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

***Abstract* -** The objective of this qualitative descriptive study is to ascertain the extent to which fintech P2P lending contributes to the generation of purchasing power in South Sulawesi Province. The data were collected from websites integrated with fintech P2P lending and subsequently analyzed using software designed for indexing, searching, and the theory of non-numerical and unstructured data. The findings of the research indicate that the availability of online loans has a positive impact on economic growth in South Sulawesi. The mean distribution of peer-to-peer lending funds per month reached IDR 19.04 trillion during the final seven months of 2023. The total distribution of funds within the industry reached IDR 20.38 trillion, with an allocation of IDR 7.26 trillion, representing 35.65 percent of the total, which was allocated for the productive sector, including micro, small, and medium-sized enterprises (MSMEs). This study makes a notable contribution to the field by observing a 30.17 percent increase in credit in South Sulawesi Province. In February 2024, the distribution of individual credit in South Sulawesi reached IDR 1.29 trillion, derived from 355,948 credit distributions.

Keywords: *fintech P2P lending, increasing, South Sulawesi*

I. INTRODUCTION

The Internet, as a component of technological advancement, exerts a profound impact on contemporary life. The advent of the Internet has made information readily accessible to users via a variety of digital devices, including computers, laptops, and smartphones. Notwithstanding the advent of the Internet, the world appears to be without limits (Tambunan, 2022). Moreover, the Internet has permeated the economic, business, and financial sectors (Balyuk, 2023). The number of financial technology-based companies offering online loan services is growing rapidly. At present, a multitude of online platforms are offering online loan services to the general public. In consequence, this type of loan has become a digital credit platform that is gaining in popularity and is now accessible to all levels of society..

The presence of mobile banking, Ovo, Gojek, Grab, and the like are innovations in payment transactions, delivery, logistics, and transportation (Karim et al, 2023). Other developments that have also enlivened the digital era are the innovation of digital finance and information technology-based money loans (fintech peer-to-peer lending) (Putri et al, 2023).

In 2022, based on data from the Financial Services Authority of South Sulawesi Province, it was recorded at 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, the amount of outstanding loans for the people of South Sulawesi was IDR 307 billion from 500,376 loans. The amount of outstanding loans grew by 30.17 percent to IDR 1.29 trillion. Although the loan figure is high, the default rate or negligence in settling obligations more than 90 days from the due date is not too high. In February 2024, the default rate was in the range of 2.00 percent. when compared to February 2023, the default rate was 1.71%.

The issue discussed in this article is the proliferation of online loan offers (Yuniarti & Rasyid, 2020). Currently, fintech peer-to-peer lending is aggressively offering money lending services (Agarwal & Chua, 2020; Agarwal & Zhang, 2020). The market strategies used by online loans include setting low interest rates, uncomplicated requirements, loan amounts starting from around IDR 500 thousand to millions of IDR, and not including collateral and no face-to-face meetings between borrowers and lenders (Taleizadeh et al, 2022). The various advantages of online loans are quite attractive compared to conventional money loan offers (Lee, 2017).

Access to information regarding online loans is also easy to obtain. Just by typing on the internet site via a smartphone, information regarding online loans will appear (Lestari et al, 2024). Sometimes, some smartphone users tend to ignore incoming messages/notifications from unknown numbers regarding online loan offers (Baruna et al, 2021). While some tend to be interested in the offers given (Baita et al, 2024). Some feel disturbed by incoming messages from unknown numbers (Hsu et al, 2021).

The ease of offerings provided by online loans is not as sweet as the reality (Miranti et al, 2024). The proof is, that some borrowers feel trapped. Even potentially on suspicion of violation of the law (Karim et al, 2024). Such as threats, sending pornographic images, defamation, data manipulation, and tapping or distribution of personal data (illegal access) without the borrower's knowledge (Risqiani & Ginting, 2022). Of course, this causes unrest in the community. Especially if the community as well as users of online loan services become victims (Havrylchyk et al, 2021). Most users of online loan services in Indonesia come from middle-class households, as seen in the following graph.

