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PEER-TO-PEER (P2P) LENDING PLATFORM ADOPTION FOR SMALL MEDIUM ENTERPRISES (SMEs): A PRELIMINARY STUDY

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Abstract: *Peer to Peer (P2P) Lending platform has been alternative financing which minimized the barriers occurred in credit transaction by traditional banks and financial institutions. This platform should have been a solution for Small and Medium Enterprises (SMEs) with limited access to finance due to their complex characteristics. However, the number of loan transaction incurred in P2P lending platforms in Indonesia is still considered low compared to the number of SMEs scattered around Indonesia. Thus, this study is conducted to determine the factors affect the adoption of P2P lending as perceived by SMEs, along with the relationships. The factors that are considered to be SMEs preferences in finding the source of finance through P2P lending are Loan Process, Interest Rate, Process Cost, Amount of Loan, and Loan Application Flexibility (Saini, 2011). These five factors will then be used as independent variables to assess the adoption of P2P Lending Platform using Unified Theory of Acceptance and Use of Technology (UTAUT).The results of this study will be useful as the information to generate recommendations for the P2P companies for their future implementation and also the government related to the regulations to optimize the use of the P2P lending platform to support the development of SMEs in Indonesia.*

Keywords: P2P Lending, SMEs, loan, UTAUT, Technology Adoption, Awareness

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Introductions

Throughout these years, Small and Medium Enterprises (SMEs) in Indonesia have been giving a significant role towards Indonesia's economic development. The vital contribution of SMEs in the economic sector is not only caused by their broad dispersion throughout the rural area but mainly because of their ability to absorb a considerable amount of labor force (Tambunan, 2006). The data of labor force employed by SMEs from Ministry of Cooperative and SMEs (2013) reveals that SMEs can both dominate and absorb employment more than 99,99% of the market segment.

Furthermore, SMEs are considered to be more flexible to sudden shock, as to what happened during the economic crisis in 2008. According to the data of Micro, Small and Medium Enterprises (MSMEs) 2008-2009 from Ministry of Cooperative and SMEs (2009), the increasing number of SMEs along with the employment indicates that SMEs have higher ability to bear the impact of 2008 crisis, whereas the Large Enterprises showing a decreasing number and employment. One of the reason is that the characteristics of SMEs that tend to be less reliant on formal credits (Berry et al., 2001). This phenomenon indicates that the potential of SMEs that could be explored to maximize their contribution towards Indonesia's economic development.

However, the potential of SMEs in Indonesia is not yet supported by an adequate source of financing. The survey result of Manufacturing Industry in 2011 published by National Agency of Statistics indicates that the majority of SMEs are experiencing capital problems (Tambunan, 2011). Even though the loans from financing institutions are available for SMEs, the only small proportion who able to earn the loan credit, and they use their savings instead. The risks calculation of SMEs are considered to be more complex; thus it is not entirely suitable to be adopted using the approaches of microfinancing institutions (Tambunan, 2011). Consequently, SMEs themselves are struggling with preparing the risk assessment documents as well as the business plan.

Driven up by previous constraints, current development has come up with a technology that is capable of minimizing the barriers occurs on the process of the financial transaction by which using the Financial Technology (Fin-Tech) model (Klafft, 2008). One of the products generated from the fin-tech model is peer to peer lending.

Peer-to-peer lending is a platform for consumer loans by which connecting the borrower and the lender through the internet. The borrowers provide the information related to their personal and financial conditions, while the lenders assess the risk of the enterprise by themselves which later given the opportunity to choose their preferenced to be fund (Galloway, 2009). Hence, financial institutions as an intermediary between the borrowers and the lenders are not needed (Berger & Gleisner, 2009). The minimized barriers have increased the popularity of peer-to-peer lending as e-finance increases. In fact, the peer-to-peer lending model has emerged to financial markets since 2005, with Lending Club, Prosper as some of the pioneers.

Currently, in Indonesia, there is 32 P2P company have been legalized by Otoritas Jasa Keuangan (OJK, 2018). As for the users, according to Daily Social (2017), in August 2017, there are 48.034 people contributed as the lenders on P2P lending, while the total numbers P2P lending borrowers reached 120.174, dominated by borrowers in Java by 94,79% with 113.912 borrowers. Whereas, the number of SMEs scattered around Indonesia according to National Agency of Statistics (2013) has reached 57 million units. Hence, compared to the high number of SMEs, this indicates the low adoption of the P2P platform by SMEs in Indonesia.

