The Effect of Project Quality and Level of Uncertainty on Micro, Small, and Medium Enterprises' Funding in Equity Crowdfunding

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Abstract:

Project quality and level of uncertainty are two factors that can influence investors in providing funding to a business. This study concentrates on Micro, Small and Medium Enterprises (MSMEs).

The study aims to analyse the influence of project quality factors and the level of uncertainty on MSMEs' funding, focusing on the equity crowdfunding platform in Indonesia. This study uses a sample of MSMEs found in equity crowdfunding in Indonesia in 2018–2019. This research,employing ordinary least squares, indicates that there is an influence between executive experience, business experience and financial projections on the submission of MSMEs in equity crowdfunding. However, no effect was found between equity share, educational background and non-financial forecasts.

Keywords: project quality; level of uncertainty; MSMEs; equity crowdfunding.

JEL Classification: O12; O33; O35.

Introduction

The development of technology in Indonesia moves rapidly in line with the increasing demand for public needs. Financial technology (Fintech) is one of the technological innovations in the financial services industry. Fintech is carried out by financial services companies that can produce business models, applications, processes or products with material effects related to the provision of financial services. Fintech consists ofthree types: third party payment systems, P2P lending and crowdfunding. In Indonesia, fintech actors are still dominated by businesses in the payment sector by 43%, lending by 17%, aggregators by 13%, and the remainder financial planning, crowdfunding, and others (Nugroho and Rachmaniyah 2019). The definition of crowdfunding that is often used is an open call through the internet to collect capital resources, either in the form of donations or exchanges such as gifts and rewards or voting rights (Bouncken, Komorek and Kraus 2015).

In the scope of entrepreneurship, crowdfunding is defined as an effort by individuals and groups to find funds for their work in terms of cultural, social and profit-making, through withdrawing small contributions from a large number of people who use the internet, without any limits or financial barriers (Mollick 2014). Equity crowdfunding is one of the fintech platforms in Indonesia that has recently been launched on December 31, 2018. Equity crowdfunding is a platform to provide funding for start-ups or provide certainty for small companies to obtain funds by selling their 'shares' to investors (Xue and Sun 2016). Equity crowdfunding itself consists of small companies or start-ups who put their business into an already available platform, hoping to attract investor interest in providing funds for the survival of the business. In attracting the interest of these investors, business persons can provide the company background such as executive experience, business experience and educational background, as well as projections of the company's financial statements for the future such as equity share, financial and non-financial forecasts (Bradford and Bradford 2012).

1. Literature Review

Equity crowdfunding is where investors expect returns in the form of equity or shares from the results of the funding project. As mentioned above, the purpose of equity crowdfunding is to provide initial funding for start-ups or provide certainty for small companies to obtain funds by selling their 'shares' to investors on existing platforms. Platforms such as equity crowdfunding are essential in Indonesia because they can help provide capital for Micro, Small, and Medium Enterprises (MSMEs). Data from the Ministry of Cooperatives and Small and Medium Enterprises indicates that in 2014, there were around 57.8 million MSMEs in Indonesia. In the future, it is estimated that the number of MSMEs will continue to grow. Data from the Central Statistics Agency shows that after the 1997–1998 economic crisis, the number of MSMEs did not decrease; instead,they continued to increase. In 2012, MSMEs were able to absorb 85 to 107 million workers. In the same year, the number of MSMEs in Indonesia amounted to 56,534,592 entities, or 99.99% of all businesses, with the remaining 0.01% as big businesses (Putra 2018). Based on Bank Indonesia, the growth of MSMEs in Indonesia in 2017–2018 increased from 62,922,617 to 64,194,057, or increased by 2.02% (Bank Indonesia 2019). This growth in MSMEs is not in line with the provision of capital requirements from the government, which is still less than needed. According to Bank Indonesia, in 2018, loan funds for MSMEs increased in each period. That is, the first period (Januarty, February and March) of loans was Rp987 trillion and in period four (October, November, and December) it reached Rp1,086 trillion (Bank Indonesia 2019).

In attracting investors, MSMEs must be able to demonstrate their superiority compared to other MSMEs so that investors will be interested in providing equity or debt financing. MSMEs actors need to provide a company background, vision and mission as well as projected financial statements to attract funding from investors (Bradford and Bradford 2012). Investors interested in providing capital can view project information in virtual data rooms to see the quality of the business. If the project matches several characteristics investors are looking for, they will provide capital to the business (Baum and Silverman 2004). Project quality is a measure of whether a project will be successful and whether the project will bring benefits to investors. In measuring this project quality, there are three characteristics that can be used, namely, human capital, social capital and project valuation.