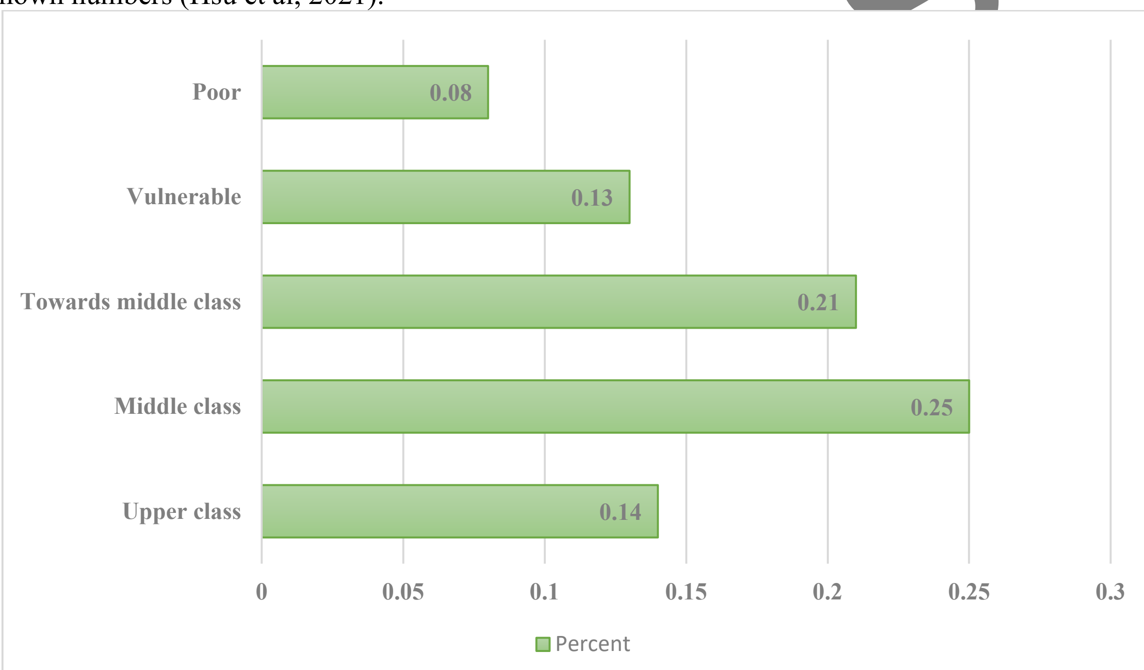

Figure 1 Percentage proportion of online loan households in Indonesia Source: Central Bureau of Statistics, 2024.

Based on the data above, in 2023, 0.25% of Indonesian households using online loans were classified as middle class. Then the proportion of online loan users who were classified as middle class was 0.21%. Access to online loans for the two expenditure groups was quite high, driven by the ease of access to services compared to borrowing from general banks (Daga et al, 2024). Meanwhile, online loan users from poor, vulnerable, and upper economic class households were smaller in proportion (Soekarni et al, 2024). This research is significant in that it can provide the most recent data on usage patterns, public perceptions, and the potential risks associated with the utilization of online loans. This will prove invaluable as a foundation for the formulation of more efficacious financial literacy policies or programs in South Sulawesi, thereby enabling the populace to employ online loan services more judiciously and sustainably.

Online loans have become a significant tool in increasing people's purchasing power in many areas, including South Sulawesi Province

(Bahtiar et al, 2021). Here are some ways in which fintech peer-to-peer lending can affect people's purchasing power in this area (Anshari et al, 2019). Online loans allow people in South Sulawesi Province, especially those who may not have access to traditional banks, to get credit more easily (Meliala et al, 2024). The fast application process and minimal requirements help those who previously may have had difficulty getting loans (Klein et al, 2023). Fintech peer-to-peer lending can be used to meet various needs, such as purchasing consumer goods, home improvements, or business capital (Pratama, 2021). By having access to funds, people can increase their purchasing power for the goods and services they need (Hasniati et al, 2023).

The capacity to borrow money enables individuals to enhance their quality of life by procuring previously unaffordable items or by investing in education and health (Suryono et al., 2021). Online loans are tailored to the specific needs of micro and small businesses seeking capital. In South Sulawesi, these loans have the potential to facilitate business growth, job creation, and increased income for small entrepreneurs (Abduh et al., 2024). Additionally, some online lending platforms provide financial education and budget planning as part of their services (Brahmana et al., 2024). Such resources can assist individuals in making more informed financial decisions and in the prudent management of debt (Chung et al., 2023). The objective of this study is to examine the impact of fintech peer-to-peer (P2P) lending on economic growth in South Sulawesi Province, with a particular focus on the purchasing power of individuals. The following table presents the percentage of Indonesian households that receive credit by type..

