



Analysis of Micro, Small And Medium Enterprises Perception of Financing Channeled by Sharia Peer-to-Peer Lending

Alya Abdul Ramadhani¹, Muhammad Ikhsan Harahap², Nurul Inayah³

^{1,2,3}Universitas Islam Negeri Sumatera Utara

Correspondent: aliyaabdoel@gmail.com¹

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ABSTRACT: This study aims to analyze the perception of Micro, Small, and Medium Enterprises towards financing channeled through the Sharia Peer-to-Peer Lending platform in Medan City. The research method used is qualitative with a case study approach. The data was obtained through in-depth interviews with 10 Micro, Small and Medium Enterprises using Sharia Peer-to-Peer Lending services in Medan. In addition, observation and analysis of documents are also used to enrich the findings. This study found that the perception of Micro, Small and Medium Enterprises towards Sharia Peer-to-Peer Lending financing in Medan City tends to be positive, primarily related to ease of access, fast processes, and sharia principles applied in transactions. However, concerns are also associated with relatively high costs and uncertainties related to credit risk and delinquency handling. Financial literacy, understanding of sharia financing products, and information transparency are essential in shaping their perception. This study suggests the need to increase education and socialization regarding Sharia Peer-to-Peer Lending as well as policies that can improve the confidence of Micro, Small and Medium Enterprises in sharia-based financing in Indonesia.

Keywords: Micro, Small and Medium Enterprises, Sharia Peer-to-Peer Lending, Financing



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INTRODUCTION

In recent years, fintech has been on the rise and popular with a group of people, this is because of the facilities that facilitate and accelerate every transaction that is carried out anywhere and anytime by taking advantage of current technological developments. Many businesses have used fintech, especially in Micro, Small and Medium Enterprises. Indonesia's economy, especially in the city of Medan, is greatly influenced by the Micro, Small, and Medium Enterprises sector. Micro, Small and Medium Enterprises (MSMEs) are the driving force of the local economy, but often face obstacles in accessing financing. Sharia peer-to-peer lending has emerged as a promising alternative, offering financing solutions following Sharia principles. The trust and risks of Micro, Small and Medium Enterprises in Medan tend to positively perceive sharia peer-to-peer lending because of its transparent and ethical approach. However, there are concerns regarding default risk

and investment security. Trust in service providers is essential in their decision to utilize peer-to-peer lending.

Education and awareness about sharia peer-to-peer lending products are still low among several Micro, Small and Medium Enterprises. Better education about the benefits and how peer-to-peer lending works can increase the participation of Micro, Small and Medium Enterprises in the program. The perception of Micro, Small and Medium Enterprises towards financing channelled by Sharia peer-to-peer lending in Medan City shows excellent potential. Despite the concerns and challenges that must be faced, Micro, Small and Medium Enterprises see sharia peer-to-peer lending as a promising alternative to access financing. To increase the use of these services, it is important to strengthen education, build trust, and simplify the application process. With these steps, sharia peer-to-peer lending can contribute more significantly to the growth and sustainability of Micro, Small and Medium Enterprises in Medan.

Accessibility Many micro, small, and medium enterprises feel that applying for loans through sharia peer-to-peer lending is easier than doing so at traditional banking institutions. The digital platform used provides easy access, especially for entrepreneurs who do not have a strong credit history (Made Sudiartana, 2018). The social impact of financing from sharia peer-to-peer lending is considered to help increase business capacity, create jobs, and contribute to community welfare. Micro, Small and Medium Enterprises feel the positive impact of this financing in terms of business growth and product innovation. Costs and profit margins despite positive perceptions, some Micro, Small and Medium Enterprises are also worried about the profit margins set (Putri Nurhida Harahap, 2024). They tend to compare with conventional financing and look for a match between the costs and benefits obtained (Sari P. , 2023).

