Fintech P2P Lending in Increasing People's Purchasing Power in South Sulawesi Province

Abdul Karim[1]*; Muhlis Ruslan[2]; Chahyono[3]; Muh. Kafrawi Yunus[4]; Amrullah Ahmad[5]

[1-4]Departement of Management, Faculty of Economic and Business, Universitas Bosowa
Makassar, Indonesia 90232
[5]Departement of Management, STIE Amkop
Makassar, Indonesia 90231
[1]abdul.karim@universitasbosowa.ac.id; [2]muhlisruslan@universitasbosowa.ac.id; [3]chahyono@universitasbosowa.ac.id;
[4]kafrawi.yunus@universitasbosowa.ac.id; [5]ahamrullah5@gmail.com

Received: 21st August 2024/ **Revised:** 1st November 2024
Accepted: 26th November 2024/ **Published Online:** 27th December 2024

Abstract **-** The research aimed to assess the extent to which fintech P2P lending contributes to the generation of purchasing power in South Sulawesi Province. Data were collected from websites associated with fintech P2P lending and analyzed using software designed for indexing, searching, and handling non-numerical and unstructured data. The findings indicate that the availability of online loans positively impacts economic growth in South Sulawesi. During the final seven months of 2023, the average monthly distribution of peer-to-peer (P2P) lending funds reached IDR 19.04 trillion. The total distribution within the industry amounted to IDR 20.38 trillion, with IDR 7.26 trillion (35.65 percent) allocated to the productive sector, including micro, small, and medium-sized enterprises (MSMEs). This research contributes to the field by observing a 30.17 percent increase in credit in South Sulawesi Province. In February 2024, individual credit distribution in South Sulawesi reached IDR 1.29 trillion, based on 355,948 credit transactions. Fintech P2P lending helps improve financial literacy and inclusion in the South Sulawesi region by providing an easy-to-use digital platform to reach people in remote areas and support more equitable economic development. The contribution of fintech P2P lending plays an important role in increasing people's purchasing power while strengthening the foundation of the local economy in South Sulawesi.

Keywords: fintech P2P lending, economic growth, South Sulawesi

I. INTRODUCTION

The internet, as a component of technological advancement, has a profound impact on contemporary life. Its advent has made information accessible via various digital devices, including computers, laptops, and smartphones. With the emergence of the Internet, the world seems boundless (Tambunan, 2022). Additionally, the Internet has permeated the economic, business, and financial sectors (Balyuk, 2023). The number of financial technology-based companies offering online loan services is rapidly increasing, and numerous online platforms now provide these services to the general public. Consequently, online loans have become a popular digital credit platform accessible to all societal levels.

Innovations in payment transactions, delivery, logistics, and transportation, such as mobile banking, Ovo, Gojek, and Grab, have marked significant progress (Karim et al., 2023). Other advancements that have energized the digital era include innovations in digital finance and information technology-based money loans (fintech peer-to-peer lending) (Putri et al., 2023).

In 2022, data from the Financial Services Authority of South Sulawesi Province recorded outstanding loans of IDR 1.01 trillion from 389,578 loans. In 2021, the amount of outstanding loans for the people of South Sulawesi was IDR 618 billion from 212,571 loans (BPS, 2024). Meanwhile, in 2020, outstanding loans totaled IDR 307 billion from 500,376 loans. The amount of outstanding loans grew by 30.17 percent to IDR 1.29 trillion. Despite the high loan figures, the default rate, defined as negligence in

*Corresponding Author

doi: https://doi.org/10.21512/tw.v25i2.12059
1412-1212/2541-2388 ©2024 Authors

Journal The Winners is accredited as Sinta 2 Journal (https://sinta.kemdikbud.go.id/journals/profile/261)
How to Cite: Karim, A., Ruslan, M., Chahyono, Yunus, M. K., & Ahmad, A. (2024). Fintech P2P lending in increasing people's purchasing power in South Sulawesi province. Journal The Winners, 25(2), 113-123.

settling obligations more than 90 days past the due date, remains relatively low. In February 2024, the default rate was approximately 2.00 percent, compared to 1.71 percent in February 2023.

The issue discussed in the research is the proliferation of online loan offers (Yuniarti & Rasyid, 2020). Currently, fintech peer-to-peer lending actively provides money lending services (Agarwal & Chua, 2020; Agarwal & Zhang, 2020). The market strategies employed by online loan platforms include offering low interest rates, minimal requirements, loan amounts starting from around IDR 500 thousand up to several million IDR, and the absence of collateral or face-to-face meetings between borrowers and lenders (Taleizadeh et al., 2022). The various advantages of online loans make them highly attractive compared to traditional money loan options (Lee, 2017).

Accessing information about online loans is also easy. Information about online loan services can be found by simply searching the internet on a smartphone (Lestari et al., 2024). However, some smartphone users may ignore notifications or messages from unknown numbers regarding online loan offers (Baruna et al., 2021), while others may be interested in these offers (Baita et al., 2024). Some users may even feel disturbed by these messages (Hsu et al., 2021).

The convenience of online loan offerings can be misleading (Miranti et al., 2024). Evidence shows that some borrowers feel trapped and may even suspect potential law violations (Karim et al., 2024). This includes threats, sending pornographic images, defamation, data manipulation, and the unauthorized tapping or distribution of personal data (illegal access) without the borrower's consent (Risqiani & Ginting, 2022). These practices create significant concern in the community, especially when users of online loan services become victims (Havrylchyk et al., 2021). Most users of online loan services in Indonesia are from middle-class households, as illustrated in Figure 1.

Based on Figure 1, in 2023, 0.25% of Indonesian households using online loans were classified as middle class. The proportion of online loan users in the middle class was 0.21%. Access to online loans for these two expenditure groups was relatively high, driven by the ease of accessing services compared to borrowing from traditional banks (Daga et al., 2024). In contrast, the proportion of online loan users from poor, vulnerable, and upper economic class households was smaller (Soekarni et al., 2024). This research is significant as it provides the latest data on usage patterns, public perceptions, and potential risks associated with online loan utilization. This is an essential foundation for developing more effective financial literacy policies or programs in South Sulawesi, enabling the population to use online loan services more judiciously and sustainably.