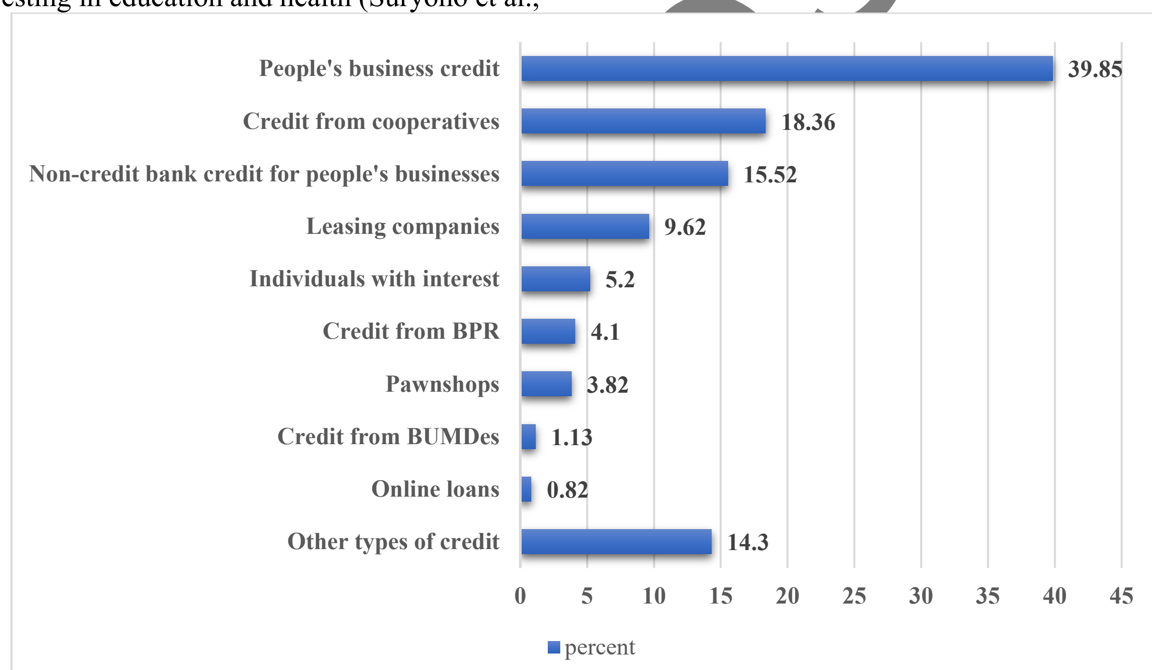

Figure 2 Percentage of households in Indonesia receiving credit based on type
Source: Central Bureau of Statistics, 2024.

The percentage of Indonesian households receiving credit services within a year is 22.97%. The type of credit service most often taken is people's business credit with a percentage value of 39.85%. Meanwhile, the proportion of households receiving credit services who take online loans is still relatively small, which is less than 1%. Although still relatively small compared to other types of credit, its growth shows potential for future increases (Hidajat, 2020). Around 1-3% of households are involved in fintech P2P lending, with rapid growth along with increasing adoption of technology and financial inclusion (Maskara et al, 2021).

II. METHODS

This study employs a descriptive qualitative methodology. This method is employed to further elucidate and analyze the extent to which fintech peer-to-peer lending contributes to an increase in purchasing power among individuals in South Sulawesi Province. This study employed two distinct research methodologies: field studies and literature reviews. Secondary data represents the primary source of research data, namely data obtained through various media as intermediaries that have been previously recorded by other parties (Bandur, 2016). Such data may take the form of historical records or reports that have been meticulously archived, encompassing both published and unpublished materials. The research data utilized in this study are derived from literature studies and written data from a multitude of written sources..

Literature study means searching for data through reading and taking notes related to the problem being discussed. Documentation is the process of searching and reading previous reports, or related articles from the internet, books, or journals. The documents are collected selected and adjusted to the research objectives. This method is carried out by the author by transferring data that is still relevant to the research from various reliable sources.

The purpose of descriptive research is to describe phenomena and their characteristics. This research is more concerned with what rather than how or why something has happened. Observation and survey tools are often used to collect data (Arikunto, 2014). The data obtained in this study were collected directly by the researchers themselves, and sourced from websites integrated with fintech P2P lending. Analysis was carried out using the help of Non-Numerical Unstructured Data Indexing Searching and Theorizing software.

The process of data collection entails the identification of data that aligns with the specified criteria of the researcher on the website. Moreover, the data is stored and downloaded using the Ncapture feature, thereby facilitating the retrieval of articles from the website. Subsequently, the data is saved in the Non-Numerical Unstructured Data Indexing, Searching, and Theorizing software using the download feature previously employed on the website, which is integrated with fintech peer-to-peer lending. This method is employed for the purpose of facilitating the classification of the requisite data for the analysis of the role of fintech peer-to-peer lending in measuring the level of purchasing power within the South Sulawesi Province community..

Data analysis is the process of collecting data in a systematic manner to facilitate the drawing of conclusions by researchers. Data analysis is the process of searching for and organizing data obtained from interviews, field notes, and other materials in a systematic manner so that it is readily comprehensible and the results can be effectively communicated to others (Fadilla & Wulandari, 2023). In the context of research, data analysis is descriptive and qualitative, inductive in nature. This approach is based on the analysis of data obtained from web searches. The research analysis is comprised of three concurrent processes: data reduction, data presentation, and drawing conclusions/verification (Miles & Hubermas, 2007). The three aforementioned streams are more clearly delineated in the following chart.:

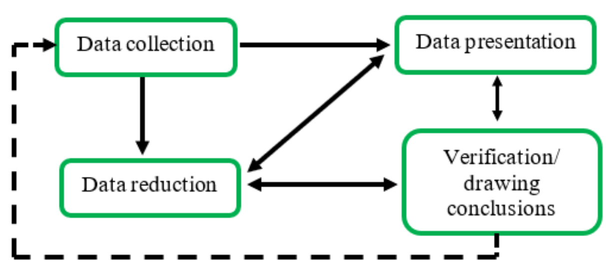

Figure 3 Miles and Huberman's interactive data analysis model, 2007.

In this study, the triangulation used is data source triangulation, where this triangulation directs the research so that in collecting data, it must use various existing data (Rukin, 2019).

Triangulation utilizes different types of data sources to explore similar data. Thus, what is obtained from one source can be tested when compared with similar data obtained from other different sources.