There is a lack of clear regulations and legal certainty related to the operation of Sharia peer-to-peer lending platforms. The lack of clarity in regulations related to consumer protection and the transparency of peer-to-peer lending platforms makes Micro, Small and Medium Enterprises hesitant to use this service. In this case, Micro, Small and Medium Enterprises prefer financing methods that have been guaranteed by government regulations and established financial institutions (Amirullah, 2024).

According to (Andi, 2023) In its journal, Fintech stated that Fintech is a type of technology-based money lending through peer-to-peer lending services with advantages, namely easy requirements and a fast process compared to borrowing money through banking institutions. The concept of peer-to-peer lending is that there are start-ups that provide online lending platform facilities. He usually considers it as a very strategic capital sector in entrepreneurship. Therefore, those who need funds to open or increase businesses and services can use start-up services in the field of peer-to-peer lending. The terms and conditions that must be met by the system and users in the peer-to-peer lending fintech service have been outlined in the "Financial Services Authority Regulation No. 77 of 2016 concerning Information Technology-Based Money Lending Services". Article 1 Numbers 3-6 (Budi, 2022).

In addition to conventional fintech services, there are also sharia fintech services. This Sharia fintech service offers and uses Sharia-based mechanisms (Mochlasin Mochlasin, 2023). Sharia peer-to-peer lending is a fintech service in financial services guided by Sharia principles that link

lenders and recipients of financing through the determination of Sharia contracts based on an electronic system connected to an interconnected network. Regarding fintech peer-to-peer lending, sharia presents a system that implements digital-based financing transactions by avoiding practices that oppose Islamic law (Sari M. &, 2024).

Table 1. Fintech Lending Company Overview

Description	Number of Companies	Total Assets	Total Liabilities	Total Equities
Conventional Organizer	95	4.047,66	1.639,52	2.408,13
Sharia Organizer	7	86,99	51,73	35,27
Total	102	4.134,65	1.691,25	2.443,40

Period : February 2022

Source: Financial Services Orientation Data Fintech Lending Statistics February 2022

As seen in Table 1, Conventional Peer-to-peer Lending fintech users in Indonesia are more compared to Sharia peer-to-peer lending fintech because conventional peer-to-peer lending is more familiar and has been developed for a longer time, so many people understand how it works better. On the other hand, sharia peer-to-peer lending may be considered more complex for some people, as it involves sharia principles that need to be understood more deeply. Many micro, small and medium enterprises do not fully understand Sharia principles or feel that running Sharia-based investments or loans can be more difficult or limited. Additionally, some people may not pay much attention to compliance with sharia principles in their financial transactions. However, while some market segments are concerned with sharia compliance, the number may not be as large as the market prioritizes financial profit alone. Moreover, many Muslims do not feel the need to ensure that their financial transactions are fully compliant with Islamic law or that conventional financial aspects are sufficient to meet their needs. Most of them may feel that making loans or investments in the conventional Peer-to-peer lending system will not harm their religion, especially if they are not directly involved with explicit interest (riba), even though, in essence, conventional products often still contain elements of riba that are prohibited in Islam.

According to Law Number 20 of 2008, micro, small, and medium enterprises are micro-enterprises, namely productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-businesses as regulated by the law. A Small Business which is an independent, productive economic business carried out by an individual or business entity that is not a subsidiary or not a branch of a company owned, controlled, or is part either directly or indirectly of a Medium Business or Large Business that meets the criteria for Small Business as referred to in the law. As a Medium Enterprise, it is an independent, productive economic enterprise, which is carried out by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or is part either directly or indirectly with a Small Business or Large Business with the amount of net worth or annual sales as regulated in the Law.

