

The Trust-Building Nature of Identity Verification in the Sharing Economy: An Online Experiment

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Abstract. Despite being widely used in practice and often asserted to be an effective trust-building mechanism, little empirical evidence exists regarding the effect of identity verification on sharing economy platforms. We theoretically develop a model based on signaling theory to explain how identity verification strengthens users' intention to engage in sharing economy transactions by increasing the level of trust towards a verified transaction partner. To test our hypotheses, we design a between-subject online experiment comparing subjects' perceptions of identity-verified and non-verified user profiles on an accommodation sharing platform. Data was collected from 232 participants and analyzed using covariance-based structural equation modeling. We found identity verification to significantly increase transaction intention, while its effect was mediated by trust in the transaction partner. Moreover, trust disposition was found to be a significant antecedent of users' transaction intentions. We discuss our findings and provide implications for theory and practice.

Keywords: Sharing Economy, Identity Verification, Trust, Signaling Theory

1 Introduction

The need to build trust online increases as the rise of collaborative consumption shifts transactions towards consumer-to-consumer (C2C) contexts [1]. Technology is going to enable and drive this shift, for example, by disintermediation through distributed ledger technologies [2] or increased sharing of resources through autonomous capabilities [3]. Contrary to companies in a business-to-business (B2B) context, consumers are affected less by regulations or trust building transparency measures (e.g., corporate compliance and disclosure requirements). Instead, trust is built by embedding transactions in social communities [4], typically interacting on a digital sharing economy platform [5].

While it is widely argued that trust is crucial to the success of sharing economy platforms [6–8], there is no consensus regarding the recipe to build it. A variety of mechanisms (e.g., user feedback, advance-payments or quality scores) are proposed and implemented by platform owners [5]. One aspect frequently mentioned in this regard is identity verification. Not only is identity verification widely used (e.g., by

BlaBlaCar or AirBnb), there are also several third-party vendors offering tailored solutions to bring identity verification into existing sharing economy services (e.g., Trulioo or Jumio).

Previous research has mentioned identity verification as a means to build trust and reduce uncertainty in a sharing economy context, however, without providing empirical evidence [5, 9, 10]. Few studies have implicitly assumed its positive influence on trust and purchase intention and investigated contingency effects, such as strategies to get users into verification [11] or specific types of identity verification, such as biometric verification [12]. While supplier certification has shown to be successful on B2B platforms [13], the verification of consumers' identity on sharing economy platforms has been scarcely researched. Moreover, empirical evidence remains inconclusive about the true influence of identity verification. For instance, in one study on Airbnb listing prices, the verification of hosts did not show significant effects at all [14]. The lack of empirical investigation of identity verification leaves important and interesting gaps in current IS literature to be addressed. Moreover, practitioners benefit from better understanding identity verification as it is difficult to compare its effectiveness to other trust building means and therefore makes it hard to decide whether an implementation is adequate. We aim to contribute to the understanding of identity verification's effect by focusing on the research question:

RQ: How does verification of a user's identity affect other users' intention to engage in an online transaction on a sharing economy platform?

Drawing on signaling theory, we argue that verification of a user's identity positively affects transaction intention by increasing other users' trust in the potential transaction partner. As trust is a multi-dimensional construct, we include users' general trust disposition and trust in the sharing economy platform into our research model. To test our hypotheses, we conducted an online experiment with 232 participants, simulating sharing economy profiles with verified and non-verified user identities. Our results indicate that identity verification has a positive effect on users' transaction intention, however, platform trust and individuals' general trust disposition exhibit stronger predictive power to transaction intention.

Our study provides contributions to the understanding of verification in the sharing economy. Our findings indicate that verifying identity on a sharing economy platform effectively increases trust in the verified user, however, it does not stand up to the expectation to solely build or break trust. On the one hand, it is only one cue among many affecting trust in a transaction partner, on the other hand, higher level aspects of trust (i.e., platform trust and general trust disposition) are important to users as well. Therefore, practitioners should consider how to effectively bundle identity verification with other trust building means, for instance, integrate it with a platform guarantee or insurance helping to build institution-based trust.