This study is conducted to identify the factors contribute to P2P lending platforms adoption perceived by SMEs, as well as the level of importance of the factors that affect the behavioral usage of P2P lending. The findings of this study are expected to be useful as the information to generate recommendations for the P2P companies for their future implementation and also the government related to the regulations to optimize the use of the P2P lending platform to support the development of SMEs in Indonesia. The results of this study also may change in the future. Therefore, the future research about this topic would be encouraged to guarantee the accuracy and achieve the research's objectives.

Research Methodology

This preliminary study begins with problem identification, followed by determining research questions and research objective that would like to be achieved in a defined scope and limitation. After defining the research objective, previous works of literature are reviewed not only support the research but also to provide explanations regarding the terms mentioned in this study. Secondary data which collected from journals, publications, textbook, official websites, to later being analyzed. At last, conclusion and recommendation are derived regarding the result generated in the study.

Literature Review

Definition of Small and Medium Enterprises (SMEs)

According to Law of Small Enterprises Number 9/1995, a business is classified as Small Enterprises (SE) if it owns a total asset less than Rp 200 million in which excludes land and buildings, with annual sales less than Rp 1billion, that is including micro-enterprises or MIEs. While Medium enterprises (MEs) defined as a business unit that owns asset between Rp 200million up to Rp 10billion, with annual sales ranged between Rp 1billion to Rp 50billion (Department of Finance, 2018).

National Agency of Statistic (BPS), on the other hand, defines SMEs based on the number of employees, in which Micro Enterprises (MIEs) are business unit that employs 1-4 workers included unpaid family members. As for Small enterprises is a business unit employs 5-19 workers. While Medium enterprises employ 20-99 workers (Tambunan, 2011).

Moreover, on July 4th, 2008, Indonesia set the Law of Republic Indonesia Number 20/2008 regarding Small and Medium Enterprises in which classifies the business units according to their Net Asset Owned (excluding land and buildings) and Annual Sales Income. Those are, Microenterprises or MIEs defined by its total asset of maximum Rp 50million, with annual sale income of maximum Rp 300million. As for Small enterprises classified by its net capital of more than Rp50million up to Rp500million, and annual sales more than Rp300million up to Rp2,5 billion. While medium enterprises (MEs) is a business unit with net asset of more than Rp 500million up to a maximum of Rp 10billion, with the annual income of more than Rp2.5billion up to a maximum of Rp 50billion (Bank of Indonesia, 2018).

Table 1: SMEs according to Law of Republic Indonesia Number 20/2008 (Bank of Indonesia, 2018)

Business Unit	Criteria	
	Net Asset Owned	Annual Sales Income
MIEs	Max Rp 50 million	Max Rp 300 million
SEs	>Rp50mill – 500mill	>Rp 300mill – 2.5bill
MEs	>Rp500mill – 10bill	>Rp2.5bill – 50bill

Despite the difference in classification of the size of the business, according to the definition stated by several sources of agency explained above, it indicates the same level of maximum asset owned and annual income earned by medium enterprises. Thus, the differences occur only between the sizes of the business of SMEs. Besides, for the importance of this study, according to the previous study of Tambunan (2009), micro enterprises are included in small enterprises. Hence, the term SMEs in this study refers to Small Enterprises (which includes micro enterprises) and Medium Enterprises.

Previous Studies of SMEs

Previous studies related to SMEs are presented as follows:

