

Interest in Using the Sharia Peer to Peer Lending Fintech APP for MSME Players in Cirebon City: The Impact of Financial Literacy, Knowledge, Ease, and Risk

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Abstract

This research investigates the effects of financial literacy, individual knowledge, ease, and perceived risk on the interest in adopting Islamic peer-to-peer (P2P) lending fintech platforms. Employing a quantitative research design, the study targeted micro, small, and medium enterprises (MSMEs) in Cirebon City, which served as both the population and sample frame. Utilizing the Raosoft calculator to establish the minimum sample requirement, a target of 337 respondents was determined. However, due to time constraints, only 229 valid responses were obtained. Data collection was conducted through manually distributed questionnaires using a Likert scale to measure perceptions, and the data were analyzed using the SmartPLS software to test the proposed model. The findings demonstrate financial literacy and risk does not have a statistically significant effect on the intention to use P2P lending sharia services because the hypothesis test between LK and Y $0.250 > 0.05$, R and Y $0.129 > 0.05$ more than 0.05. The hypothesis test between K and Y $0.000 < 0.05$, P and Y $0.000 < 0.05$ thus both have emerge as key drivers that positively influence user interest.

Keywords: *financial literacy, knowledge, ease, risk, interest in use.*

INTRODUCTION

Human behavior has been drastically altered across a variety of domains, including the financial industry, as a result of the rapid growth of technology and the developing dynamics of modern life. One of the most notable results of this shift is the creation of financial technology, often known as fintech. Fintech is a term that describes the incorporation and implementation of digital technologies with the purpose of improving the effectiveness and accessibility of financial services (Siti Khumairoh & Fadjar Harimurti, 2024). Peer-to-peer (P2P) financing that is based on Sharia law stands out as a noteworthy innovation among the many advancements in the field of financial technology. According to the definition provided by the (Otoritas Jasa Keuangan, 2016), Sharia P2P lending is a digital financial platform that adheres to Islamic financial principles and promotes the interaction between fund providers and borrowers via the use of user-friendly mobile or online applications. This digital financing model provides an alternative funding solution that is in accordance with the principles of Sharia law. It has proven to be especially beneficial for micro, small, and medium enterprises (MSMEs), as it offers them financial support that is both accessible and inclusive in the face of evolving economic challenges.