According to Doms, Lewis and Robb (2010), human capital is a measure of the team's basic quality and comprehensive strength. Investors will give more attention to aproject with a team that has management experience, a convincing educational background and so on, as they believe these factors will represent project performance. Second, social capital, according to Baum and Silverman (2004), is the ability of small companies to access other social resources. Small companies that have social networks will be able to provide information about the business to investors. A good level of social relations can bring potential supporters and consumers, which can help companies expand the market and the impact of their products. Therefore, the level of social capital has an impact on developing the quality of the project. Finally, project valuation represents the size of the market value of the project, which is important for investors in assessing a project. In general, the greaterthe project's assets, the higher the quality of the project.

Another factor in attracting investors is information asymmetry: some information will reflect the level of uncertainty of the company. Ahigh level of uncertainty will reducethe probability of investors lending funds (Xue and Sun 2016). According to Ahlers *et al.* (2015), although investors have different preferences regarding the level of risk, investors will not like it if the future of the project is unpredictable. If investors cannot predict the project's future, then the investor will lose interest in investing because of a lack of control over future outcomes (Xue and Sun 2016). Borrowers have better information about the potential returns and risks of investment projects than investors. Information that is known by the borrower is information about what loan funds will be used for what purposes. If there is a lack of information on the use of these funds, it will create problems in the financial system before and after the transaction (Zafar and Siddiqui 2019). In measuring this level of uncertainty, there are three tools, namely, equity share, lead investment proportion and project forecasts. Equity share is the proportion of shares sold by the project owner. Shares offered by companies are valuable signals for investors. Entrepreneurs can give a signal to investors with the amount of equity that they maintain after offer. In one percentage point increase in equity offered reduces the number of investors expected (Ahlers *et al.* 2015). Second, the lead investor, Information about lead investors can serve as a mechanism for building trust to motivate people to invest in the project (Li *et al.* 2016). Finally, project forecasts are descriptions of future project development. Detailed and well-planned financial projections and good market prospects can reduce investors'perceptions of uncertainty (Ahlers *et al.* 2015).

Based on the issues above, this study was conducted to analyse the effect of project quality and the level of uncertainty on MSMEs funding. This research was conducted on MSMEs that were registered onan equity crowdfunding platform in Indonesia in 2018–2019. The benefits of this research are first, to add insight into the field of equity crowdfunding regarding what factors need to be considered in channelling funds to MSMEs. Second, as consideration for decision-making in selecting MSMEs to be funded; and third, this research can be used as theoretical study material for further similar work. This study uses the ordinary least squares (OLS) model, and builds upon work by Xue and Sun (2016). This work also references previous studies such as by Xue and Sun (2016), Ahlers *et al.* (2015), and several other studies regarding funding in equity crowdfunding.

Equity crowdfunding is a funding model where investors arerewarded in the form of equity or profit-sharing from projects or businesses they fund (Bradford and Bradford 2012). According to Mollick (2014), equity crowdfunding is a funding method used by entrepreneurs to raise funds from public investors via the internet. Project quality is a measure of whether a project will be successful and whether the project will benefit investors (Xue and Sun 2016). Investors will look more at the characteristics and background of a project than to see the latest conditions of the project and the products produced (Ahlers *et al.* 2015). In this study, the authorsemploy the theory used by Xue and Sun (2016)and Baum and Silverman (2004), which is choosing two characteristics to measure the quality of the project: human capital and social capital.

The uncertainty of a project is dependent on whether the future level of project's development can be predicted. Investors will continue to provide funding despite a high level of risk if investors discover there is a high probability of premium returns. If investors cannot clearly predict possibilities, they will lose interest in investing in the project (Ahlers *et al.* 2015). Referring to the researchby Xue and Sun (2016), measuring the level of uncertainty may be accomplished by assessing three factors: equity share, lead investors and the project's forecast (divided into financial and non-financial forecasts).