Table 2: Previous Studies of SMEs

Author/Year	Objectives	Result
Tulus Tambunan (2006)	To examine the development of SMEs in Indonesia.	• SMEs in Indonesia dominate more than 90 percent of total business run in the country and have a high ability to absorb employment, and thus they hold a crucial role towards Indonesia's economic development. • SMEs contributes high performance regarding the GDP mainly due to their massive amount of dispersion if compared to large enterprises, not because of the productivity • SMEs dispersed across the rural area, indicates that SMEs has successfully triggered the entrepreneurship potential of villagers. • Limited working capital and difficulties in marketing become the significant barrier experienced by SMEs.
Ahliman Abbasov, Tahmasib Alizada (2016)	To discuss the potential owned by SMEs in stimulating the economic development of transition countries.	• SMEs as one of the dominant factors in lowering the countries' unemployment rate. • SMEs' ability to quickly adapt to unstable conditions is due to their characteristic of innovative and dynamic. • SMEs competitiveness in the market occurs as the result of their product and services innovations that are easily applied and rapidly introduced to their customers. • SMEs are eligible subject to be exposed to technology for their industrial needs. Therefore, increasing the dispersion of SMEs could trigger the technology diffusion to boost the country's economy in global competition. • Their financial access to banks and investors are hampered due to several reasons: 1. SMEs risky characteristic concerning inadequate assets, low capitalization, and its response to market change. 2. Information asymmetry as the result of insufficient financial records that affects the creditworthiness assessment done by the banks.
Beck, T.H.L. (2007)	To discuss SMEs' empirical evidence concerning constraints and way of financing.	• Financing constraints of small enterprises affect the business grew nearly twice as the large enterprises financing constraints do (Beck, Demirgüç-Kunt and Maksimovic, 2005) • A finding from Banerjee and Duflo (2004) indicates the increase in sales as the result of the additional credit obtained by SMEs • Investment Climate Surveys across SMEs in developing countries indicates that majority of small and medium enterprises funds their investment through internal funds, and less likely to fund the investment through bank compared to large enterprises.
Maya Irjayanti, Anton Mulyono Azis (2012)	To determine SMEs' potential and the cause behind the incompetence of SMEs in global	• Barriers to competition, access to finance, worsen by the price of energy, become the three constraints mainly chosen by SMEs • The constraints related to capital which are access to finance and price of energy are the main factors that hampered their business growth.

	market competition.	• SMEs experiencing difficulties in applying credit loan to commercial banks considering the requirements needed are too complicated for them. • Limited access to finance leads to an inability to afford the technology to save time and cost, and thus hamper SMEs in competing with the global market.
Chokey Wangmo (2015)	To examine the cause of the difficulties in SMEs access to banks' credit financing	• Limited access to credit financing of SMEs from commercial banks is caused by information asymmetry which leads to further financing difficulties. • SMEs access to credit financing is determined regarding the firm's characteristic, financial information, loan characteristic, and loan repayment capacity • Firm characteristic includes size and operating period. • Owner characteristics include age and educational background. • Loan characteristics which cover interest rate, repayment period. • Loan repayment capacity in which collateral and owner's equity.

According to Marketeers (2018), the data from OJK shows that currently there are only 41% of financial institutions could fulfill the credit needs of SMEs. This condition would hamper not only for the development of SMEs but also for the economy of the country. Even if there are plenty of government-sponsored loans and credit provided by formal financial institutions, SMEs in Indonesia tend to rely on their financing, relatives, or from the informal institution (Tambunan, 2008).

These problems related to SMEs financing ability shows how financial institutions in the country is underdeveloped, and undoubtedly affects the development of the business itself (Tambunan, 2011).

Peer to Peer Lending Platform

Peer to peer lending is a financing platform that directly connects the lenders and borrowers using online intermediaries with no financial institutions needed (Chen et al., 2014). The lenders can be individual or a firm, and so are the borrowers, based on the P2P specification (Galloway 2009). The P2P lending procedure is illustrated in the figure as follows:

At first, both potential borrower and lender are obligated to create an account on a specific P2P platform, in which requires the user's data which includes name, address, phone numbers, and bank account. The platform will then rate the borrowers for the credit ratings regarding the information provided. However, the credit rating process is different and less complicated compared to the traditional bank, by which incorporate Big Data and Rating Agency Information in doing survey and evaluation (Wang et al., 2015).

Secondly, the accepted creditworthy of borrowers are then allowed to create their loan application, consists of the loan amount, maximum interest rate, and loan purpose and other borrower's preferences. These loan requests are presented on the platform as the choices for the potential investors. The investors as the lender will use their assessment regarding the information provided by the borrowers. Eventually, unlike conventional banks, the investors are the one who has to bear the credit risk, not the P2P lending platform (Stern et al., 2017).

Lastly, the approved lending will be transferred from the lenders' to the borrowers' account. As for the payback, the borrowers will transfer the amount back to the lenders on the due date (Chen et al., 2014).

