

# SMEs` perception of Crowdfunding in Indonesia

*by Fauji Sanusi*

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**Submission date:** 12-May-2023 09:48PM (UTC+0700)

**Submission ID:** 2091400479

**File name:** 331-Article\_Text-1018-1-10-20230512.pdf (315.73K)

**Word count:** 5430

**Character count:** 29136

## SMEs` perception of Crowdfunding in Indonesia

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### Abstract

*This study aims to analyze not only awareness but also perceptions of small and medium enterprises in Indonesia, especially in Banten on two Fintech models, namely Peer-to-Peer lending and crowd funding in developing their business. By conducting survey on 115 SMEs, descriptive analysis was applied through Microsoft Office Excel data processing. Data analysis uses frequency distribution and central measurement. This research shows that there is still a lack of knowledge and awareness of Peer-to-Peer lending and crowd funding model which can be used as alternative financing instruments. Even so, some of them have a positive perception of development of FinTech. Thus, steps to increase awareness need to be carried out by related parties such as the government.*

**Keywords: Perception, Peer-to-Peer lending, crowd funding, FinTech, SMEs.**

### INTRODUCTION

Small and Medium Enterprises (SMEs) have played an important role as the main drivers of economic growth and strength in job creation. However, they have difficulty in getting adequate funding to prosper. Some strict rules for getting loans make them difficult to get financing. Palm sugar is an important source of livelihood for farmers and is a core competency in Lebak district, Banten province. This district is known as one of the biggest palm sugar producing regions in Indonesia. The palm sugar industry in this district absorbs 5,406 workers through 2,982 Micro and Small Business units, not including labor in its distribution channel. Annual production capacity reaches 2,249.4 tons spread across

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IJEBIR, Volume 02 Issue 04, 2023



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44 production centers so that palm sugar is declared as one of the strategic commodities of Banten province (Department of Cooperatives and SMEs of Lebak Regency, 2017).

However, the palm sugar SME industry faces obstacles in terms of safe financing. The reasons for this problem vary among them is that although small, the SME's finances carry a high enough risk, small credit loans are often too expensive and provide little payback. In addition, some banks apply terms and regulations that cannot be reached by some SME actors such as collateral conditions so that these SMEs are declared as "unbankable". Furthermore, some SMEs often lack the knowledge, skills, abilities, and resources to manage finances in a sophisticated way and to carry out systematic fundraising. The Financial Services Authority (OJK) is currently striving to encourage the growth of the peer to peer lending or fintech lending industry to increase financial inclusion especially expanding access to MSME capital.

Although Indonesia can be said to be late compared to other countries, in this digital age has created the use of Financial Technology (FinTech), technology and innovative business models in the field of technology-based financial services. Some financial institutions among them emerged in a creative way. They offer and provide funding or financing alternatives for SMEs for business development. Based on data from the Financial Services Authority (FSA), as of May 31, 2019, the total number of registered and licensed FinTech operators was 113 companies as presented in table 1 below:

**Table 1. List of Fintech in OJK**

No	Platform name	Website	Company
1	Investree	<a href="https://p2p.danamas.co.id">https://p2p.danamas.co.id</a>	PT Pasar Dana Pinjaman
2	Danamas	<a href="https://www.investree.id">https://www.investree.id</a>	PT Investree Radhika
3	Amartha	<a href="https://amartha.com">https://amartha.com</a>	PT Amarta Mikro Fintek
4	Dompel Kilat	<a href="https://www.dompelkilat.co.id">https://www.dompelkilat.co.id</a>	PT Indo Fin Tek
5	KIMO	<a href="http://kimo.co.id">http://kimo.co.id</a>	PT Creative Mobile
6	Tokomodal	<a href="https://www.tokomodal.co.id">https://www.tokomodal.co.id</a>	PT Toko Modal Mitra
7	UangTeman	<a href="https://uangteman.com">https://uangteman.com</a>	PT Digital Alpha
8	Koinworks	<a href="https://koinworks.com">https://koinworks.com</a>	PT Lunaria Annua
9	Modalku	<a href="https://modalku.co.id">https://modalku.co.id</a>	PT Mitrausaha Indonesia
10	KTA Kilat	<a href="http://www.pendanaan.com">http://www.pendanaan.com</a>	PT Pendanaan Teknologi
11	AwanTunai	<a href="https://www.awantunai.com">https://www.awantunai.com</a>	PT Simplefi Teknologi
12	KlikACC	<a href="https://klikacc.com">https://klikacc.com</a>	PT Aman Cermat Cepat
13	CROWDO	<a href="https://crowdo.co.id">https://crowdo.co.id</a>	PT Mediator Komunitas
14	Akseleran	<a href="https://www.akseleran.com">https://www.akseleran.com</a>	PT Akseleran Keuangan
15	Taralite	<a href="https://www.taralite.com">https://www.taralite.com</a>	PT Indonusa Bara
16	FINTAG	<a href="http://fintag.id">http://fintag.id</a>	PT Fintegra Homido
17	Invoila	<a href="http://invoila.co.id">http://invoila.co.id</a>	PT Sol Mitra Fintec
18	TunaiKita	<a href="https://www.tunaikita.com">https://www.tunaikita.com</a>	PT Digital Tunai Kita
19	Igrow	<a href="https://igrow.asia">https://igrow.asia</a>	PT iGrow Resources



