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DETERMINANTS OF BEHAVIOR INTENTION TO ADOPT PEER-TO-PEER LENDING SERVICES AMONG INDONESIA MSMES

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ABSTRACT

An alternative for Micro Small and Medium-Sized Enterprises (MSMEs) against the barriers of financial inclusion is peer-to-peer (P2P) lending services. Despite its effectiveness in advancing financial inclusion, the factors that influence its adoption among MSMEs are unique. The purpose of this study is to analyze the factors influencing the intention of Indonesia MSMEs to adopt P2P lending services using the unified theory of acceptance and use of technology (UTAUT) 2 model. The results of this study show that five variables significantly affect MSMEs including performance expectancy, social influence, price value hedonic motivation, and effort expectancy. Meanwhile, the result shows that the factors of facilitating conditions and habits were not significant. This study contributes a reflective insight on the determinants of the P2P lending adoption among MSMEs in a developing country.

Keywords: Financial inclusion, financial technology, peer-to-peer, MSMEs, UTAUT2, structural equation modeling.

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1. INTRODUCTION

Micro, small and medium enterprises (MSMEs) play a significant role in developing countries since their majority and success against the unemployment issue (Organisation for Economic Co-operation and Development, 2018). According to data Kementerian Koperasi Koperasi dan Usaha

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Kecil dan Menengah Republik Indonesia (2018), all business sectors consist of 99.99% MSMEs which have provided about 97% of employment and contributed about 60% of gross domestic product in Indonesia. The economic indicators of Indonesia had been supported by MSMEs, and thus their performances should be on researchers concern (Williams et al., 2018).

Several issues regarding marketing, financial inclusion, and advanced technology intimidated the MSMEs growth. At the moment, MSMEs have relied on digital technology through social media and marketplaces to supports their marketing and other business processes. The advantages of digital technology for marketing especially in the pandemic movement control have transformed numbers of MSMEs to digitalization. Patma et al. (2021) found social media as digital-based marketing effectively sustains Indonesian MSMEs during the policy by Government.

Regarding the issue of financial inclusion, it can be facilitated by a kind of financial technology like peer-to-peer lending (P2P). Bank Indonesia (2019) found a low disbursement of credit facility for MSMEs, which was less than 20% of total bank credit. Instead, the providers have overcome the intricate financial access of MSMEs in banks which require high eligibility through the digitally-enabled services (Yunus, 2019). The technology refers to the practice of lending money without going through face-to-face banking but the entrepreneurs directly dealt with the investors and the agreements are carried out digitally (Stern et al., 2017). The changing of the business funding ecosystem has been influenced by the involvement of financial technology-based companines and the role of social media (Tambunan, 2021).

However, P2P lending in Indonesia has just disbursed 1.55% at 2.3 million of the total 54.2 million MSMEs required for the capital loan (Indonesia, 2019). In short, the development of P2P lending services in addressing the challenges of financial access has been facing low progress. This research has answered questions about the low rate of peer-to-peer lending services adoption among MSMEs. The decision to procure a package of technology depends on owner/managers acceptance due to the centralized organizational structures (Nguyen & Waring, 2013). Therefore, theories of individual acceptance of technology had been widely used in the study of MSMEs for technology adoption. The present study uses the unified theory of acceptance and use of technology (UTAUT2) theory which extends the original UTAUT (Venkatesh et al., 2003). Numerous constructs based on technology acceptance model (TAM) (Grandon & Pearson, 2004), TAM2 (Venkatesh & Davis, 2000), diffusion on innovation theory (Premkumar, 2003), and theory of planned behavior (TPB) (Harrison et al., 1997) had been consolidated into the UTAUT for more comprehensive (Musa et al., 2019).

UTAUT2 added three more constructs such as price value, habit, and hedonic motivation to study the acceptance and use of technology in the consumer context (Venkatesh et al., 2012). A validated model involving UTAUT2 theory in this study is necessary for understanding the adoption of peer-to-peer lending services. The model will investigate the relationship between the constructs and behavior intention, including furnishing the technology providers, government agencies, and researchers to perform for the MSMEs development.