Peer to peer lending platform has been emerging since 2015. The first P2P website was established in U.K, named Zopa. There are several platforms of P2P scattered around the world such as Lending Club and Prosper.

In Indonesia, P2P lending has been emerging since 2016, with KoinWorks as the first P2P lending platform in Indonesia. There are several leading P2P platforms legalized by OJK, some of which are Modalku, Amartha, Investree, and Koinworks. According to Daily Social (2018), the data from OJK in 2017 shows that the amount funded through P2P lending has reached Rp 1,44 trillion.

Table 3: Funding in Fintech Lending in August 2017 (Daily Social, 2018)

	December 2016	Augusts 2017	year-to-date
Funding	Rp 242,8 billion	Rp 1,44 trillion	496,51%
Lender	12.145	48.034	295,5%
Borrower	50.836	120.174	136.27%

Borrowing Factors

According to Saini (2016), there are five factors considered by SMEs in obtaining a loan in the P2P platform, which are

1. loan process,
2. interest rate,
3. process cost,
4. the lowest amount of loan, and
5. the flexibility of loan application.

Thus, further discussion regarding the factors considered in borrowing from P2P lending is presented in previous studies, along with the illustration of real application of P2P by Indonesia's biggest P2P companies that focus on funding SMEs in particular, some of which are Koinworks (Koinworks.com), Investree (Investree.com), Modalku (Modalku.com), and Amartha (Amartha.com).

Loan Process

Loan process in P2P lending does not require any paperwork and can be conducted using the internet. By applying the fin-tech technology, the loan process on P2P lending can be conducted relatively faster than conventional banks (Wei, 2016). As stated in the P2P companies' website, the loan process in which includes admission filling, approval process, and funding process, may vary on the company. (Modalku 2018; Koinworks 2018).

Moreover, according to a Namvar (2013) loans in P2P lending does not collateralize by any asset, which could increase the risk of defaults on the loans. Collateral, as mentioned in a study by Nkundabanyanga (2014) is borrower’s assurance given to the lender to guarantee the loan repayment in the future (Atieno, 2001).

This finding might be another solution to answer the difficulties of SMEs in obtaining the loan from commercial banks due to their inadequate collateral (Abe et al. 2015). Thus, to minimize the risk, companies like Koinworks (2018) and Modalku (2018) require personal guarantees for the loan application, to take full responsibility in case of default.

Previous Studies of Loan Process

Previous studies related to Loan Process are presented as follows:

Table 4: Previous Studies of Loan Process

Author/Year	Objectives	Result
Beck, T.H.L. (2007)	To discuss SMEs' empirical evidence concerning constraints and way of financing.	• SMEs perceive complicated paperwork, information, and collateral requirements from the banks as one of the difficulties in obtaining a loan. • SMEs have a higher inability in providing collateral compared to large enterprises.
Stephen Korutaro Nkundabanyanga, Denis Kasozi and Irene Nalukenge (2014)	To examine the relationship of banks lending terms and financial literacy to SMEs accessibility in obtaining credit loan.	• SMEs are less likely to apply for credit loan if they fail to understand the necessity to provide collateral. • Banks tend to offer a more substantial amount of loan, more extended loan repayment period, and lower interest rates to borrowers with collateral (Safavian et al., 2006). • Borrowers that unable to provide required collateral have a lower probability of obtaining credit with loan characteristic as mentioned.
Chokey Wangmo (2015)	To examine the cause behind the difficulties in SMEs access to banks’ credit financing in Bhutan.	• Accessibility to credit loan from banks is affected by the value of collateral provided by the borrowers. • Accessibility to formal credit will increase 17% for every one unit of collateral size increased.
Ahliman Abbasov, Tahmasib Alizada (2016)	To discuss the potential owned by SMEs in stimulating the economic development of transition countries.	• Guarantee program is aimed to minimize lending cost. • Despite the low number of successful guarantee programs due to the inability of the guarantors to make the payment on time, it has been proven to gain SMEs alternative source of finance.

Interest Rate

Nkumbanyanga (2014), in his previous study, mentioned that interest rate concerning lending is the rate that the borrower must pay subject to the use of money (Cowling and Westhead, 1996), also used to adjust the risk taken by the banks (Smith and Smith, 2000).

