of regulation. Guiso et al. (2008) show that individuals who distrust financial institutions hold fewer stocks and invest smaller amounts even after wealth and risk aversion are controlled; Knack and Keefer (1997) trace comparable logic to the aggregate level by linking generalised trust to economic performance across countries; and Sapienza and Zingales (2012) demonstrate how rapidly such confidence is withdrawn once institutions fail visibly. Williamson (1993) supplies the dissenting position, arguing that what appears as institutional trust is usually calculative risk assessment, which implies that measured trust may be an artefact of perceived enforcement rather than a construct in its own right.

The divergence concerns where trust sits in the sequence, and crowdfunding research has largely bypassed the question. Senyo and Osabutey (2020) model trust as a direct antecedent of FinTech adoption in Ghana rather than as a mechanism transmitting regulatory credibility, Kuma et al. (2024) document asymmetry qualitatively without estimating any path, and Mochkabadi and Volkmann (2020) find no study linking regulation to protection through trust. Positioning trust as a mediator addresses that gap directly, because it separates knowing that rules exist from believing they will be applied. Accordingly:

H2: Institutional trust mediates the association between perceived regulatory frameworks and perceived investor protection.



2.2.3 Platform Governance as a Moderator

Platform level evidence converges on the finding that intermediaries actively shape investor judgement rather than merely hosting offers. Ahlers et al. (2015) demonstrate that disclosed risk information and retained equity predict funding success; Vismara (2016) confirms that visible ownership and network signals move investor behaviour; and Sendra-Pons et al. (2024), analysing a Spanish platform configurationally, show that visual and social network cues generate trust and can substitute for one another. Taken together, these studies establish that governance related cues are read as quality information under uncertainty.

They diverge sharply on which cues matter and when. Rossi and Vismara (2018) found across 127 European platforms that post-campaign services predicted platform success while pre-campaign and during-campaign services did not, a stage specific pattern that cautions against assuming governance operates uniformly; the substitutability Sendra-Pons et al. (2024) report points the same way, implying diminishing returns once trust exists. Two limitations bear directly on this study. All of this work examines campaign or platform outcomes rather than investor perceptions, and all of it draws on mature European markets where public enforcement is already credible, which is precisely the condition Ghana's market lacks (Kuma et al., 2024; SEC Ghana, 2024). Treating governance as a moderator rather than a predictor tests where in the sequence it does its work:

H3a: Platform governance moderates the association between perceived regulatory frameworks and institutional trust.

H3b: Platform governance moderates the association between institutional trust and perceived investor protection.

2.2.4 Conditional Indirect Association

If governance conditions either component path, the indirect association between regulation and perceived protection must itself vary across governance levels. Testing that claim properly requires the index of moderated mediation rather than an inference drawn from separately significant conditional effects (Hayes, 2015; Preacher et al., 2007). The crowdfunding literature has not taken this step. Mochkabadi and Volkmann (2020) find regulation, signalling and trust examined largely in isolation; African evidence is thinner still, with Mamaro et al. (2025) modelling reward-based campaign determinants across the continent without regulatory or trust constructs and Kuma et al. (2024) working qualitatively in Ghana without estimating any path. Testing the full conditional process therefore fills a joint conceptual and contextual gap:

H4: The indirect association between perceived regulatory frameworks and perceived investor protection through institutional trust varies across levels of platform governance.

III. METHODOLOGY

3.1 Research Design

The study used a quantitative cross-sectional survey design to estimate associations among regulatory frameworks, institutional trust, platform governance and perceived investor protection. The design suited a theoretically specified network of direct, indirect and conditional associations among latent constructs, which is the structure a conditional process model requires (Hair et al., 2019; Preacher et al., 2007). It does not establish temporal order or causality; the manuscript accordingly uses association, mediation within the estimated model and conditional indirect association rather than causal effect (Kock & Hadaya, 2018).

3.2 Study Area and Context

The study covered Ghana's emerging equity crowdfunding market rather than a single physical locality, because platform based investment is digitally mediated. The institutional setting is defined by the Securities Industry (Crowdfunding) Guidelines 2024, which apply to intermediaries, issuers, and local and foreign platforms targeting Ghanaian investors, and which regulate licensing, investment limits, disclosure, due diligence, complaints, data protection, reporting and record keeping (SEC Ghana, 2024). The recency of the framework makes Ghana theoretically valuable for examining how trust develops where a formal market architecture has only recently arrived and where information asymmetry has been documented as the binding constraint (Kuma et al., 2024; Senyo & Osabutey, 2020).