Online loans have become an important tool for increasing purchasing power in many regions, including South Sulawesi Province (Bahtiar et al., 2021). There are several ways in which fintech peer-to-peer lending can impact individuals' purchasing power in this region (Anshari et al., 2019). Online loans allow people in South Sulawesi Province, particularly those without access to traditional banks, to obtain credit more easily (Meliala et al., 2024). The fast application process and minimal requirements support individuals who might otherwise have difficulty securing loans (Klein et al., 2023). Fintech peer-to-peer lending can fulfill various needs, such as purchasing consumer goods, home improvements, or business capital (Pratama, 2021). With access to these funds, people can boost their purchasing power for necessary goods and services (Hasniati et al., 2023).

The ability to borrow money allows individuals to enhance their quality of life by purchasing previously unaffordable items or investing in education and health (Suryono et al., 2021). Online loans are tailored to meet the specific needs of micro and small businesses

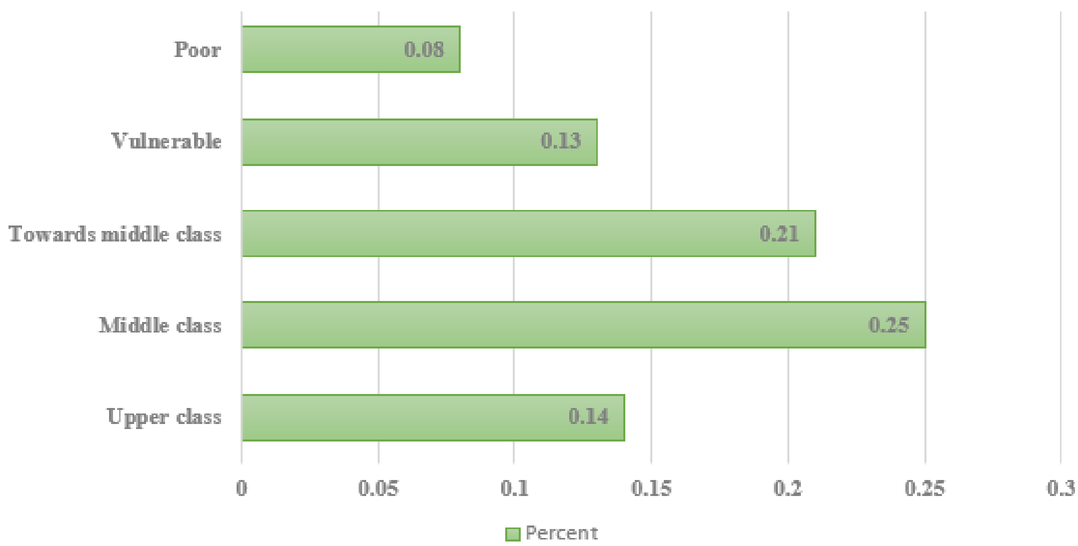

Figure 1 Percentage Proportion of Online Loan Households in Indonesia
Source: BPS, 2024

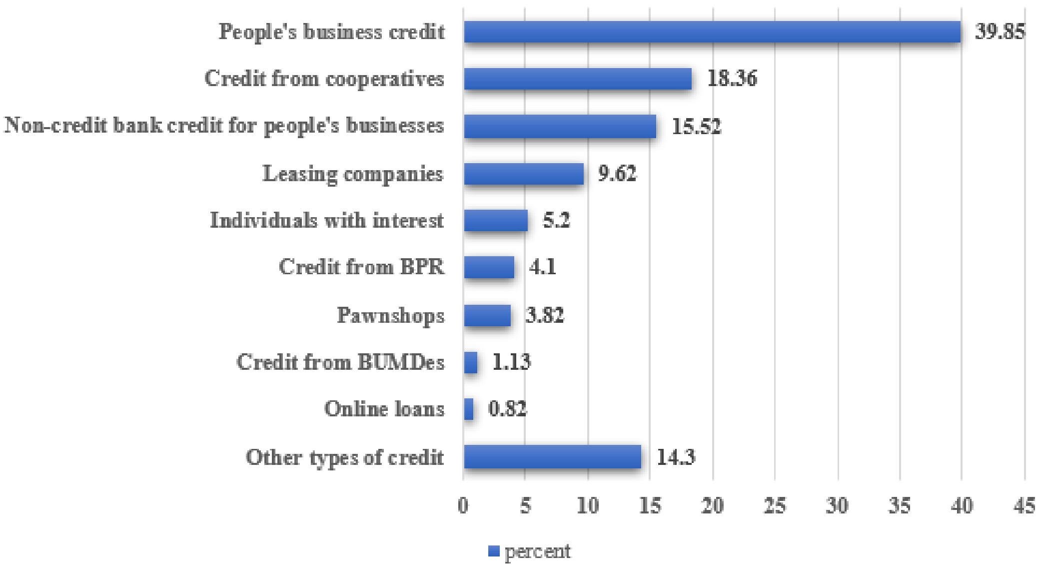

Figure 2 Percentage of Households in Indonesia Receiving Credit by Type
Source: BPS, 2024

seeking capital. In South Sulawesi, these loans have the potential to support business growth, job creation, and increased income for small entrepreneurs (Abduh et al., 2024). Additionally, some online lending platforms offer financial education and budget planning as part of their services (Brahmana et al., 2024). These resources can help individuals make more informed financial decisions and prudently manage debt (Chung et al., 2023). This research aims to examine the impact of fintech peer-to-peer (P2P) lending on economic growth in South Sulawesi, focusing on the purchasing power of individuals. Figure 2 presents the percentage of Indonesian households that receive credit by type.

The percentage of Indonesian households receiving credit services within a year is 22.97%. The most commonly accessed type of credit service is business credit, with a percentage value of 39.85%. Meanwhile, the proportion of households using online loans remains relatively small, at less than 1%. Although this figure is small compared to other types of credit, its growth indicates potential for future increases (Hidajat, 2020). Approximately 1-3% of households participate in fintech P2P lending, which has seen rapid growth due to the increasing adoption of technology and financial inclusion (Maskara et al., 2021).

II. METHODS

The research applies a descriptive qualitative methodology to elucidate and analyze the extent to which fintech peer-to-peer lending contributes to increase purchasing power among individuals in South Sulawesi Province. Two distinct research method are employed: field studies and literature reviews. The primary source of research data is secondary data, which refers to information obtained from various media that have already been recorded by other parties (Bandur, 2016). This data may include historical records or reports that have been meticulously archived, encompassing both published and unpublished materials. The research data were sourced from literature reviews and written data from multiple reliable sources.

A literature study involves finding data through reading and taking notes related to the research topic. Documentation, in this context, is searching and reading previous reports or related articles from the internet, books, or journals. Documents are collected, selected, and aligned with the research objectives. This method involves transferring relevant data from various reliable sources for further analysis.

