

Sharia Peer-to-Peer Lending Financing: A Funding Alternative for MSMEs in Indonesia

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Abstract: Sharia-based Peer-to-Peer (P2P) lending has become one of the funding alternatives for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia that have limited access to capital from conventional banks. By using Sharia principles, this P2P lending aims to provide funding services that follow Islamic values and are open to MSME players. **Research objectives:** This study aims to analyze the role, effectiveness, and challenges of Islamic P2P lending financing in supporting the development of MSMEs in Indonesia and assess its compliance with Islamic economic principles. **Research method:** This research uses a qualitative approach with a literature study method and in-depth interviews with several MSME players and Islamic P2P lending service providers. Secondary data were obtained from reports and publications of the Islamic fintech industry, while primary data were collected through interviews that were thematically analyzed. **Research results:** The results show that Islamic P2P lending financing can provide significant alternative funding for MSMEs in Indonesia, especially in terms of accessibility and flexibility. However, there are challenges related to regulation and public education on Islamic financing. The Sharia-compliant P2P lending system also attracts MSMEs that are committed to the halal economy, although there is a need for improvement in the transparency aspect.

Keywords: Peer-to-Peer, Sharia Financing, MSMEs, Sharia Fintech, Access to Capital

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Abstrak: Pembiayaan Peer-to-Peer (P2P) lending berbasis syariah telah menjadi salah satu alternatif pendanaan bagi Usaha Mikro, Kecil, dan Menengah (UMKM) di Indonesia yang mengalami keterbatasan akses modal dari perbankan konvensional. Dengan menggunakan prinsip syariah, P2P lending ini bertujuan untuk menyediakan layanan pendanaan yang sesuai dengan nilai-nilai Islam dan terbuka bagi pelaku UMKM. Tujuan penelitian: Penelitian ini bertujuan untuk menganalisis peran, efektivitas, dan tantangan pembiayaan P2P lending syariah dalam mendukung pengembangan UMKM di Indonesia serta menilai kepatuhannya terhadap prinsip-prinsip ekonomi syariah. Metode penelitian: Penelitian ini menggunakan pendekatan kualitatif dengan metode studi literatur dan wawancara mendalam terhadap beberapa pelaku UMKM dan penyedia layanan P2P lending syariah. Data sekunder diperoleh dari laporan dan publikasi industri fintech syariah, sementara data primer diambil melalui wawancara yang dianalisis secara tematik. Hasil penelitian: Hasil penelitian menunjukkan bahwa pembiayaan P2P lending syariah mampu memberikan alternatif pendanaan yang signifikan bagi UMKM di Indonesia, terutama dalam hal aksesibilitas dan fleksibilitas. Namun, terdapat tantangan terkait regulasi dan edukasi masyarakat terhadap konsep pembiayaan syariah. Adanya kesesuaian dengan prinsip syariah pada sistem P2P lending ini juga berhasil menarik minat UMKM yang berkomitmen terhadap ekonomi halal, meskipun perlu peningkatan dalam aspek transparansi dan mitigasi risiko.

Kata kunci: Peer-to-Peer, Pembiayaan Syariah, UMKM, Fintech Syariah, Akses Modal

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play an important role in the Indonesian economy. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% of the national Gross Domestic Product (GDP) and employ more than 97% of the workforce in Indonesia. Despite its significant contribution, the MSME sector often faces

challenges in gaining access to capital, especially from conventional financial institutions. This is due to several factors, including limited collateral, inadequate credit history, as well as limited business scale that makes MSME financing risk higher.

Amidst these limitations, the emergence of financial technology (fintech) in Indonesia offers an innovative alternative in financing MSMEs. One of the growing fintech models is Peer-to-Peer (P2P) lending, a financing system that matches borrowers with lenders directly through a digital platform.¹ According to data from the Financial Services Authority (OJK) in 2023, the P2P lending industry in Indonesia experienced rapid growth with the value of loan disbursements reaching more than Rp150 trillion by the end of that year. This growth shows that people are starting to accept P2P lending as a potential alternative to obtain financing without going through traditional financial institutions.²

However, along with the development of P2P lending, there is an increasing need to provide sharia-compliant P2P lending services. For most Indonesians, the majority of whom are Muslims, Sharia compliance is an important consideration in choosing financial services.³ In the conventional P2P lending system, several practices are not per sharia principles, such as interest or usury and unclear contracts. Therefore, the emergence of Sharia-based P2P lending is an attractive solution for MSME players who want to avoid the element of usury in their business capital.