2 Theoretical Background

2.1 Sharing Economy

Since the emergence of online services such as Airbnb, many terms such as *Sharing Economy*, *Gig Economy* or *Collaborative Consumption* have been coined to describe what distinguishes these services from priory existing competitors with *Sharing Economy* being the one most widely used [1, 15]. While there is no consensus to its meaning, definitions center on the distribution of resources between individuals [15]. In this study, we are following the definition of Stephany stating that the sharing economy focuses on „the value in taking under-utilized assets and making them accessible online to a community, leading to a reduced need for ownership“ [16, p. 205]. This definition includes transactions which are compensated as well as non-reciprocal sharing as commonly embedded in the literal meaning of sharing [17].

2.2 Signaling Theory

Signaling Theory, originating in job market theory, focuses on the reduction of information asymmetry between two parties (signaler and signalee) by communicating positive, imperceptible qualities of the signaler [18]. The core elements to the theory are signaler and signalee, the signal exchanged and the signaling environment in which the process takes place [19]. It provides rich explanation for the mechanisms between these elements and how they act together towards reduction of information asymmetry [19]. The signaler typically has an advantage in terms of information over the signalee and uses signals to convey the true quality of an offer. Therefore, she uses a signal, which is an informational cue (e.g., about her trustworthiness, the security of an online platform or quality of a service) that otherwise would not be observable to the signalee [20]. As an example, we transfer these concepts to the sharing economy: An Airbnb host is a signaler, while a guest is a signalee, due to the different levels of information. While the host knows about the exact value of the offered accommodation, the guest lacks information and can only rely on cues (signals) presented on the hosts' Airbnb profile (signaling environment).

2.3 Trust

Trust has been subject to research in social sciences for many years, however, a widely acknowledged definition is still absent [21, 22]. It is a key mechanism in interpersonal exchanges, which are subject to vulnerability, uncertainty and dependency [23]. McKnight et al. [24] separate three aspects of trust: trusting beliefs (perceptions of trustworthiness), their influence on trusting intentions (willingness to depend on the trusted party) and actual trusting behavior (e.g., sharing personal information). Trusting beliefs center around the conception that parties will behave in accordance with the trusting party's confident expectations by exhibiting ability, integrity, and benevolence [21, 25]. As such expectations are met, risk and uncertainty are reduced, which is why trust has been found to be a key predictor of initial and repeat purchase transactions [26–28]. Due to the triadic nature of this trust

concept, no single formal definition can be given. However, the understanding of trusting beliefs, intentions and behavior throughout this study follow the definitions given by McKnight et al. [24].

An important aspect to trust in the sharing economy is that, beside directly relying on a specific other person, trust can be built knowing that “favorable conditions are in place that are conducive to situational success in a risky endeavor or aspect of one’s life” [24, p.37]. This is referred to as institution-based trust, relying rather on situational normality and structural assurances than idiosyncrasies of an individual [24].

2.4 Prior Research on Verification in the Sharing Economy

Verification refers to a special type of certifications, which are generally defined as third-party attestations that verify conformity to specified requirements [29]. There are different types of verification used in practice, for instance identity verification based on official documents (e.g., passport) [11, 14] or biometric information [12]. While certification requirements can be very specific (e.g., > 99.99% availability of an online service), verification typically describes a binary assessment of whether or not a certain information is true (lat. *veritas* = truth). In the sharing economy context, the third-party role is taken by the platform providers. We use the terms verification and identity verification synonymously in this work as we, in accordance with most online platforms, focus on this type of verification.