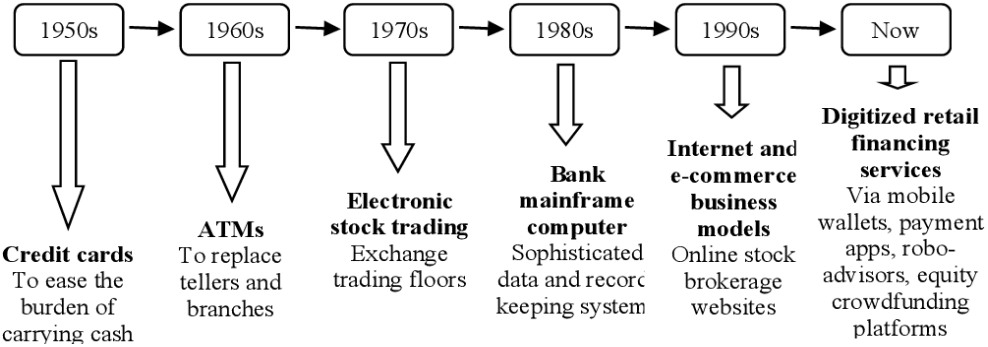
2. LITERATURE REVIEW

2.1. Peer-to-Peer Lending

National Digital Research Center (NDRC) defined FinTech as an innovation in financial services including mobile payment, electronic money, crowdfunding, and peer-to-peer lending (P2P) (Abad-Segura et al., 2020). Schueffel (2016) considered FinTech as information technology utilization to improve financial activities in the new financial industry. The advantages of the technology will deliver cost-effectiveness, and therefore, it is not surprising that FinTech has transformed the traditional business of MSMEs. The transformation reflected a kind of business model innovation based on emerging technologies in customer service (Yunus, 2019).

Technological advances had shifted the paradigms of the financial services (Verdolini et. al., 2018) as shown in Figure 1 of FinTech evolution, and thus the value-added concern on customer-oriented for more flexibility (Abad-Segura et al., 2020; Mishra & Kaushik, 2021). The development of FinTech has the following objectives: a) direct-to-customer b) cloud technology with the purpose of centralized data or information storage based on virtual space. c) cryptocurrency algorithms d) innovation in business and financial management (Wonglimpiyarat, 2018).

Figure 1. Financial Technology Evolution



Source: Desai (2015).

In financial inclusion, P2P lending will enhance the financial accessibility of MSMEs through direct financing. Access to financing is a necessary factor for developing a business but, traditional lenders like Banks loans have requirements that are not fit with MSMEs for example land collateral, complex procedures including financial statements, and limited information (Rosavina et al., 2019). These MSMEs have limitations in securing the funding and might be facing a failure since the most problematic factors for MSMEs growth including capital (Darma et al., 2020), besides the marketing (Iweka et al., 2016).

At the moment, the presence of fintech has significantly directed small enterprises on a positive track, which their business development more accelerate and consistent (Bernards, 2019). The principle of P2P lending adapted the technology advance that integrated with financial activities and expected to deliver easier financial transactions, safe, and modern based on digital-based services.

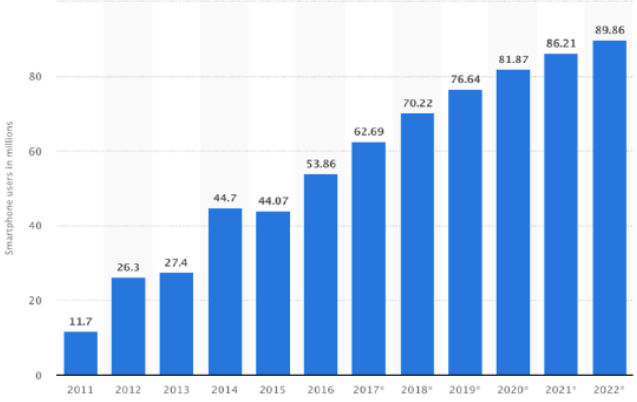
An increasing population of internet and mobile telecommunication usage should be matched with the level adoption of FinTech among owners/managers of Indonesia MSMEs. Internet usage is rapidly expanding represented by the growth rate of internet users compared to the total population as shown in Table 1. In line with the usefulness of mobile app development and the internet, there is an increase of entrepreneurs procuring smartphones to support their business operation as shown in Figure 2 of the smartphone penetration. The phone with affordable prices, sophisticated, and supported by the high quality of telecommunication infrastructure has transformed the habit of entrepreneurs.