20	Cicil	<a href="https://www.cicil.co.id">https://www.cicil.co.id</a>	PT Cicil Solusi Mitra
21	Dana Merdeka	<a href="http://danamerdeka.co.id">http://danamerdeka.co.id</a>	PT Intekno Raya
22	Cash Wagon	<a href="https://cashwagon.id">https://cashwagon.id</a>	PT Kas Wagon Indonesia
23	Esta Kapital	<a href="https://www.estakapital.co.id">https://www.estakapital.co.id</a>	PT Esta Kapital Fintek
24	Ammana	<a href="https://ammana.id">https://ammana.id</a>	PT Ammana Fintek
25	Gradana	<a href="https://gradana.co.id">https://gradana.co.id</a>	PT Gradana Teknoruci
26	Dana Mapan	<a href="http://www.danamapan.id">http://www.danamapan.id</a>	PT Mapan Global Reksa
27	Aktivaku	<a href="http://www.aktivaku.id">http://www.aktivaku.id</a>	PT Aktivaku Investama
28	Danakini	<a href="https://danakini.com">https://danakini.com</a>	PT Dana Kini Indonesia
29	Finmas	<a href="https://www.finmas.co.id">https://www.finmas.co.id</a>	PT Oriente Mas
30	Indodana	<a href="http://indodana.id">http://indodana.id</a>	PT Artha Dana Teknologi
31	Kredivo	<a href="https://www.kredivo.id">https://www.kredivo.id</a>	PT FinAccel Digital
32	Mekar.id	<a href="https://mekar.id">https://mekar.id</a>	PT Mekar Investama
33	PinjamanGo	<a href="https://www.pinjamango.co.id">https://www.pinjamango.co.id</a>	PT Dana Pinjaman
34	iternak.id	<a href="https://iternak.id/">https://iternak.id/</a>	PT Perlu Fintech
35	Kredit Pintar	<a href="http://kreditpintar.co.id">http://kreditpintar.co.id</a>	PT Kredit Pintar
36	Kredito	<a href="https://kredito.id">https://kredito.id</a>	PT Fintek Digital
37	Crowde	<a href="https://crowde.co.id">https://crowde.co.id</a>	PT Crowde Membangun
38	PinjamGampan	<a href="http://www.kreditplusteknologi.id">http://www.kreditplusteknologi.id</a>	PT Kredit Plus Teknologi
39	TaniFund	<a href="https://tanifund.id">https://tanifund.id</a>	PT Tanifund Madani
40	Danain	<a href="https://www.danain.co.id">https://www.danain.co.id</a>	PT Mulia Inovasi Digital
41	Indofund.id	<a href="https://indofund.id">https://indofund.id</a>	PT Bursa Akselerasi
42	SGPIndonesia	<a href="https://www.sgpindonesia.co.id">https://www.sgpindonesia.co.id</a>	PT Semesta Gerakan
43	KreditPro	<a href="http://kreditpro.id">http://kreditpro.id</a>	PT Tri Digi Fin
44	Avantee	<a href="http://www.avantee.co.id">http://www.avantee.co.id</a>	PT Grha Dana Bersama
45	Do-It	<a href="http://www.do-it.id">http://www.do-it.id</a>	PT Glotech Prima Vista
46	RupiahCepat	<a href="http://rupiahcepat.co.id">http://rupiahcepat.co.id</a>	PT Kredit Utama Fintech
47	Danarupiah	<a href="http://www.danarupiah.id">http://www.danarupiah.id</a>	PT Layanan Keuangan
48	Danabijak	<a href="http://danabijak.co.id">http://danabijak.co.id</a>	PT Digital Micro
49	Cashcepat	<a href="http://cashcepat.id">http://cashcepat.id</a>	PT Artha Permata
50	Danalaut	<a href="http://danalaut.id">http://danalaut.id</a>	PT Seva Kreasi Digital
51	Danasyariah	<a href="http://danasyariah.id">http://danasyariah.id</a>	PT Dana Syariah
52	Telefin	<a href="http://telefin.co.id">http://telefin.co.id</a>	PT Solusi Finansial
53	Modalrakyat	<a href="http://modalrakyat.id">http://modalrakyat.id</a>	PT Modal Rakyat
54	Kawancicil	<a href="http://kawancicil.co.id">http://kawancicil.co.id</a>	PT Kawan Cicil Teknologi
55	Sanders One	<a href="http://sanders.co.id">http://sanders.co.id</a>	PT Satustop Finansial
56	Kreditcepat	<a href="http://kreditcepat.id">http://kreditcepat.id</a>	PT Alfa Finance
57	Uangme	<a href="http://uangme.id">http://uangme.id</a>	PT Uangme Fintek
58	Pinjam Duit	<a href="http://pinjamduit.co.id">http://pinjamduit.co.id</a>	PT Stanford Teknologi
59	Pinjam Yuk	<a href="http://pinjamyuk.co.id">http://pinjamyuk.co.id</a>	PT Kuai Kuai Tech
60	Pinjam Modal	<a href="http://pinjammodal.id">http://pinjammodal.id</a>	PT Finansial Integrasi
61	Julo	<a href="http://julo.co.id">http://julo.co.id</a>	PT Julo Teknologi
62	Easy Cash	<a href="http://indo.geteasycash.asia">http://indo.geteasycash.asia</a>	PT Indonesia Fintopia
63	Maucash	<a href="http://maucash.id">http://maucash.id</a>	PT Astra Welab Digital
64	RupiahOne	<a href="http://rupiahone.co.id">http://rupiahone.co.id</a>	PT Finlink Technology
65	Pohon Dana	<a href="http://pohondana.id">http://pohondana.id</a>	PT Pohon Dana
66	Dana Cita	<a href="http://danacita.co.id">http://danacita.co.id</a>	PT Inclusive Finance
67	DANAdidik	<a href="http://danadidik.id">http://danadidik.id</a>	PT Pasar Dana
68	TrustIQ	<a href="http://trustiq.id">http://trustiq.id</a>	PT Trust Teknologi
69	Danai	<a href="http://danai.id">http://danai.id</a>	PT Adiwisista Finansial
70	Pintek	<a href="http://pinduit.id">http://pinduit.id</a>	PT Pinduit Teknologi