Descriptive research aims to describe phenomena and their characteristics. This type of research focuses more on "what" has happened rather than "how" or "why" it happened. Observation and survey tools are often used to collect data (Arikunto, 2014). In the research, data are collected directly from websites integrated with fintech P2P lending. Analysis is conducted using Non-Numerical Unstructured Data Indexing, Searching, and Theorizing software.

The data collection involves identifying data that meet the researcher's criteria on relevant websites. The data are then stored and downloaded using the Ncapture feature, facilitating the retrieval of articles from these websites. Subsequently, the data are saved in the Non-Numerical Unstructured Data Indexing, Searching, and Theorizing software using the download feature, which is integrated with fintech peer-to-peer lending platforms. This method supports the classification of data for the analysis of the role of fintech P2P lending in assessing the purchasing power of the South Sulawesi Province community.

Data analysis is the systematic process of collecting and organizing data to draw meaningful conclusions. It involves searching for and organizing data obtained from interviews, field notes, and other sources so that it is comprehensible and the results can be effectively communicated (Fadilla & Wulandari, 2023). In this research, data analysis is descriptive, qualitative, and inductive, based on data obtained from web searches. The research analysis consists of three concurrent processes: data reduction, data presentation, and drawing conclusions/verification (Miles & Huberman, 2009). These three processes are outlined in Figure 3.

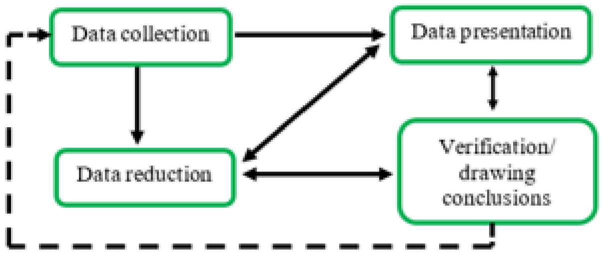

Figure 3 Miles and Huberman's Interactive Data Analysis Model (Miles & Huberman, 2009)

In this research, data source triangulation is used to guide research data collection. This approach involves using various types of data sources to explore similar data (Rukin, 2019). Triangulation allows data obtained from one source to be tested and verified against similar data from other sources, enhancing the reliability of the research findings.

III. RESULTS AND DISCUSSIONS

The emergence of fintech P2P lending in South Sulawesi has had a positive impact, particularly in advancing financial inclusion. Many regions in South Sulawesi, including Pangkep Regency, have begun to benefit from the convenience of credit access provided by P2P lending, especially for individuals who have been underserved by traditional banking institutions. In the South Sulawesi, a significant proportion of the population remains unbanked, particularly in rural areas and remote islands. Limited digital infrastructure, such as weak internet signals and inadequate electronic facilities, poses a considerable challenge for individuals seeking access to digital banking or e-wallet services, which could otherwise enhance financial inclusion (Kohardinata et al., 2024).

To improve financial accessibility, local governments and financial institutions are implementing various strategies. These strategies include expanding branch office networks, offering digital financial services accessible via basic mobile phones, and promoting financial literacy in rural areas and on islands. The rise of fintech P2P lending and digital banking presents an opportunity to extend financial services to individuals and communities that have historically been underserved by traditional banks in South Sulawesi.

Developing banking branch networks in remote areas is challenging due to high costs; the more remote the area, the higher the expenses. Online loans present an alternative form of financial access for the community. The development of financial technology must be supported by technological infrastructure such as IT networks and tower Base Transceiver Stations (BTS) to ensure that people in remote areas can access fintech P2P lending services.

In 2018, credit distribution to MSMEs in Indonesia was minimal, at only 19% of total bank credit distribution. Approximately 23 million MSME operators lacked access to financing from financial institutions, including banks and non-banks, due to unmet requirements. The emergence of fintech P2P lending can bridge this gap, financing to MSMEs that are just starting or currently operating (Wahyuni et al., 2022).

Peer-to-peer lending is often seen as a better

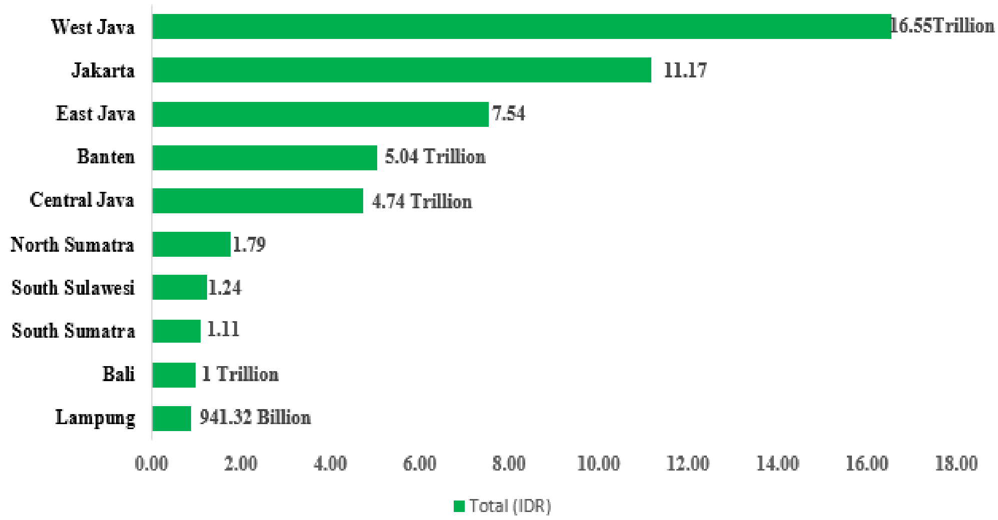

Figure 4 Ten Provinces with the Highest Online Loan Debt Values in Indonesia
Source: Author's findings, 2024

alternative to loan sharks, potentially reducing the prevalence of shadow banking. By March 2021, the accumulated distribution of online loans had reached IDR 181.67 trillion, a 7.17% increase from February 2022, when it was IDR 169.51 trillion. Annually, the distribution amount grew by 16.53%. Of this accumulated amount, IDR 153.75 trillion was concentrated in Java, while the remaining IDR 27.91 trillion was distributed outside Java. The total number of lender (creditor) accounts also stood at 612,843. Figure 4 shows ten provinces with the highest online loan debt values in Indonesia.