3.3 Target Population

The target population comprised retail investors and prospective retail investors in Ghana who had engaged with, or were aware of, equity crowdfunding platforms. This definition reflects the early stage of the market, where active transaction histories are scarce and prospective participants form much of the relevant public (Cumming et al., 2021; Kuma et al., 2024; Mochkabadi & Volkmann, 2020). It also creates an interpretive boundary, since some respondents evaluated expected rather than experienced protection. The findings therefore describe perceptions among market participants and prospective participants, not verified outcomes among active investors alone.



3.4 Sampling Technique and Sample Size

No comprehensive sampling frame of equity crowdfunding participants was available, so purposive sampling was used to reach eligible respondents and snowball referrals extended access to a dispersed population. These techniques are practical for an emerging digital market but do not give each eligible person a known probability of selection, so population estimates and conventional response rates could not be calculated and statistical generalisation to all Ghanaian investors is not warranted (Hair et al., 2022). The achieved sample was 323. Adequacy was assessed against model complexity and the smallest association the study sought to detect, rather than the obsolete ten times rule: under the inverse square root approach, a minimum meaningful standardised path of .20 at the 5% significance level and 80% power requires approximately 155 observations (Kock & Hadaya, 2018), which the achieved sample exceeds. The observed interaction coefficients were nevertheless below .10, so the study had less power for very small moderation effects than for the main and mediating paths (Hair et al., 2019), and the non-significant second stage interaction is interpreted with that limitation in view.

3.5 Data Collection Instrument

Data were collected with a structured questionnaire containing demographic items and four multi-item scales. Regulatory Frameworks measured perceived clarity, effectiveness and credibility of the SEC rules; Institutional Trust measured confidence in regulatory authorities and enforcement; Platform Governance measured perceived transparency, monitoring and accountability; and Perceived Investor Protection measured subjective safety from fraud, unfair dealing and excessive platform-related risk. Items were adapted from financial trust, crowdfunding signalling and governance literature and reworded for Ghana's context (Hornuf & Schwenbacher, 2017; Sapienza & Zingales, 2012; Sendra-Pons et al., 2024; Vismara, 2016). All construct items used a five-point Likert response format. A preliminary review with a small group checked wording, clarity and contextual relevance before the main administration.

3.6 Data Collection Procedure

The questionnaire was administered electronically and, where necessary, in person. Potential respondents received an explanation of the study and participated voluntarily. Electronic administration suited a geographically dispersed and digitally mediated finance population of the kind documented in Ghanaian FinTech and crowdfunding research (Kuma et al., 2024; Senyo & Osabutey, 2020), while limited in person administration reduced the risk of excluding otherwise eligible participants. Collecting predictor and outcome measures from the same respondents at one time raises the possibility of common method variance, and the mixed mode may add mode related response differences, neither of which was estimated separately (Podsakoff et al., 2003).

3.7 Data Analysis

Data were analysed with partial least squares structural equation modelling (PLS-SEM) in SmartPLS 4. PLS-SEM was selected because the study estimated a prediction-oriented model containing latent constructs, mediation and two interaction paths (Hair et al., 2022; Hair et al., 2019). The measurement model was examined through indicator loadings, Cronbach's alpha, composite reliability (CR), average variance extracted (AVE), the heterotrait-monotrait ratio (HTMT) and the Fornell-Larcker criterion (Fornell & Larcker, 1981; Henseler et al., 2015).

The structural model was assessed using standardised path coefficients, 5,000 bootstrap resamples, 95% bias corrected and accelerated confidence intervals, the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2) and the standardised root mean square residual (SRMR) (Hair et al., 2019). Institutional trust was specified as the mediator. Platform governance was specified as a moderator of the regulatory frameworks to institutional trust path and the institutional trust to perceived protection path, following the conditional process logic set out by Preacher et al. (2007). Conditional indirect associations were estimated at low, mean and high levels of governance, and the index of moderated mediation was computed as the product of the first stage interaction and the second stage path (Hayes, 2015). Statistical significance was assessed at $p < .05$, while effect sizes and confidence intervals guided substantive interpretation.

3.8 Ethical Considerations

Institutional ethical clearance was obtained before data collection. Participation was voluntary and based on informed consent. Respondents were informed of the study's purpose, their right to decline or discontinue participation, and the intended use of the data. No direct personal identifiers were collected, and responses were handled confidentially and reported in aggregate form.



