Millennial Motivation in Maximizing P2P Lending in SMEs Financing

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Article Information	Abstract
	Fintech is known as one of the most important innovations unity in financial industry that is growing rapidly and increase financial inclusion, especially the expansion of access to capital for SMEs. However, research related to this is still limited. This research tries to extend TAM model in financial context by adding external variables such as financial knowledge and financial risk tolerance as driving factor millennials to invest in Fintech P2P lending. This research uses quantitative research using primary data and uses Partial Least Squares-Structural Equation Modelling (PLS-SEM) to analysis the data that has been collected. The result indicates that millennial investment intentions are influenced by perceived usefulness, and risk averse. Findings in this research proves that the users who tend to avoid risks and uncertainties can be encouraged to invest in P2P lending. In the term of technology factor, users who believe that the features in the application of P2P lending is useful and beneficial will encourage users to invest.

1. Introduction

The development of Fintech in Indonesia always increasing since its inception. Reporting from the official Idx channel (2020), investor in Indonesia keep increasing, if we viewed at the end of the year 2019, initially there were only 1.619.374 investors, however there was a very significant increasing about 53,04% or 2.478.243. If we traced more in, the dominating investors is millennial which were aged around 21-30 years old (44,62%), with private employee status (53,69%) and holding bachelor's degree (48,23%). The total asset recorded in C BEST per December 2018 to 27 December 2019 increased 6,47% from Rp 4.210,35 trillion to Rp 4.482,72 trillion. The increase was in line with the increase in the composite Stock Price Index (IHSG) in the capital market and most of them were investors who owned mutual funds. At the beginning of investment made in the market of capital with a variety of products such as stocks and bonds, but today there are many applications that allows users to invest easily which is an innovation in the financial industry is referred to as Fintech (Financial Technology). According to OJK (2019) Fintech is defined as an innovation in the financial services industry which in its activities utilizes the use of technology. FinTech is considered as a new paradigm in which a new technology is driving innovation in the financial industry (Lee & Shin, 2018). Fintech known as one of the most important innovations unity in financial industry that is growing rapidly, which entered the sharing economy, regulation of the lucrative and information technology (Lee dan Shin, 2018). There are various types of Fintech such as e-wallet, crypto-currency, Peer-to-Peer lending (P2P), Insuretech, fund crowd is now a major financial alternative for consumers and businesses (Jin et al., 2019).

This research focus on Peer-to -Peer lending (P2P). According to Financial Services Authority of Indonesia (OJK) Peer-to-Peer Lending (P2P) or Information Technology-Based Lending and Borrowing Services (LPMUBTI) is one of the innovations in the financial sector by utilizing technology that allows lenders and loan recipients to carry out lending and borrowing transactions without having to meet in person (OJK, 2017). The mechanism of lending and borrowing transactions carried out through a system. The mechanism of lending and borrowing transactions carried out through a system that has been provided by the operator fintech lending, either through the app or page website. If we look at the data of borrowers and lenders there are about 25.189.941 and lenders only 654.20. That is fairly low compared to the number of investors in capital market. So, it is very important to understand the factors that encourage investors to be able to invest in the P2P sector lending. In addition, the FinTech especially P2P lending is relatively new in Indonesia, but research related to this is still limited, since it has not been much studied (Ichwan & Kasri, 2019). Furthermore, P2P lending recently become one of highly developed industry in Indonesia, in which, there are 161 companies registered as a P2P lending and 33 of them already have a license from OJK (OJK, 2019). It challenges the company as well it be an opportunity to stimulate the investor to invest.

In addition, in a press release, FSH also strongly supports P2P lending or FinTech lending to increase financial inclusion, especially the expansion of access to capital for SMEs. In addition to the development of P2P lending and the fact that FinTech is also considered a driving factor for the country's economic growth, research on the driving factors for users in There is still little investment or technology adoption in P2P lending (Ichwan and Kasri, 2019). Understanding millennial investors is an opportunity for financial services marketers (Larson, 2015). Thus, the purpose of this study is to fill the gaps in previous studies to examine the technology factor and consumer knowledge in influencing investment intentions in P2P lending whereas there is still only few studied that related to this topic, especially from the perspective of developing countries (Bapat, 2020). Moreover, this research also gives contribution to behavioral financial management literature, Chuang et al. (2016) also mention that behavioral intentions is the level of willingness to use new technology is influence by external factors, as indirect factors influence user personality, characteristic system, and environment variable. This research tries to extend TAM model in financial context by adding external variables such as financial knowledge dan financial risk tolerance.