Although prior research acknowledges the proliferation of verification on sharing economy platforms [5, 8, 9] little is known about its actual effects on users and their activity on the platform. Mazzella et al. [5] argue that verification is an important strategy to reduce uncertainty and build trust stating that “users need to know that everything they see online meets a required level of goodwill and authenticity, as ensured by the third party providing the sharing platform” [5, p. 27]. However, no empirical result is presented to confirm this need or the actual effect of such platform provider verification. Other studies focused on contingency effects of verification, without establishing evidence for its actual benefits. For instance, Schneider et al. [11] investigated nudging strategies for verification on a car sharing platform, while Yang and Padmanabhan [12] analyzed biometrical procedures for online identity verification.

Few studies have empirically assessed the impact of verification on users’ platform activity. Teubner et al. [14] hypothesized that ID verification increases users’ trust on the sharing economy platform Airbnb, leading to higher listing prices for a verified host. However, in a hedonic price regression on Airbnb listings, they could not find a significant effect of ID verification [14]. Airbnb, however, is a monetary sharing economy platform at which the price itself may serve as a strong signal to guests. As there is no compensation in non-monetary platforms, different mechanisms are in place (e.g., social embeddedness may replace price as a proxy for quality) and verification may have a different effect. In B2B transactions, supplier verification significantly increases trust in transactions [13]. For C2C transactions, similar investigations are missing.

The central gist of previous studies is that verification may increase users' trust on a sharing economy platform, which may lead to increased transaction likelihood [5, 9, 14, 30]. Similar arguments have been made on different online platforms such as online dating [31]. However, these studies were mainly based on retrospective survey results asking for respondents' perceived trust during platform usage instead of manipulating treatments in a controlled experiment environment. There is a lack of empirical evidence regarding whether verification of users' personal information on a sharing economy platform affects their transactions on the platform. We aim to contribute to this body of knowledge by investigating the influence of verification on users' trust and intention to engage in a sharing economy transaction.

3 Research Model and Hypotheses

Drawing on signaling theory, we propose a research model that postulates the influence of verification on users' intention to engage in a sharing economy transaction. We include identity verification and disposition to trust as independent variables, users' intention to engage in a transaction on the platform as dependent variable and trust in the platform as well as trust in the transaction partner as mediator variables. We theorize that identity verification's effect is mediated by users' trust in the transaction partner. Further, we include general trust disposition and trust in the sharing economy platform for a comprehensive analysis of relevant trust aspects [32]. The complete model is outlined in Figure 1 and subsequently described in detail.

In terms of signaling theory, a sharing economy platform provides a signaling environment. The consumer that offers sharing on a platform is the signaler while a user that engages in the offered sharing transaction is the signalee. A portfolio of profile cues (e.g., identity verification or user reviews) serves as signals. Each signal potentially builds trust in the signalee, referring to cue-based trust (i.e., based on the stimuli on the online profile) rather than experience-based trust built from prior personal experience [33]. The main objective in a sharing economy context is the realization of a sharing transaction. We follow prior studies by concentrating on users' intention to engage in such a transaction as a proxy for actual transactions.

Trust mediates the influence of signals on users' intention to engage in a transaction as a crucial aspect to the sharing economy. Verification of one's identity typically involves the check of official documents (e.g., an ID card) by a third-party and resembles a special form of certification. Prior research investigates the influence of certification on trust and transaction intention (e.g., in e-commerce purchase decisions) [29], especially including trust as a mediator [33–35]. Besides, trust has been identified as one of the crucial concepts in the sharing economy and a main driver to consumers' engagement [8, 10]. Following these studies, we propose verification's effect on transaction intention to be mediated by trust in a transaction partner.