71	Pinjam	<a href="http://smartcapital.id">http://smartcapital.id</a>	PT Pinjam Meminjam
72	Danamart	<a href="http://danamart.id">http://danamart.id</a>	PT Dana Aguna
73	SAMAKITA	<a href="http://samakita.co.id">http://samakita.co.id</a>	PT Sejahtera Sama Kita
74	Saya Modalin	<a href="http://sayamodalin.co.id">http://sayamodalin.co.id</a>	PT Minitech Finance
75	PLAZA	<a href="http://plazapinjaman.id">http://plazapinjaman.id</a>	PT Nusantara Digital
76	Vestia P2P	<a href="http://web.vestia.co.id">http://web.vestia.co.id</a>	PT Tujuh Mandiri
77	Singa	<a href="http://singa.id">http://singa.id</a>	PT Abadi Sejahtera
78	AdaKami	<a href="http://adakami.id">http://adakami.id</a>	PT Pembiayaan Digital
79	ModalUsaha	<a href="http://modalusaha.id">http://modalusaha.id</a>	PT Indo Fintek Digital
80	Asetku	<a href="http://asetku.co.id">http://asetku.co.id</a>	PT Pintar Inovasi Digital
81	Danafix	<a href="http://danafix.id">http://danafix.id</a>	PT Danafix Online
82	Lumbung Dana	<a href="http://lumbungdana.co.id">http://lumbungdana.co.id</a>	PT Lumbung Dana
83	lahansikam	<a href="http://lahansikam.co.id">http://lahansikam.co.id</a>	PT Lampung Berkah
84	Modal Nasional	<a href="http://www.modalnasional.co.id">www.modalnasional.co.id</a>	PT Solusi Teknologi
85	Dana Bagus	<a href="http://www.danabagus.id">www.danabagus.id</a>	PT Dana Bagus
86	ShopeePayLat	<a href="http://www.lenteradana.co.id">www.lenteradana.co.id</a>	PT Lentera Dana
87	ikredo online	<a href="http://www.ikredo.id">www.ikredo.id</a>	PT Investdana Fintek
88	AdaKita	<a href="http://www.adakita.co.id">www.adakita.co.id</a>	PT Unikas Indonesia
89	UKU	<a href="http://www.ukuindo.com">www.ukuindo.com</a>	PT Teknologi Merlin
90	Pinjamwinwin	<a href="http://www.pinjamwinwin.com">www.pinjamwinwin.com</a>	PT Progo Puncak Group
91	Pasarpinjam	<a href="http://www.pasarpinjam.co.id">www.pasarpinjam.co.id</a>	PT Digital Bertahan
92	Kredinesia	<a href="http://www.kredinesia.id">www.kredinesia.id</a>	PT Kreditku Teknologi
93	BKDana	<a href="http://www.bkdana.id">www.bkdana.id</a>	PT Berkah Kelola Dana
94	Gandeng	<a href="http://www.gandengtangan.co.id">www.gandengtangan.co.id</a>	PT Kreasi Anak
95	Modalantara	<a href="http://www.modalantara.id">www.modalantara.id</a>	PT Anantara Digital Indonesia
96	Komunal	<a href="http://www.komunal.co.id">www.komunal.co.id</a>	PT Komunal Finansial
97	ProsperiTree	<a href="http://www.prosperitree.co.id">www.prosperitree.co.id</a>	PT Newline Fintech
98	Danakoo	<a href="http://www.danakoo.id">www.danakoo.id</a>	PT Danakoo Mitra Artha
99	Cairin	<a href="http://www.cairin.id">www.cairin.id</a>	PT Idana Solusi
10	Batumbu	<a href="http://www.batumbu.id">www.batumbu.id</a>	PT Berdayakan Usaha
10	empatkali	<a href="http://www.empatkali.co.id">www.empatkali.co.id</a>	PT Empat Kali Indonesia
10	jembatanemas	<a href="http://www.jembatanemas.id">www.jembatanemas.id</a>	PT Akur Dana Abadi
10	klikUMKM	<a href="http://www.klikUMKM.co.id">www.klikUMKM.co.id</a>	PT Pinjaman
10	Kredible	<a href="http://www.kredible.co.id">www.kredible.co.id</a>	PT Sinergi Mitra finansial
10	klikkami	<a href="http://www.klikkami.co.id">www.klikkami.co.id</a>	PT Harapan Fintech
10	Kaching	<a href="http://www.kaching.id">www.kaching.id</a>	PT Arthatech
10	FinPlus	<a href="http://www.finplus.co.id">www.finplus.co.id</a>	PT Rezeki Bersama
10	alamisharia	<a href="http://www.p2p.alamisharia.co.id">www.p2p.alamisharia.co.id</a>	PT Alami Fintek Sharia
10	syarfi	<a href="http://www.syarfi.id">www.syarfi.id</a>	PT Syarfi Teknologi
11	Digilend	<a href="http://www.digilend.id">www.digilend.id</a>	PT Digilend Mobile
11	asakita	<a href="http://www.asakita.id">www.asakita.id</a>	PT Digitron Solusi
11	Duha Syariah	<a href="http://www.duhasyariah.com">www.duhasyariah.com</a>	PT Duha Madani Syariah
11	Bocil	<a href="http://bocil.id">bocil.id</a>	PT Bole Cicil Indonesia