III. RESULTS AND DISCUSSIONS

The advent of fintech peer-to-peer (P2P) lending in South Sulawesi has had a beneficial impact, particularly in advancing financial inclusion. A considerable number of regions in South Sulawesi, including Pangkep Regency, have begun to experience the advantages of convenient access to credit through P2P lending, particularly for individuals who have not been served by conventional banking institutions. In the South Sulawesi region, a considerable proportion of the population remains unbanked, particularly in rural areas and remote islands. In several areas of South Sulawesi, the availability of digital infrastructure remains limited, with weak internet signals and a lack of electronic facilities. This situation presents a significant challenge for individuals seeking access to digital banking or e-wallet services, which have the potential to serve as a solution for enhancing financial inclusion (Kohardinata et al., 2024).

In order to enhance financial accessibility, local governments and financial institutions are implementing a range of strategies. These include the expansion of branch office networks, the provision of digital financial services accessible via basic mobile phones, and the promotion of financial literacy in rural areas and islands. The emergence of fintech P2P lending and digital banking presents a promising opportunity to extend financial services to individuals and communities that have historically been underserved by conventional banking in the South Sulawesi Province..

The cost of developing a network of banking branches to remote areas is difficult, because the more remote it is, the more expensive it is. Online loans are an alternative 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) so that people in remote areas can get information technology to access fintech peer-to-peer lending.

In 2018, the portion of credit distribution to MSMEs in Indonesia was still minimal, only 19% of the total bank credit distribution. There are 23 million MSME actors who have not received access to financing from financial institutions, banks, or non-banks because they do not meet the requirements. The presence of fintech peer-to-peer lending can bridge MSMEs that have just started a business and are just operating, so they can get financing (Wahyuni et al, 2022).

At least, if we look at it, peer-to-peer lending is better than loan sharks, so it can reduce shadow banking. The accumulation of online loan distribution reached IDR 181.67 trillion as of March 2021. This figure increased by 7.17 percent compared to the distribution in February 2022 of IDR 169.51 trillion. Meanwhile, annually, the amount of distribution grew by 16.53 percent. The accumulation of loans of IDR 181.67 trillion, the majority of IDR 153.75 trillion is in Java. While the rest, IDR 27.91 trillion is spread outside Java. Meanwhile, the accumulation of lender (creditor) accounts is 612,843 accounts.

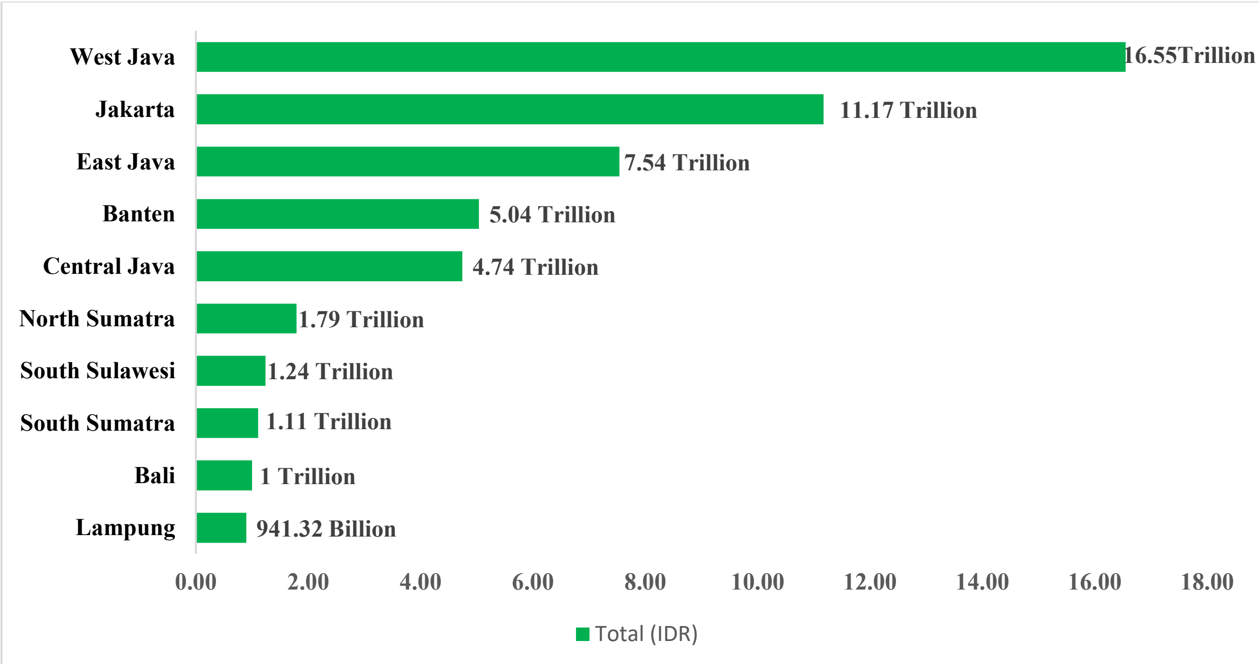

Figure 4 10 provinces with the highest online loan debt values in Indonesia
Source: Author's findings, 2024.