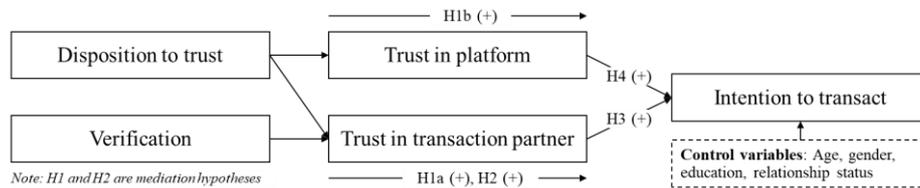


Figure 1. Research model

Irrespective of a verified transaction partner, the personal disposition of users is an important antecedent of the participation in sharing economy transactions. The faith in general others, developed over a lifetime, has been found a strong antecedent of trusting beliefs in a specific situation [36]. Hence, users, who are generally inclined towards trusting others, will have a higher intention to trust a sharing economy transaction partner, too. Disposition to trust is a personality construct that reflects the extent to which a person demonstrates „a consistent tendency to be willing to depend on others across a broad spectrum of situations and persons“ [24, p. 38]. This tendency is based on lifelong experiences and independent of a specific trusted party. It rather resembles one’s faith in humanity and applies to trusting, for instance, an unknown e-commerce shop as well as trusting strangers in the street [37]. Disposition to trust has been found to positively influence institution-based trust, as well as trusting beliefs and intentions [24]. It both influences consumers’ initial online trust [38] as well as trust in larger institutions as the internet or government [39]. We propose that individuals with a higher general disposition to trust are more likely to trust a sharing economy platform as an institution but also have higher levels of trusting beliefs towards potential transaction partners. We further argue in H3 and H4 that higher levels of trust in a transaction partner and platform have a positive significant effect on users’ transaction intention. Hence:

H1a: Disposition to trust enhances users’ intention to engage in a sharing economy transaction by increasing their level of trust in the sharing economy platform.

H1b: Disposition to trust increases users’ intention to engage in a sharing economy transaction by strengthening users’ trusting beliefs towards a potential transaction partner.

Trusting beliefs are cognitive perceptions about the trustee, evaluating whether the other person has beneficial characteristics (e.g., goodwill, honesty, expertness or caring [24, 40]). If trusting beliefs towards individuals are high, their attributes or characteristics create a feeling of relative security [24]. They become trustworthy, meaning that they are considered willing and able to act in the trustor’s interest [41]. There are three main subconstructs to trusting beliefs: competence (having the ability to do what one needs done), benevolence (being motivated to act in one’s interest) and integrity (making good faith agreements, telling the truth and fulfilling promises) [24]. To increase trust in a sharing economy transaction partner, verification needs to build up trusting beliefs, representing the basis for trusting intentions and ultimate trust-related behavior.

In terms of signaling theory, verification fulfills requirements to a reliable signal: First, verification is hard to imitate as it is usually based on third-party checks of official government documents. Second, spurious usage of verification comes at a high price: users, who act opportunistically using their verified identity, risk receiving negative reviews, reduced future sharing opportunities and ultimately being blocked from the platform. Verification of a user's identity establishes trusting beliefs in other users by signaling competence, benevolence and integrity. As verification is hard to fake and costly when used by low quality signalers, it transmits users' good intentions, i.e., benevolence. Taking the required cost and effort to get verified, shows that users are willing and able to invest in future transactions, signaling both competence and benevolence. Furthermore, verification signals integrity as users have proven that they are telling the truth (i.e., a third party has confirmed that their identity is correct). A user that has shown to be willing (benevolence) and able (competence) to invest into providing true information (integrity) about herself, qualifies towards being trusted. Taken together, trusting beliefs in a verified transaction partner are increased as verification provides a reliable signal to the transaction partner's trustworthiness. We further argue in H3 that a higher level of trust has a positive significant effect on users' transaction intention. Hence, we argue that:

H2: Verification of a user's identity strengthens other users' intention to engage in a sharing economy transaction by increasing trust in that user as a transaction partner.