According to the Financial Services Authority report from January 2024, 16.57 million entities in Indonesia are receiving online loans, with a combined outstanding debt of IDR 60.41 trillion (OJK, 2024). West Java had the largest online loan debt, amounting to IDR 16.55 trillion, or 27.4% of the national total. DKI Jakarta ranked second with IDR 11.17 trillion, followed by East Java with IDR 7.54 trillion and Banten with IDR 5.04 trillion. In contrast, West Papua had the lowest online loan debt, at IDR 57.25 billion. Overall, the success rate for loan repayments in Indonesia in January 2024 was 97.05%, meaning approximately 97 out of 100 loan users paid their debts within 90 days of the due date. Only 2.95% of loans were classified as bad debts, indicating that about 3 out of 100 loan users failed to repay their debts after 90 days.

South Sulawesi's economic growth in the first quarter of 2024 outpaced that of the previous quarter, with a recorded growth rate of 4.82% (YoY), higher than the 3.79% (YoY) growth seen in the fourth quarter of 2023. However, this growth rate still lagged behind the national economic growth, which is 5.11% (YoY) in the first quarter of 2024.

On a quarterly basis, South Sulawesi's economy recorded a contraction of 4.63% in the first quarter of 2024. Geographically, South Sulawesi's economic share within the Sulawesi, Maluku, and Papua regions increased from the previous quarter to 32.07%, maintaining its status as the province with the largest economic share in these regions. Table 1 shows the economic growth in South Sulawesi during 2023 and the first quarter of 2024.

The economic growth of South Sulawesi in the second quarter of 2024 is predicted to increase compared to the previous quarter. This increase is in line with the expected end of El Niño and the shift in the peak of the rice harvest in the second quarter of 2024. This will likely encourage rice production and positively impact the performance of the rice milling industry in South Sulawesi. Additionally, the construction sector is expected to grow as infrastructure projects resume, which should lead to increased cement procurement and credit growth in the construction sector in the second quarter of 2024. However, there is still a risk of a slowdown in economic growth stemming from the mining and trade sectors (Basrowi & Utami, 2019). Table 2 shows the development of financial transactions in South Sulawesi from 2022 to the first quarter of 2024.

The development of banking assets in South

Table 1 Economic Growth of South Sulawesi in 2023 and the First Quarter of 2024

Field of business (% YoY)	2023				Total	2024
	I	II	III	IV		I
Agriculture, forestry, and fisheries	0.55	2.16	-0.10	-2.70	0.09	-3.72
Mining and quarrying	15.08	20.7	8.70	11.26	13.63	7.37
Manufacturing industry	7.05	3.35	5.25	1.89	4.26	5.08
Electricity, gas, and ice production	7.11	6.08	11.39	9.56	8.63	7.21
Water supply, waste management, waste and recycling	9.72	3.73	5.32	-5.91	2.94	6.08
Construction	3.81	2.6	5.34	7.12	5.20	2.14
Wholesale and retail trade; repair of cars and motorbikes	10.16	0.22	5.52	4.66	4.75	8.61
Transportation and warehousing	12.16	8.14	11.00	7.04	8.54	4.11
Accommodation and food and beverage provision	9.27	7.43	3.33	6.05	6.61	9.37
Information and communication	5.85	7.76	7.33	6.48	6.86	7.30
Financial and insurance services	-0.06	-0.78	5.29	7.58	2.91	6.22
Real estate	4.81	4.14	5.85	5.26	5.02	5.80
Corporate services	6.25	14.18	11.37	5.90	9.28	6.43
Government administration, defense, and compulsory social security	3.48	15.65	-5.35	-0.94	3.36	14.82
Educational services	2.04	8.81	-1.26	1.63	2.79	7.14
Health services and social activities	1.33	12.81	7.77	7.14	7.33	14.37
Other services	4.99	17.79	9.35	12.56	11.22	18.30
Gross regional domestic product	**5.29**	**5.00**	**4.05**	**3.79**	**4.51**	**4.82**

Source: Author’s Findings (2024)

Table 2 Development of Non-Cash Transactions Through the Clearing System in Indonesia

Period	Volume (Sheets)	Value (IDR trillion)	YoY	
			Volume	Value
I	115,238	7.50	-6.58%	-0.33%
II	117,306	6.69	-10.08%	-13.14%
III	112,312	5.27	-12.24%	-29.10%
IV	118,748	5.39	-22.36%	-36.66%
2022	**463,604**	**24.86**	**-13.30%**	**-20.28%**
I	144,225	7.60	25.15%	1.36%
II	133.197	6.81	13.55%	1.79%
III	145,557	7.52	29.60%	42.51%
IV	156,158	8.04	-99.87%	49.07%
2023	**423,135**	**29.96**	**-8.73%**	**20.56%**
I-2024	69,342	3.95	-51.92%	-48.06%

Source: Author's findings, 2024

Sulawesi in May 2024 showed a year-on-year growth of 7.98%, reaching a nominal value of IDR 193.36 trillion. These assets include IDR 189.61 trillion from Commercial Banks and IDR 3.74 trillion from BPR. Third-party funds grew by 9.06% (YoY), reaching IDR 130.09 trillion. Credit disbursement increased by 9.58% (YoY) to IDR 160.21 trillion, with Commercial Banks disbursing IDR 157.1 trillion and BPR IDR 3.06 trillion. Productive credit distribution still dominates, accounting for 55.49%.

If viewed from economic sector, the majority of credit is distributed to the wholesale and retail trade sector, with a share of 24.07%. Meanwhile, credit distribution to MSMEs in South Sulawesi grew by 7.72% (YoY), reaching IDR 60.88 trillion and accounting for 38.74% of the total credit disbursed by commercial banks in the region. The highest growth was seen in micro business credit, which increased by 16.23% (YoY) to IDR 33.93 trillion, representing 55.72% of total MSME credit. In total, MSME credit has been distributed to 912,827 debtors. Figure 5 shows the financial literacy and inclusion index in Indonesia from 2013 to 2024.

In 2024, the financial literacy index of the Indonesian population is 65.43%, while the financial inclusion index stands at 75.02%. This means that 65.43% of the population is considered financially literate, and 75.02% have access to financial products and services. The financial literacy index for conventional services is higher than that for Sharia services. Specifically, the conventional financial literacy and inclusion indexes are 65.08% and 73.55%, respectively, while the Sharia financial literacy index is 39.11%, and the Sharia financial inclusion index is 12.88%.

Women's financial literacy is higher than men's, with indexes of 66.75% and 64.14%, respectively. Similarly, the financial inclusion index for women is 76.08%, compared to 73.97% for men. Regionally, urban areas have higher literacy and financial inclusion indexes, recorded at 69.71% and 78.41%, respectively, compared to rural areas, which stand at 59.25% and 70.13%.