Source: OJK 2019

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From the various types of FinTech instruments, the two most common alternative financing channels are peer-to-peer (P2P) loans and crowdfunding. P2P loans or social loans are the practice of matching borrowers and lenders through an online platform.



Borrowers can generally obtain funds quickly and usually at the same or lower interest rates than traditional financial institutions and try to use the information that is spread. According to Einav, et al (2016), a key component of many peer-to-peer markets is the use of reputation or feedback mechanisms.

Meanwhile, the crowdfunding model is the practice of collecting a sum of money for a project from a large group of people, or "crowds." Kuppuswamy and Bayus (2015) state that crowdfunding is a relatively new form of informal venture financing that enables entrepreneurs to directly request financial assistance from the general public in getting their innovative ideas. Geographically, this practice can be achieved by using the internet as an online platform. Crowdfunding comes in various forms based on the benefits provided to funders. According to Colombo, et al (2014), Crowdfunding not only acts as an ordinary intermediary institution, but also acts as a loci or a center of memory for social relations. Bradford (2012) divides crowdfunding into five parts, namely: (1) the donation model, (2) the reward model, (3) the pre-purchase model, (4) the loan model and (5) the equity model. From these five parts, crowdfunding can apply one or more models.

In our society at large, Crowdfunding is often used when there is a need to raise money to help people in need, where funders do not receive explicit compensation for their financial support. The Crowdfunding Equity Model is easier and similar to the traditional investment model. Funders who provide financial support gain favorable interest in the form of ownership of shares or equity in the company, in return for their investment. Alternative financial channels such as P2P and Crowdfunding have the potential to generate undeniable financial support and growth opportunities for SMEs. However, they also face challenges on the demand and supply side because of their limited awareness of their existence and FinTech's regulatory framework which is uncertain in some respects.

Agrawal et al, (2011) states that crowdfunding not only contains external social capital but also internal social capital which both play an important role in the success of funding collection, where according to (2014) external social capital is reflected in family, close friends, personal acquaintances and also contacts on social media, while Internal social capital is a network formed by fellow members of the crowdfunding community. Furthermore Colombo, et al (2015) stated that, Internal social capital is positively related in attracting contributions at the beginning of the campaign period of a project on a crowdfunding platform. Two years earlier, Berglin and Stranberg (2013) showed the results of their research that, the motive why someone wants to fund projects in crowdfunding is the motive of "wanting to be part of the community" and also "wanting to



establish relationships with others. That is what forms the existence of internal social capital in crowdfunding. Thus, crowdfunding can potentially form social capital, which can affect the level of success in raising funds. The amount of funds collected is related to the strong social capital owned by the party who submitted the financing.