2. Methodology

This study analyses the effect of project quality and level of uncertainty on MSME funding in equity crowdfunding using OLS regression The reason for using the OLS regression method is because the estimation made aims to predict the dependent value of variables in the form of values or pure numbers (percentage of project funding) using independent variables. By using an OLS regression, a threshold variable is needed. The independent variable (threshold) of this study is the quality of the project, determined by examining the factors of human and social capital, and the level of uncertainty by examining equity share, financial forecast and non-financial forecast. Following the objectives of the study, the dependent variable used is the ratio or percentage of funds obtained. Some previous studies used the number of funders as the dependent variable, as in the study of Lukkarinen *et al.* (2017) and Bi *et al.* (2017). In comparison, Mollick (2014) employedthe ratio or percentage of funds that can be obtained as the dependent variable in measuring MSME funding in equity crowdfunding. Table 1 below explains the variables and the method of calculation used in the study.

Table 1. Variables, definitions and variable calculations

Variable	Definition	Variable calculation
Human Capital	Human capital is a measurement of the basic quality ofan organisation and comprehensive strength (Doms *et al.* 2010).	Binary variable, meaning that if the business founder has executive experience, then the variable is worth 1, and if not, then 0.
		Binary variable, meaning that if the business founder has business experience, then the variable is worth 1, and if not, then 0.
Social Capital	Social relationships owned by business groups can provide additional information to start-ups, this information and resource isusually more efficient, richer and more valuable (Baum and Silverman 2004).	Binary variable, meaning that if the business founder has a bachelor's degree, then the variable is worth 1, and if not, then 0.
Equity Share	Equity share is the proportion given by entrepreneurs to be sold to investors to gain funding (Ahlers *et al.* 2015).	The measurement is the lower limit that the project is willing to sell.
Financial Forecast	Information about project estimates can provide a more precise picture of risk, and can help reduce asymmetric information because investors will have a better basis for forming earnings expectations (Epstein and Schneider 2008).	Binary variable, meaning that if the business has a financial forecast, then the variable is worth 1, and if not, then 0.
Non-financial Forecast	Estimated information on non-financial projects is needed to assist investors in seeing the development of the project in the future (Xue and Sun 2016).	Binary variable, meaning that if the business has a non-financial forecast, then the variable is worth 1, and if not, then 0.

Source: Processed by the authors (2020).

The sample in this study was selected using the purposive sampling method. The sample included was MSMEs in equity crowdfunding in Indonesia. The MSMEs included in the sample are businesses that have the information needed by researchers such as business owners, shares sold and business prospectuses, both financial and non-financial. The period used for this study sample is 2018–2019. To determine the results of the study'shypotheses, researchers used the OLS model. The OLS method is used for estimating a regression line by minimising the number of error squares of each observation of that line.

$$KP_i = \beta_0 + \beta_1 Executive + \beta_2 Business + \beta_3 Degree + \beta_4 Shares + \beta_5 Fin + \beta_6 Non - Fin + \varepsilon_i \quad (1)$$

Refers to Table 2 below.

Table 2. Formula explanation

Variable	Definition
KPi	Percentage of project funding
Executive	Whether the founder has an executive experience (0/1)
Business	Whether the founder has a business experience (0/1)
Degree	Whether the founder has a bachelor's degree (0/1)
Shares	The lower limit that the projectis willing to sell
Fin	Whether there is financial growth data in the project's information (0/1)
Non-Fin	Whether there is non-financial growth data in the project's information (0/1)
ε_i	Error factor

Source: Processed by the authors (2020)

This work uses hypotheses developed from several previous studies, namely:

H1: Executive experience has a positive effect on MSME funding in equity crowdfunding.

H2: Business experience has a positive effect on MSME funding in equity crowdfunding.

H3: The educational background of the owner (bachelor's degree) has a positive effect on MSME funding in equity crowdfunding.

H4: Equity shares havea negative effect on MSME funding in equity crowdfunding.

H5: A financial forecast has a positive effect on MSME funding in equity crowdfunding.

H6: A non-financial forecast has a positive effect on MSME funding in equity crowdfunding.

3. Research Findings

3.1. Result

In this study, each variable has a statistic descriptive as initial information consisting of the average value, median, maximum value, minimum value and standard deviation. After processing data on the research variables, there is a descriptive statistical analysis as follows.