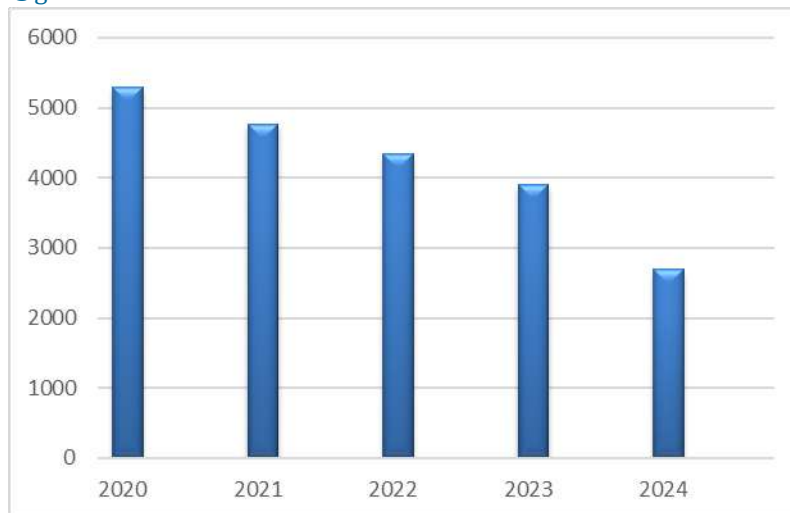


Figure 1. The Number of MSME Participants in Cirebon City on 2020-2024

Source: BPS Provinsi Jawa Barat

According to the data presented, MSME players in Cirebon City in 2020 amounted to 5298, in 2021 it decreased by 23%, in 2022 it decreased by 21%, this figure continued to decline in subsequent years, in 2023 by 19% and in 2024 it decreased again by around 13%. Human Resources (HR) is not only one of the challenges experienced by the Indonesian economy, apart from human resources, capital limitations are one of the most frequently encountered problems (Ilyas Istianur Praditya, 2021). There are several barrier factors experienced by MSMEs, namely limited human resources and markets, as well as limited technology, marketing, and access to human resources that do not have adequate subtle abilities (Hendri Rahmayani Asri et al., 2022). In Cirebon City itself, MSME players in 2022 amounted to 88% fully owned capital, 9% partially owned by other parties and 3% fully owned by other parties.

Utilizing Peer-to-peer lending financial technology can be part of the solution to solve the problem of limited capital that occurs in MSMEs (Hendri Rahmayani Asri et al., 2022) in (World Economic Forum, 2015). Some MSME owners use financial technology services, especially peer-to-peer lending, to increase business capital (Siti Khumairoh & Fadjar Harimurti, 2024). According to (Tillah et al., 2024) peer-to-peer lending is a new innovation that can make small businesses get access to financing based on sharia principles.

This highly developed technological innovation encourages MSME players to further improve financial literacy in order to understand every product, service, and decision that will be implemented. Understanding, abilities, and ideas about finance that influence a person's perspective and behavior to enhance their capacity to make decisions that promote societal well-being are known as financial literacy (Otoritas Jasa Keuangan, 2016). Good financial literacy can help MSMEs understand the risks, benefits and principles that exist so that they feel comfortable utilizing peer-to-peer lending Islamic fintech application, so that financial literacy can increase their desire to use peer-to-peer lending Islamic fintech. The findings of this study are in agreement with research by (Utami & Selvina, 2024), that demonstrate how knowledge positively affects the desire to utilize sharia P2P lending fintech platforms. However, research by (Mu'afifah & Sukardi, 2023) finds no correlation between financial literacy and interest in sharia P2P lending fintech applications.

Another factor that influences the interest of MSME actors in using peer-to-peer fintech is knowledge. The greater the level of knowledge possessed by MSME actors, the MSME actors will know information about the application they will use. This is as stated by (Kartika & Budianto, 2024) and (Kahar Muzakkar et al., 2024) emphasizing that knowledge has a favorable

impact on curiosity about utilizing peer-to-peer sharia fintech applications. But according to research (Putri et al., 2022), desire in utilizing the sharia P2P lending fintech application is unaffected by knowledge.

The ease of using of peer-to-peer fintech is another element that affects interest in it. The desire to utilize the sharia-compliant fintech for P2P lending application will rise in proportion to how simple it is to use and acquire (Yusmelia et al., 2024). This is supported by studies (Noviyanti & Erawati, 2021) and (Susiyana et al., 2023) claiming that the ease of use of sharia peer-to-peer fintech will boost interest. But according to the study (Yusmelia et al., 2024), Ease has no influence on interest in using the sharia fintech application for peer-to-peer lending.

Risk is also part of the interest factor in using fintech. Uncertainty refers to perceived risks in using products, services, or making purchase decisions, especially online, where consumers face unknown outcomes consciously and unconsciously when expressing interest in use (Mu'afifah & Sukardi, 2023). The wider the level of risk obtained, the lower the interest in using fintech applications. However, if the level of risk obtained is low, the desire of MSME players to transact will also increase (Siti Khumairoh & Fadjjar Harimurti, 2024). Research conducted by (Mu'afifah & Sukardi, 2023) and (Maulida et al., 2021) indicates that risk positively influences interest in utilizing sharia-based peer-to-peer fintech applications, but the study (Yusmelia et al., 2024) shows that risk does not affect interest in using sharia-based peer-to-peer fintech applications.