According to 2023 fintech lending statistics, the 19-34 age group is the largest contributor to online lending, accounting for approximately 58.72% of active loan recipient accounts, or about 132.78 million. This age group also dominates the total online loan debt, contributing 56.39%, or IDR 327.3 trillion. The 35-54 age group holds an important share, comprising 38.68% of individual online loan debt, amounting to IDR 224.5 trillion. Figure 6 shows the statistical data on total online loan debt in Indonesia for 2023, broken down by age group.

Throughout 2023, the 19-34 age group, encompassing Generation Z (Gen Z) and Millennials, represented the largest demographic of online loan users in South Sulawesi. Factors such as ease of access, quick processing, and minimal administrative requirements have driven the use of online loans. Several reasons explain why Generation Z and Millennials in South Sulawesi are significant contributors to online loan usage, including (1) ease of digital access, (2) high consumption needs, (3) lack of financial education, (4) unstable income, and (5) the influence of social media and their environment. Although online loans offer convenience, their misuse can increase financial risks, especially if borrowers lack repayment capabilities. Therefore, financial literacy training is crucial to help this age group understand online loans' potential risks and impacts and avoid debt traps that could lead to severe financial problems.

This trend is linked to the increasing availability of technology that facilitates access to financial services, including online loans. Fintech P2P lending is particularly popular among Gen Z and Millennials due to its convenience. The primary driver behind their interest in borrowing is the ease of loan applications, such as fintech joint funding and pay-later services (Tanjung et al, 2024). Shopping applications that integrate pay-later options are also a key reason why Gen Z and Millennials opt for digital loans, simplifying

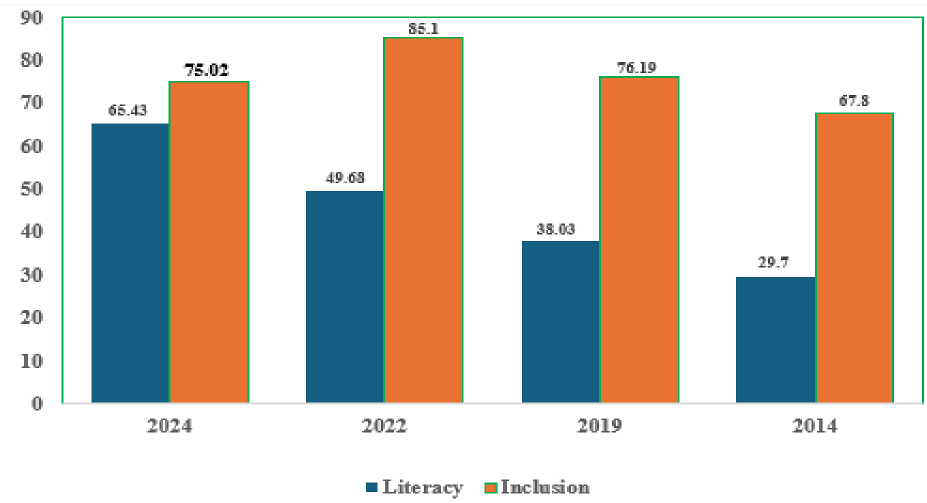

Figure 5 Indonesia's Financial Literacy and Inclusion Index
Source: Author's findings, 2024

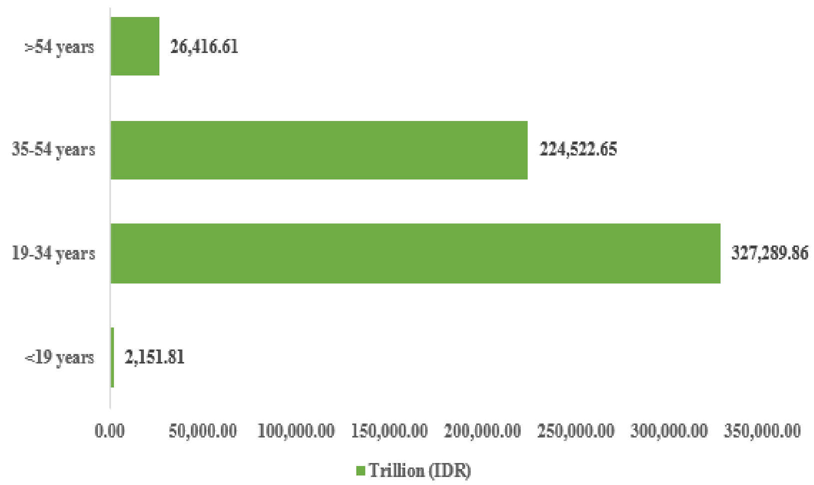

Figure 6 Total Online Loans in Indonesia
Source: Author's findings, 2024

their shopping and travel experiences.

Additionally, a consumptive lifestyle is a significant driver of borrowing, especially among those with sufficient income. Despite living in the digital era, many Gen Z and Millennials still lack strong financial and digital literacy, making it challenging to manage finances wisely, including saving and investing (Saiedi et al., 2022). Consequently, they are more prone to misusing loan products (Hidayat et al., 2023). Enhancing financial and digital literacy among the younger generation is essential for better financial management and preventing unmanageable debt.

Fintech P2P lending in South Sulawesi has shown positive growth, as indicated by a 34.10% increase in outstanding loans. Currently, outstanding fintech loans, commonly referred to as online loans, total IDR 1.35 trillion. The average monthly funding distribution for fintech P2P lending reached IDR 19.04 trillion over the first seven months of 2023. In July 2023, the total industry funding distribution was IDR 20.38 trillion, with IDR 7.26 trillion (35.65%) allocated to the productive sector, including MSMEs. This 35.65% is the second-highest contribution after the banking sector, which accounts for approximately 60%-70%.

Fintech P2P lending effectively reaches the productive sector and consumers in remote areas. Organizers leverage reliable IT infrastructure to mitigate risks and manage credit distribution processes (Hua & Huang, 2021). In the first quarter of 2023, e-commerce transactions in South Sulawesi fell by 7.4% (YoY) to IDR 1.6 trillion, lower than the fourth quarter of 2022, which was IDR 2.0 trillion. This decline was accompanied by a 10.3% (YoY) and 3.4% (QtQ) drop in transaction volume, which fell to 13.3 million transactions in Q4 2022. Part of this decline was due to a shift in consumer preference from e-commerce to social commerce.