Trust in transaction partner and sharing economy platform reduce users' perception of vulnerability and increase their likelihood to engage in a transaction. We argue that verification and disposition to trust increase users' intention to engage in a transaction by enhancing trust in the platform and the potential transaction partner (cf. H1a, H1b, and H2). In accordance with prior work [42], we propose that a higher level of trust, as a specific belief about the transaction partner, is associated with a higher level of intention to engage with the partner. The online setting of e-commerce also provides a trust challenge, due to the greater ease with which vendors can behave opportunistically [43]. This especially applies to the sharing economy, in which transactions are typically initiated via online platforms open to everybody. Moreover, sharing economy transaction partners (who are typically consumers) are often not subject to regulations (e.g., hotel safety regulations for Airbnb [44]), which might have equipped consumers with an additional layer of security (i.e., control through third-party authorities) in traditional transactions. Trust in a transaction partner helps to reduce the social complexity by lowering the perceived risk of undesirable, opportunistic behavior. When trusting beliefs are present (i.e., users believe in transaction partners' competence, benevolence and integrity [24]), users are encouraged to take risks, i.e., engage with the transaction partner:

H3: Trust in a potential transaction partner increases users' intention to engage in a transaction with that partner.

Trust in a platform is a form of institution-based trust that lowers users' insecurities by providing a transaction environment based on situational normality

and structural assurances. Sharing economy transactions usually take place on online platforms, which are operated by institutions especially created for this purpose (e.g., Airbnb, Couchsurfing or BlaBlaCar). Part of the risk involved in a sharing economy transaction is on the side of these institutions (e.g., privacy of shared information or correct processing of payments), which is why it is important that they are also trusted by users. As the object of trust (i.e., the online platform) is an institution rather than an individual, we are tapping into institution-based trust, which can be achieved by providing structural assurances (e.g., the Airbnb host guarantee) and situational normality and thereby lead to the perception of a stable, “normal” environment, in which transactions can take place. When environments are unstable, normality cannot be guaranteed or abnormal situations occur (e.g., payments are lost), a situation or structure may become untrustworthy [24]. Having institution-based trust in a sharing-economy platform means that users can rely on the absence of abnormal situations and attached additional risk, encouraging them to engage in a transaction on the platform.

H4: Trust in a sharing economy platform enhances users’ intention to engage in a transaction on the platform.

4 Research Methodology

We conducted a between-subject online experiment with two groups to test our research model. Participants were presented a user profile on an online accommodation sharing platform. They were given the scenario of searching accommodation for an upcoming trip with the specific task of inspecting the focal profile in order to make a decision whether they would like this user as their host. We based our experiment design on the accommodation sharing platform Couchsurfing. Both groups were presented an identical, artificial user profile with the manipulation that the profile presented to one group was verified, while for the other group it was not verified. Figure 2 presents the verified experiment profile. In comparison, the non-verified profile was missing the green frame around the profile picture and stated “Non-verified profile”. Subjects were assigned to one of the two groups on a random basis.

Participants were first presented information about the experiment procedure as well as general explanations about accommodation sharing platforms and the specific process of a sharing transaction to establish common knowledge across subjects. Subsequently, we asked for participants’ trust disposition [38] and their disposition towards sharing economy platforms [45] using 7-point Likert scales. After presenting a task description, the platform user profile was displayed. We then collected the users’ trusting beliefs in the platform and the profile [46] and their intention to engage in a transaction [47] with the user seen in that profile. Dependent variables were also measured on 7-point Likert scales. Finally, we conducted manipulation checks: We checked for the treatment manipulation (i.e., whether participants recognized the profile verification) but also for the influence of cues that were not changed across groups (e.g., gender of the user displayed on the profile). Moreover, to test for non-response bias we compared data from early and late respondents [48]. Results from a

t-test conducted on age ($p>0.05$), income ($p>0.05$) and marital status ($p>0.05$) exhibited no significant differences, rendering it unlikely that non-response bias was an issue within the data set used.