Islamic P2P lending operates with sharia-compliant contracts, such as *Mudharabah* (profit-sharing cooperation) or *Murabahah* (sale and purchase

¹ Galit Klein and others, 'Why Do Peer-to-Peer (P2P) Lending Platforms Fail? The Gap between P2P Lenders' Preferences and the Platforms' Intentions', *Electronic Commerce Research*, 23.2 (2023) <<https://doi.org/10.1007/s10660-021-09489-6>>.

² Alifia Salvasani and Munawar Kholil, 'Penanganan Terhadap Financial Technology Peer-To-Peer Lending Ilegal Melalui Otoritas Jasa Keuangan (Studi Pada OJK Jakarta Pusat)', *Jurnal Privat Law*, 8.2 (2020) <<https://doi.org/10.20961/privat.v8i2.48417>>.

³ Agus. Salim Harahap and Saparuddin Siregar, 'Kepatuhan Syariah Aspek Bagi Hasil Perbankan Syariah', *Seminar Nasional Teknologi Komputer & Sains (SAINTEKS) 2020*, 2020.

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with an agreed profit margin). Unlike the conventional model, sharia P2P lending does not charge interest but applies a profit-sharing system or an agreed profit margin.⁴ Thus, sharia P2P lending not only provides access to funding to MSMEs but also provides spiritual security for borrowers who prioritize sharia principles.

Along with the increasing public awareness of sharia economic principles, sharia P2P lending is increasingly in demand, especially among MSME players.⁵ Based on a survey conducted by the Indonesian Sharia Fintech Association (AFSI) in 2023, around 40% of the total sharia fintech users in Indonesia are MSME players. This survey also shows that almost 70% of MSME players who use sharia fintech feel more comfortable with sharia-compliant financing models compared to conventional financing.⁶ This proves that sharia P2P lending can be an effective alternative to support the development of the MSME sector in Indonesia.

In addition to providing sharia-compliant access to capital, sharia P2P lending also provides several advantages for MSMEs. This platform utilizes digital technology that facilitates the process of applying for and disbursing funds.⁷ In the traditional model, applying for a loan through a bank can take up to several weeks. However, with sharia P2P lending, the verification and disbursement process can be completed in a matter of days, even hours. This speed and convenience is very beneficial for MSMEs that need capital quickly to support their business continuity.

⁴ Andan Hafsari Mukminati, 'Problematika Hukum Peer To Peer Lending Syariah Di Indonesia', *Jurnal Hukum Dan Pembangunan Ekonomi*, 10.2 (2022) <<https://doi.org/10.20961/hpe.v10i2.64922>>.

⁵ Cindi Husna Pratiwi, 'Analisis Persepsi Masyarakat Terhadap Pembiayaan Financial Technology Peer To Peer (P2P) Lending Syariah Dan Pembiayaan Bank Umum Syariah Di Indonesia', *Universitas Islam Negeri Sumatera Utara Medan*, 2020.

⁶ Raden Achmad Harianto and Pratiwi Nila Sari, 'Strategic Digitalization of UMKM Business as an Alternative to Survive the COVID-19 Pandemic', *Linguistics and Culture Review*, 5.S1 (2021) <<https://doi.org/10.21744/lingcure.v5ns1.1446>>.

⁷ Tri Suharmanto and others, 'Perencanaan Strategis Pada Industri Financial Technology (Studi Kasus : Fintech Alami Sharia)', *Jurnal Ekonomi Bisnis Manajemen*, 6.2 (2021).

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In terms of regulation, the Financial Services Authority (OJK) has issued regulations to oversee sharia P2P lending practices. OJK issued OJK Regulation No. 77/POJK.01/2016 on Information Technology-Based Money Lending and Borrowing Services, which provides a legal framework for P2P lending platforms, including sharia P2P lending.⁸ In addition, the Indonesian Ulema Council (MUI) has issued a fatwa on the use of contracts in sharia fintech to ensure that all processes and contracts are in accordance with Islamic law.