Table 1. Top Biggest of Internet Users in the World

No	Country	Internet Users 2021 Q1	Internet Users 2000 Q4	Population 2021 Est.	Population 2000 Est.	Internet Growth 2000-2021
1	China	854,000,000	22,500,000	1,439,062,022	1,283,198,970	3796%
2	India	560,000,000	5,000,000	1,368,737,513	1,053,050,912	11200%
3	United States	313,322,868	95,354,000	331,002,651	281,982,778	328%
4	Indonesia	171,260,000	2,000,000	273,523,615	211,540,429	8560%
5	Brazil	149,057,635	5,000,000	212,392,717	175,287,587	2980%

***Source*:** Internet World Stats (2021).

Figure 2. Smartphone Penetration in Indonesia



***Source*:** www.statista.com/statistics/266729/smartphone-users-in-indonesia

However, the problems faced by MSMEs in adopting internet technology such as P2P are different from medium-sized companies, especially regarding limited capital, resources, and knowledge of internet technology (Latifah et al., 2020). Therefore, P2P lending service providers should understand the key factors that determine the intentions and behavior of MSMEs to adopt P2P lending services in the midst of the high competition. In 2021, the number of providers in Indonesia has decreased by 42 due to the challenges in ecosystem development, business models, reliability of the systems, and capital.

2.2. UTAUT2

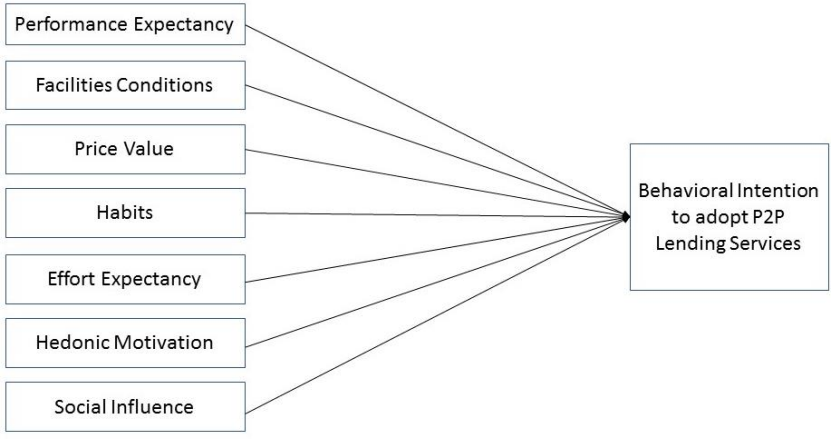
There were various factors for MSMEs to adopt IS/IT including external and internal. The decision to adopt a system is at the owner/managers level, but the usefulness of IS/IT usage depends on user acceptance. Unified Theory of Acceptance and Use of Technology (UTAUT2) is suitable for the adoption model of P2P lending services among Indonesia MSMEs. The model has been effectively employed by such researchers to evaluate the success of the new technologies and assist the users to understand the new system.

UTAUT2 is an extension of UTAUT to study the acceptance and use of technology in the context of consumers by adding 3 constructs, namely hedonic motivation, price values, and habits. The model is a further development of the UTAUT model, which studies the acceptance and use of technology in a consumer context (Venkatesh et al., 2012). UTAUT was developed through a study and review the previous of eight research models with numerous constructs, and thus it was regarded as a fairly complete theory. Several kinds of research have successfully employed this model at the organization level, even though such scholars claimed UTAUT is more appropriate at the individual level. The UTAUT2 model has elaborated the existing relationship of UTAUT and introduced the relationship of new constructs (Venkatesh et al., 2012). Dzulfiqar and Ariyanti (2020) concluded that model UTAUT 2 can support the owner/managers decision to adopt IS/IT and to determine its necessary factors that influence the users acceptance.

3. CONCEPTUAL MODEL

The conceptual model was developed by using UTAUT 2 as shown in Figure 3. In this study, the dependent variable is the behavior intention of owner-managers to adopt P2P lending services and the independent variables are the critical determinants that will influence MSMEs to adopt the services. Concerning the uniqueness of MSMEs, the determinants consist of performance expectancy, facilities conditions, price value, habits, effort expectancy, hedonic motivation, and social influence which then proposed as hypotheses of this study.