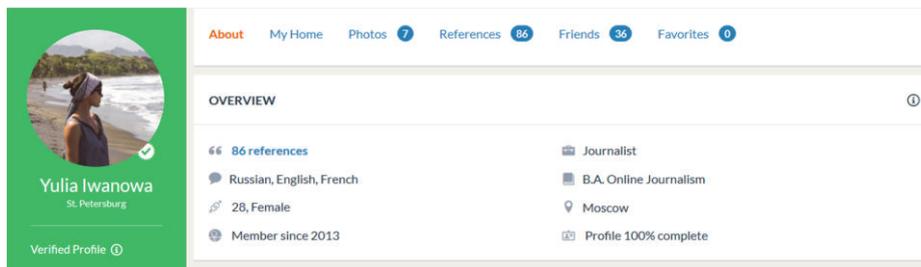


Figure 2: Verified Couchsurfing profile as shown in the experiment

A total of 268 participants were recruited for the online survey. Thirteen participants were excluded from analyses because they failed to complete the online survey, while 23 were removed due to failed manipulation checks, which left us with a final data sample of 232 participants. We have distributed the survey among graduate students and asked each participant for redistribution. In our sample 70.26% of subjects were students, while 25.00% were employed professionals (4.74% preferred not to answer). The majority of participants (50.43%) was between 20 and 24 years old, followed by 32.76% in the range of 25 to 29. Only 1.72% were younger than 20 and 15.09% older than 29. This distribution of age and a high rate of students is realistic to our scenario, as the average user on Couchsurfing is below 30 years of age and accommodation sharing is popular with young individuals and students [49, 50].

5 Analysis and Results

We used covariance-based structural equation modeling (SEM) to assess the measurement model and test the hypothesized structural model. SEM allows the simultaneous assessment of multiple dependent variables as well as statistical mediation and moderation. Moreover, the underlying measurement model can be assessed within the context of the theoretical model, making it superior to multiple regression and traditional path-analytic techniques. In our analysis, we followed the two-step process of outer and inner model assessment to ensure reliable results as the analysis of the inner (structural) models' paths relies on the reliability and validity of the outer (measurement) models' constructs [51].

The overall model fit was good, having values above 0.95 for the incremental Tucker Lewis and Comparative Fit indices as well as an acceptable level for Root Mean Square Error of Approximation (CFI=0.957, TLI=0.955, RMSEA= 0.056). We assessed the measurement model to check for psychometric adequacy. First, we checked for individual item reliability. Each item should show a substantial correlation with its construct. For reflective items, as solely present in our model, this can be assessed by item loading, i.e., its variance explained by the construct. Loadings

should not be lower than 0.7 [52], which is fulfilled in our model. Second, internal consistency was assessed based on item inter-correlations, measured by Cronbach's alpha and composite reliability [53]. Values exceed the recommended threshold of 0.7 for all constructs ($\alpha_{\text{disp_trust}} = 0.84$, $\alpha_{\text{trust_platform}} = 0.85$, $\alpha_{\text{trust_partner}} = 0.94$, $\alpha_{\text{int_transation}} = 0.95$) [54]. Taken together, these results indicate that the measurement model is reliable. We then assessed convergent validity, i.e., whether all items in a construct's block unidimensionally represent their construct [55]. As recommended, we calculated the average variance extracted (AVE) for latent variables, which were greater than the recommended threshold of 0.5 for each construct [54].

Finally, discriminant validity was examined to confirm that different latent variables actually exhibit significant difference [55]. We checked the Fornell-Larcker criterion

[54], stating that the AVE of each latent variable should be greater than its squared correlation with any other variable (which is equal to the AVE's square root being greater than the variables' correlations, which we used for simplified reporting). This is the case, as the values in Table 1 confirm. We also checked the Heterotrait-Monotrait Matrix (HTMT). Recently introduced, the criterion has showed superior performance in detecting discriminant validity in a Monte Carlo simulation study compared to cross-loadings analysis and the Fornell-Larcker criterion [56]. The computed HTMT values for our model can be found in Table 1. All values are below 0.85, which satisfies $H_{0.85}$, the HTMT criterion with highest specificity [56]. We conclude that overall measurement model validity has been established.