However, despite its potential, sharia P2P lending also faces several challenges. One of the main challenges is the low level of financial literacy and understanding of sharia fintech among the public. OJK data in 2023 shows that the level of Islamic financial literacy in Indonesia is still below 20%, lower than that of conventional financial literacy.⁹ This low literacy has caused many MSME players to not fully understand the benefits and mechanisms of sharia P2P lending, so the potential for developing this sector has not been optimized.

Other challenges include data security and credit risk. Although Islamic P2P lending offers a simpler system, the risk of default remains, hence the need for a good risk mitigation system.¹⁰ On the other hand, user data security is also an important issue given the increasing cyber threats in the digital era. Islamic P2P lending platforms must ensure that user data is well protected to remain compliant with security standards.

In the future, the development of Islamic P2P lending requires support from the government and cooperation with other Islamic financial institutions.

⁸ M Muadz and Bambang Waluyo, 'Pengaruh Persepsi Kemudahan Penggunaan Dan Literasi Keuangan Syariah Terhadap Minat Memijam Di P2P Lending Syariah Dengan Promosi Sebagai Variabel Moderasi', *Seminar Nasional Akuntansi Dan Manajemen PNJ*, 3 (2022).

⁹ Syihabudin Syihabudin and others, 'Do Word of Mouth and Religiosity Affect the Interest of MSME Actors in Sharia P2P Lending?', *Ekonomi, Keuangan, Investasi Dan Syariah (EKUITAS)*, 4.4 (2023) <<https://doi.org/10.47065/ekuitas.v4i4.3393>>.

¹⁰ Shalsabila Putri Maharani Tambunan and Zulham Zulham, 'Analisis Penyelesaian Sengketa Cicilan Peer to Peer Lending Syariah Perspektif Fatwa Dewan Syariah Nasional-Majelis Ulama Indonesia', *Jurnal EDUCATIO: Jurnal Pendidikan Indonesia*, 9.2 (2023) <<https://doi.org/10.29210/1202323229>>.

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It is hoped that the government can provide incentives and launch more massive financial literacy programs to increase public understanding of Islamic P2P lending.¹¹ Thus, Islamic P2P lending can become a more inclusive instrument and contribute to overcoming the problems of access to capital faced by MSMEs.

With sharia P2P lending, MSMEs in Indonesia now have access to funding that is not only fast and easy but also in accordance with sharia principles. The presence of this service is expected to support the growth of MSMEs and encourage Sharia financial inclusion in Indonesia.¹² This research will analyze the effectiveness, opportunities, and challenges faced by Islamic P2P lending as an alternative financing solution for MSMEs, as well as evaluate the platform's compliance with Sharia principles.

RESEARCH METHODS

This research uses a qualitative approach¹³ with the aim of deeply understanding the role, effectiveness, and challenges faced by Islamic Peer-to-Peer (P2P) lending services as an alternative financing for Micro, Small and Medium Enterprises (MSMEs) in Indonesia. The qualitative approach was chosen because of its exploratory nature, allowing researchers to explore information more broadly and deeply about the perceptions, experiences, and challenges faced by MSME actors and sharia P2P lending service providers.

1. Data Collection Method

¹¹ Adibah Yahya and others, 'Pengembangan UMKM Melalui Pemanfaatan Model Layanan Fintech Syariah Ammana.Id', *Is The Best Accounting Information Systems and Information Technology Business Enterprise This Is Link for OJS Us*, 5.2 (2020) <<https://doi.org/10.34010/aisthebest.v5i2.3049>>.

¹² Sonia Rosta Alannawa, 'Strategi Islamic Branding Lembaga Fintech Syariah Dalam Menarik Minat Funder Dan Beneficiary: Studi Pada ALAMI Fintech Sharia', *At-Tasyri': Jurnal Hukum Dan Ekonomi Syariah*, 4.2 (2023) <<https://doi.org/10.55380/tasyri.v4i2.482>>.

¹³ Sugiyono, 'Metode Penelitian Kualitatif Sugiyono', *Mode Penelitian Kualitatif*, 5.January (2013).

This research combines two main methods of data collection: literature review and in-depth interviews.¹⁴ Literature study was conducted to collect secondary data from various sources relevant to the research topic. Secondary data sources include fintech and sharia fintech industry reports published by government agencies such as the Financial Services Authority (OJK), reports from the Indonesian Sharia Fintech Association (AFSI), as well as academic publications and journals that discuss the development, challenges, and implementation of sharia P2P lending in Indonesia. In addition, the literature study also includes an analysis of relevant regulations, such as OJK Regulation No. 77/POJK.01/2016 on Information Technology-Based Money Lending and Borrowing Services, and fatwas from the Indonesian Ulema Council (MUI) that regulate sharia contracts in fintech transactions.