One of the theories related to the application of information systems is the TAM theory or Technology Acceptance Model. This theory was introduced by Fred D. Davis in 1989, this theory concentrates on the influence of convenience and usefulness by users as an initial variable. This theory is also a refinement of the two previous theories, namely Theory of Reasoned Action (TRA) and Theory Planned Behavior (TPB), which became the basis for Davis' development in 1989. The TAM theory developed by Davis in (Noviyanti & Erawati, 2021) uses the variables of perceived benefits and convenience as metrics for analyzing a person's interest in using a technology. In addition, this interest influences the decision made by a person to use a technology. TAM theory explains how the relationship between benefits and convenience encourages a person to accept a technology, thus describing realistic usage behavior, namely information system utilization behavior (Noviyanti & Erawati, 2021).

This study was driven by inconsistent findings in previous studies regarding the interest in using sharia-based peer-to-peer fintech software. the emergence of this contradiction is expected to prove previous findings and revisit whether factors such as financial literacy, knowledge, convenience and risk will have a negative impact on the interest of small and medium businesses to use sharia-based peer-to-peer fintech software. This research focuses on MSME players available in Cirebon City. The expected results of this study are to provide data and expand new knowledge to MSME players and fund owners regarding sharia-based peer-to-peer fintech applications and for related agencies to become new information and references in providing guidance for MSMEs. In addition, for those further studies who want to research the same topic may find our findings as a new understanding.

RESEARCH METHODS

This study employs quantitative methods to assess the interest of MSME participants in utilizing Islamic peer-to-peer lending fintech applications. In quantitative research, research problems and hypotheses are addressed by gathering numerical data and analyzing it using statistical methods (Trochim, 2001). Fundamentally, research variables are any sort of object that the researcher chooses to investigate in order to gather data and make conclusions established by academics to be studied in order to gather data and make conclusions (Sugiyono, 2013) Google

forms and questionnaires with an assessment on a five-point Likert scale were used to gather data. One study that provided the scale of financial literacy, knowledge, ease, risk, and interest was carried out by (Yusmelia et al., 2024). This study was conducted in the Cirebon City area and targeted business people (MSMEs) in Cirebon City. The population in this study was 2687 with a sample that had been calculated using Raosoft, which was 337 but due to lack of time the sample collected was only 229. Response rate of the sample was 67%.

The researcher used the PLS SmartPLS 4 model, specifically version 4.1.1.1, to test the hypotheses. To assess the outer model, its validity and reliability were tested. The structural evaluation process was performed on the inner model, and the path coefficients were calculated by bootstrapping algorithm. To assess validity, Average Variance Extracted (AVE) was used, and to assess reliability, Cronbach's Alpha and Composite Reliability (CR) were used. To test the inner model, structural path coefficients and R-Square tests were used.

Based on (Hair et al., 2021) the value of a data if the correlation value is above 0.70, it is considered credible. However, as found in an investigation carried out by (Chin et al., 2010) the value of a data is still acceptable if it is still above 0.60. According to (Musyaffi et al., 2022), Composite Reliability (CR) must be more than 0.70, and Average Extracted Variance (AVE) must be more than 0.50. A minimum Cronbach's Alpha value of 0.70 is required for reliability (Musyaffi et al., 2022), but according to (Wati, 2018), a value of 0.60 is already considered reliable.

To test discriminant validity using two methods, namely the cross-loading and Heteroit-Monotrait (HTMT) tests. HTMT is recommended for values above 0.90 (Hair et al., 2021). The variance inflation factor (VIF) is used to measure the collinearity between indicators. A VIF value of less than 5 indicates that there is no multicollinearity between the factors that affect the dependent variable. Hypothesis testing for the internal model can begin after showing the significance of the path coefficients. The existence of a significant effect is indicated by a T statistical value that exceeds the critical threshold of 1.960 at the 5% significance level and a P value that is less than 0.05 (Hair et al., 2021).