IV. FINDINGS & DISCUSSION

4.1 Respondent Characteristics

Table 1 summarises the characteristics of the 323 respondents. Men constituted 74.9%, and 77.7% of respondents were aged 18 to 39. The sample was highly educated, with 88.2% holding at least a bachelor's degree, while 83.0% reported awareness of the SEC Guidelines. These features indicate that the estimates largely reflect a young, educated and regulation aware segment of the emerging market. Such skew is common in equity crowdfunding samples, where early participants are disproportionately young, male and digitally engaged (Cumming et al., 2021; Mochkabadi & Volkmann, 2020), and it is consistent with the profile of Ghanaian participants described by Kuma et al. (2024). The profile may support informed questionnaire responses, but it limits external validity because older adults, women, people with less formal education and those with limited digital engagement are underrepresented.

Table 1

Demographic characteristics of respondents

Characteristic	Category	Frequency, n	Percentage
Gender	Male	242	74.9
	Female	81	25.1
	Total	323	100.0
Age group	18 to 29	86	26.6
	30 to 39	165	51.1
	40 to 49	56	17.3
	50 to 59	13	4.0
	60 or older	3	0.9
	Total	323	100.0
Education	Diploma	38	11.8
	Bachelor's	166	51.4
	Master's	95	29.4
	Doctorate	24	7.4
	Total	323	100.0
Investment experience	None	41	12.7
	Less than 1 year	35	10.8
	1 to 3 years	115	35.6
	4 to 7 years	74	22.9
	8 years or more	58	18.0
	Total	323	100.0
Awareness of SEC Guidelines	Yes	268	83.0
	No	55	17.0
	Total	323	100.0

Note. N = 323. Percentages may not sum to exactly 100 because of rounding.

Investment experience, also reported in Table 1, was more varied than age or education. About one third of respondents had one to three years of experience, while 12.7% had none. This mixture of active and prospective investors is characteristic of early stage crowdfunding markets, where the pool of experienced participants is necessarily small (Cumming et al., 2021; Kuma et al., 2024; Mochkabadi & Volkmann, 2020). It means that perceived protection may combine experience based judgement with expectation. The demographic variables were not modelled as moderators, so explanations resting on gender, age, education or experience remain tentative rather than demonstrated.

4.2 Measurement model

Before testing the objectives, the measurement model was evaluated against established thresholds. Table 2 shows that all indicator loadings exceeded .70, composite reliability values exceeded .80, Cronbach's alpha values exceeded .70 and average variance extracted values exceeded .50. The four constructs therefore met the conventional criteria for indicator reliability, internal consistency and convergent validity (Fornell & Larcker, 1981; Hair et al., 2022; Hair et al., 2019).

**Table 2***Indicator Loadings, Reliability and Convergent Validity*

Construct	Indicator	Loading	CR	Alpha	AVE
Regulatory Frameworks	RF1	.718	.823	.741	.538
	RF2	.744			
	RF3	.728			
	RF4	.746			
Institutional Trust	IT1	.779	.851	.789	.590
	IT2	.735			
	IT3	.767			
	IT4	.792			
Perceived Investor Protection	PIP1	.801	.869	.813	.626
	PIP2	.754			
	PIP3	.788			
	PIP4	.820			
Platform Governance	PG1	.751	.840	.773	.568
	PG2	.733			
	PG3	.760			
	PG4	.774			

Note. CR = composite reliability; AVE = average variance extracted.

Discriminant validity was assessed with two complementary criteria, since neither is sufficient on its own (Hair, Hult, et al., 2022; Henseler et al., 2015). As shown in Table 3, every HTMT estimate fell below .85, although the upper confidence limit for institutional trust and perceived investor protection reached .863. The point estimate supports discriminant validity, but the proximity of that interval to common thresholds indicates conceptual overlap between the two constructs and warrants cautious interpretation (Henseler et al., 2015). Table 4 offers additional support, because the square root of each construct's AVE exceeded its correlations with the other constructs (Fornell & Larcker, 1981).