This literature study served to provide a strong theoretical basis and context for the research, as well as to help the researcher understand recent developments and the applicable legal framework. Through this secondary data analysis, the researcher can formulate relevant research questions for in-depth interviews, which will delve further into the practices and experiences of MSME players and sharia P2P lending providers.

In-depth Interviews. To obtain primary data, this study conducted in-depth interviews with two main groups of participants: MSME players who utilize Islamic P2P lending services and Islamic P2P lending service providers. In-depth interviews were chosen because this method allows researchers to extract information directly from the interviewees in greater detail, as well as capture their nuances and perceptions regarding Islamic P2P lending services. Each interview lasted between 45 to 60 minutes, and was conducted face-to-face or through an online platform according to the convenience and availability of the participants.

¹⁴ Suwarma Al Muchtar, *Metode Penelitian Kualitatif* (Bandung: Gelar Pustaka Mandiri, 2015).

Interviews with MSME players aim to gain insights into their experiences in using sharia P2P lending, including reasons for choosing sharia services, perceived benefits, and challenges or obstacles they experience in the financing process. The interviews with sharia P2P lending service providers focused more on operational aspects, strategies for providing sharia-compliant services, as well as efforts made to ensure sharia compliance and risk mitigation.

2. Data Analysis Technique

Data collected through interviews and literature studies were analyzed thematically. The thematic analysis technique was chosen because this method allows researchers to identify and categorize important themes that emerge from the data that has been collected. The stages of thematic data analysis in this study include: Data transcription; coding; Theme Identification and Data Interpretation.

All interviews were tape-recorded with the consent of the participants, and then transcribed to obtain a complete record of each participant's answers. These transcripts were used as the basis for in-depth thematic analysis.

After the data was transcribed, the next step was coding, which is labeling or coding the relevant data according to the research topic. Coding was done manually or using qualitative data analysis software, such as NVivo or Atlas.ti. The codes used in this study were designed to capture key aspects of user experience, perceptions of sharia compliance, as well as factors that influence MSMEs' decision to choose sharia P2P lending.

After the coding process was completed, the researcher identified the main themes that emerged from the coded data. Some of the themes expected to emerge include: perceptions of sharia compliance, benefits perceived by MSMEs, regulatory challenges, as well as factors affecting the sustainability of Islamic P2P lending in Indonesia. These themes help in providing a comprehensive explanation of the role and challenges of Islamic P2P lending in supporting MSME financing.

The final step is data interpretation, where the researcher draws conclusions from the themes that have been identified and relates them to the theories and findings from the literature study. Interpretation was conducted with the aim of deeply understanding the implications of sharia P2P lending for MSMEs in Indonesia as well as the potential for further development.

3. Data Validity and Reliability

To ensure the validity and reliability of the data, this study applied data triangulation, which compares the results of interviews with data obtained from literature studies and official reports from OJK and AFSI. This triangulation was conducted to verify the suitability of data from various sources and to reduce researcher bias. In addition, researchers also involved peers in the coding and analysis process to obtain an objective view that could increase the reliability of the research results.

4. Research Limitations

This study has several limitations that need to be considered. First, because it uses a qualitative approach, the results of this study are exploratory and cannot be widely generalized. Second, the number of participants interviewed is limited, so it may not reflect the views of all MSME players and sharia P2P lending service providers in Indonesia. Nevertheless, with a systematic approach and data triangulation, this research is expected to provide an accurate picture of the effectiveness and challenges of Islamic P2P lending as a financing solution for MSMEs.

RESULTS AND DISCUSSION

The Role of Sharia P2P Lending in Financing MSMEs in Indonesia

MSMEs in Indonesia continue to grow and play a vital role in the national economy. However, many MSME players still find it difficult to gain

access to capital from conventional banks.¹⁵ In this case, sharia P2P lending has emerged as a financing alternative that offers easy access to capital as well as compliance with sharia principles. Based on data from the Financial Services Authority (OJK) in 2023, the number of sharia P2P lending users increased by 25% from the previous year, with financing disbursements reaching Rp 30 trillion..

