

The Influence of Peer to Peer Lending Fintech on MSME Performance in Medan City

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ABSTRACT: This study aims to determine whether Financial Technology Peer to Peer Lending has an effect on the performance of MSMEs in Medan City. The population and samples were taken using a quota sampling technique. The method of data collection is done by the questionnaire method. Then use IBM SPSS to process all the data obtained from the questionnaire. The results of the simple regression were analyzed to conclude that Fintech Peer to Peer Lending has no significant effect on the productivity, marketing, and profitability performance of MSMEs.

KEYWORDS: *Peer to Peer Lending , MSMEs, Productivity, Marketing, Profitability*

I. INTRODUCTION

The business group that has the largest number in Indonesia is the Micro, Small and Medium Enterprises (MSME) group. When Indonesia experienced an economic crisis, the MSME group proved to be able to survive in this situation. Because MSMEs involve many groups, it is imperative for Indonesia to strengthen these groups. If MSMEs are located in small areas, they can help create jobs in those areas (Andini, 2017). However, there are still many MSMEs in small areas that have not been able to access financial institutions. With technology and the internet that are very advanced and easily accessible to the wider community, many sectors take advantage of this, including the financial sector which gave birth to financial technology (Aprita, 2021). According to OJK, Fintech is an innovation related to the financial services industry by using technology. Among the many fintechs that are developing, Peer-to-Peer (P2P) Lending is a fintech that is developing quite rapidly (Bella, 2020). P2P (peer-to-peer) Lending is the provision of financial services in lending and borrowing where lenders and loan recipients are brought together through an electronic system using the internet network. P2P Lending is in great demand because lenders have investment alternatives with varying returns and loan recipients can obtain business capital on easier terms (Disemadi, 2020). MSMEs that need capital to develop their businesses can apply for loans through P2P Lending financial services (Harp, 2021).

According to OJK, currently there are 148 official P2P lending financial technology platforms that will last until January 2021. Based on OJK data, the number of lender accounts (lenders) rose 18.32% from 605,935 entities to 716,963 entities in 2020. With a total loan disbursement of Rp. 155.9 trillion during 2020, the value increased by 91.3% year on year (yoy) compared to 2019 of 81.50 trillion and it was recorded that outstanding p2p lending loans rose 16.43% yoy from Rp. 13.16 trillion to Rp. 15, 32 trillion in 2020. The loans were channeled to borrower accounts (borrowers) totaling 43.56 million entities which also experienced an increase of 134.59% yoy compared to the number of borrower accounts in 2019 which amounted to 18.56 million entities. Where borrower accounts (borrower) in North Sumatra increased by 92.58% from 500,201 entities to 963,298 entities in 2020.

Based on this fairly rapid development, it can be said that the public has a great response to peer-to-peer lending, so this study will examine the influence of fintech P2P lending on the performance of MSMEs in Medan City.

Theoretical Framework of The Study

Based on the characteristics of running their business, MSMEs are productive business fields which generally start with not much capital, with non-fixed types of commodities (can change at any time) and do not have a fixed business location. The largest portion of business is carried out by business actors in Indonesia, namely the MSME sector business, compared to large business actors. Of the total number of businesses in Indonesia, MSMEs have grown by 99.9%. That way, MSMEs are used as the backbone of the economy because they are more dynamic than large companies. P2P Lending is a platform that brings together lenders and borrowers (Dewi, 2022). Money borrowed through the P2P lending platform will be subject to a certain amount

of interest and returned to the lender. The process of borrowing funds is carried out directly (without bank intermediaries) with the help of technology so that it is more efficient and can be done online (Titik, 2020). In an alternative definition, P2P Lending is also known as a crowdfunding or crowdlending platform.

The P2P Lending scheme provides opportunities for borrowers, especially those who have applied for a loan from a bank or other formal institution but the application was rejected. In this case, after the borrowers complete the online application form on the selected platform, verification and credit analysis will be carried out first. The goal is to ensure the validity and ability to pay of borrower data. Generally, the data required includes business legality, personal documents, bank transfers and digital track record data. Peer to Peer Lending as a platform engaged in technology has advantages in terms of speed and efficiency (Kurniawan, 2019). Typically, a bank takes 40-90 days to process a loan disbursement, while P2P lending only takes about 30 days or less. After credit analysis and document verification have been carried out, the loan will be uploaded to the P2P lending marketplace page to be shown later to potential investors so that they can consider before making an investment decision on the loan (Rusadi, 2020).