Table 3*Heterotrait monotrait ratios*

Construct pair	HTMT	95% confidence interval
RF and IT	.684	[.612, .756]
RF and PIP	.704	[.633, .775]
RF and PG	.651	[.577, .725]
IT and PIP	.792	[.721, .863]
IT and PG	.612	[.534, .690]
PIP and PG	.718	[.641, .795]

Note. HTMT = heterotrait monotrait ratio; RF = regulatory frameworks; IT = institutional trust; PIP = perceived investor protection; PG = platform governance.

Table 4*Fornell Larcker criterion*

Construct	RF	IT	PIP	PG
RF	.733			
IT	.614	.768		
PIP	.638	.715	.791	
PG	.583	.557	.643	.754

Note. Diagonal values are square roots of AVE; off diagonal values are construct correlations.

4.3 Regulatory frameworks and perceived investor protection

Objective 1 examined the direct association between perceived regulatory frameworks and perceived investor protection. Table 5 reports a positive and statistically significant association ($\beta = .247$, $p < .001$, 95% CI [.123, .371]), so H1 was supported. The corresponding effect size was small by conventional benchmarks ($f^2 = .078$, Table 6), meaning regulation alone made a bounded contribution once institutional trust and platform governance entered the model (Hair, Risher, et al., 2019). The result supports the view that formal safeguards matter without determining how protected market participants feel (Hornuf & Schwienbacher, 2017; IOSCO, 2015).

**Table 5***Direct structural paths*

Path	β	t	p	95% confidence interval	Decision
RF $\rightarrow$ PIP	.247	3.891	< .001	[.123, .371]	Supported
RF $\rightarrow$ IT	.614	14.272	< .001	[.530, .698]	Supported
IT $\rightarrow$ PIP	.513	8.562	< .001	[.396, .630]	Supported
PG $\rightarrow$ IT	.121	2.494	.013	[.026, .216]	Supported
PG $\rightarrow$ PIP	.130	2.117	.034	[.010, .250]	Supported

Note. Bootstrap resamples = 5,000. Confidence intervals are bias corrected and accelerated. Abbreviations are defined in Table 3.

The modest direct association converges with Hornuf and Schwenbacher's (2017) central claim that regulatory presence and regulatory effectiveness are distinct, and with IOSCO's (2015) observation that jurisdictions operating comparable rulebooks achieve markedly different protection outcomes. It diverges from the assumption, implicit in much policy commentary, that a detailed framework is itself reassuring: once trust and governance entered the model, regulation retained only a small effect. The contrast with Cumming et al. (2021) is instructive. They found regulation failing to broaden the investor base in mature markets, whereas here regulation does reach perceived protection, but largely by another route. For Ghana, where the Guidelines are barely two years old (SEC Ghana, 2024), the implication is that respondents are not responding to the framework's formal comprehensiveness. The result should not be read as a measured effect of the Guidelines themselves, since predictor and outcome are self reported perceptions collected at one time (Podsakoff et al., 2003).

Table 6*Model explanatory power, predictive relevance and effect sizes*

Criterion	Value	Interpretation
R ² , Institutional Trust	.392	Moderate explanatory power
R ² , Perceived Investor Protection	.581	Substantial explanatory power
f ² , RF $\rightarrow$ PIP	.078	Small
f ² , RF $\rightarrow$ IT	.412	Large
f ² , IT $\rightarrow$ PIP	.282	Medium
f ² , RF $\times$ PG $\rightarrow$ IT	.016	Small
f ² , IT $\times$ PG $\rightarrow$ PIP	.011	Small
Q ² , Institutional Trust	.223	Predictive relevance
Q ² , Perceived Investor Protection	.356	Predictive relevance

Note. SRMR = .071. R² = coefficient of determination; f² = effect size; Q² = predictive relevance; SRMR = standardised root mean square residual.

4.4 Mediating role of institutional trust

Objective 2 assessed whether institutional trust mediated the regulatory association. Both component paths were substantial: regulatory frameworks were associated with institutional trust ($\beta = .614$) and institutional trust with perceived protection ($\beta = .513$). Table 7 reports a significant indirect association of .315 ($p < .001$, 95% CI [.231, .399]). Because the direct association remained significant, the pattern indicates partial mediation and supports H2. The variance accounted for was 56.1%, so the estimated indirect association exceeded the direct one — an inference resting on the bootstrapped indirect effect rather than on the sequence of significance tests used in older mediation practice (Hair et al., 2022; Hayes, 2015; Preacher et al., 2007).