Another form of online transaction is the Quick Response Code Indonesian Standard (QRIS). Many Gen Z and Millennials disburse their online loan proceeds via accounts using the QRIS application. Bank Indonesia met its target of 15 million new QRIS users in 2022 and aimed for 45 million users in 2023.

As of the first quarter of 2023, the number of QRIS merchants in South Sulawesi reached 781,528, showing a 40.7% (YoY) increase compared to the first quarter of 2022. Of this total, 41.9% were concentrated in Makassar City, followed by Gowa Regency (13.5%), Pare-pare City (4.4%), Maros Regency (4.1%), Wajo Regency (4.1%), and other areas with shares below 4%. Regarding business categories, QRIS merchants in South Sulawesi are predominantly micro, small, and medium enterprises (MSMEs), comprising 79.8% or 623,715 merchants (Figure 7).

By the end of March 2023, 585,202 individuals in South Sulawesi Province had utilized the QRIS system for their transactions. The high adoption of QRIS in this region indicates that the people in South Sulawesi are becoming increasingly receptive to digital payment technology, which offers significant advantages to the financial transaction ecosystem. This number represents a 16.0% increase compared to the number recorded in December 2022, which was 504,434 users. This growth rate surpasses the national average of 12.7%. The implementation of QRIS and the advent of fintech P2P lending have emerged as two pivotal factors in advancing financial inclusion in South Sulawesi. These two systems have distinct yet complementary roles within the digital financial ecosystem, particularly in supporting MSMEs and individuals who without access to traditional banking services.

A significant number of MSMEs in South Sulawesi, especially in rural and island regions, face difficulties in securing capital. Fintech P2P lending provides more readily accessible loans, while QRIS offers a digital payment solution that enables MSMEs to accept non-cash payments. QRIS allows MSMEs to record transactions more systematically, making it easier to present financial data in a format conducive to loan applications with P2P lending institutions. To assess creditworthiness, fintech P2P lending typically requires the submission of borrower financial data. The implementation of QRIS enables MSMEs in South Sulawesi to document their cash flow digitally. Consistent transaction data recorded through QRIS can serve as financial evidence, facilitating access to loans from P2P lending platforms for small business actors.

The collaboration between fintech (P2P) quality recognition and improvement systems (QRIS) has the potential to enhance digital financial literacy within the community. QRIS educates the community and MSMEs about digital payments, while P2P lending fintech introduces them to the concept of digital credit. This educational process helps the community adapt comprehensively to digital financial services. Providing digital payment options through QRIS can increase transactions and, in turn, improve MSME turnover, enhancing their financial condition.

Those who are financially stable have a better chance of accessing P2P loans with more affordable interest rates, which can facilitate business expansion. QRIS reduces dependence on cash, mitigating the risk of loss or theft. When MSMEs can maintain their finances safely and systematically through QRIS, they tend to manage their capital more effectively, improving their credit profile in the eyes of P2P lending providers.

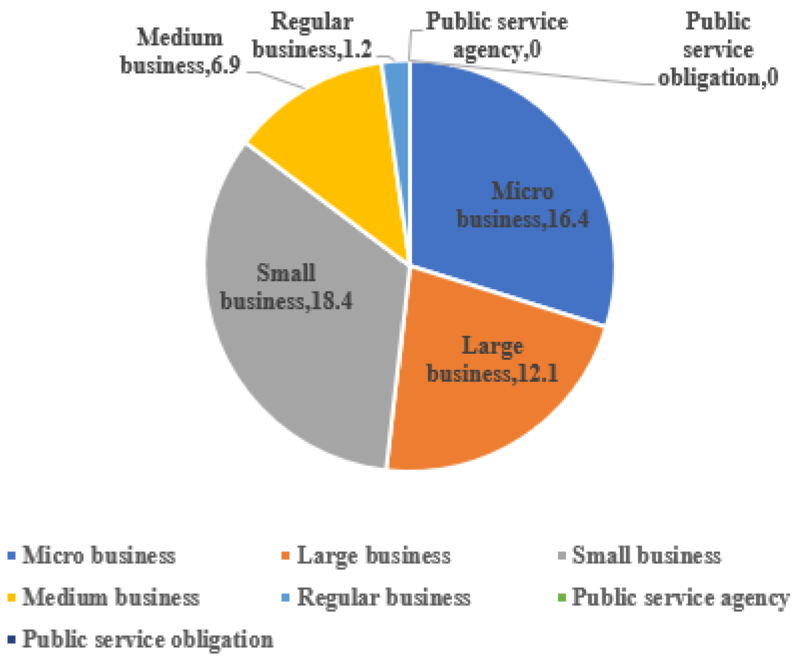

Figure 7 The Percentage of Merchants Participating in the Quality Retailer Initiative (QRIs) in South Sulawesi
Source: Author’s findings, 2024

IV. CONCLUSIONS

P2P lending has significantly contributed to expanding purchasing power in South Sulawesi Province, particularly among those who lack access to conventional banking services. The partnership between QRIS and fintech P2P lending offers advantages for business entities in South Sulawesi, including enhanced financial inclusion, optimized cash flow, and access to credit for MSMEs. It is anticipated that the widespread implementation of these two concepts will stimulate regional economic growth and improve community well-being. Peer-to-peer (P2P) lending offers a more convenient avenue for obtaining credit than traditional banking institutions, especially for individuals in rural or island regions who face challenges accessing banking services. The expeditious loan application process enables individuals to address pressing needs, boosting their purchasing power.

Many micro, small, and medium enterprises (MSMEs) in South Sulawesi, particularly those in the trade, agriculture, and fisheries sectors, use fintech P2P lending as a source of business capital. The infusion of additional capital allows MSMEs to increase production and expand their markets. This income increase directly impacts local people's purchasing power for personal and business purposes. The younger generation in South Sulawesi, particularly members of Generation Z and the Millennial cohort, uses P2P lending to purchase electronic products, vehicles, or small business capital. Managing these lifestyle and consumptive needs is crucial, as it can increase money circulation in the local market and support businesses catering to young consumers.

The growing prevalence of fintech P2P lending services is facilitating the adoption of digital financial transactions and services among the people of South Sulawesi. This integration helps individuals become part of a broader digital ecosystem that includes e-commerce and other financial services, enhancing purchasing power through increased transactional options and convenience. Peer-to-peer (P2P) lending enables individuals with surplus capital to invest by funding borrowers on the P2P platform. This influx of investment capital supports local businesses and creates job opportunities. As MSMEs grow, individuals' income levels rise, further enhancing their purchasing power.