Loan data is shown transparently so that investors can understand the purpose of the loan, financial ratios, location, collateral data, and other information for consideration (Yuniarti, 2019). After the funds are collected according to the borrower's target, the borrower must sign a credit agreement with the legality of the guarantee or collateral that applies according to the agreement before withdrawing the funds (Tampubolon, 2019). The investors will then get a return in accordance with the agreed terms of interest. The form of repayment from the borrower can be in the form of monthly or cumulative installments at the end of the tenor, depending on the type of loan being funded (Kartika, 2019, Firdaus, 2019).

The research of Budi et al (2019) shows that fintech plays an important role in the performance of MSMEs to improve operational efficiency and can take advantage of fintech as a market place for the products produced. Ningsih (2020) concludes that for small and medium-sized businesses who want to develop their business, fintech is very helpful in providing financial solutions. The role of fintech in the development and development of MSMEs is to increase financial literacy, business financing, and increase financial inclusion. Hasnah's (2019) concluded that P2P lending financing is very helpful for MSME actors and has a positive and significant effect on productivity, marketing and profitability (Mukhtar, 2019). So it can be concluded that with the existence of financing, MSME actors can increase the quantity and quality of production by adding capital and labor materials, increasing sales and promotion of marketed products by adding new branches, as well as supporting increased income and daily needs can be fulfilled properly (Nugrahi, 2020).

II. METHODOLOGY

This research is a quantitative research. According to Kasiram (2008), quantitative methods are research methods that use digital data processing to analyze and conduct research. This study uses quantitative methods to measure and determine the effect between variables. In this study, the population was MSMEs in Medan City. Samples to be taken using a non-probability sampling technique, quota. According to Sugiyono, quota sampling technique is a technique used to determine a certain population sample, which is classified according to its characteristics until the required number of quotas is reached. A total of 40 data, This study uses data sources in the form of primary data. Primary data is a collection of data directly collected by researchers in the field. Sources of data were obtained by using Google Forms to distribute questionnaires to MSME participants in Medan City. Research variables are everything that has certain changes in research, then determined by the researcher to be studied until information is obtained about it and then a conclusion is drawn. Using a Likert scale to measure respondents, 1 = strongly disagree, 2 = disagree, 3 = disagree, 4 = agree, 5 = strongly agree.

The data obtained from the questionnaire was processed using the successive interval method, and the IBM SPSS was used to test the validity, normality test, heteroscedasticity test, simple regression test, reliability test, and Pearson correlation test. Then use the coefficient of determination and partial test to analyze the results of simple regression

III. RESULTS AND DISCUSSION

Tabel 1. Validation Data

Variabel	Item	R count	R tabel	Significant	Explanation
Productivity	1	0.758	0.334	0.000	Valid
	2	0.863	0.334	0.000	Valid
	3	0.834	0.334	0.000	Valid
	4	0.816	0.334	0.000	Valid
	5	0.808	0.334	0.000	Valid
	6	0.681	0.334	0.000	Valid

	7	0.725	0.334	0.000	Valid
Marketing	1	0.720	0.334	0.000	Valid
	2	0.532	0.334	0.001	Valid
	3	0.676	0.334	0.000	Valid
	4	0.531	0.334	0.001	Valid
	5	0.574	0.334	0.000	Valid
	6	0.382	0.334	0.023	Valid
	7	0.839	0.334	0.000	Valid
	8	0.737	0.334	0.000	Valid
Profitability	1	0.652	0.334	0.000	Valid
	2	0.644	0.334	0.000	Valid
	3	0.801	0.334	0.000	Valid
	4	0.648	0.334	0.000	Valid
PeertoPeer Lending	1	0.788	0.334	0.000	Valid
	2	0.821	0.334	0.000	Valid
	3	0.775	0.334	0.000	Valid
	4	0.620	0.334	0.000	Valid
	5	0.509	0.334	0.002	Valid
	6	0.397	0.334	0.018	Valid
	7	0.787	0.334	0.000	Valid

Based on the table above, it can be seen that all the calculated r values of each variable are greater than 0.334 in the r table. Therefore, it was concluded that all independent and dependent variables were valid.