Some domestic research results reinforce the above research results, such as research conducted by Aziz, et al (2019) which shows that the variables of religiosity, campaign effectiveness and platform innovation have a positive effect on people's decisions to channel donations through online-based crowdfunding systems. While social mental variables have a negative influence and overall the variables studied have significant value. In addition, Rahayu (2013) in her case study of a FinTech organizer showed that, patungan.net has indirectly supported the development of social welfare. Barriers to crowdfunding model fundraising based on this research are that project initiators usually campaign for their projects without activating their community networks. Meanwhile, Nurdana (2018) in her research showed that there were significant differences between the numbers of workers, business turnover, product sales, profits and business costs between before being given a loan and after being given a P2P lending loan.

This study aims to analyze the awareness and perceptions of Small and Medium Enterprises (SMEs) Palm Sugar Lebak, Banten related to the existence of alternative financing channels such as Peer-to-Peer loans and crowdfunding as part of Fintech in supporting the growth and expansion of their business in the future.

## RESEARCH METHODOLOGY

### Survey Construction and AIDA Models

The researcher designed as many as 17 questions to conduct a survey related to the research variable. The questions are divided into 3 sections. Part I general questions about the Respondent's profile, part II questions refer to awareness and part III questions based on perception. Respondents in this survey are palm sugar SMEs in Lebak regency, Banten province who have implemented e-commerce in running their businesses. The survey took place during March 2019. The questions in the survey are presented in table 3. The purpose of the question that refers to awareness is to find out whether the development of FinTech has attracted the attention of palm sugar SMEs in the Lebak district, Banten. While the design of questions based on perception aims to find out their interests and desires in the use of FinTech. The questions are designed based on the



AIDA Model Framework (Attention, Interest, Desire and Action), as shown in table 2 below:

**Table 2. AIDA Models and E-Business strategies**

ATTITUDE MODEL	AIDA PROCESS	E-BUSINESS COMMUNICATION STRATEGY
COGNITION (Thinking)	ATTENTION	Use offline media to attract the audience's attention to the website. Use search engines. Use other website as media for advertising a website
AFFECT (Feeling)	INTEREST	Use customization and personalization technique to meet the individual's needs. Use targeted e-mail and permission marketing. Use push (push delivery of content to web users) to send info to the audience
CONATION (Behavior)	DESIRE	Develop content and design that appeal to the target audience include relationship development component that will keep the audience at the site
	ACTION	Use promotion to entice actions

Source: Arora (2019)

**Table 3. List of the questionnaire (Questions number 14 through 17 use a 5 point Likert scale).**

Part I Responden Profile	
1	Sex
2	Age
3	Education
4	Business age
5	Business place
6	Revenue
7	Started using e-commerce in your business
8	What percentage (%) Increases business revenue after using e-commerce
Part II Questions about awareness	
9	Have you ever used Fintech services in your business?
10	Do you know of any type of Fintech service:
	a) Savings or investments such as Crowdfunding
	b) Lending such as Peer to Peer
	c) Insurance
	d) Transfer or payment
12	a) Have you ever used a P2P lending?
	b) Have you considered using a P2P lending?





13	a) Have you ever used Crowdfunding?
	b) Have you considered using Crowdfunding in the future?
Part III Questions about Perception	
14	What do you think of the current bank service? Options are given to respondents.
15	Do you think that Fintech (e.g. P2P, Crowdfunding, etc.) is the best alternative way to get funds for your business?
16	What aspects will you consider when you plan to borrow money from Fintech-related services?
	a) Security protection
	b) Competitive interest rates
	c) Quality of service
	d) Timely and efficient
	e) Transparency
	f) Comfort
17	What innovation do you expect from the development of fintech in Indonesia?
	a) Become an alternative source of financing for SMEs in various sectors
	b) Offering a better interest rate compared to existing financing
	c) Offering financing options in accordance with Islam
	d) Offering an easy application process
	e) Provides safe protection for borrowers
	f) Stimulate the growth of business activities in Indonesia

This research was carried out using a set of closed questionnaires distributed to sugar palm SME actors in the Lebak district of Banten Province to get feedback on their understanding of Fintech.

## RESULTS AND DISCUSSION

### Part I: General description of the respondent

The number of respondents in the study was 115 people. They are the palm sugar SMEs who already use the internet in running their business which is spread in 44 production centers in Lebak regency, Banten province. Descriptive statistical analysis was performed using a Microsoft Office Excel data processing application. Frequency distributions and measures of central tendencies with mean and size variation by sample are used for data analysis.