The obstacles faced by Micro, Small and Medium Enterprises in Medan City after being researched are as follows:

- a) Limited capital and lack of knowledge about promotion and entrepreneurial skills. Most Micro, Small, and Medium Enterprises in Medan City complain about the lack of funds to develop their businesses. This could be due to inadequate access to borrowing funds and the limited ability of Micro, Small, and Medium Enterprises to find sources of funding. Therefore, Micro, Small, and Medium Enterprises in Medan City mostly choose to do Sharia Peer-to-Peer Lending financing.
- b) Regarding financing, many micro, small, and medium enterprises in Medan City still cannot digitally compile bookkeeping and financial administration reports.
- c) Regarding production, Micro, Small, and Medium Enterprises' ability to meet product standardisation often hinders their desire to expand digital-based export markets.
- d) Innovation and technology, digital literacy, productivity, legality or licensing, financing, branding and marketing, human resources, standardisation and certification, equitable distribution of coaching, training, and facilities, and a single database are other challenges that Micro, Small, and Medium Enterprises must overcome.

As for the previous research conducted by (Fajar, 2023), the results of the research show that Fintech has helped Islamic banks with speed and accuracy in processing business operations data and product marketing. The financing process of Islamic banks so far is still done manually, with limited human resource skills, and the manual financing process still takes up a long time and is less efficient. Furthermore, research conducted by (Wahyudi, 2023) states that Peer-to-peer lending services benefit the Indonesian economy, including solving several problems related to the welfare of Micro, Small and Medium Enterprises. Peer-to-peer lending can help increase the Indonesian people's financial inclusion level. Around 80% of Micro, Small and Medium Enterprises have not received access or banking financing. This is because business capital loans have a condition to include collateral or collateral in the process.

The legal basis of sharia peer-to-peer lending is to help each other, to help each other in goodness. Islam strongly encourages its people to help in kindness without any element of usury, as stated in the word of Allah in Q.S Ali-Imron: 130.

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ.

It means: "O you who believe! Do not eat riba doubling and fear Allah so that you may be lucky." (Qs. Ali Imron: 130).

Based on the description that has been explained above, the purpose of this study is to find out how the Perception of Micro, Small and Medium Enterprises in Sharia Peer-to-peer Lending Financial Technology (Fintech) Financing, which will later be seen based on market analysis, some of which are product analysis, financing mechanisms, contracts and sharia compliance. The researcher wants to produce understanding and knowledge, perception of security, service quality, affordability and feasibility, impact on business growth, the influence of social and economic factors, and how to use the sharia loan application that is being used by Micro, Small and Medium Enterprises in Medan City.

METHOD

This research uses qualitative research methods, descriptive research and data collection in the field with a series of activities related to library data collection methods, reading and recording, and managing research materials (Tasya Yustika Putri, 2023). Qualitative research is generally descriptive and tends to use analysis with an inductive approach, conducted in a reasonable situation and the data collected is generally qualitative (Creswell, 2020). The research was conducted in the June-August 2024 period with two methods: offline and online. Where for informants who can be met in person, they will be interviewed offline, and for some informants who cannot be met in person, online interviews will be conducted, which interviews will be conducted by interviewing the Micro, Small and Medium Enterprises community in the city of Medan, who have or are doing financing in Sharia Peer-to-peer Lending Financial Technologists.

The primary data in this study is obtained by informants from observations and interviews with the Micro, Small and Medium Enterprises Community in Medan City. Meanwhile, this study's secondary data is obtained from reference books, journals, and websites regarding Sharia Peer-to-peer Lending. Qualitative data collection involves several methods designed to understand the research subjects' experiences, views, and context. The following are some theories and methods commonly used in qualitative data collection (Rahmad Hidayat, 2022) stating that participatory observation helps researchers understand the social context and interactions in the field. Researchers are directly involved in the research environment to gain a richer understanding. The data collected from observations by researchers are the daily activities of Micro, Small and Medium Enterprises.

In-depth interviews allow researchers to explore the subjective meanings and experiences of respondents. This provides an opportunity to understand an individual's perspective in more depth. The data collected from the results of interviews by the study are several Micro, Small and Medium Enterprises (Nurbaiti Nurbaiti, 2023). Document analysis, such as reports, articles, and notes, can provide additional context and enrich the understanding of qualitative data. It also helps in data triangulation. The data collected from the documentation results are in the form of photos and a collection of several Sharia online loan applications.