Figure 3. The Proposed Conceptual Model



3.1 Performance Expectancy (PE)

Performance expectancy is a degree of the advantages obtained by MSMEs when using the technology of P2P lending services to sustain and grow their business. It is a confidence level that the system can assist the enterprise to achieve the best performance. This item can measure the level of technological readiness to accelerate the activities of financial inclusion among Indonesia MSMEs. This study examines the P2P lending services adoption, which Venkates et al. (2003) define the performance expectancy as the usefulness of the services will aid MSMEs to save their efforts and time for enhancing their performance.

H1 : Performance expectancy has a positive effect on the intention to adopt P2P lending.

3.2 Social Influence

Social influence refers to the degree of an enterprise is acknowledged by the community, and other enterprises for the IS/IT adopted. It has a direct determinant of behavioral intention represented as a subjective norm in the TRA (Davis et al., 1989), and social factors in the model of personal computer utilization (Thompson et al., 1991). Most of those studies understand that social influence gives a positive influence on behavioral intention to adopt the technology. Venkatesh et al. (2003) defined social factors that influence the level of confidence of MSMEs in their perceived social environment to use a new system.

H2 : Social influence has a positive effect on the intention to adopt P2P lending.

3.3 Facilitating Condition

Facilitating condition refers to the resources given by owners/managers of MSMEs including infrastructures, and the environment to support the utilization of the P2P lending services. Venkatesh et al. (2003) defined this construct as a trust level of a user of MSMEs on technical infrastructure for a system. The other models defined the concept of facilitating conditions as perceived behavioral control (Ajzen, 1991; Taylor & Todd, 1995b), facilitating conditions (Thompson et al., 1991), and compatibility (Moore & Benbasat, 1991).

H3 : Facility condition has a positive effect on the intention to adopt P2P lending.

3.4 Price Value

The price value is defined as the exchange between user requirements and the benefits derived from the costs incurred. It is the perception of the gap between the benefits of using IS/IT and the tariffs charged (Dodds et al., 1991). Venkatesh et al. (2012) concluded that the price value plays a role in affecting owner/managers of MSMEs to adopt a system.

H4 : Price value has a positive effect on the intention to adopt P2P lending.

3.5 Habit

Habit is defined as the principles of character that figure MSMEs. These habits provide the basis for credibility, moral authority, and the skills that allow owners/managers have great influence in an enterprise, including a community, or society. Venkatesh et al. (2012) found that there is a significant influence of the owner/manager habits on personal technology use when they face a diverse and ever-changing environment.

H5 : Habit has a positive effect on the intention to adopt P2P lending.

3.6 Hedonic Motivation

Technology adoption is significantly influenced by hedonic motivation (Venkatesh et al. 2012). It is supported by Cholifaturrosida et al. (2018), and Wang et al (2018) which states that hedonic motivation significantly influences behavioral intention. Therefore, a hypothesis is as follows.

H6 : Hedonic motivation has a positive effect on the intention to adopt P2P lending.

3.7 Effort Expectancy

Effort expectancy (EE) is a degree of effort in utilizing an IS/IT to support MSMEs business operations (Farah et al., 2018). The EE reflected three constructs including consciousness of easy-to-use by Technology Acceptance Model, systematic complexity by Model of Personal Computer Utilization), and operating simplicity by Innovation Diffusion Theory (Venkatesh et al., 2003). Venkantesh et al. (2003) concluded that effort expectancy affects behavioral intention. This finding is also proven based on the studies Hong et al. (2014), which stated that the most powerful factor influencing a behavioral intention to use financial technology in Indonesia is effort expectancy.

H7 : Effort expectancy has a positive effect on the intention to adopt P2P lending.

3.8 Behavioral Intention

Behavioral intention (BI) is defined as the level of an intention of MSMEs to use an IS/IT continuously. The enterprises will attract to use a new system if the user believes that the system will improve their performance and ease of use. The owner/manager's experience can determine whether profitable or not when using the system. Anderman et al. (2012) concluded the BI is necessary since able to predict the usage behavior of the new system, which defined that the usage behavior is actualized by an intention, which is influenced by several factors including social, and perceived consequences.