Table 3. Result of statistic descriptive test

Variable	Mean	Median	Max.	Min.	Sta. Dev.	Obs.
Executive experience	0.3729	0	1	0	0.4877	59
Business experience	0.8474	1	1	0	0.3626	59
Bachelor's degree	0.6779	1	1	0	0.4713	59
Equity share	0.3958	0.4	0.65	0.1	0.1351	59
Financial forecast	0.8305	1	1	0	0.3784	59
Non-financial forecast	0.3898	0	1	0	0.4919	59
Funding for MSMEs	0.9110	0.9	1	0.75	0.0876	59

Source: Processed by the authors (2020).

Table 3 above shows results obtained from processing 59 observations on the research variables. The results in Table 3 reveal that funding for MSMEs has an average (mean) of 91.10% with a median value of 90%. The highest value (maximum) for MSME funding is 100%, and the lowest value (minimum) is 75%. The standard deviation is 0.0876. Linear regression is suitable for exploring the relationship between financing and other factors. The R^2 test shows that 34.35% of the independent variables can explain the MSME funding activities in equity crowdfunding. It can be interpreted that 34.35% of the variancein the funding variables is influenced by executive experience, business experience, bachelor's degree, equity share, financial forecast and non-financial forecast, while the rest is influenced by other variables outside the model. The results of the F Test show that the F statistic (probability 'prob') has a value of 0.000074. This value is less than 0.05, which meansthat the funding variable has a significant relationship with the independent variable.

Table 4. Result of linear regression test

Variable	Coefficient	Prob.
Executive experience	0.0459	0.0382
Business experience	0.0808	0.0068
Bachelor's degree	0.0237	0.308
Equity share	0.0287	0.7122
Financial forecast	0.0776	0.0059
Non-financial forecast	0.0145	0.5522

Source: Processed by the authors (2020)

The results shown from Table 4, Linear Regression Test, show whether there is a significant effect individually for each variable of the research model. The result of the significance of each variable is seen from its probability value. This study useda 5% alpha; thus, if the probability of each of these variables has a value of less than an alpha of 5%, it can be concluded that the independent variable has a positive or negative significant relationship with the dependent variable.

As seen in Table 4, the results of the test on the model for independent variables, namely executive experience,hasa coefficient of 0.0459 and a probability of 0.0382. The probability is categorised as less than 0.05, or a 5% significance, demonstrating that the executive experience variable has a significant effect on the dependent variable, funding. Next, the second independent variable, business experience, has a coefficient of 0.0808 and a probability of 0.0068. The probability is categorised as less than 0.05, or 5% significance, showing that the business experience variable has a significant influence on the dependent variable, funding. Next, the third independent variable, a bachelor's degree, has a coefficient of 0.0237 and a probability of 0.308. The probability is categorised as more than 0.05 or 5%; thus, the bachelor's degree variable does not have a significant effect on the dependent variable,funding.

Furthermore, the fourth independent variable, namely, the presence of a financial forecast, has a coefficient of 0.0776 and a probability of 0.0059. The probability is categorised as less than 0.05, or 5%, revealing that the financial forecast variable has a significant influence on the dependent variable, funding. Next, the fifth independent variable, equity share, has a coefficient of 0.0287 and a probability of 0.7122. The probability is categorised as more than 0.05, or 5%; therefore, it does not have a significant effect on the dependent variable, funding. Finally, the sixth independent variable, namely, a non-financial forecast, has a coefficient of 0.0145 and a probability of 0.5522. The probability is categorised as more than 0.05, or 5%; thus, having a non-financial forecastdoes not have a significant effect on the dependent variable, funding.Results of the completed tests indicate that there is a positive influence from executive experience, business experience and a financial forecast. Whereas, for educational background, the offered equity and non-financial projected reports have no influence on MSME funding in equity crowdfunding.

3.2. Discussion

The coefficient of determination test, or R^2, is the feasibility test of the model. The adjusted R^2 value of the research model shows that 34.35% of the dependent variable can explain the effect of the independent variable. It can be interpreted that 34.35% of the types of funding variables are influenced by variables of executive experience, business experience, bachelor's degree, equity share, financial forecast and non-financial forecast. Meanwhile, the additional65.65% is other variables not included in the calculations of this study. Other variables are projected dividends, the period in which dividends will be provided and the background of the business.

An F test was conducted on the research with the aim of seeing that the model used has independent variables that have a relationship with the dependent variable as a whole. The results of the F Test on the model, seen in Table 3, produces a value of 0.000074. The level of confidence used in the F Test of this study was 95%, or an alpha of 5%. The results of the F Test are smaller than an alpha of 0.05, or 5%. This can be interpreted that as an overall model, the independent variable has a significant relationship with the dependent variable, namely funding.