2. Theoretical Framework and Hypothesis Development
Theory of Accepance Model (TAM)

There are many theories that explain about new technology acceptance among societies one of them is TAM (Technology Acceptance Model) this model usually use to measure new technology behavior. TAM (Technology Acceptance Model) is development of TRA (Theory Reasoned Action) which focus to someone psychological behavior toward an object (Davis, Bagozzi, & Warshaw, 1989). TAM

model using two variables which reflect person's behavior in accepting the new technology, they are ease of use and perceived usefulness. Various research has analyzed new technology acceptance in various research context such as Pavlou (2014) who was done his research on consumer acceptance to e-commerce, and it was combined with reasoned action theory (TRA) and TAM (Technology Acceptance Model). Eltayeb & Dawson (2016), on Personal Cloud Computing (PCC) acceptance, Cheung & Vogel (2013) on e-learning, and then, Lina & Nani (2020) used Delone and McLean, also Chuang et al (2016) on FinTech service but in general serves context.

Peer to peer (P2P) Lending

Online Peer-to Peer lending (P2P) is unsecured loans case between lenders and borrowers through a national platform that provides all the functionality required between the lender and the loan transaction is directly at stake (Liu et al., 2019). According to Bachman and Funk (2011) in the context of P2P lending, both lenders and borrowers are important groups in the success of peer to peer lending. Various studies have conducted examine on the factors driving consumers to adopt P2P lending (Lina and Nani, 2020). However, in this study (Lina and Nani, 2020) it was only limited to the adoption of technology, so this study tries to understand the factors driving consumers to invest in terms of technology and consumer factors. This research try to understand the driving factors of consumer to invest in the term of new technology and consumer factor.

Hypotheses Development

The Effect of Perceived Usefulness, Perceived Ease of Used on Investment Intention in P2P Lending

Chuang et al. (2016) explained TAM concept that consist of behavior, behavioral intention, and external factors. Firstly, is attitude which is defined by as positive feeling or evaluation when people using new technology. When people have a highly positive attitude in using new technology so that their behavioral intention will relatively high too. One of the attitudes that drive to positive attitude is the perceived ease of use. Perceived ease of use includes in attitude element in which defines as the extent to which people believe in using certain technology can increase their working performance. So that, when the user believe that a new technology is useful, user can have positive

attitude to that new technology. Chuang et al. (2016) second element is perceiving ease of use which define as the extent to which people believe in using technology does not need extra effort and time, so that technology can be accepted. Chuang et al. (2016) stated that perceived usefulness and perceived ease of use positively effect on attitudes and intention in using financial technology. It is supported by research of Hu et al. (2019); Pavlou (2014); Cheung dan Vogel (2013) the finding of their research is perceived of usefulness and perceive ease of use has a positive effect on FinTech, E-commerce and E-Learning use intention. So that hypothesis is formed as follows:

H1: Perceived usefulness has a positive effect on investment intention in P2P lending

H2: Perceived ease of use has positive effect on investment intention in P2P lending

The Effect of Financial Knowledge and Risk Aversion on Investment Intention in P2P Lending

Bapat (2020) states that some of the research states that young people who have low financial knowledge will be easily lured by credit card. This is due to a very aggressive marketing push. However, when young people have good knowledge about finances then they will have a good attitude so that they make good financial decisions as well. Father (2020) states that financial knowledge influences both financial management attitudes and behavior. So that the hypothesis is formed as follows:

H3: Financial knowledge has positive effect on investment intention in P2P lending

Risk avoidance is the risk level that is individual do not want to accept risk (Aren dan Hamamci, 2020). Therefore, a person or institution will consider the possible returns and risks of the investment made when making investment decisions. The research findings of Sarwar et al (2020) stated that risk aversion has an influence on investment intentions. When someone has a low level of risk, they will intend to invest in P2P Lending. So that the hypothesis is formed as follows:

H4: Risk Aversion has positive effect on investment intension in P2P lending

3. Methods

This research is quantitative research using primary data in the form of a questionnaire. The criteria for selecting the sample used non-probability sampling with purposive sampling. The sample used is millennials in Indonesia at campus level who know about peer-to-peer

lending. According to Saura, Debasa, and Reyes-Menendez (2019) millennial is the generation born between the years 1981 to 1993. The total sample used in this study was 151. Each construct was measured with five-point Likert scale, 5 means highly agree and 1 is so disagree. The instrument was adapted from several previous studies and summarized in the following table:

Table 1. Research Instruments

Constructs	Indicators	Sources
Perceived Usefulness	Usefulness, value, function of application	Pavlou (2014), Larson, Eastman, & Bock (2016)
Perceived Ease of Use	Clarity, ease of use, ease of understand	
Investment knowledge	Understanding of investment	
Risk Aversion	Uncertainty avoidance	
Investment intention	Intension to invest	Venkatesh (2003)

4. Results and Discussion

This study uses Partial Least Squares-Structural Equation Modelling (PLS-SEM) to analyze the data that has been collected. The data that has been collected is tested first with validity and reliability to ensure whether the instrument is suitable to be used. Validity was assessed based on the AVE value. The reliability test was assessed by looking at the Cronbach's Alpha and Composite Reliability values. As seen in Table 3, AVE shows a value > 0.5 and Cronbach's Alpha and Composite Reliability shows a value > 0.7. Based on this value, it can be concluded that the instrument has met the criteria of validity and reliability (Hair et al. 2010).