4. METHODOLOGY

This study has been conducted from March 2021 to July 2021 by using the purposive sampling method. There were 245 questionnaires distributed using the medium of a survey-based online to different cities in Indonesia including Serang, Bandung, Bogor, and Jakarta, which contain the goal stated in the introduction, demographic details, and measurement items based on the UTAUT2

model. Regarding the items, this study refers to previous related research and is adjusted according to the objective of this study as seen in Table 2. The items have been operationalized using 5-point Likert scales, ranging from (1=strongly disagree) to (5 = strongly agree). The appropriate on a five-point scale ranging from 1='strongly disagree', 2='disagree, 3='neutral, 4= 'agree', 5='strongly agree'.

This study was then analyzed using Partial Least Square (PLS) method and assisted with SmartPLS 3.0 software. It was limited based on the UTAUT2 research model, and only discuss the intention to adopt P2P lending services among Indonesia MSMEs. PLS is one of the alternative methods of Structural Equation Modeling (SEM) to solve problems in the relationship between variables that are very complex and have non-parametric assumptions, which means that the data does not refer to any particular distribution. In PLS, there are 3 types of examining, 1) outer model or measurement model, 2) inner model or structural model, and 3) hypothesis testing. The measurement model consists of a convergent validity test, discriminant validity test, and composite reliability. Upon the measurement model, the next test is the structural model. The model can be evaluated by referring to the r-square score or indicator reliability for the dependent variable and the t-statistical value of the path coefficient test. The hypothetical test is conducted with provisions, if the value of *t*-calculate < *t*-table, and the significance level of > 0.05 then the hypothesis is rejected. Otherwise, if the value of *t*-calculates the > *t*-table and the significance level of < 0.05 then the hypothesis is accepted (Hair et al., 2019).

Table 2. Survey Questionnaire

Variables	Scale Items	Sources
PE	PE1: P2P lending services will help to grow our business	(Rahi et al., 2019)
	PE2: P2P lending services will improve our performance	
	PE3: P2P lending services will save the efforts and time	
SI	SI1: Our community think that we should use P2P lending services	(Venkatesh et al., 2003)
	SI2: The enterprises who are important to us think that we should use P2P lending services	
	SI3: P2P lending services is considered important for financial inclusion	
FC	FC1: We have necessary knowledge to use the P2P lending services	(Abd Ghani et al., 2017)
	FC2: We have necessary technical users	
	FC3: A specific person is always available for assistance	
PV	PV1: The cost is more affordable than the traditional bank	(Venkatesh et al., 2012)
	PV2: The services provider have regularly promotion	
	PV3: The benefits are greater than it costs charged	
Hb	Hb 1 : Our credibility have great influence in the community	(Venkatesh et al., 2012)
	Hb 2 : We are ready for changing of the business funding ecosystem	
HM	HM1 : Using a P2P lending services would be fun	(Nordhoff et al., 2020)
	HM2 : Using a P2P lending services would be entertaining	
	HM3 : Using a P2P lending services would be enjoyable	
EE	EE1: It is easy to become skillful by using P2P lending services	(Venkatesh et al., 2012)
	EE2: We believe that learning to operate P2P lending services is easy	
	EE3: As internet user our interaction with P2P lending services is clear and understandable	
BI	BI1: We intend to use P2P lending services	(Venkatesh et al., 2003)
	BI2: We predict we will use P2P lending services next month	
	BI3: We have a plan to adopt P2P lending services in next 3months	

5. RESULTS AND DISCUSSION

The accepted questionnaires which suit the criteria were 200 respondents with a response rate of 81.63%. The majority of respondent profiles as in Table 3 were the owners (90%), with the gender female (56%), and within the range age of 26-55 years. Besides that, most of the respondents were degree holders at 65.23%.

Table 3. Demographics

Variable	Category	Frequency	Percent
Owner/Manager	Owner	180	90.00
	Manager	20	10.00
Gender	Female	112	56.00
	Male	88	44.00
Age	18-25 years	4	2.00
	26-35 years	81	23.00
	36-45 years	177	53.50
	46-55 years	63	20.00
	56 and above	4	1.50
Education	Without a tertiary degree	48	24.33
	Degree	130	65.23
	Master	22	10.44

5.1. Outer Model Testing (Measurement Model)

Outer model testing consists of convergent validity test, discriminant validity test, and composite reliability. Convergent validity refers to the degree of conformity between the attributes of the measurement items and theoretical concepts that explain the existence of the attributes of the variable. The convergent validity test is performed by referring to the validity indicator item indicated by the loading factor value. The initial examination of the matrix loading factor is approximately 0.3 considered to satisfy the minimum level, and for loading factor approximately 0.4 is considered better, and for loading factor greater 0.5 in general considered significant. The loading factors result are shown in Table 4, in which the loading factor score for all items is above 0.5 except PE2, and thus it was not considered for further test.