Based on the financial services authority report in January 2024, 16.57 million entities were receiving online loans in Indonesia. All of these borrowing entities have outstanding loans worth IDR 60.41 trillion. The largest online loan debt value in January 2024 was in West Java, which was IDR 16.55 trillion or 27.4% of the total national online loan debt. DKI Jakarta was in second place with an online loan debt of IDR 11.17 trillion, followed by East Java with IDR 7.54 trillion, and Banten with IDR 5.04 trillion. Meanwhile, West Papua was the province with the lowest online loan debt value, which was IDR 57.25 billion. Overall, online loan service users in Indonesia had a payment success rate of 97.05% in January 2024. This means that around 97 out of 100 online loan users managed to pay their debts within a period of up to 90 days from the due date. Meanwhile, the proportion of bad debt was only 2.95%. This means that around 3 out of 100 loan users fail to pay their debts within more than 90 days from the due date.

South Sulawesi's economic growth in the first quarter of 2024 recorded higher growth compared to the previous quarter. South Sulawesi's economy was recorded to have grown by 4.82% (yoy), higher than the fourth quarter of 2023 which grew by 3.79% (yoy). However, this achievement is still below the national economic growth rate which grew by 5.11% (yoy) in the first quarter of 2024.

Meanwhile, every quarter, the South Sulawesi economy in the first quarter of 2024 still recorded a contraction of 4.63%. Spatially, South Sulawesi's economic share in the Sulawesi, Maluku, and Papua regions in the first quarter of 2024 increased from the previous quarter to 32.07%. South Sulawesi is still the province with the largest economic share in Sulawesi, Maluku, and Papua.

Table 1 Economic growth of South Sulawesi Province 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: Source: Author's findings, 2024.

The economic growth of South Sulawesi Province in the second quarter of 2024 is predicted to increase compared to the previous quarter in line with the predicted end of El Nino and the shift in the peak of the rice harvest in the second quarter of 2024. This will certainly encourage rice production and have a positive impact on the performance of the rice milling industry in South Sulawesi Province. In addition, the construction business sector is also predicted to grow as infrastructure projects in South Sulawesi Province resume. This is expected to increase the realization of cement procurement and credit growth in the construction sector in the second quarter of 2024. On the other hand, there is still a risk of a slowdown in the rate of economic growth originating from the performance of the mining business sector and the trade business sector in the coming period (Basrowi & Utami, 2019). This can be seen in the following Table 2 regarding the development of financial transactions in South Sulawesi Province from 2022 to the first quarter of 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: Source: Author's findings, 2024.

The development of banking assets in South Sulawesi in May 2024 grew by 7.98% (yoy) with a nominal value reaching IDR 193.36 trillion. These assets consist of Commercial Bank assets of IDR 189.61 trillion and BPR assets of IDR 3.74 trillion. Meanwhile, third-party funds grew by 9.06% (yoy) with a nominal value reaching IDR 130.09 trillion. Meanwhile, the credit disbursed grew by 9.58 percent (yoy) with a nominal value reaching IDR 160.21 trillion, whereas for Commercial Banks it was IDR 157.1 trillion and BPR IDR 3.06 trillion. Credit distribution in South Sulawesi is still dominated by a productive credit distribution of 55.49%.

When viewed based on the economic sector, the most credit is distributed to the wholesale and retail trade sector with a portion of 24.07%. Meanwhile, the realization of credit to MSMEs in South Sulawesi grew by 7.72 percent (yoy) to IDR 60.88 trillion with a share of 38.74% of the total credit distributed by commercial banks in South Sulawesi. The highest growth was in micro business credit of 16.23% yoy to IDR 33.93 trillion with a share of 55.72% of the total MSME credit. In total, MSME credit has been distributed to 912,827 debtors. The following is the financial literacy and inclusion index in Indonesia in 2013 - 2024, as seen in the following image:

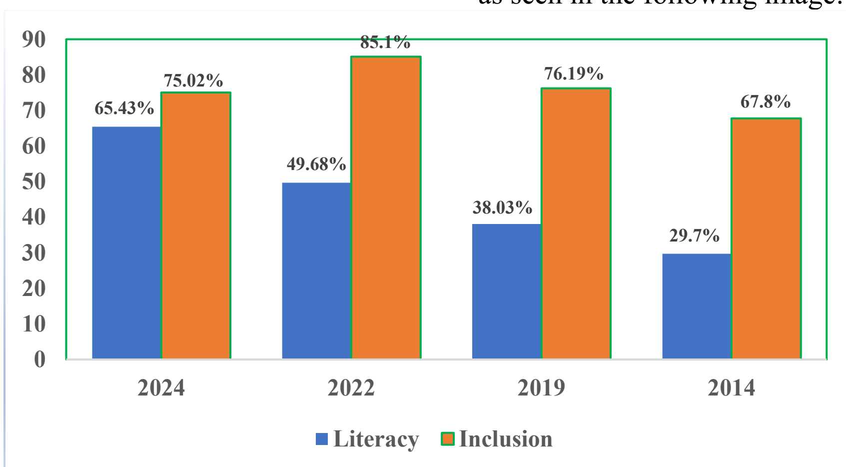

Figure 5 Indonesia's financial literacy and inclusion index
Source: Source: Author's findings, 2024.