Qualitative data analysis is an important process in research that aims to interpret and give meaning to the data that has been collected. (Suci Pranasari, 2023). The following are expert views on qualitative data analysis emphasizing the importance of organizing data, identifying themes, and crafting narratives that explain the findings. He also recommends using an inductive approach to develop categories of data obtained.

The validity test of qualitative data is a process to ensure the validity and reliability of research findings (Creswell, 2020). Here are some of the views of experts on this matter, suggesting the use of triangulation, which is combining various data collection methods or information sources to increase confidence in research results. He also emphasized the importance of researcher reflection in the analysis process. The following is data on several Micro, Small, and Medium Enterprises that use Sharia Peer-to-Peer Lending in the city of Medan.

Table 2. informant information

No.	Name of Micro, Small, and Medium Enterprises	Owners of Micro, Small, and Medium Enterprises Peer-to-peer Lending Sharia Customers	Sharia Peer-to-peer Lending Platform
1.	Bouquet Bunga Auliaflower	Aulia Ramadhani	Duha Syariah
2.	AnA Data (Konter Paket)	Rahman	Papitupi Syariah
3.	Nayla Dimsum	Nayla Ramadhani	Bank Jago Syariah
4.	Nasi Gurih Julfa	Julfani	Alami Sharia
5.	Warung Wak Ida	Rafida	Qazwa Syariah
6.	Ayam Penyet Bunda	Novi Regana	Amartha Syariah
7.	Bakso Mas Lanjar	Putri Novita	Berkah Fintech Syariah
8.	Rujak Wak Paet	Paet	Investree
9.	Baba DoorSmeer	Muhammad Rifai	Ammana
10.	Tieta Healthy Juice	Iftita Mirasati	Dana Syariah

Source: interviews with Micro, Small and Medium Enterprises.

As seen in Table 2, the results of the researcher interviews with micro, small, and medium enterprises that use Sharia peer-to-peer lending (fintech) as the capital needed or to increase capital in their businesses to make it easier and faster.

RESULT AND DISCUSSION

Perception Based on Financing Products

Micro, Small, and Medium Enterprises have an important role in the economy, especially in creating jobs and encouraging economic growth at the local level. Financing for micro, small, and medium enterprises is one of the most vital factors in supporting business continuity and development. However, the perception of Micro, Small and Medium Enterprises towards financing products is often influenced by various factors, including ease of access, interest rates, imposed requirements, and the types of products available. This is following the results of an interview with one of the Micro, Small and Medium Enterprises in Medan, and he said that:

"I feel that financing for Micro, Small and Medium Enterprises is very important, especially for small businesses like me. I once tried a loan from a bank for business capital, and I think the process was quite difficult. Long procedures and required guarantees are often a hindrance. However, more flexible financing products, such as unsecured loans from fintechs or cooperatives, are much more accessible, despite higher interest rates. I hope there is a lighter financing product, with lower interest rates and easier terms."

The answer was in line with the results of an interview with one of the Micro, Small and Medium Enterprises in Medan, he said:

"Overall, financing for Micro, Small and Medium Enterprises in Indonesia has been growing. Many options range from microcredit, loans from financial institutions, and technology-based financing products. However, I prefer to go through Islamic financial institutions because they follow my business principles. I am more comfortable with financing products that do not charge interest, although sometimes the procedure is more complicated. I hope to get more education on financing products, especially to understand which is best for my business needs."

Additional results from the interview with the owners of Micro, Small and Medium Enterprises in the city of Medan he stated:

"The financing products offered for Micro, Small and Medium Enterprises are quite diverse, but I feel that there are still many who have not reached the small business sector like me. For example, loans from big banks are often inaccessible to me due to strict requirements. Many Micro, Small and Medium Enterprises like me are constrained by a lack of collateral or a poor credit record. I prefer more flexible financing products, such as microloans or leasing schemes that are easier to understand. Easier conditions and faster processes certainly help us to grow."