Islamic P2P lending plays an important role as an intermediary between investors who want to avoid usury and MSMEs that need capital.¹⁶ Through this platform, MSMEs gain access to capital without the need to provide collateral, which is often an obstacle in conventional bank loans. The MSME players interviewed in this study suggested that sharia-based financing provides a sense of security, both spiritually and financially, because it avoids interest (riba) and is more transparent in the contracts used.

Effectiveness of Sharia P2P Lending in Supporting MSME Growth

The effectiveness of Islamic P2P lending in supporting the growth of MSMEs is reflected in several aspects which can be seen in table 1, namely:

Table 1. Aspects Supporting the Effectiveness of Sharia P2P Lending

No	Aspects	Description
1	Easy and Fast Access to Capital	
2	More Transparent Financing Scheme	
3	Business Sustainability	

Source: Research results (2024)

¹⁵ Qiny Shonia Az Zahra and Elis Nurhasanah, ‘Analisis Tingkat Literasi Keuangan Syariah UMKM Di Tasikmalaya’, *EKSISBANK: Ekonomi Syariah Dan Bisnis Perbankan*, 7.1 (2023) <<https://doi.org/10.37726/ee.v7i1.816>>.

¹⁶ Cici’ Wilantini and Fadllan Fadllan, ‘Equity Crowdfunding Dan Usaha Mikro Kecil Menengah: Kajian Equity Crowdfunding Sebagai Instrumen Pendanaan UMKM Syariah’, *El-Qist: Journal of Islamic Economics and Business (JIEB)*, 11.1 (2021) <<https://doi.org/10.15642/elqist.2021.11.1.82-97>>.

Based on the information presented in table 1, it can be explained that compared to bank financing that takes up to several weeks, the verification and disbursement process through sharia P2P lending only takes a few days or even hours. This is very helpful for MSMEs that need capital quickly. Data from a survey conducted by the Indonesian Sharia Fintech Association (AFSI) in 2023 showed that 85% of users were satisfied with the ease of the application and disbursement process on the sharia P2P lending platform.

The profit-sharing system in Islamic P2P lending provides fairer and more transparent benefits compared to fixed interest. In interviews, MSME players stated that they understand and are more comfortable with the concept of profit sharing compared to the fixed interest prevailing in banks. Researchers noted that this aspect of transparency is an attraction for users who want to transact with sharia principles.

In terms of business sustainability, since the scheme used is profit-sharing, MSMEs are not burdened by fixed interest obligations that must still be paid even if profits decrease. This supports business sustainability as financial risks are lowered and fairly distributed between MSMEs and lenders.

Challenges of Islamic P2P Lending Financing

While Islamic P2P lending has many advantages, there are some challenges that need to be overcome to optimize its effectiveness in supporting MSMEs. The following are the main challenges found in this study:

Table 2. Key Challenges of Islamic P2P Lending Financing

No	Challenge Type	Description
1	Low Sharia Financial Literacy	
2	Risk of Default	
3	Regulatory Uncertainty	

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4	Compliance with Sharia Economic Principles	
5	Fatwa and Supervision from MUI	
6	Compliance with Transparency and Risk Aspects	

Source: Research results (2024)

Based on the table, it shows that one of the main challenges is the low level of Islamic financial literacy among the public and MSME players. Based on OJK data in 2023, the level of Islamic financial literacy in Indonesia is still below 20%. Many MSME players do not fully understand the concept and mechanism of sharia P2P lending, which makes them hesitant to utilize this service. To overcome this challenge, massive educational efforts are needed from the government, P2P lending platforms, and related organizations.

Default risk in Islamic P2P lending is still a major concern, especially since many MSMEs do not have an adequate credit track record. Islamic P2P lending service providers need to perform good risk mitigation, such as using algorithm and technology-based credit risk analysis to assess the creditworthiness of prospective borrowers. Some platforms have also implemented sharia insurance to protect investor funds, although this policy still needs to be further developed.

Although OJK has issued basic regulations for fintech P2P lending, many aspects of sharia P2P lending have not been specifically regulated. For example, provisions on the types of contracts that may be used or dispute resolution mechanisms. This may cause uncertainty and constraints in the future development of Islamic P2P lending services. More comprehensive and shariah-compliant regulations are urgently needed to support the growth of this service.