Table 4. Overview of Respondents

Category	Description	Total	(%)
Sex	Male	78	67.83
	Female	37	32.17
Age	17-20	5	4.35
	21-30	32	27.82
	31-40	33	28.70
	31-50	30	26.09
	51-60	12	10.43
	> 61	3	2.61
Education	Elementary	10	8.70
	Junior High School	32	27.82
	Senior High School	65	56.52
	Diploma	3	2.61
Business age	Bachelor	5	4.35
	< 1 year	24	20.87
	1-3 year	35	30.43
Business place	> 3 year	56	48.70
	Home	108	93.91
Revenue (Rp)	Other	7	6.09
	< 10.000.000	74	64.35
	10.000.000 - 50.000.000	38	33.04
Started using e-commerce in your business	> 50.000.000	3	2.61
	< 1 year	67	58.26
	1-3 years	46	40.00
Increases business revenue after using e-commerce	> 3 years	2	1.74
	< 30%	32	27.83
	30% - 50%	38	33.04
	50% - 70%	23	20.00
	70% - 100%	17	14.78
	> 100%	5	4.35

Source: Primary data processed

**Part B: Awareness-Based Questions**

The experience of SMEs in using FinTech can be seen from the answer to question Number 9 from the second part of the questionnaire as shown in Figure 1 below. Respondents were asked about experience in using technological innovations at FinTech. The results show that the majority of respondents do not have experience in using Fintech.



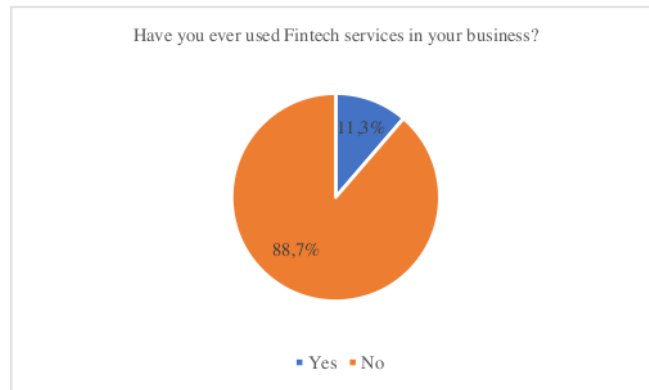


Figure. 1. Awareness-based questions

**Knowledge of the types of Fintech services**

From question number 10, we find that some of them are aware of the latest technological developments in the digital financial system, such as the type of online money transfer or payment service, where as many as 75 people or about 60% of 115 respondents already know. The rest of their knowledge of other types of services shows a very small percentage, savings or online banking such as Crowdfunding (6, 1%), loans such as Peer-to-Peer (9.6%) and insurance as much as 3.5%. This answer shows that the majority of respondents have limited knowledge and awareness about FinTech services provided by non-bank financial institutions.

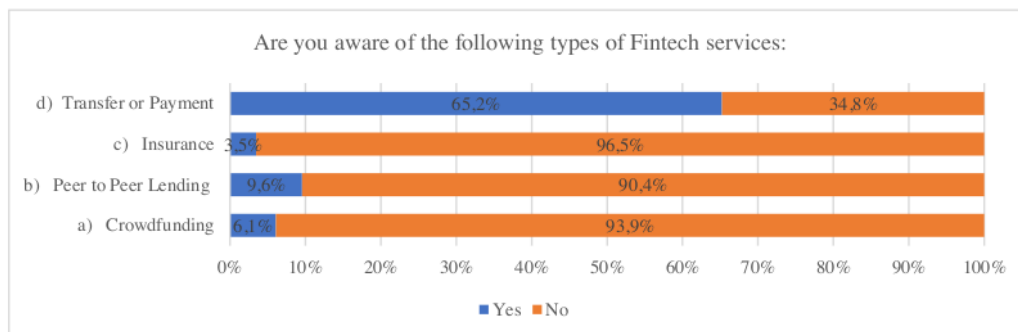


Fig.2. Respondents' answers regarding knowledge of Fintech service types



**Experience and Considerations about FinTech in the Future**

The final question in the second part of the questionnaire, respondents explicitly asked their experience in using P2P loans and crowdfunding and whether they would consider using this new instrument in the future. Measurement of answers using the Guttman scale "yes" and "no". This scale is used to avoid doubts in the answers of respondents.

Figure 3 shows that only 7% have ever used P2P and 5.2% have ever used Crowdfunding. This proves that the majority of respondents have no experience on these two types of FinTech instruments. However, for questions of consideration regarding future use of P2P and crowdfunding loans, the results show that more than 50% consider the use of P2P lending (53.9%) and Crowdfunding (55.7%) in the future.

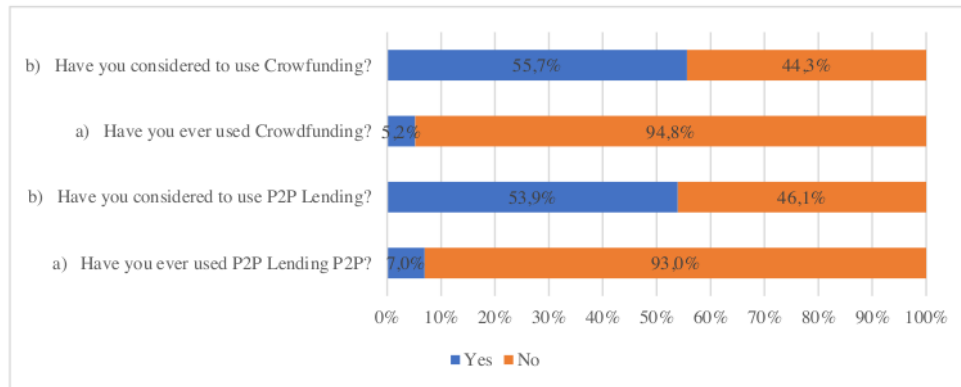


Figure.3. Respondents' answers on Experience and Considerations for using FinTech in the Future