The next validity test is discriminant validity. It refers to the tests on whether measurement items that are not supposed to be related are actually unrelated. Model has a better discriminant validity when the square root of the Average Varian Extracted (AVE) for each construct is greater than the correlation between the two constructs within the model. A good AVE value is required to have a value greater than 0.50 and the AVE score for all variables is above 0.5, and thus considered valid.

Table 4. Construct AVE and Composite Reliability (CR)

Variable	Item	Loading	Ca	CR	AVE
Performance Expectancy (PE)	PE1	0.835	0.748	0.856	0.665
	PE3	0.799			
	PE4	0.812			
Facilities Conditions (FC)	FC1	0.928	0.633	0.831	0.713
	FC2	0.751			
Price Value (PV)	PV1	0.851	0.718	0.875	0.778
	PV2	0.911			
Habits (Hb)	Hb1	0.909	0.734	0.882	0.789
	Hb2	0.867			
Effort Expectancy (EE)	EE1	0.957	0.903	0.954	0.912
	EE2	0.953			
Behavior Intention (BI)	BI1	0.903	0.711	0.873	0.774
	BI2	0.857			
Hedonic Motivation (HM)	HM1	0.863	0.877	0.924	0.802
	HM2	0.911			
	HM3	0.912			
Social Influence (SI)	SI1	0.950	0.882	0.944	0.894
	SI2	0.942			

Furthermore, the outer model is evaluated by assessing the reliability of the constructs or latent variables. Reliability tests in PLS can use two methods namely Cronbach's alpha and composite reliability. Cronbach's alpha (Ca) measures the internal consistency, while composite reliability measures the true reliability value of a construct. CR is considered better at estimating the internal consistency of a construct. Constructs are reliable based on CR if composite reliability has a value of > 0.7, while based on Ca should be > 0.6. The SmartPLS output result for the Ca and CR scores for all variables are above the standard norm, and thus declared reliable.

5.2. Inner Model Testing (Structural Model)

Upon the outer model has met the criteria, the inner model or structural model is further tested. The inner model can be evaluated by referring to the r-square score (indicator reliability) for dependent contracts and the t-statistical value of the path coefficient test. The higher of R-square value means the better the predictive model of the proposed research model. The path value of coefficients indicates the degree of significance in hypothesis testing. The R square is shown in Table 5, in which all independent variables were able to explain the variability of the behavior intention construct by 74.5%.

Table 5. R Square Value on the Dependent Variable

Latent Variable	R Square
Behavior Intentions	0.745

Hypothesis testing is conducted to see whether the hypothesis is accepted by considering the value of significance between constructs, t-statistics, and p-values. These values can be seen from the bootstrapping calculation results. The parameters used in this study were *t*-statistics > 1.65 with a *p*-value significance rate of < 0.05 (5%). The hypothesis test is shown in Table 6.

Table 6. Coefficient path, *t* Statistics, and *p* Values of the Relationship among Factors

	Original Sample	***t* Statistic**	***p* Value**	**Decision**
PE → BI	0.422	7.702	0.000	Accepted
SI → BI	0.177	3.012	0.003	Accepted
FC → BI	-0.211	0.947	0.344	Rejected
PV → BI	0.265	3.004	0.003	Accepted
Hb → BI	-0.590	0.987	0.324	Rejected
HM → Intentions	0.075	4.101	0.000	Accepted
EE → Intentions	0.075	5.353	0.000	Accepted

The PE, SI, PV, HM, and EE are statistically significantly related to the BI since the $t > 1.65$, and $p < 0.05$ and thus, hypotheses of H1, H2, H4, H6, and H7 are accepted. However, the hypotheses of H3 and H5 for the relationship with BI are rejected as indicated by FC and Hb due to the $t < 1.65$ and $p > 0.05$.