Table 1. Measurement model descriptive statistics and discriminant validity measures

	Mean (SD)	Disp. to Trust ¹	Trust (Plat.) ¹	Trust (Part.) ¹	Int. to Trans. ¹
Disposition to trust	4.75 (1.11)	0.766	0.300	0.307	0.304
Trust in platform	4.48 (1.36)	0.305	0.732	0.364	0.416
Trust in trans. part.	4.92 (1.18)	0.340	0.104	0.894	0.722
Intention to transact	4.60 (1.68)	0.325	0.271	0.690	0.933

Note: ¹□ latent variable correlation, ■ \sqrt{AVE} , ■ HTMT matrix

As our first hypotheses propose a mediating relationship, we follow a three step mediation assessment involving independent variable (IV), mediator (M) and dependent variable (DV) [52]: First, we analyze the indirect effect ($IV \rightarrow M * M \rightarrow DV$), second we inspect the direct effect ($IV \rightarrow DV$) and third the total effect (indirect + direct effect). For hypotheses H3 and H4, we directly inspect path coefficients, which are equal to direct and total effect as no mediation relationship is present. The analyses were performed using 5000 bootstrap samples.

Disposition to trust has a significant indirect effect on transaction intention via trust in transaction partner ($\beta=0.297$, $p<0.001$), hence, we accept H1a as users' disposition to trust positively influences their transaction intention mediated by trust in the transaction partner. Moreover, disposition to trust has a significant indirect effect on transaction intention via platform trust ($\beta=0.077$, $p=0.027$), hence, we accept H1b as users' disposition to trust positively influences their transaction intention mediated by trust in the platform.

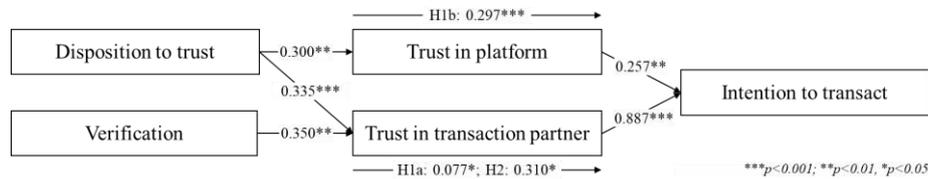


Figure 3. Analysis results (research model with path coefficients)

Verification has a significant indirect effect on intention to transact ($\beta=0.310$, $p=0.019$), while its direct effect on transaction intention is not significant ($\beta=0.182$, $p=0.242$) in presence of the mediator. As verification positively influences transaction intention by increasing trust in transaction partner, we accept H2. The direct effect of trust in transaction partner on users' intention to engage in a transaction is positive and significant ($\beta=0.887$, $p<0.001$), hence, we accept H3. Trust in platform also has a positive effect on transaction intention, however, the effect size is smaller ($\beta=0.257$, $p=0.008$). Accordingly, we also accept H4. The four control variables included did not exhibit significant effects ($p_{age} = 0.928$, $p_{gender} = 0.473$, $p_{relationship} = 0.537$, $p_{edu} = 0.140$); path coefficients are also displayed in Figure 3.

6 Discussion

The aim of this paper was to investigate the influence of identity verification on users' intention to engage in a sharing economy transaction. First, we found that verification of a user profile significantly increases other users' intention to engage in a transaction with the focal user. This effect is mediated by trust in transaction partner, indicating that verification itself does not directly alter users' intentions, but builds up trusting beliefs towards a potential transaction partner. These trusting beliefs have a strong influence on users' transaction intention, which is resembled in our data, as an increase of trust by one standard deviation (sd) leads to a 0.87 sd rise in the intention to transact.

Second, trust in the platform, beside trust in the specific transaction partner, has a significant positive effect on users' intentions to transact. Moreover, both trust aspects are significantly influenced by users' personal disposition to trust. Individuals, who have generally more faith in others, are also more inclined to trust a sharing economy platform and the potential transaction partners using it. The influence of trust disposition on both aspects is balanced, as indicated by close path coefficient values (0.300 and 0.335). These coefficients are about the same size as found for verification. This may be interpreted as the rather small role of identity verification as a single cue versus the general trust disposition of consumers in regard to their intention to engage in the sharing economy.