The financial literacy index of the Indonesian population is 65.43% in 2024. Meanwhile, the financial inclusion index is 75.02%. As many as 65.43% of the Indonesian population meets the criteria for well literate and 75.2% of the Indonesian people have access to financial products and services. The financial index for conventional services is higher than the financial literacy of Sharia services. In detail, the conventional financial literacy and inclusion indexes are 65.08% and 73.55%, respectively. Meanwhile, the Sharia financial literacy index of the Indonesian population is 39.11% and Sharia financial inclusion is 12.88%.

The women's financial literacy index is higher than the men's financial literacy index, which is 66.75% and 64.14%, respectively. The women's financial inclusion index is also higher than the men's financial inclusion index, which is 76.08% and 73.97%, respectively. According to regional classification, the literacy and financial inclusion index of urban areas is 69.71% and 78.41% respectively. This figure is higher compared to rural areas, which are 59.25% and 70.13% respectively.

Based on the 2023 fintech lending statistics data, it shows that the 19-34 age group is the largest contributor to online lending activities. Around 58.72% or around 132.78 million active loan recipient accounts come from this age group. The total online loan debt, of the 19-34 age group also dominates by recording around 56.39% of the total individual online loan debt or equivalent to IDR 327.3 trillion. Meanwhile, the 35-54 age group also plays an important role by recording around 38.68% of the total individual online loan debt, or equivalent to IDR 224.5 trillion. The following is statistical data on the total online loan debt in Indonesia in 2023 according to age group.

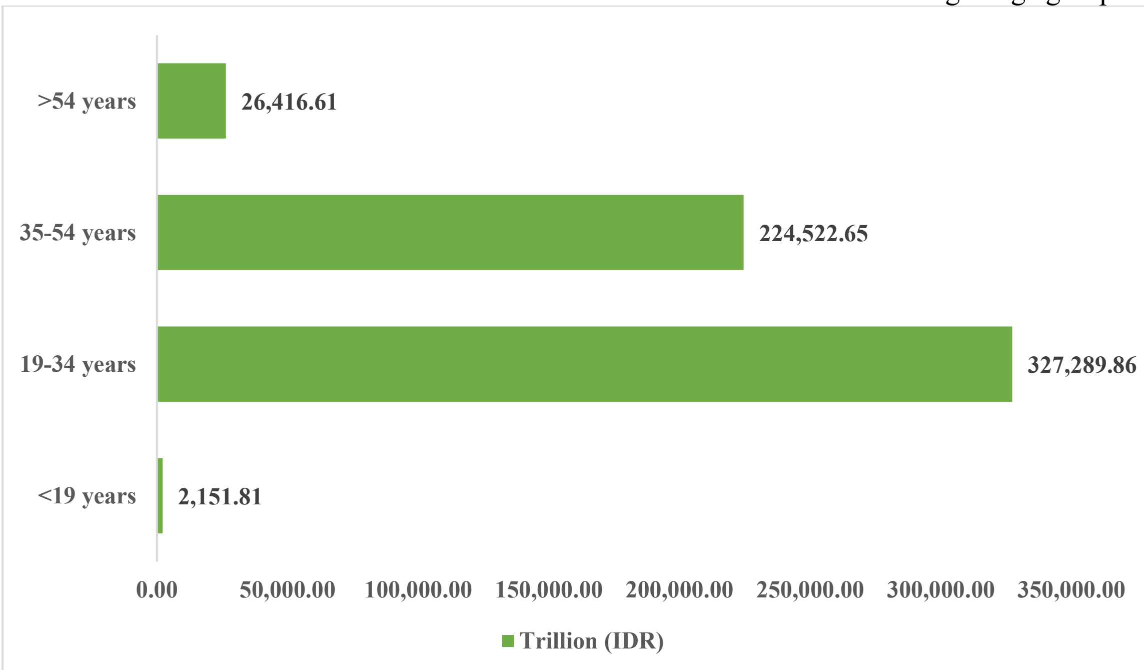

Figure 6 Total online loans in Indonesia
Source: Source: Author's findings, 2024.

The 19-34 age group, comprising Generation Z and Millennials, represents the largest demographic of online loan service users in South Sulawesi throughout 2023. The ease of access, rapidity of processes, and the absence of the administrative requirements typically associated with conventional financial institutions are among the factors that encourage the use of online loans. There are several reasons why Generation Z and Millennials in South Sulawesi contribute significantly to the use of online loans. These include (1) ease of digital access; (2) high consumption needs; (3) lack of financial education; (4) income that is not yet stable; and (5) influence of social media and the environment. While online loans offer the advantage of convenience, reliance on them can also elevate financial risks, particularly if not accompanied by an ability to repay debt. It is therefore crucial that this age group is provided with financial literacy training to enable them to understand the risks and impacts of using online loans and to avoid debt traps that could otherwise lead to greater financial problems..

This is related to the increasing availability of technology that facilitates access to financial services, including online loan services. Fintech P2P lending is very popular among Gen Z and Millennials because of the convenience it offers. The main factor underlying their interest in borrowing is the ease of making loan applications such as fintech joint funding and paying later (Tanjung & Syahriza, 2024). Shopping applications connected to pay later are also the main reason why Gen Z and Millennials choose to use digital loans because they make their shopping and travel activities easier.