Website of Koinworks (2018) states that interest rate offered by P2P lending companies are more competitive compared to the rate offered by conventional banks. As stated by Investree (2018), the interest rate given to the borrower is determined from the credit scoring done previously, and not to mention for Koinworks (2018), which also determine the interest rate based on the grading system to show the borrower's ability to pay the loan. The lower the borrowers’ grade, the higher the interest rate due to higher risk the lender must bear (Emekter et al., 2015). Overall, every company has different consideration in determining borrower's interest rate.

Previous Studies of Interest Rate

Previous studies related to Interest Rate are presented as follows:

Table 5: Previous Studies of Interest Rate

Author/Year	Objectives	Result
Stephen Korutaro Nkundabanyanga, Denis Kasozi and Irene Nalukenge (2014)	To examine the relationship of banks lending terms and financial literacy to SMEs accessibility in obtaining credit loan.	• SMEs are less likely to apply for formal credit when they are exposed to the loan with interest rates that considered too high for them. (Aryeetey et al., 1994, Stiglitz and Weiss, 1981) • Interest rates that are considered as attractive become one the essential factors towards credit accessibility. • The banks put high-interest rate for SMEs due to risks that occur from the borrowers provided information (Hossain, 1988).
Chokey Wangmo (2015)	To examine the cause behind the difficulties in SMEs access to banks' credit financing in Bhutan.	• According to the survey, SMEs in Bhutan are charged with high-interest rates from the banks. • The SMEs perceive the high-interest rates as a burden for their access to finance.
Beck, T.H.L. (2007)	To discuss SMEs' empirical evidence concerning constraints and way of financing.	• The higher the interest rates, the riskier the borrower and thus increase the possibility of default. • The higher interest rates will then increase the return for the lender at a decreasing rate.

Process Cost

Peer to peer lending does not require conventional financial institutions as an intermediary between lenders and borrowers. Moreover, its application is also made in the online platform. These conditions allow P2P companies to be able to cut off any excess cost required in conventional banks (Klafft & Michael, 2008).

For instance, the cost could be in the form of loan approval cost (Modalku, 2018) or administration cost Other additional costs in which consists of interest cost and guarantee binding fees are occurring in Investree (2018). Koinworks charges life insurance and also late payment fees and loan collection fees in case the borrower is unable to pay for the loan (2018). Also, Early Repayment Fee is commonly not charged to the borrowers if they want to pay the loan before maturity date (Koinworks 2018, Modalku 2018)

Previous Studies of Process Costs

Previous studies related to Process Costs are presented as follows:

Table 6: Previous Studies of Process Costs

Author/Year	Objectives	Result
Beck, T.H.L. (2007)	To discuss SMEs' empirical evidence concerning constraints and way of financing.	• Fixed transaction cost occurs in credit assessment, processing, and monitoring activity of commercial banks. • The existence of fixed transaction cost causes the unit costs to decrease for every loan amount increased. • SMEs opaque characteristics drive up costs of assessment and monitoring. • As transaction cost increases, the lending cost exposed to the borrower increases

Ahliman Abbasov, Tahmasib Alizada (2016)	To discuss the potential owned by SMEs in stimulating the economic development of transition countries.	• High lending costs lead to a higher barrier for the borrower in paying back the loan, thus increasing the possibility of default. • Banks consider lending small sized-loan is not so profitable for them concerning costs, due to more administrative costs that occur. • A risk premium is added and also the controlling costs resulting in increased costs for both banks and borrower.
Hongbo Duan, Xiaojie Han & Hongbo Yang (2009)	To discuss the reason for SMEs' constraints in financing.	• SMEs perceive more burden in financing compared to large firms due to high transaction costs. • The unit transitions costs get higher as the loan amount gets smaller as bank loan follows the economic scale. • SMEs are given similar complex procedures as large firms, which require five times higher management costs for SMEs than for large firms. Therefore, Banks tend to offer loans for large forms to maximize the profit.

The Loan Amount

The study of Herzenstein et al. (2008) states that the success of P2P lending is defined whether the loan request is fully funded or not. According to Koinworks (2018), there is a probability that a loan request could be fully funded; however, Koinworks does not guarantee the success of it. Should the loan request funding does not reach the target in a certain period, there will be further discussion between the company and the borrowers (Modalku 2018). In other words, the request is unsuccessful, thus, the collected fund will be returned to the investors (Koinworks 2018). Moreover, to increase the probability of loan success, the actual implementation of P2P requires the lenders to invest a minimum amount of money in overcoming the companies' limited total funds amount (Guo 2016).