Our findings contribute to the sharing economy literature as they provide empirical evidence to the often-asserted positive influence of identity verification on sharing economy transactions. While this influence was assumed [5, 9], only few studies have explicitly investigated its role [14]. Moreover, there are empirical data analyses which could not support an expected positive effect of identity verification [14, 57]. Our

study makes a contribution as it explicitly focuses on the role of verification, using the controlled environment of an online experiment to analyze its effect.

Verification, as a form of certification, differs from website cues typically present on sharing economy profiles as they connect the profile with a real identity and are provided by a third-party. According to our results, identity verification, as a signal, makes users more credible, building up trust and in turn increases transaction intentions towards them. Our findings confirm prior conceptualizations of trust in the sharing economy, stating that trust affects peers, platform and product [8]. While we did not check for trust in the product (i.e., accommodation sharing), our results support the relevance of both trust in the platform and transaction partner (i.e., peer).

Besides, our results show the importance of users' personal trust disposition. Sharing economy literature in general is subject to a self-selection bias: Consumers that reveal increased dispositions to trust are more inclined to be users of a sharing economy platform. When studies focus on sharing economy users, they unintentionally deal with individuals exhibiting higher overall trust levels. Our study draws attention to this aspect and includes three aspects of trust: 1) one's general trust disposition, 2) one's trust in a sharing economy platform and 3) trust in an individual as a potential transaction partner. Future work in the context of the sharing economy may benefit from adopting these different trust levels into their research model.

Our findings have practical implications to both platform users and providers. Platform users may benefit from verifying their identity as they become more trustworthy as potential transaction partners. However, we encourage users to interpret identity verification as additional means instead of a silver bullet. In our experiment, we compared verified and non-verified user profiles. While these profiles were in other aspects identical, they were not empty but prefilled with information (e.g., profile picture, name, number of friends). Having a verified but empty profile may likely not bring the desired effect, however, this remains subject to further investigation.

Platform providers should offer verification to their users to foster transactions. Having more verified users on their platform may increase overall trust and ease of transactions. However, they should also not overestimate the power of verification and combine it with other mechanisms to build trust on the platform (e.g., user reviews). Forcing every user on a platform into verification may be counterproductive as the signaling power diminishes: High quality users can no longer decide to undertake additional efforts to get verified in order to distinguish themselves from others. The significant effect of users' trust disposition also leads to implications for platform providers. First, providers may want to measure the current trust levels among their users. When only individuals with high levels of overall trust are using the platform, there may be opportunity for improving the platform's trustworthiness to also attract consumers with lower trust levels. Special treatment in form of personalized onboarding to overcome initial trust barriers or guarantees may be offered to new users to increase ex-ante trust in the platform.

7 Limitations and Future Research

Our study is subject to limitations, which provide opportunities for future research. First, we have only investigated identity verification, masking the influence of other trust building cues present on sharing economy platforms. This setting was chosen to isolate the effect of verification, preventing interactions, which make interpretation of a single effect more difficult. However, future studies may consider a portfolio of cues and their simultaneous effect on trust and transaction intention. Second, we used an artificial online experiment to test our hypotheses. While we built the experiment platform in the appearance of the Couchsurfing platform, users are still in an artificial setting and not really inclined to engage in a transaction. This setting was necessary as many external factors influence transaction decisions (e.g., whether one has time to go for a Couchsurfing trip or not). In our experiment, we could specifically instruct participants and control for external factors. Although this approach is widely accepted within the IS research stream and beyond, we strongly encourage scholars to exploit field experiments or experience-sampling studies to provide further meaningful insights as well as to strengthen external validity of our findings. Another limitation is given by the student sample, as has been frequently used in e-commerce research [58]. While a major share of accommodation sharing users are students and resemble the age distribution of our sample [49, 50], further research with more diverse samples is required to increase generalizability. Moreover, future research may look into the transferability of our results for other forms of sharing (e.g., verifying driver's licenses in ride sharing) to extend validity of the findings in the entirety of the sharing economy.

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