Table 7*Indirect association through institutional trust*

Indirect path	β	t	p	95% confidence interval	VAF
RF $\rightarrow$ IT $\rightarrow$ PIP	.315	7.334	< .001	[.231, .399]	56.1%

Note. VAF = variance accounted for, calculated as the indirect association divided by the total association.

The result places institutional credibility at the centre of the model. It converges closely with Guiso et al. (2008), who found that distrust suppresses securities participation independently of wealth and risk tolerance, and with Sapienza and Zingales (2012) on how quickly such confidence can be lost. It also gives quantitative form to Kuma et al.'s (2024) qualitative account of Ghanaian crowdfunding by identifying the mechanism through which formal rules acquire meaning for participants. The divergence is with Williamson (1993): were trust purely calculative, regulation and protection would be linked directly rather than through a separate perceptual construct, and the mediated pattern in Table



7 (VAF = 56.1%) suggests otherwise, though a cross-sectional design cannot exclude the calculative reading. The contribution is contextual and relational, in that perceived rules reached perceived protection chiefly through trust in a recently regulated African market. The design cannot establish that regulatory perceptions preceded trust, and reverse association remains possible if those who already feel protected report greater trust.

4.5 Moderating role of platform governance

Objective 3 examined two interaction paths. Table 8 shows that platform governance significantly strengthened the association between regulatory frameworks and institutional trust ($\beta = .094$, $p = .040$), supporting H3a. The interaction between institutional trust and platform governance on perceived protection was positive but not significant at the 5% level ($\beta = .083$, $p = .068$), so H3b was not supported. Both interaction effect sizes were small ($f^2 = .016$ and $.011$, Table 6) and the confidence interval for the second interaction crossed zero. Interactions of this magnitude are routine in survey based moderation research and demand more statistical power than main effects, so a null result at this sample size is weak evidence of absence (Hair, Risher, et al., 2019; Kock & Hadaya, 2018; Preacher et al., 2007).

Table 8

Interaction effects of platform governance

Interaction path	β	t	p	95% confidence interval	Decision
RF $\times$ PG $\rightarrow$ IT	.094	2.051	.040	[.004, .184]	Supported
IT $\times$ PG $\rightarrow$ PIP	.083	1.827	.068	[-.006, .172]	Not supported

Note. Bootstrap resamples = 5,000. Confidence intervals are bias corrected and accelerated.

The asymmetry in Table 8 refines the signalling account rather than contradicting it. It converges with Rossi and Vismara (2018), who found platform services predicting outcomes at some stages of the funding process and not others; stage specificity, rather than uniform influence, is the pattern in both studies. It converges too with Ahlers et al. (2015) and Vismara (2016) in showing that governance cues carry information under uncertainty. The divergence concerns saturation. Sendra-Pons et al. (2024) report that trust-building cues substitute for one another, which predicts diminishing returns once confidence exists and is consistent with the weak second stage interaction found here. Their study measured campaign success on an established Spanish platform, however, while this one measures perceptions in a market with no enforcement record, so agreement in pattern need not mean agreement in mechanism. The p value of .068 and the small effect sizes in Table 6 make the second stage result inconclusive rather than negative, and larger samples are needed to separate a very small interaction from none.

4.6 Conditional Indirect Association

Objective 4 tested the full conditional process. As Table 9 shows, the indirect association between regulatory frameworks and perceived protection through institutional trust rose from .283 at low governance to .347 at high governance, and all three conditional estimates excluded zero. The index of moderated mediation was .048, but the available output did not include a bootstrap confidence interval for it. Significance of each conditional indirect association does not establish that the associations differ from one another, which is precisely the inference the index exists to support (Hair et al., 2022; Hayes, 2015; Preacher et al., 2007). The pattern is therefore consistent with H4, while inferential support for moderated mediation remains incomplete.

Table 9

Conditional indirect association at levels of platform governance

Platform governance	Conditional β	t	p	95% confidence interval
Low	.283	6.112	< .001	[.192, .374]
Mean	.315	7.334	< .001	[.231, .399]
High	.347	8.012	< .001	[.262, .432]

Note. The reported index of moderated mediation was .048, but its bootstrap confidence interval was not available in the source output. Low, mean and high refer to the estimated levels used in the SmartPLS conditional effect output.

Read across the objectives, the evidence does not support a simple rules equal protection account. Regulatory frameworks were directly associated with perceived protection, but the larger pathway ran through institutional trust, and platform governance strengthened that pathway chiefly at its first stage. This integrated result addresses the gap identified in the review by showing where governance enters the regulation, trust and protection sequence, rather than treating regulation, trust and governance as interchangeable sources of assurance (Mochkabadi & Volkmann, 2020; Rossi & Vismara, 2018; Sendra-Pons et al., 2024).