Perception Based on Financing Mechanism

The financing mechanism is one of the key factors that affect the decision of micro, small, and medium enterprises when choosing financing products. This mechanism includes the application process, disbursement of funds, the period of return, and the requirements that Micro, Small and Medium Enterprises must meet. Micro, Small and Medium Enterprises' perception of financing mechanisms varies widely, depending on how easy or difficult it is to access financing, the transparency of the process, and whether the mechanism follows the characteristics of their business. This is following the results of an interview delivered by the owner of Micro, Small and Medium Enterprises where he said that:

"I like fintech financing products because the process is fast and easy. I can apply for a loan at any time through the application, without having to go to a bank or other financial institution. Without collateral is also an added value. But, I was a bit worried about the high interest rate. If my business does not grow as expected, I am worried that it will be difficult to repay the loan. But fintech products are very helpful if I only need funds for small capital or growing rapidly."

As for the additional interview results from several micro, small and medium enterprises, they stated that:

"In my opinion, the financing mechanism from traditional banks is very complicated, especially for small Micro, Small and Medium Enterprises like my business. I once tried to apply for a loan, but the conditions were very strict, and the process was lengthy. My business requires fast capital. I prefer that there be more flexibility and faster financing. I prefer fintech products because the process is faster, even though the interest is higher. I feel this is more suitable for my gradually growing business."

This is also supported and supplemented by the results of interviews from several micro, small and medium enterprises, they stated that:

"I feel more comfortable with cooperatives. The requirements are few, and I have been a cooperative member for a long time, so the application process is easier. The interest offered is also lower than that offered by banks, and I feel it is more helpful in the way they understand the needs of small micro, small, and medium enterprises. But, the problem is that sometimes the amount of loans offered is not large enough for expansion."

Perception Based on Shariah Compliance

Sharia-based financing or shariah compliance is increasingly gaining attention among Micro, Small and Medium Enterprises, especially in countries with a majority Muslim population such as Indonesia. Sharia financing offers a different mechanism than conventional financing, focusing on compliance with sharia principles that prohibit riba (interest), gharar (uncertainty), and maysir (gambling). As a result, micro, small, and medium enterprises have diverse perceptions of this financing mechanism. This was also conveyed by several Micro, Small and Medium Enterprises stating that:

"I strongly support sharia-based financing because the principles align with my values. In sharia financing, we are not burdened with interest, which often burdens my business in the long run. I feel calmer and fairer because the profits obtained by financial institutions come from mutually beneficial cooperation, not interest. However, I also feel that sometimes the administrative procedures are more complicated than conventional loans, especially regarding financial verification and auditing."

This was also added by the owner of Micro, Small and Medium Enterprises as a result of the interview, he said that:

"Yes, I use sharia financing products because I feel more comfortable with the principles applied. I feel safer because no interest is charged to me. This makes loan repayment more affordable and following my business capacity. I also feel more ethical because my business can grow without worrying about aspects that are forbidden in religion, such as usury. However, one thing to note is the longer time in disbursement of funds, which sometimes makes me have to wait quite a long time to get access to capital."

However, the thing is different from the previous Micro, Small and Medium Enterprises, he said that:

"One of my biggest challenges is that access to sharia products is still limited, especially for small and micro businesses. Islamic banks or financial institutions often prioritize businesses with larger capital or those with clear financial records. The process is stricter in terms of administrative completeness. I also feel that sharia products are sometimes less flexible than conventional products, especially in loans that do not require collateral or have lower interest. But I still choose sharia financing because it aligns more with my values."

Perception Based on Financing Products

Overall, the perception of people who have Micro, Small and Medium Enterprises towards Sharia Peer-to-peer Lending Fintech products is when taking financing in the sharia fintech they choose. They know what products are used. They consider this natural because the system of online sharia fintech makes some of them not so interested. For some people who feel it is important to know

more about the products they will use. They searched for information online or asked people around them who had already done financing in the sharia fintech they wanted to go to. Even so, they generally agree that the products issued by Sharia FinTech have met their standards for making loans or financing.