In addition, a consumptive lifestyle is also another factor that drives them to borrow, especially for those who have sufficient income. Despite living in the digital era, many Gen Z and Millennials still lack good financial and digital literacy. This makes them less likely to manage their finances wisely, including saving and investing (Saiedi et al, 2022). As a result, they are more likely to use loan products unwisely (Hidayat et al, 2023). Efforts to improve financial and digital literacy among the younger generation are essential to help them better manage their finances and prevent getting caught in uncontrollable debt.

Meanwhile, fintech peer-to-peer lending (Fintech P2PL) in South Sulawesi also recorded positive performance as reflected in the increase in the number of outstanding loans which grew by 34.10%. Currently, outstanding fintech loans better known as online loans in South Sulawesi are IDR 1.35 trillion. The average monthly funding distribution of fintech P2P lending was able to reach IDR 19.04 trillion over the past seven months throughout 2023. In July 2023, the total distribution of industry funding was IDR 20.38 trillion, and IDR 7.26 trillion, or equivalent to 35.65% was distributed to the productive sector, including MSMEs. The 35.65% portion is the second highest figure after banking in distributing to the productive sector. This is because the banking sector contributes around 60% - 70%.

Financing from fintech P2P lending is right on target for the productive sector and reaches consumers in remote areas. The organizer has reliable IT in mitigating risks and implementing business processes related to credit distribution (Hua & Huang, 2021). The nominal e-commerce transactions in South Sulawesi in the first quarter of 2023 fell by 7.4% (yoy) to IDR 1.6 trillion. This nominal is also lower than the fourth quarter of 2022 which reached IDR 2.0 trillion. The decrease in nominal was also followed by a decrease in transaction volume which contracted by 10.3% (yoy) and 3.4% (qtq), to 13.3 million transactions throughout the fourth quarter of 2022. This decrease was partly due to the shift in people's preferences in online shopping, namely from e-commerce to social commerce.

Another transaction mode is related to online loans among the community, namely the Quick Response Code Indonesian Standard (QRIS). This is related to the time when the Gen Z and millennial age groups have disbursed online loan proceeds through accounts. So, one of the modes used by this group is to spend the QRIS application. Bank Indonesia has succeeded in achieving the target of 15 million new QRIS users in 2022 and is targeting 45 million QRIS users in 2023.

The number of QRIS merchants in South Sulawesi in the first quarter of 2023 reached 781,528 merchants or grew by 40.7% (yoy) when compared to the position at the end of the first quarter of 2022. Of this number, 41.9% of merchants are 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 a share below 4%. In terms of business categories, QRIS merchants in South Sulawesi are still dominated by the micro, small, and medium enterprises (MSMEs) category at 79.8% or 623,715 merchants (Figure 7).

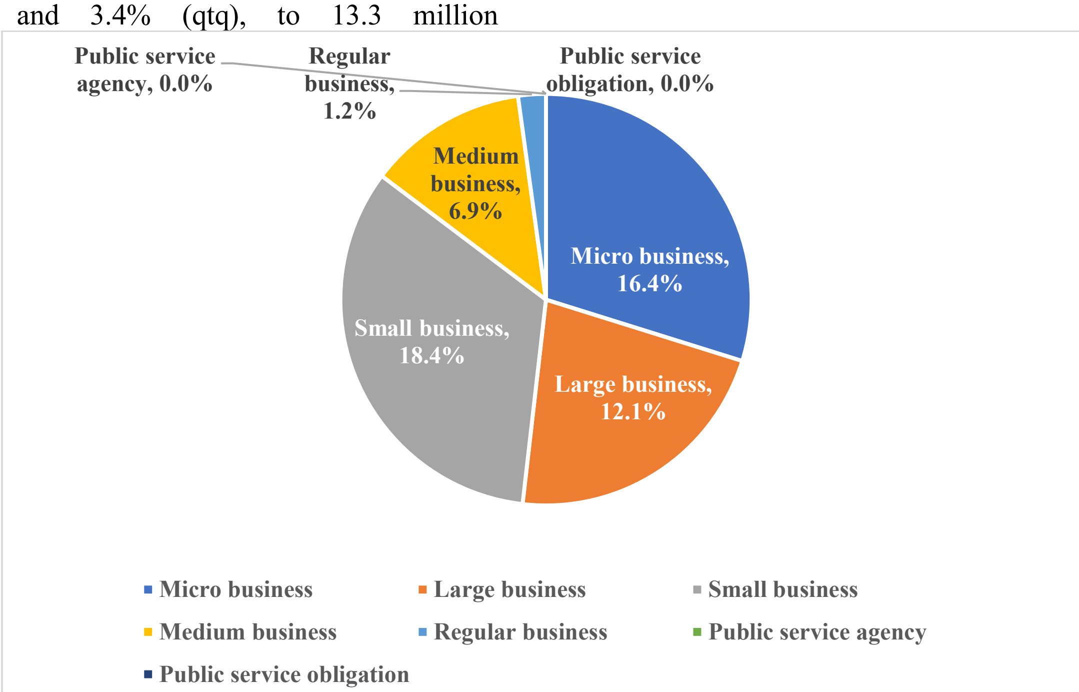

Figure 7 The percentage of merchants participating in the Quality Retailer Initiative (QRIs) in South Sulawesi
Source: Source: Author's findings, 2024.