In Indonesia, the executive experience business owners have in improving company performance will have an impact on investor confidence in funding the business. The first independent variable is executive experience, it has a probability result of 0.0382. Thus, the executive experience variable has a significant influence on MSME funding in equity crowdfunding. The *t*-test showed that the coefficient value is equal to 0.0459. This value explains that the executive experience variable has a positive effect on MSME funding in equity crowdfunding. The results of this study have the same conclusions as the research of Xue and Sun (2016), which shows a positive and significant influence between the executive experience variable on the funding variable. The executive experience variable in this study is a derivative of human capital measurement. Companies that have quality human capital will be able to create higher added value, which can improve company performance (Virna, Sari and Suprasto 2018). Looking at research from Virna, Sari and Suprasto (2018), human capital has an influence on the value of the company. A company that can manage its human resources properly will be able to increase the value of its company. Increasing company value will also cause investors to realise that the existing human resources in the company are well controlled, which can raise the market valuation of the company. This also will improve the level of investor confidence in the company (Virna, Sari and Suprasto 2018)

The second independent variable is business experience, it has a *t*-test result of 0.0068, indicating that the business experience variable has a significant influence on MSME funding in equity crowdfunding. The *t*-test revealed a coefficient value equal to 0.0808. This value explains that the business experience variable has a positive effect on MSME funding in equity crowdfunding. The results of this study differ from research conducted by Xue and Sun (2016), which showed no significant effect between the business experience variable and MSME funding. The difference in the results of the two studies lies in the location where Xue and Sun conducted research in China. According to the study, perceptions found in Chinese society do not reveal the actual abilities of the team members because these considerations cannot effectively demonstrate the human resources values in the company.

Investors will provide capital to the business after assessing the added value contained in the business, such as the business experience of the owner. In Indoneisa, this concept is also in line with resource-based theory, which states that the company's performance will be maximal if the company has a competitive advantage, such as an owner who has business experience. Wahyuni, Pradhanawati and Hidayat (2015) examined the experience of entrepreneurship in the development of the spring roll skin business. The authors showed that entrepreneurial experience can have a positive impact on business development. The better the level of experience of business entrepreneurs; the better the business development that was undertaken. According to Iskandar Simongkir, Deputy for Macroeconomics and Finance at the Coordinating Ministry for the Economy, one of the obstacles to the lack of business development from MSMEs was the lack of competent human resources. Therefore, the survival of a business can be seen from the business experience of the business owner.

For the third question, the researchers wanted to see the influence of the educational background of the owner on MSME financing from equity crowdfunding. The third independent variable is the bachelor's degree, with the owner having an educational background (undergraduate) of 54%. The bachelor's degree variable has a *t*-test result of 0.308. Therefore, the business experience variable does not have a significant effect on MSME funding in equity crowdfunding. The coefficient value seen in the t-test was equal to 0.02369. This value explains that the business experience variable has a positive effect on MSME funding in equity crowdfunding. The results of this study agree with the findings of Xue and Sun (2016), which showed that there wasno significant effect between having an MBA degree variable on the funding variable. Results from Xue and Sun revealed that educational experience (an MBA Degree), makes investors who do not see an value in tend to feel suspicious rather than trust the business.

In Indonesia, the MSME sector provides the economic support to the middle and lower classes, and the lower middle class usually does not complete their education up to college or undergraduate level. Therefore, the educational background of business owners shows no significant influence on MSME funding. According to the Central Bureau of Statistics, the average duration of education of the school population can reach 8.3 years, that is,the completion of junior high school education (Central Bureau of Statistics 2020). For groups of people with relatively low household incomes, only elementary school is completed on average. MSMEs are predominantly managed by the middle andlower classes, which may explain why they do not complete their education to the graduate level. Therefore, the educational background of business owners is considered less important by investors.