4.7 Theoretical Contribution, Alternative Explanations and Limitations

The study contributes to institutional theory by showing that a formal regulatory framework is associated with perceived protection partly through confidence in the institution expected to implement it, which extends Scott's (2014) account of legitimacy to a market where enforcement has no track record. It contributes to signalling theory by locating platform governance at the trust formation stage, consistent with the stage specific pattern Rossi and Vismara (2018) observed and with the substitutability Sendra-Pons et al. (2024) report. The contribution is an empirical refinement of existing theory rather than a new theory, and it applies specifically to perceived protection in an early stage Ghanaian market.

Several alternative explanations remain plausible. Financial literacy, risk tolerance, prior investment outcomes, general confidence in government and exposure to media coverage may influence both institutional trust and perceived protection (Guiso et al., 2008; Knack & Keefer, 1997; Williamson, 1993). Common method bias is also possible because all constructs were self reported in a single questionnaire, and satisfactory reliability and discriminant validity do not eliminate it (Podsakoff et al., 2003). Sampling compounds these limits: purposive and snowball recruitment produced a sample dominated by young, highly educated men already aware of the Guidelines, prospective investors were included alongside experienced participants, and mode related differences between electronic and in person administration were not estimated. The cross-sectional design cannot establish causal order, and the small interaction effects require more statistical power than the main paths (Hair et al., 2019). Future models should add theoretically relevant controls, independent measures of enforcement and governance, and temporal separation of predictor and outcome measures.

4.8 Practical Implications

The findings shift attention from regulatory enactment to credible implementation. For SEC Ghana, visible enforcement, current licensing information, transparent complaint outcomes and regular communication about breaches would help market participants judge whether formal protection is operational; the Guidelines already impose extensive intermediary duties, so the practical challenge is making compliance observable (SEC Ghana, 2024). For intermediaries and platforms, governance should be communicated through standardised disclosures, concise due diligence summaries, conflict of interest statements, risk warnings and accessible grievance procedures, which is where comparable markets have found platform practice to matter most (Ahlers et al., 2015; Rossi & Vismara, 2018). Because the second stage interaction was not significant, such practices are most likely to strengthen protection perceptions when they reinforce trust in the broader regime rather than substitute for public oversight.

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

The study concludes that perceived regulatory frameworks are positively associated with perceived investor protection in Ghana's equity crowdfunding market, but that the direct association is modest. Institutional trust is the principal pathway in the estimated model, carrying more than half of the total association between regulation and perceived protection. Platform governance strengthens the formation of institutional trust, while the evidence does not show a statistically clear second stage moderation of the link between trust and protection. Market participants therefore do not judge protection from formal rules alone; they also weigh whether the enforcing institution is credible and whether governance is visible at platform level. These conclusions remain bounded by the study design. The results concern perceptions among a non-probability sample of mainly young, highly educated and regulation-aware participants, including prospective investors. They establish statistical associations, not causal effects or verified legal protection. Even within those limits, the findings identify a practical priority: Ghana's new framework is most likely to support confidence when enforcement and platform compliance are observable, consistent and understandable to retail participants.

5.2 Recommendations

SEC Ghana should publish clear and regularly updated information on licensed intermediaries, enforcement actions, unresolved complaints and remedial outcomes, so that market participants can observe how the framework operates in practice rather than only that it exists. Crowdfunding intermediaries and platforms should use standard disclosure templates, provide concise due diligence summaries, declare conflicts of interest, display risk warnings prominently and maintain accessible complaint and dispute resolution procedures, since these are the platform practices that carry information to investors in comparable markets. SEC Ghana and market operators should provide investor education explaining investment limits, due diligence, legal rights, platform risks and complaint routes, delivered deliberately to women, older adults, people with less formal education and less digitally engaged potential investors. Future research should distinguish active from prospective investors, use probability based or stratified recruitment once a sampling frame exists, and test the model longitudinally with independent measures of regulatory enforcement and platform governance. Further studies should test the small interaction effects with larger samples and examine financial



literacy, risk tolerance, prior investment outcomes and general institutional confidence as competing explanations or control variables.

Declaration of Interest

The authors declare that they do not have any known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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