By the conclusion of March 2023, a total of 585,202 individuals in South Sulawesi Province had utilized the QRIS (Quick Response Code Indonesian Standard) system for their transactions. The high adoption of QRIS in this region indicates that the people of South Sulawesi are becoming increasingly receptive to digital payment technology, which offers certain advantages to the financial transaction ecosystem. This figure represents a 16.0% increase compared to the number recorded in December 2022, which was 504,434 users. This growth rate is higher than the national average, which was 12.7%. The implementation of QRIS (Quick Response Code Indonesian Standard) and the advent of fintech peer-to-peer (P2P) lending have emerged as two pivotal factors in the advancement of 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 have not had access to traditional banking services..

A significant number of MSMEs in South Sulawesi, particularly in rural and island regions, encounter difficulties in securing capital. Fintech P2P lending provides more readily accessible loans, while QRIS furnishes a digital payment solution that enables MSMEs to accept non-cash payments. The utilization of QRIS enables MSMEs to record transactions more systematically, thereby facilitating the presentation of financial data in a format that is 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 digitally document their cash flow. The consistent recording of transaction data through QRIS can serve as financial evidence, thereby facilitating access to loans from P2P lending platforms for small business actors.

The collaboration between peer-to-peer (P2P) fintech and quality recognition and improvement systems (QRIS) have the potential to enhance digital financial literacy within the community. QRIS provides instruction to the community and MSMEs regarding the utilization of digital payments, whereas P2P lending fintech introduces them to the concept of digital credit. This educational process facilitates the community's comprehensive adaptation to digital financial services. The provision of digital payment options for consumers by MSMEs, facilitated by QRIS, has the potential to increase transactions. This has the potential to increase turnover, which in turn improves the financial condition of MSMEs.

Those who are more 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, which mitigates the risk of loss or theft. When MSMEs can maintain their finances more safely and neatly through QRIS, they tend to have better capital management capabilities, which improves their credit profile in the eyes of P2P lending providers.

IV. CONCLUSION

Peer-to-peer (P2P) lending has become a significant contributor to the expansion of 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. These include enhanced financial inclusion, optimized cash flow, and opportunities for MSMEs to gain access to credit. It is anticipated that the pervasive implementation of these two concepts will propel regional economic expansion and enhance community well-being. Peer-to-peer (P2P) lending provides a more convenient avenue for obtaining credit than traditional banking institutions, particularly for individuals residing in rural or island regions who face challenges in accessing banking services. The expeditious nature of the loan application process enables individuals to address pressing needs, thereby enhancing their purchasing power.

A considerable number of micro, small, and medium enterprises (MSMEs) in South Sulawesi, particularly those operating in the trade, agriculture, and fisheries sectors, employ fintech P2P lending as a means of obtaining business capital. The injection of additional capital enables MSMEs to increase production and expand their markets. This increase in income has a direct impact on the purchasing power of local people, both for personal and business purposes. The younger generation in South Sulawesi, particularly those belonging to Generation Z and the Millennial cohort, employ peer-to-peer (P2P) lending to purchase electronic products and vehicles, or for small business capital. The management of these lifestyle and consumptive needs is crucial, as they have the potential to increase the circulation of money in the local market and support business sectors that cater 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 results in individuals becoming more integrated into a broader digital ecosystem, which encompasses e-commerce and other financial services. Ultimately, this enhances purchasing power through a multitude of transactional options and convenience. Peer-to-peer (P2P) lending facilitated by fintech enables individuals with surplus capital to invest by providing funding to borrowers on the P2P platform. The influx of capital from these investors provides a vital source of funding for local businesses, which in turn creates employment opportunities. As micro, small, and medium-sized enterprises (MSMEs) expand, individuals' income levels also rise, thereby enhancing their purchasing power.

As of April 2023, the number of online loan recipient accounts in South Sulawesi reached 1,472,992, representing a significant increase from previous periods. This demonstrates the considerable public interest in online loan services, which provide an alternative source of rapid and flexible financial access. Peer-to-peer (P2P) lending enables individuals with surplus capital to invest by providing financing to borrowers on the P2P platform. The influx of capital from these investors provides a vital source of funding for local businesses, which in turn leads to an increase in employment opportunities. As micro, small, and medium-sized enterprises (MSMEs) expand, individuals' income levels also rise, thereby enhancing their purchasing power. Micro, small, and medium-sized enterprises (MSMEs) that require capital for business operations utilize online loans as a source of funding. This access to capital enables them to expand production and enhance competitiveness, thereby stimulating local economic growth.

The limitations of this study include the necessity to enhance financial literacy among the population of South Sulawesi, enabling them to comprehend the potential risks associated with online loans and avoid excessive debt accumulation. Further research is required to ascertain the extent to which financial education provided by local governments facilitates the prudent utilization of online loan services and an understanding of one's ability to repay.

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