5.3. Discussion

The study examined the factors that influence the adoption intention of P2P lending services giving a contextualized of the UTAUT2. The result confirmed that PE has a positive and significant relationship to BI. It means the owner/managers of MSMEs believe that P2P lending services can enhance their performance through access to finance, which more easy and fast since the application via online. The result is in line with the previous studies like Leong et al. (2013) and Sun et al. (2010), which concluded that PE has significance to BI. Similarly, the owner/managers confirmed that references from an entrepreneur or community have positively influenced the adoption intention of MSMEs to enjoy the P2P lending services. The result aligns with the study conducted by (Taylor et al., 2011); Leong et al. (2013), who found that SI has significantly influenced BI to adopt IS/IT. If the providers boost the variable of SI by utilizing the referral program, then it will attract the intention to adopt the services among Indonesia MSMEs.

Furthermore, the finding is consistent with earlier studies of (Tak & Panwar, 2017) who concluded a positive and significant relationship between PV and BI to adopt P2P lending services. This implies that the owner/managers of Indonesia MSMEs are sensitive to the expenditures they might incur as well as potential advantages of implementing the technology. Hedonic motivation (HM) also has a positive relationship with BI. The result is in line with the study by Alalwan et al. (2015) which shows that HM has positive and significant influences on BI. It means that the majority of owner/manager MSMEs perceived that P2P lending services can realize their expectation to access a loan. P2P lending services can support in realizing the MSMEs goal to increase the turnover of their business, and thus the owner/managers feel pleasure from the P2P lending services. An increase in the HM variable will have a positive and significant effect on the intention of MSMEs to adopt P2P lending services.

There is a positive and significant effect between the effort expectancy (EE) variable on BI in adopting P2P lending services. These results are in line with the studies conducted by Teo et al. (2016) confirmed that the onwer/manager of MSMEs have a perception that they can learn and use P2P lending services. In addition, MSMEs owner/managers also have the perception that using P2P lending services makes it easier to access financing because the procedures and requirements

for submission are easy to comply with rather than traditional banks. In other words, the better the effort expectancy, then the greater intention to adopt P2P lending services among MSMEs.

However, Facilitating condition (FC) has a negative and insignificant effect on behavioral intention. This means that the owner/manager of MSMEs considered the FC is not important in adopting P2P lending services. The above conditions are contrary to the results of studies by (Gharaibeh et al., 2018) and Onaolapo and Oyewole (2018) which concluded that facilitating conditions have a significant influence on behavioral intention. This study aligns with the previous studies conducted by (Chua et al., 2018). Most of the respondents have mobile devices, which are supported with an internet connection. Besides that, the service applications provided in the Playstore are acceptable, and thus MSMEs feel comfortable in using these services. Hence, improving the quality of facilitating conditions is not necessary for the service provider's concern.

Similarly, there is a negative and insignificant relationship between habit and behavioral intention. The habit is seen as a behavior that has previously been carried out and is measured as the extent to which a person believes behavior will be a habit. Experience in using P2P lending technology will be at different levels depending on the level of interaction and familiarity. P2P lending is a new technology in financial inclusion for MSMEs with minimal experience, and thus it has not yet become a habit among MSMEs owners/managers.

6. CONCLUSION

P2P lending services have such advantages for MSMEs to face the competitive market and potential growth. However, the adoption of services among Indonesian MSMEs is still low and thus, it is necessary to study the influential factors of intention to adopt P2P lending services. The study employs the UTAUT2 model, which is then examined based on 200 data collected from Indonesian MSMEs. The uniqueness of MSMEs which were possibly represented by owner/managers as the users besides decision-makers had determined UTAUT2 as the basic framework of this study.

The level of intention to adopt FT among Indonesian MSMEs is quite high. Besides that, the results have shown that PE, SI, PV, HM, and EE have a significant and positive influence on BI. Hence, the P2P lending service providers should concern with performance, referral program, price, features, and ease of use. Meanwhile, it is not necessary to concern on infrastructure since the result shows that the factor of facilitating conditions was not significant.

Although the findings of this study have offered some new knowledge, there are a few limitations that should be declared as additional issues for future research. The current study's Cross-Sectional design is one of the study's weaknesses. The investigation was limited by the MSMEs existing conditions. As a result, the influence of this early stage of adoption on business performance cannot be explored in this study. Furthermore, despite Indonesia's features as a developing nation, there is a constraint to generalizing this study to other developing countries.

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