This is in line with previous research that is relevant to current research, such as research conducted by (Marlina, 2023) Examining the impact of sharia Peer-to-peer Lending financing on the growth of Micro, Small and Medium Enterprises and entrepreneurs' perceptions of this financing. (Sari R. &, 2022) Analyzing sharia Peer-to-peer Lending financing products that are in demand by Micro, Small and Medium Enterprises and the factors that affect their choice. (Hakim, 2023) Assessing the trust of Micro, Small and Medium Enterprises in the sharia Peer-to-peer Lending platform and how this affects their decisions in applying for financing. (Wulandari, 2023) Identifying advantages and disadvantages from the perspective of Micro, Small and Medium Enterprises that have used sharia Peer-to-peer Lending services. (Kusnadi, 2024) Examining the perception of Micro, Small and Medium Enterprises regarding the risks associated with sharia Peer-to-peer Lending financing and the mitigation strategies they implement.

The researcher concluded that the perception of Micro, Small and Medium Enterprises towards financing products is greatly influenced by factors such as ease of access, interest, types of available products, and the level of understanding and trust in financing institutions. Limited access and high interest rates remain the main obstacles for many Micro, Small and Medium Enterprises. However, there is also an opportunity to develop financing products that are more flexible, transparent, and affordable, especially those that can reach micro, small and small micro and medium enterprises with easier procedures. Better education and mentoring are also needed to help Micro, Small and Medium Enterprises choose the right financing products and manage their finances more wisely.

Perception Based on Financing Mechanism

Overall, the perception of Micro, Small and Medium Enterprises towards the Sharia Peer-to-peer Lending Fintech Mechanism in Medan City is that they do not know specifically how the financing mechanism exists both in Sharia fintech and in Sharia commercial banks. Most of them understand how the financing mechanism in Sharia fintech and Sharia commercial banks is carried out when financing. The financing mechanism in the Sharia fintech used will adjust to the product we choose as the financing product that we will do.

This aligns with previous research relevant to current research, such as a study conducted by (Rahmat, 2024) Examining the perception of Micro, Small and Medium Enterprises on the profit-sharing mechanism in sharia Peer-to-peer Lending and its impact on financing decisions. (Iskandar, 2023) Analyze how Micro, Small and Medium Enterprises in Jakarta understand and respond to various financing mechanisms in sharia Peer-to-peer Lending. (Rizky, 2024) To examine the comparison between sharia and conventional financing mechanisms from the micro, small, and medium enterprises perspective. (Fitri, 2023) Assessing the impact of the financial mechanism on the growth and development of Micro, Small and Medium Enterprises. (Yuliana, 2023) Examine

the importance of transparency in the sharia Peer-to-peer Lending financing mechanism from the Micro, Small and Medium Enterprises perspective.

Micro, Small and Medium Enterprises' perception of financing mechanisms is greatly influenced by the ease of access, the costs involved, the requirements, and the speed of the process. Micro, Small and Medium Enterprises tend to prefer financing products that offer a quick and easy process, affordable interest, and conditions that are not too burdensome. Fintech-based financing products and Peer-to-peer Lending offer many advantages in speed and flexibility, although there are still concerns about costs and risks. Meanwhile, cooperatives and government financing products are often considered more affordable and more accessible, but they may have limitations in terms of financing and flexibility. For financing products to be more effective, financial institutions need to simplify the application process, increase transparency, and offer products that suit the specific needs of Micro Enterprises.