Previous Studies of Loan Amount

Previous studies related to Loan Amount are presented as follows:

Table 7: Previous Studies of Loan Amount

Author/Year	Objectives	Result
Dario Czira´ky, Sanja Tisˇma, Anamarija Pisarovic (2005)	To examine the factors that determine credit approval and consistency of credit assessment.	• Smaller loan amount has higher possibility to be approved compared to larger one in the US (Edelstein, 1975). • In practice, more massive loans that approved perform a better repayment ability. • In Croatian SB-2000 loan programme, banks' preference towards smaller loan may cause by the risk-averse characteristic of the banks.
Michal Herzenstein, Rick L. Andrews, Utpal M. Dholakia, Evgeny Lyandres (2008)	To analyze the determinants concerning borrowers and loan listing that affect the funding success in P2P Lending.	• Borrowers characteristics have positive relationship towards loan amount applied. • Those who own children and show similar indicator to hamper their payment ability tend to apply for lower amounts. • Males and those with unprovided information regarding their gender tend to apply for higher loan amounts compared to women. • P2P lenders' preference in bidding small loans is due to risk dispersion. • The bigger the loans, the more lender needed to fund the loan, which will lead to a lower possibility of funding success.

The flexibility of Loan Application

Saini (2016) states that flexibility of loan application is considered by SMEs in obtaining the loan. In this study, the terms refer to the borrowers' ability to choose from whom to borrow, the rate of the loans, and the tenor she/he desires.

Loan repayment period, as mentioned by Atieno (2001), is the period given to the borrower to pay back the loan. The borrowers are free to choose loan repayment period, or tenor, offered by P2P companies, in which are three months, six months, nine months, 12 months, 18months and 24 months (Modalku, 2018).

However, the ability to choose the lender and the interest rate is not provided by those P2P companies. Companies like Investree (2018) and Amartha (2018) display the approved loan in a system called marketplace to later be funded by willing investors, while the interest rate is determined from the credit rating classification.

Previous Studies of Loan Repayment Period

Previous studies related to Loan Repayment Period are presented as follows:

Table 8: Previous Studies of Loan Repayment Period

Author/Year	Objectives	Result
Stephen Korutaro Nkundabanyanga, Denis Kasozi and Irene Nalukenge (2014)	To examine the relationship of banks lending terms and financial literacy to SMEs accessibility in obtaining credit loan.	• SMEs prefer flexible repayment period, or otherwise, they are less likely to request for such loans (Kakuru, 2008) • SMEs' necessity of long-term loan does not meet with offered repayment period by the banks which lead to SMEs taking any size of a loan that available for them Mutesasira et al. (2001). • Loan repayment period does not directly affect access to credit as it is determined either by individual’s capacity and banks’ ability to secure repayments.
Chokey Wangmo (2015)	To examine the cause behind the difficulties in SMEs access to banks’ credit financing in Bhutan.	• Short term loans applied leads to a higher possibility of access to credit compared to long-term loans • The banks prefer shorter-term loans in funding SMEs due to its low risk and more effective cost, which allow the bank to reach the breakeven point of the investment faster (Chittenden et al., 1996; Rao, 2003)

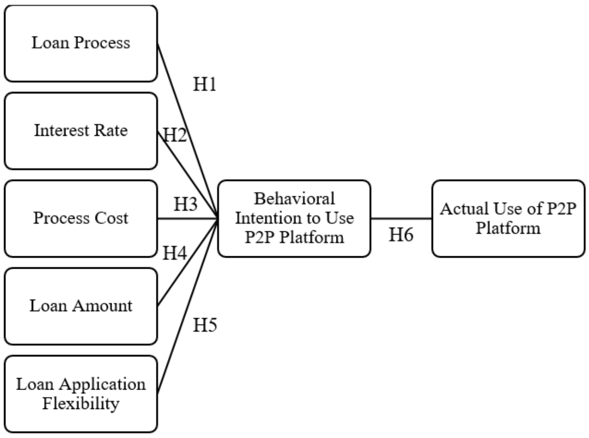
Technology Adoption

Study of Straub (2009) explains that adoption theory analyzes how an individual makes choices related to acceptance or rejection towards particular innovation. This finding has been a concern for researchers to address the acceptance of technology of the consumers (Lai, 2007). Straub (2009) also mentions seeing the complex, inherently social, and the advanced process of technology adoption, several factors may be taken into account to illustrate the process and how fast the adoption of the consumers towards technology, some of which are time and social pressures.