**Perceptions about the current Financing Services provided by the Bank**

In the third part of the questionnaire, respondents were asked their opinions and perceptions about the current services provided by conventional financing, especially bank loans. The problems listed in Figure 4 were identified from various sources such as articles, newspapers and journals relating to the problem of loan services provided by banks to SMEs. The analysis shows that, interest rates or prices are too high, too many conditions that must be met by collateral that are inadequate when borrowing are the three top problems identified. Respondents' general perception of FinTech (P2P loans,



Crowdfunding, and other instruments) as the best alternative way to get funds for business development was ranked on a scale from 1, "Strongly Disagree" to 5, "Strongly Agree." As shown in Figure 5. An average answer of 3.7 shows that most people agree that FinTech is the best alternative way to get funding for their business.

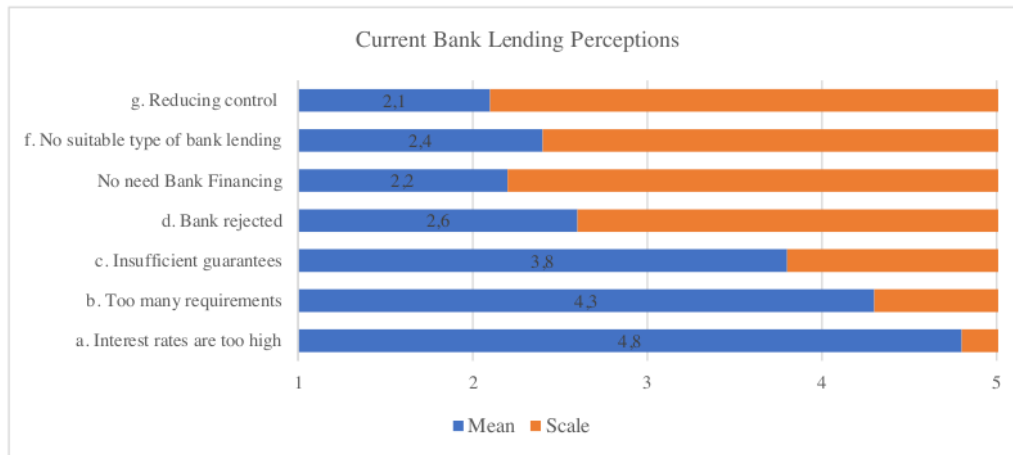


Fig.4. Respondents' perceptions about the current Financing Services provided by the Bank

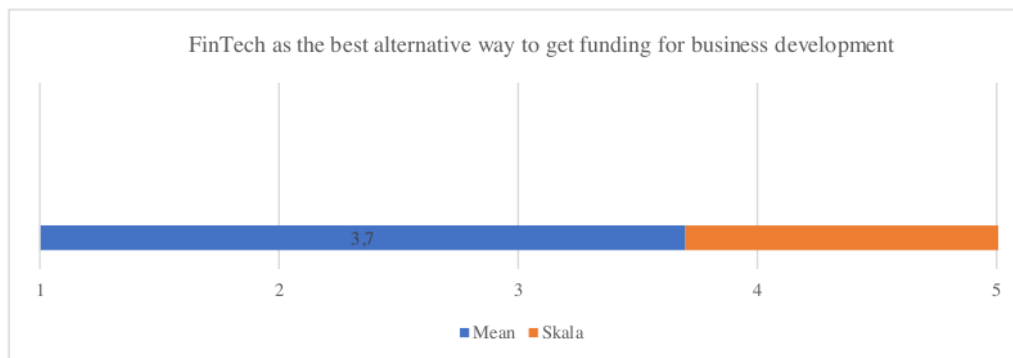


Fig.5. Respondents' perceptions about FinTech as an alternative to business development



**Perception of SMEs at Fintech as Alternative Financing**

As shown in Figure 6, respondents were asked what elements they would consider when choosing a P2P or Crowdfunding loan as their source of financing. In this question, seven elements are prepared based on the current quality of financial services and are ranked from a scale of 1, "Very Not Considering" to 5, "Very Will Consider." The results show that the element "Government Licensing" is the most considered element with an average of 4.2, followed by Security Protection (average 3.7), Competitive interest rates (average 3.4), service quality , timely and efficient and comfort (average 3.2), and transparency (average 3.80).