In the fourth problem, researchers wanted to see the influence of the equity share on MSME funding in equity crowdfunding. The independent variable is equity share, and results of the *t*-test were equal to 0.7122. Thus, the equity share variable does not have a significant effect on MSME funding in equity crowdfunding. The *t*-test demonstrated that the coefficient value was equal to 0.0287. This value shows that the equity share variable has a positive effect on MSME funding in equity crowdfunding. This result differs from the results of research by Xue and

Sun (2016), which showed a significant effect from the equity share on business funding. The research is in line with the previous assumption that a small amount of equity offered indicates that entrepreneurs have a strong confidence intheir future, so they want to control their project. This optimism likewise gives strong confidence to investors. In Indonesia, the understanding of investments is still low among the populace. In 2017, only 4.4% of Indonesians were familiar with investing in the capital markets, and only 0.4% of the 250 million population invested in the capital markets (Rahmawati 2018). The wide spread lack of knowledge about investing can be one of the causes of the absence of a significant influence on the ratio between equity sold to funding obtained. This may be because investors who lack investment knowledge will continue to buy equity even though the equity price is high. The same is true for investors who provide funding to MSMEs: the majority of crowdfunding equity comes from the lower middle class. This income group still does not understand the importance of the equity factor offered to investors. Therefore, investors do not matter how much equity is offered by MSMEs.

In the fifth question, the researchers desired to assess the influence of the financial forecast on MSME funding in equity crowdfunding. The fifth independent variable is the financial forecast, which demonstrated *t*-test results of 0.0059. Therefore, the financial forecast variable has a significant effect on MSME funding in equity crowdfunding. The *t*-test resulted in a coefficient value of 0.0776. This value explains that the financial forecast variable has a positive effect on MSME funding in equity crowdfunding. The results of this study echo the results of research conducted by Xue and Sun (2016), which showed that there is a positive influence of financial forecasts on business funding. The study explains that investors who have knowledge of financial forecasts know which businesses are profitable or challenged by examining the financial estimates. According to Xue and Sun, investor confidence will increase in a business because there are clear financial projections, making it easier for investors to understand the use of capital provided through the purchase of equity (Xue and Sun 2016). This conclusion is in line with the results in Indonesia, which demonstrated that there is a positive influence of financial forecast variables on MSME funding in equity crowdfunding.

For the sixth issue, researchers wanted to see the influence of non-financial forecasts on MSME funding in equity crowdfunding. The sixth independent variable is a non-financial forecast, with *t*-test results of 0.5522. The non-financial forecast variable does not have a significant effect on MSME funding in equity crowdfunding. In the *t*-test results, it can be seen that the coefficient value is equal to 0.0145. This value reveals that the non-financial forecast variable has a positive effect on MSME funding in equity crowdfunding. The results of this study are the same as the results of research conducted by Xue and Sun (2016), which explains that non-financial forecasts have a tendency only to beautify data. The credibility of the non-financial forecast is doubtful, so investors pay little attention. In line with Xue and Sun, this research shows that investors pay less attention to non-financial forecasts than to other factors. The lack of influence of the non-financial forecast itself can also be caused because the majority of MSMEs registered in equity crowdfunding do not include non-financial projections in proposal reports (business prospectuses).

Conclusion and Recommendations

This study intended to investigate and analyse the effect of project quality and level of uncertainty on MSME funding in equity crowdfunding. Of the six research hypotheses, three of them explain the influence of MSME funding on equity crowdfunding. While the other three variables have no influence on MSME funding, namely:

- There is a positive influence from managerial experience (executive experience) on MSME funding in equity crowdfunding.
- There is a positive influence of business experience on MSME funding in equity crowdfunding.
- There is no positive influence from the educational background (bachelor's degree) on MSME funding in equity crowdfunding.
- There is no negative effect of the equity offered (equity share) on MSME funding in equity crowdfunding.
- There is a positive effect of financial projections on MSME funding in equity crowdfunding.
- There is no positive effect of non-financial projections (non-financial forecasts) on MSME funding in equity crowdfunding.

Our findings have particular significance for entrepreneurs, crowdfunding platforms and investors. The research is recommended background for investors before they invest funds into MSMEs in equity crowdfunding. Investors need to consider factors of project quality and level of uncertainty, such as executive experience, business experience and financial projections listed by businesses. This focus is necessary because, with a higher quality of MSME human resources, the success of the business will also increase. Meanwhile, through examining financial projections, investors will better anticipate returns from funding the business. Furthermore, this study will be of interest to the equity crowdfunding platforms to determine which details need to be provided by MSMEs to register their business. For example, the platform can providere quirements for MSMEs about what proposals can be displayed on the crowdfunding website. Finally, for MSME owners, as business owners who will be funded later, MSMEs can list vital factors on the crowdfunding platform shown to have an impact on fundraising, such as including financial statements for investor review, executive experience, and the business experience of owners.

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