Tabel 2. Cronbach Alpha

Variabel	Cronbach's Alpha	Explanation
Productivity (X1)	0.893	Reliabel
Marketing (X2)	0.765	Reliabel
Profitability (X3)	0.608	Reliabel
PeertoPeerLending(Y)	0.805	Reliabel

From the table above, it is known that the coefficient of Cronbach's Alpha is the dependent and independent variable, namely productivity performance (X1), marketing (X2), profitability (X3) and the value of P2P lending loan financing (Y) > 0.60. Therefore, all the dependent and independent variables in this study were reliable.

Tabel 3. Unstandardized Residual

		Unstandardized Residual
N		35
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	2,93949259
	Absolute	,211
MostExtremeDifferences	Positive	,162
	Negative	-,211
Kolmogorov-Smirnov Z		1,250
Asymp. Sig. (2-tailed)		,088

From the test results above, it can be seen that the residual data is Asym. Sig. (2tailed) productivity is 0.088, marketing is 0.106, and profitability is 0.107. Because the significance value > 0.05 , it shows the research data is normally distributed.

Tabel 4. R Square

Variabel	R Square
Productivity(X1)	0.037
Marketing (X2)	0.020
Profitability (X3)	0.064

The conclusion drawn from these data is that in this study, 3.7% of the dependent variable can be explained by productivity performance, 2% of the dependent variable can be explained by marketing performance, 6.4% of the dependent variable can be explained by profitability, and the rest can be explained by variables. in addition to the independent variables in this study.

Tabel 5. T Count

Variabel	T count	T tabel
Productivity (X1)	-1,767	1,690
Marketing (X2)	1,225	1,690
Profitability	0,533	1,690

From the table above, it can be seen that the calculated T value of the productivity variable is 1.767, the marketing variable is 1.225, and the profitability variable is 0.533. And T table with $n = 35$ and $\alpha = 5\%$ is 1.690, then $T \text{ count} < T \text{ tabel}$ and > 0.05 . The test results conclude that P2P loan financing has no effect on productivity, marketing, and profitability performance.

The Effect of Peer to Peer Lending Financing on Productivity Performance

From the simple regression test, it is concluded that P2P financing has no effect on the productivity performance of MSMEs, rejects H1 and H0 is accepted. With a significance value > 0.05 , which is worth 0.087, which means that it is not significant and there is no influence of the financing variable on productivity performance. The value of the variable coefficient is indicated by a sign (-). R square regression between P2P lending financing and productivity performance is 0.037, which means in this study 3.7% of the dependent variable can be explained by productivity performance. And 96.3% can be explained by variables other than the independent variables tested.

The Effect of Peer to Peer Lending Financing on Marketing Performance

From the simple regression test, it is concluded that the P2P lending financing variable has no effect on the marketing performance of MSMEs, rejects H2 and H0 is accepted. With a significance value > 0.05 , which is 0.230, which means it is not significant and there is no influence of the financing variable on marketing performance. The value of the variable coefficient is displayed with a (+) sign. R Square in the regression between peer to peer lending financing and marketing performance is 0.020 which means that in this study 2% of the dependent variable can be explained by marketing performance. And 98% is explained by variables other than the independent variables tested.

The Effect of Peer to Peer Financing on Profitability Performance

From the simple regression test, it is concluded that the P2P lending financing variable has no effect on the profitability performance of MSMEs, rejects H3 and H0 is accepted. With a significance value > 0.05 , which is 0.598, which means it is not significant and there is no influence from the financing variable on profitability performance. The value of the variable coefficient is displayed with a (+) sign. The R Square between P2P lending financing and profitability performance is 0.064, which means that 6.4% of the dependent variable can be explained by profitability performance. And 93.6% is explained by variables other than the independent variables tested.

IV. Conclusion

Based on the results of the research analysis, the following conclusions can be drawn:

1. From the results of the t test, it can be concluded that peer to peer lending financing has no significant effect on the productivity performance variables of MSMEs in producing products in order to meet the needs and desires of consumers.

2. From the results of the t-test, it can be concluded that peer to peer lending financing has no significant effect on the marketing performance of MSMEs in improving sales strategies and increasing the number of sales.
3. From the results of the t test, it can be concluded that peer to peer lending financing has no significant effect on the profitability performance variables of MSMEs in generating profits for their business operations.

With the conclusion of this study, we researchers suggest to MSME actors not only to focus on financing issues but also to pay attention to other factors such as human resources (labor/employees), facilities and infrastructure that can improve business performance even more. to support the development of MSMEs.

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