RESULT AND DISCUSSION

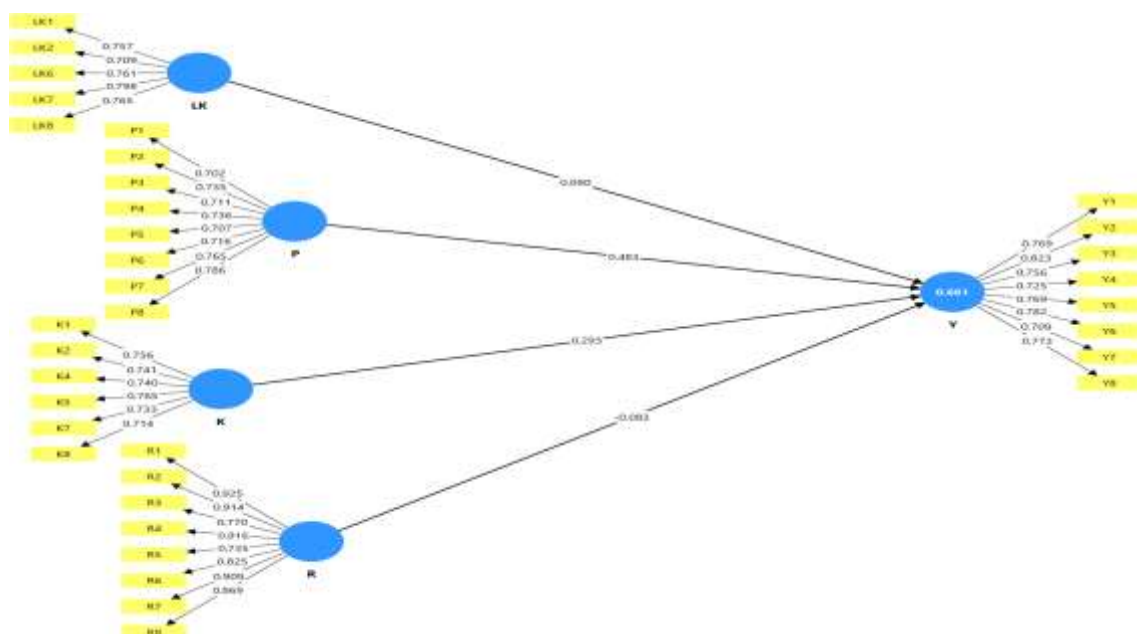


Figure 2. Validity and Reliability Test

Source: Information the Author Processed (2025)

Indicators LK (3), LK (4), LK (5), K (3), and K (6) were deemed invalid after validity testing and had to be removed. This left three five remaining LK indications, and six for variable. As demonstrated in figure 2.

Table 1
Construct reliability and validity

	Cronbach's alpha	CR	AVE
K	0.836	0.880	0.550
LK	0.817	0.871	0.575
P	0.877	0.903	0.537
R	0.958	0.953	0.719
Y	0.898	0.918	0.584

Source: Information the Author Processed (2025)

The outer load value for each scale must exceed 0.70 to ensure valid data (Hair et al., 2021) it showed in table 1. If the Cronbach Alpha value exceeds 0.70, the CR value is considered credible, and the AVE must exceed 0.50 (Musyaffi et al., 2022).

Table 2
Discriminant validity - HTMT

	K	LK	P	R	Y
K					
LK	0.779				
P	0.929	0.901			
R	0.159	0.096	0.122		
Y	0.850	0.738	0.878	0.145	

Source: Information the Author Processed (2025)

The study incorporates a discriminant validity assessment utilizing the HTMT technique. Discriminant validity is evaluated to determine the distinction among scale items utilized by research variables for data collection from respondents. Table 2 shows that there is a problem with discriminant validity because the HTMT test should not be more than 0.85-0.90. This indicates that the HTMT criteria can identify collinearity issues between multicollinearity or latent variables needing testing with many extra indicators (Ab Hamid et al., 2017). It is also said by (Alarcón & Sánchez, 2015) that if the HTMT value exceeds the threshold, there is a problem with discriminant validity. (Hair et al., 2021) also said that discriminant validity problems arise when HTMT is high.