In addition to asking for consideration when choosing FinTech as an alternative financing, respondents were also asked for their expectations from developing FinTech. The list of expectations was collected from the preliminary study and ranked from a scale of 1, "Strongly Disagree" to 5, "Strongly Agree." Most respondents with an average of 4.17 agreed that the development of FinTech would further stimulate business activities.

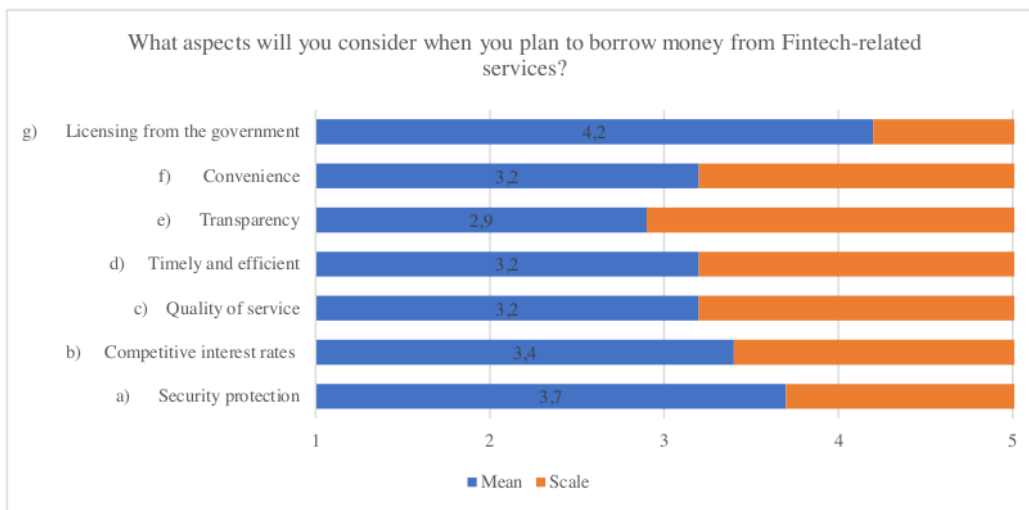


Figure.6. Respondents' perceptions about aspects considered in relation to Fintech

**CONCLUSION**

After the Financial Services Authority (OJK) through its press release in May 2019 then campaigned to continue to encourage and expand access and increase fintech



lending inclusion for SME capital, awareness and understanding of palm sugar SMEs in the Lebak district of Banten province regarding the existence of FinTech (P2P loans and Crowdfunding loans) ) needs to be measured. And these measurements can be concluded through this study, as follows:

### **Awareness**

In short, based on answers to questions number 9 and 10 and from Figures 1 and 2, it shows that the level of awareness of most respondents is still very limited, especially on P2P loans, Crowdfunding and other FinTech services provided by non-bank financial institutions.

### **Perception**

However, based on the results of perception, from Figures 3 and 5, the majority of respondents have positive responses and perceptions of the development of FinTech. These results reflect a good sign of accepting new financing options for palm sugar SMEs in the Lebak district of Banten province. In addition, the findings in Figure 6 show that new alternative financing channels with licensing from the Government and with appropriate regulations can accelerate the acceptance of alternative financing instruments. Figures 5 and 6 show that the majority of respondents hope that FinTech will be the best alternative financing option apart from conventional financing channels, and the development of FinTech will further stimulate and foster the activities of palm sugar SMEs in the Lebak district of the province in Banten.

### **Recommendations**

This finding shows that the Government and relevant authorities need to make more efforts not only to increase awareness and knowledge of SMEs but also to ascertain how these alternatives can benefit them. One effort that can be done is to further increase financial literacy among SMEs and start immediately because this financial knowledge will have an impact on increasing the total source of business financing and their competitiveness.

Educational institutions and other institutions that pay attention to SMEs should more often organize competitions on the latest technology-based business models. This needs to be done to increase the awareness and interest of young people in FinTech and entrepreneurship. Initiatives to increase the application of technology in running businesses among SMEs to a higher level are urged to be done so that they can

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immediately change various aspects of their business practices and encourage them to move into digital space so that their competitiveness increases.

However, it should be underlined that the level of trust provided by most SMEs in financial services provided by non-banks is still very low. Therefore, better promotion and guidance through mass and social media must often be carried out by the authorities to promote potential alternative financial options in helping and supporting SMEs. On the government side, more precise and coherent policies or regulations on alternative financial markets must be put in place. To ensure that this market provides appropriate financial services to the public, strict enforcement of regulations must also be implemented. In this case, good collaboration between organizations, government, educational institutions and the private sector is needed in a sustainable and effective manner. And ensure that all efforts are successfully implemented and reach the target.

#### Limitations

The results of this study do not represent all awareness and perceptions of all SMEs in Banten because the size of the respondents in this survey is quite small compared to the actual number. Therefore, this study can be continued with a more significant scale of respondents. In addition, further research is important to be carried out by related institutions such as the authorized government to obtain more data that is consistent and accurate so that it will be more relevant to the programs designed.

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