Compliance with sharia economic principles is at the core of sharia P2P lending services. Based on interviews with several sharia P2P lending service providers, sharia compliance is implemented through several contracts that comply with Islamic law, such as mudharabah (profit sharing) and murabahah (sale and purchase with a profit margin) contracts.

The results show that most Islamic P2P lenders use mudharabah or musyarakah contracts to ensure that the profits earned are in accordance with sharia principles. These contracts are considered fairer and more transparent as profits are shared according to the agreement, and no interest is charged to borrowers.

The Indonesian Ulema Council (MUI) has issued a fatwa on the types of contracts that can be used in sharia fintech. However, compliance with this fatwa remains a challenge, especially for new sharia P2P lending platforms that do not yet have an internal sharia supervisory board. To ensure sharia compliance, there needs to be stricter supervision from MUI and related associations, as well as increased transparency from service providers.

Islamic economic principles emphasize fairness and transparency.¹⁷ Some Islamic P2P lending platforms have made efforts to improve transparency by providing complete information about the projects to be funded and the associated risks. However, further efforts are still needed to improve public understanding of the risk aspects, especially in terms of default risk.

Islamic P2P lending has great potential to be developed as a financing solution for MSMEs in Indonesia. With a majority Muslim population and increasing awareness of sharia finance, sharia P2P lending has the opportunity to become a key instrument in supporting MSMEs. Support from the government in the form of incentives and sharia-friendly regulations is needed to accelerate the growth of this sector

In addition, collaboration between Islamic P2P lending platforms with Islamic banks and other Islamic financial institutions will enhance the sustainability and competitiveness of these services. By expanding its reach and improving service quality, it is expected that Islamic P2P lending can play a strategic role

¹⁷ S Misradin, ‘Social Entrepreneurship Sebagai Gagasan Inovasi Sosial Bagi Pembangunan Perekonomian Masyarakat Berdasarkan Prinsip-Prinsip Ekonomi Syariah’, *Jurnal Ilmiah Ekonomi Islam*, 9.01 (2023).

in increasing financial inclusion and supporting the growth of MSMEs in Indonesia.

CONCLUSIONS AND RECOMMENDATIONS

The Role of Sharia P2P Lending as an Alternative Funding for MSMEs in Indonesia This study shows that sharia P2P lending plays an important role in expanding access to financing for MSMEs in Indonesia, especially for those who find it difficult to obtain loans from conventional banks. With a model that complies with sharia principles, P2P lending provides more inclusive access for MSME players who want to avoid interest (usury) and want to transact more safely and fairly. In the context of sharia economy, sharia P2P lending is a financing alternative that is in accordance with Islamic values and can contribute to strengthening the people's economy.

The Effectiveness of Sharia P2P Lending in Supporting MSME Growth Based on the results of interviews and literature studies, sharia P2P lending has proven effective in providing financing with a fast process, transparent schemes, and fair profit sharing through profit-sharing mechanisms. This eases the financial burden of MSMEs and encourages the sustainability of their businesses. The user satisfaction recorded in this study underscores that the Islamic P2P lending system has successfully provided the capital needed for MSMEs to grow their businesses while adhering to the principles of Islamic economics.

Some of the key challenges in the implementation of sharia P2P lending include low sharia financial literacy among MSMEs, default risk, and regulatory uncertainty that may affect the stability of the sector. To overcome these challenges, educational support from various parties, including the government and P2P service providers, is needed, as well as the development of better risk mitigation to reduce potential losses for investors. In addition, more specific and comprehensive regulations will increase the confidence of MSME players and investors in these platforms.

Compliance with Shariah Economic Principles This study confirms that Islamic P2P lending seeks to comply with shariah economic principles through the use of appropriate contracts, such as mudharabah and musyarakah. This system prioritizes fairness and transparency in profit sharing, which is in line with sharia values and avoids usury. However, continued and improved compliance with sharia standards, including supervision from sharia institutions such as the National Sharia Council (DSN) and the Indonesian Ulema Council (MUI), is necessary to maintain the integrity of the system.

Recommendations for the Development of Islamic P2P Lending Based on the results of the study, several recommendations are proposed, including the need to increase Islamic financial literacy among MSME players, strengthen special regulations for Islamic fintech, and provide a more sophisticated risk mitigation system. In addition, collaboration between Islamic P2P lending with Islamic financial institutions and the government will encourage the growth of MSMEs and increase sharia-based financial inclusion in Indonesia.

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