Table 2. Validity dan Reliability

Constructs	AVE	Cronbach's Alpha	Composite Reliability
Investment knowledge	0.505	0.768	0.759
Risk Aversion	0.509	0.776	0.744
Perceived Usefulness	0.604	0.873	0.915
Perceived Ease of Use	0.719	0.869	0.911
Investment intention	0.777	0.869	0.913

After testing the instrument by testing the validity and reliability, then inner model testing is conducted. This test is assessed based on the Goodness of Fit (GoF) index. Three categories of GoF according to Tenenhaus et al. (2004) which

is small= 0.1; medium= 0.25; and large= 0.36. The GoF index in this study is 0.480 so it can be concluded that the research model is good. After that, a hypothesis test was carried out using the WarpPLS 7.0 tool, the results of which can be seen in the Table 4, below:

Table 3. Hypotesis Testing Result

Hypotesis	P Value	Result
H1	<0.01	Supported
H2	0.33	Not Supported
H3	0.26	Supported
H4	<.0.01	Not Supported

Hypothesis 1 testing has a value (P= <0.01 and β= 0.45), which means that Perceived usefulness has a positive effect on investment intention in P2P lending (H1 is supported). The results of this study are in line with the research findings of Hu et al (2019); Pavlou (2014); Cheung and Vogel (2013) which states that the usefulness of the perceived impact positively on the intention to use good technology FinTech, E-commerce and E-Learning. Hypothesis 2 testing has a value (P= 0.33 and β= 0.04) means that the perceived ease of use has a positive effect on investment intentions in P2P lending (H2 is not supported).
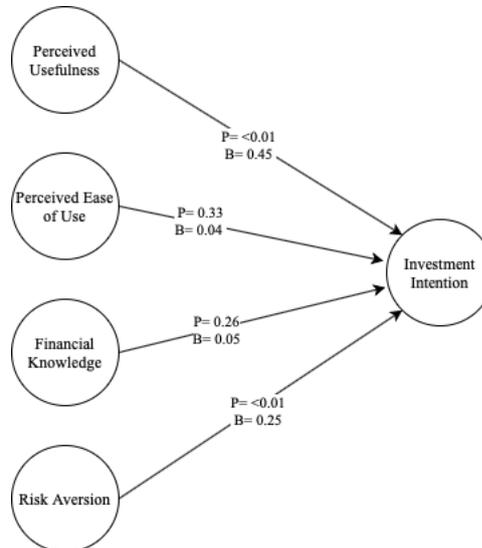

Figure 1. Result of Structural Model

This study contradicts the findings in the study of Chuang et al. (2016) in which the research findings stating that the technology just considered easily used by the user and requires more little effort and time to push for the adoption of the technology. Testing Hypothesis 3 has a value (P= 0.26 and β= 0.05) meaning that financial knowledge has no significant effect on investment intentions in P2P lending (H3 is not

supported). The results of this study contradict the findings of research Bapat (2020) which states that financial knowledge has positive effect, both in attitude and financial management behavior. Hypothesis 4 testing has a value (P= < 0.01 and β= 0.25) means that Risk Aversion has a positive effect on investment intentions in P2P lending (H4 is supported). This is in line with the research findings of Sarwar et al., (2020) stated that Risk Aversion is the main driving factor in encouraging consumers to invest.

5. Conclusion, Implication, and Limitation

Based on the results of hypothesis testing, it can be concluded that millennial investment intentions are influenced by perceived usefulness, and risk averse. The findings prove that the users who tend to avoid risks and uncertainties can be encouraged to invest in P2P lending. In the term of technology factor, users who believe that the features in the application of P2P lending is useful and beneficial will encourage users to invest. This study gives both practical and theoretical implication that P2P lending can be used as a means of investment among young people so that it can help SMEs in developing their business. Then this study gives implication to behavioral financial management literature with extend TAM model in financial context by adding external variables such as financial knowledge dan financial risk tolerance. Then, the Indonesian government encourages P2P lending as funding for SMEs, but research and studies in this field are still limited. So, that further research needs to be done similar research with millennial respondents more broadly first.

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