

Determining Factors of Islamic Fintech Lending Accessibility for Microenterprises in Indonesia

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Abstract.

This study examines the key factors influencing micro businesses' access to financing via Islamic fintech lending platforms. The research focuses on business duration, owner age, and education level as significant determinants. Through a binary logistic model and a sample of 400 micro business owners, the findings reveal that newly established businesses, mature owners, and those with higher education levels have a greater likelihood of securing financing. Conversely, business scale, annual operating costs, and gender do not significantly impact access to financing. These results contribute to the existing literature on Islamic fintech lending by offering empirical validation and fresh insights into micro businesses' financing decisions. Stakeholders in Islamic fintech are encouraged to enhance service quality, emphasizing speed and the profit-sharing system provided by Islamic fintech lending platforms. Regulators should actively support the development of Islamic fintech lending, fostering a stable ecosystem to promote financial inclusion. Future research should broaden its scope by encompassing diverse regions and business types, comparing Islamic and conventional peer-to-peer lending platforms, and exploring additional factors and perspectives.

Keywords: Islamic financing, financial technology, fintech lending, microenterprises, Indonesia