As of April 2023, the number of online loan recipient accounts in South Sulawesi reached 1,472,992. It shows significant growth from previous periods. This growth demonstrates the considerable public interest in online loan services, which provide an alternative, rapid, and flexible source of financial access. Peer-to-peer (P2P) lending allows individuals with surplus capital to invest by providing funds to borrowers on the P2P platform. This influx of investment supports local businesses, leading to increased employment opportunities. As MSMEs expand, individuals' income levels rise, enhancing their purchasing power. MSMEs that require capital for operations use online loans as a funding source. This access to capital enables them to expand production and improve competitiveness, thus stimulating local economic growth.

The limitations of this research include the need to improve financial literacy among the population of South Sulawesi to help them understand the potential risks associated with online loans and avoid excessive debt accumulation. Further research is needed to assess how effectively financial education provided by local governments supports the prudent use of online loan services and enhances the understanding of debt repayment capacity.

Author Contributions: Conceived and designed the analysis, A. K.; Collected the data, C.; Performed the analysis, M. R.; Contibuted data or analysis tools, M. K. Y.; Writing original draft, A. A.

Data Availability Statement: Data are available from the corresponding author, A. K., upon reasonable request.

REFERENCES

Abduh, T., Remmang, H., Abubakar, H., & Karim, A. (2024). Entrepreneurship and MSME market orientation toward creative industries: Society era 5.0 in Makassar city. *Asian Economic and Financial Review, 14*(2), 76-87. https://doi.org/10.55493/5002.v14i2.4964.

Agarwal, S., & Chua, Y. H. (2020). FinTech and household finance: A review of the empirical literature. *China Finance Review International, 10*(4), 361-376. https://doi.org/10.1108/CFRI-03-2020-0024.

Agarwal, S., & Zhang, J. (2020). FinTech, lending and payment innovation: A review. *Asia-Pacific Journal of Financial Studies, 49*(3), 353-367. https://doi.org/10.1111/ajfs.12294.

Anshari, M., Almunawar, M. N., Masri, M., & Hamdan, M. (2019). Digital marketplace and FinTech to support agriculture sustainability. *Energy Procedia, 156*, 234-238. https://doi.org/10.1016/j.egypro.2018.11.134.

Arikunto, S. (2014). *Metode penelitian kuantitatif, kualitatif, dan kombinasi* (mixed methods). Alfabeta.

Badan Pusat Statistik (BPS). (2024). *Statistik keuangan 2024*. https://sulsel.bps.go.id/subject/13/keuangan.html.

Bahtiar, A. S., & Karim, A. (2021). The role of BUMDes in sustainable economic eevelopment at Enrekang Regency. *Journal of Logistics, Informatics and Service Science, 1*, 117-132.

Baita, A. J., Lukito, S., Suhail, S., & Jallow, M. S. (2024). Sustainable impacts of micro fintech in Indonesia. In L. Sun (Ed.), *Contemporary research and practices for promoting financial literacy and sustainability* (pp. 233-263). IGI Global Scientific Publishing. https://doi.

org/10.4018/979-8-3693-0863-9.ch009.

Balyuk, T. (2023). FinTech lending and bank credit access for consumers. *Management Science, 69*(1), 555-575. https://doi.org/10.1287/mnsc.2022.4319.

Bandur, A. (2016). *Penelitian kualitatif: metodologi, desain, dan teknik analisis data dengan Nvivo 11 plus*. Mitra Wacana Media.

Baruna, S. S. A., Dalimunthe, Z., & Triono, R. A. (2021). Factors affecting investor switching intention to fintech peer-to-peer lending. In: B. Alareeni, & A. Hamdan (Eds.), *Sustainable Finance, Digitalization and the Role of Technology. ICBT 2021. Lecture Notes in Networks and Systems, vol 487.* Springer. https://doi.org/10.1007/978-3-031-08084-5_7.

Basrowi, B., & Utami, P. (2019). Reducing of fraud cases of illegal financial technology peer to peer lending (Islamic economic perspective). In *The First International Conference On Islamic Development Studies 2019.* http://dx.doi.org/10.4108/eai.10-9-2019.2289366.

Brahmana, R. K., Kontesa, M., & Yau, J. T. H. (2024). Does information seeking moderate the relationship between financial loan inclusion and fintech P2P lending?. *Journal of Financial Services Marketing, 29*, 171-185. https://doi.org/10.1057/s41264-022-00192-7.

Chung, S., Kim, K., Lee, C. H., & Oh, W. (2023). Interdependence between online peer-to-peer lending and cryptocurrency markets and its effects on financial inclusion. *Production and Operations Management, 32*(6), 1939-1957. https://doi.org/10.1111/poms.13950.

Daga, R., Karim, A., Nawir, F., Lutfi, A., & Jumady, E. (2024). Analysis of social media marketing technology and online-based consumer purchase interest in South Sulawesi. *Quality - Access to Success, 25*(199), 330-337. https://doi.org/10.47750/QAS/25.199.36.

Fadilla, A. R., & Wulandari, P. A. (2023). Literature review analisis data kualitatif: Tahap pengumpulan data. *Mitita Jurnal Penelitian, 1*(3), 34-46.

Hasniati, Indriasari, D. P., Sirajuddini, A., & Karim, A. (2023). The decision of women in Makassar City to entrepreneur. *Binus Business Review, 14*(1), 85-98. https://doi.org/10.21512/bbr.v14i1.8936.

Havrylchyk, O., Mariotto, C., Rahim, T., & Verdier, M. (2021). The expansion of peer-to-peer lending. *Review of Network Economics, 19*(3), 145-187. https://doi.org/10.1515/rne-2020-0033.

Hidajat, T. (2020). Unethical practices peer-to-peer lending in Indonesia. *Journal of Financial Crime, 27*(1), 274-282. https://doi.org/10.1108/JFC-02-2019-0028.

Hidayat, A., Liliana, L., Bashir, A., Yunisvita, Y., Andaiyani, S., & Adnan, N. (2023). Fintech 4.0 training to increase capital and business income for sme in Ulak Banding Village, Indralaya. *Abdi Dosen: Jurnal Pengabdian Pada Masyarakat, 7*(1), 197-204. https://doi.org/10.32832/abdidos.v7i1.1548.

Hsu, S., Li, J., & Bao, H. (2021). P2P lending in China: Role and prospects for the future. *The Manchester School, 89*(5), 526-540. https://doi.org/10.1111/manc.12332.