Conceptual Framework

The proposed conceptual framework for this study is presented in the figure below to illustrate the relationship between all variables

Figure 6: Modified UTAUT Study of Saini (2011)



From the conceptual framework above, we could see how the adoption of P2P lending as perceived by SMEs in Indonesia is affected by specific factor that is considered as SMEs' preferences in obtaining loan mentioned by Saini (2011), in which are Loan Process; Interest Rate; Process Cost; Loan Amount; and Loan Application Flexibility. Referring to the UTAUT model (Venkatesh et al., 2003), these independent variables will then be tested using the hypotheses, respectively, H1, H2, H3, H4, and H5, to determine the relationship towards Behavioral Intention to Use as intervening variables, followed by testing the hypothesis of H6 to determine relationship of behavioral intention toward the actual use of P2P platform as the dependent variable. Using this study's conceptual frameworks, we can determine the level of importance of each factor, to know which factor of SMEs preference contributes the highest in choosing their source of financing.

Discussions and Analysis

This study is conducted based on modified Venkatesh et al.(2003) model of Unified Theory of Acceptance and Use of Technology (UTAUT), in which uses the factors mentioned in study of Saini (2011) as the determinants towards the usage behavioral, which are Loan Process, Interest Rate, Process Cost, Loan Amount, and Loan Application Flexibility. These five factors are considered to be SMEs' preferences particularly in finding the source of finance offered by P2P Lending (Saini 2011), considering that according to previous studies we have discussed, these factors may hamper the SMEs in obtaining formal credit from commercial banks due to their opaque characteristics Beck (2007). Hence, this study is aimed to find the relationship of all of these factors as independent variables towards Behavioral Intention to Use P2P Platform, along with Actual Use of P2P platform, with hypothesis are presented as follows:

a. Loan Process
   H1: Loan process has positive relationship towards Behavioral Intention to Use the P2P platform
b. Interest Rate
   H2: Interest rate has positive relationship towards Behavioral Intention to Use the P2P platform
c. Process Cost
   H3: Process cost has positive relationship towards Behavioral Intention to Use the P2P platform

d. Loan Amount
   H4: Loan Amount has positive relationship towards Behavioral Intention to Use P2P
e. Loan Flexibility
   H5: Loan flexibility has positive relationship towards Behavioral Intention to Use P2P
f. Behavioral Intention to Use P2P Platform
   H6: Behavioural Intention has positive relationship towards Actual Use of the P2P platform

Conclusions

Peer to Peer Lending, as the source of finance, has eliminated barriers that hampered SMEs around Indonesia in obtaining their access to finance. Whereas, previous studies show that SMEs got potential in supporting Indonesia's economic development. Looking at the number of P2P lending users, the total users are still low compared to the number of SMEs scattered whether around Bandung or Indonesia. Driven up by this condition, the study is conducted to analyze the awareness level, as well as the adoption of P2P lending as the solution of SMEs' source of finance. Modified UTAUT model (Venkatesh et al., 2003) using the factors from the study of Saini (2011) will be used to examines which factors of the P2P lending that have significant roles for SMEs to use the platform. The factors adopted from the study of Saini (2011) that are considered to be SMEs preferences in finding the source of finance through P2P lending are Loan Process, Interest Rate, Process Cost, Amount of Loan, and Loan Application Flexibility. These five factors will then be used as independent variables to assess the Behavioral Intention from UTAUT, as well as the Actual Use of P2P Lending Platform.

Future Research

Future research of this continuous study will be using the attributes generated from the factors presented on the conceptual frameworks. The attributes will be used as the references of how the questionnaire would be conducted, to be later analyzed using quantitative approach.

In the future, the result of this study can be used as further research to be applied not only in Bandung City but also in other areas around Indonesia. As the society is developing, the study in the following years might generate a different result by using the same model.

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