Table 3.R-Square

	R-square	R-square adjusted
Y	0.661	0.655

Source: Information the Author Processed (2025)

Table 3 shows the coefficient of determination (R-Square) test is carried out next to determine how much influence financial literacy, knowledge, convenience, and risk have on the total percentage of variables that can be explained by the dependent variable (Y), which amounts to 66.1%. As a result, other factors that have not been explored may have an impact on 33.9%.

Table 4. Inner model - VIF

	VIF
K -> Y	2.814
LK -> Y	2.475
P -> Y	3.923
R -> Y	1.012

Source: Information the Author Processed (2025)

Table 4 shows the inner model assessment indicates that the Variance Inflating Factors (VIF) are below 5. Therefore, it can be stated that this study does not exhibit multicollinearity among the variables influencing Y.

Table 5. Bootstrapping

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV)	P values
K -> Y	0.293	0.290	0.075	3.929	0.000
LK -> Y	0.080	0.078	0.069	1.150	0.250
P -> Y	0.483	0.485	0.078	6.172	0.000
R -> Y	-0.083	-0.075	0.055	1.518	0.129

Source: Information the Author Processed (2025)

This study additionally performed a bootstrapping test to evaluate the hypothesis. The findings indicated that financial literacy had no significant impact on the interest in engaging with Fintech peer-to-peer lending. The result, presented in table 5, this is denoted by the value ($y = 0.080$, T statistics = 1.150, P values = 0.250). In the second hypothesis, Knowledge significantly affects interest in using fintech peer-to-peer lending, according to the study's results ($y = 0.483$, T statistics = 6.172, P values = 0.000). The third hypothesis was tested and showed a significant influence between convenience and individual interest in using fintech peer-to-peer lending ($y = 0.293$, T statistic = 3.929, P values = 0.000). The fourth hypothesis was evaluated and determined that risk does not significantly influence interest in utilizing peer-to-peer lending ($y = -0.083$, T statistic = 1.518, P values = 0.129) Due to the P value exceeding 0.05.

The findings indicate that public interest in sharia-based peer-to-peer (P2P) lending fintech is significantly affected by knowledge and perceived ease of use, while financial literacy and risk perception do not have a significant impact. Research indicates that a comprehensive understanding of sharia mechanisms and principles enhances user interest, as evidenced by (Kartikasari et al., 2023). Additionally, user-friendliness is a significant factor in user attraction, as noted by (Noviyanti & Erawati, 2021) a deficiency in understanding the technical operations of sharia fintech (Mu'afifah & Sukardi, 2023). Additionally, risk does not pose a significant obstacle to the adoption of these services, given that users are increasingly confident in the regulatory framework and the supporting digital infrastructure (Yusmelia et al., 2024).

CONCLUSION

This study's findings indicate that general financial literacy does not significantly affect an individual's interest in utilizing Islamic peer-to-peer (P2P) lending platforms. Simply having basic financial knowledge appears insufficient to generate interest. A clearer understanding of the operational mechanisms of Islamic P2P lending is essential, particularly regarding its alignment with Sharia law, the process of profit-sharing, and its ethical distinctions from conventional systems. Increased familiarity with these specifics, particularly among individuals managing small businesses or those with limited exposure to Islamic fintech, enhances the likelihood of their consideration for its use.

The research indicates that usability significantly influences the generation of interest. When platforms exhibit simplicity in navigation and clarity in processes, a greater number of individuals are inclined to engage with them. Concerns regarding financial or technical risks do not significantly influence individuals' interest. This suggests a significant level of trust in the security and regulation of these platforms. Instead of concentrating excessively on the risks, it

may be more beneficial to enhance understanding of the mechanisms of Islamic P2P lending and emphasize its convenience and compliance.

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