Hua, X., & Huang, Y. (2021). Understanding China's fintech sector: development, impacts and risks. *The European Journal of Finance, 27*(4-5), 321-333. https://doi.org/10.1080/1351847X.2020.1811131.

Karim, A., Ahmad, A., & Syamsuddin, I. (2024). An empirical study on the impact of village fund on economic growth and poverty alleviation. *Journal of Logistics, Informatics and Service Science. 11*(9), 333-352.

Karim, A., Asrianto, A., Ruslan, M., & Said, M. (2023). Gojek accelerate economic recovery through the digitalization of MSMEs in Makassar. *The Winners, 24*(1). https://doi.org/10.21512/tw.v24i1.9388.

Klein, G., Shtudiner, Z., & Zwilling, M. (2023). Why do peer-to-peer (P2P) lending platforms fail? The gap between P2P lenders' preferences and the platforms' intentions. *Electronic Commerce Research, 23*, 709-738. https://doi.org/10.1007/s10660-021-09489-6.

Kohardinata, C., Suhardianto, N., & Tjahjadi, B. (2024). Peer-to-peer lending (P2P) as disruptive, but complementary in Covid-19 exogenous shock. *Business: Theory and Practice, 25*(1), 241-251. https://doi.org/10.3846/btp.2024.16584.

Lee, S. (2017). Evaluation of mobile application in user's perspective: Case of P2P lending Apps in FinTech industry. *KSII Transactions on Internet and Information Systems (TIIS), 11*(2), 1105-1117. https://doi.org/10.3837/tiis.2017.02.027.

Lestari, E. D., Abd Hamid, N., Shamsuddin, R., Kurniasari, F., & Yaacob, Z. (2024). Investigating the factors of SMEs' business resilience in the post-pandemic crisis of COVID-19 with technology adoption as a quasi-moderator: A multigroup analysis of Indonesian and Malaysian SMEs. *Cogent Business & Management, 11*(1). https://doi.org/10.1080/23311975.2023.2301135.

Maskara, P. K., Kuvvet, E., & Chen, G. (2021). The role of P2P platforms in enhancing financial inclusion in the United States: An analysis of peer-to-peer lending across the rural–urban divide. *Financial Management, 50*(3), 747-774. https://doi.org/10.1111/fima.12341.

Meliala, E. F. G., Apiff, A. Z., & Chalid, D. A. (2024). Electronic money growth, financial inclusion and national economic resilience. *Jurnal Riset Akuntansi dan Keuangan, 12*(1), 723-740.

Miles, M. B., & Huberman, A. M. (2009). *Analisis data kualitatif.* UI Press.

Miranti, R. C., Siregar, S. I., & Willyana, A. B. (2024). How does inclusion of digital finance, financial technology, and digital literacy unlock the regional economy across districts in Sumatra? A spatial heterogeneity and sentiment analysis. *GeoJournal, 89*(136). https://doi.org/10.1007/s10708-024-11110-w.

Otoritas Jasa Keuangan (OJK). (2024). *Statistik perbankan Indonesia - Januari 2024*. https://www.ojk.go.id/

id/kanal/perbankan/data-dan-statistik/statistik-perbankan-indonesia/Pages/Statistik-Perbankan-Indonesia---Januari-2024.aspx.

Pratama, J. (2021). Analysis of factors affecting trust on the use of FinTech (P2P lending) in Indonesia. *Jurnal Sisfokom (Sistem Informasi Dan Komputer), 10*(1), 79-85. https://doi.org/10.32736/sisfokom.v10i1.1068.

Putri, G. A., Widagdo, A. K., & Setiawan, D. (2023). Analysis of financial technology acceptance of peer to peer lending (P2P lending) using extended technology acceptance model (TAM). *Journal of Open Innovation: Technology, Market, and Complexity, 9*(1). https://doi.org/10.1016/j.joitmc.2023.100027.

Risqiani, R., & Ginting, A. M. (2022). Factors influencing the consumer's decision using financial technology: case study in Jakarta. *Jurnal Ekonomi dan Kebijakan Publik, 13*(1), 29-41. http://dx.doi.org/10.22212/jekp.v13i1.1980.

Rukin (2019). *Metodologi penelitian kualitatif*. Yayasan Ahmar Cendekia Indonesia.

Saiedi, E., Mohammadi, A., Broström, A., & Shafi, K. (2022). Distrust in banks and fintech participation: The case of peer-to-peer lending. *Entrepreneurship Theory and Practice, 46*(5), 1170-1197. https://doi.org/10.1177/1042258720958020.

Soekarni, M., Adam, L., Thoha, M., Sarana, J., Ermawati, T., Saptia, Y., Adityawati, S., Sujianto, & Wibowo, M. (2024). Strengthening financial literacy of smallholder farmers through agricultural fintech peer-to-peer lending: Evidence and practical implications. *Cogent Social Sciences, 10*(1). https://doi.org/10.1080/23311886.2024.2359011.

Suryono, R. R., Budi, I., & Purwandari, B. (2021). Detection of fintech P2P lending issues in Indonesia. *Heliyon, 7*(4). https://doi.org/10.1016/j.heliyon.2021.e06782.

Taleizadeh, A. A., Safaei, A. Z., Bhattacharya, A., & Amjadian, A. (2022). Online peer-to-peer lending platform and supply chain finance decisions and strategies. *Annals of Operations Research, 315*, 397-427. https://doi.org/10.1007/s10479-022-04648-w.

Tambunan, T. T. H. (2022). *Fostering Resilience through Micro, Small and Medium Enterprises: Perspectives from Indonesia*. Palgrave Macmillan Singapore. https://doi.org/10.1007/978-981-16-9435-6.

Tanjung, A. F., Sugianto, & Syahriza, R. (2024). Marketing strategies of Sharia peer-to-peer lending Fintech in enhancing Sharia financial inclusion: A case study of PT. Dana Syariah Indonesia. *Dinasti International Journal of Economics, Finance & Accounting (DIJEFA), 5*(3). https://doi.org/10.38035/dijefa.v5i3.

Wahyuni, N., Kalsum, U., Asmara, Y., & Karim, A. (2022). Activity-based costing method as an effort to increase profitability of PT. Anugrah Ocean Wakatamba. *Jurnal ASET (Akuntansi Riset), 14*(2), 297-312. https://doi.org/10.17509/jaset.v14i2.45642.

Yuniarti, S., & Rasyid, A. (2020). Consumer protection in lending fintech transaction in Indonesia: Opportunities and challenges. *Journal of Physics: Conference Series, 1477*(5). https://doi.org/10.1088/1742-6596/1477/5/052016.