Perception Based on Shariah Compliance

Overall, the public's perception of the Sharia Peer-to-peer Lending Fintech Agreement and Shariah Compliance is that they choose when taking financing at the Sharia Fintech. They know what contract they will use in general but not specific. They consider this natural because the online Sharia FinTech system makes some who are not so interested and consider the contract important feel that it is the same as the one issued by the Sharia commercial bank. Legal protection is intended as a form of protection for the rights of every person based on law or legislation. Thus, implementing financial technology through peer-to-peer lending obtains a guarantee of rights for actors, both consumers and organisers. In terms of sharia peer-to-peer lending, a specific regulation is needed to regulate the practice of implementing sharia Peer-to-peer lending. Regulation is essential for providing services and guarantees for the community that provide substantive rules for solving societal problems.

This is in line with previous research that is relevant to current research, such as research conducted by (Fahriza, 2024) Examining how Micro, Small and Medium Enterprises understand and assess sharia compliance in Peer-to-peer Lending financing products and their impact on utilization decisions. (Triana, 2023) Examining the perception of Micro, Small and Medium Enterprises regarding aspects of Sharia compliance and how it affects their trust in Sharia peer-to-peer Lending. (Amirullah, 2024) Analyze how Sharia compliance with Peer-to-Peer Lending affects the decision of Micro, Small, and Medium Enterprises to access financing. (Kurniawan, 2023) Identify factors that affect the perception of Micro, Small, and Medium Enterprises regarding Sharia compliance in Peer-to-peer Lending financing. (Abedifar, 2023) Studying the evaluation of Micro, Small and Medium Enterprises on the level of sharia compliance of their Peer-to-peer Lending platform and its impact on financing decisions.

CONCLUSION

Based on the results of the research on the perception of Micro, Small and Medium Enterprises towards financing channelled through the Sharia Peer-to-Peer Lending platform, it can be concluded that, in general, Micro, Small and Medium Enterprises in Medan City have a positive perception of this financing service. Micro, Small and Medium Enterprises consider Sharia Peer-to-peer Lending as an alternative that provides easy access and a fast process in obtaining financing, which is an important factor considering their limited access to conventional financial institutions. In addition, the sharia principles applied to this platform are also one of the main attractions for micro, small, and medium enterprises that prioritize compliance with religious rules when running their businesses. However, despite the positive perception, some concerns need attention. Concerns related to costs that are considered higher than conventional loans, as well as uncertainty regarding credit risk and how to handle arrears, affect the decision of Micro, Small and Medium Enterprises in choosing Sharia Peer-to-peer Lending. In addition, the low level of financial literacy and limited understanding of sharia financing products are obstacles for some micro, small, and medium enterprises in optimally taking advantage of this service. Thus, to increase the use of Sharia Peer-to-peer Lending among Micro, Small and Medium Enterprises, it is recommended that Sharia Peer-to-peer Lending service providers increase socialisation, education, and transparency regarding the products offered, as well as provide a more detailed explanation of the risks that Micro, Small and Medium Enterprises may face. The government is also expected to provide policy support that encourages the improvement of financial literacy and builds the trust of Micro, Small and Medium Enterprises in the Sharia Peer-to-peer Lending platform.

The limitation of this study was that it was conducted in a certain period, which may not be sufficient to identify changes in trends or perceptions of micro, small, and medium enterprises towards Sharia Peer-to-peer lending financing in the long term. Changes in policy, market dynamics, or economic conditions may affect the results of the study. This study used a limited sample regarding the number or type of micro, small and medium enterprises involved. Suppose the sample does not include various types of businesses (e.g., trade, manufacturing, or services). In that case, the study's results may less represent the entire micro, small and medium enterprise sector. Although Sharia Peer-to-peer lending follows Sharia principles, different understandings of Sharia among micro, small and medium enterprises or entrepreneurs may affect how they assess this product. Differences in sharia interpretation or personal beliefs may be limiting factors. Further research can involve a larger and more diverse sample, including micro, small and medium enterprises from various regions in Indonesia with different business backgrounds. This will help get a more representative picture of micro, small and medium enterprises' perception of Sharia Peer-to-peer lending throughout Indonesia. Longitudinal research that lasts for several years can help to see changes in the perception of micro, small, and medium enterprises towards peer-to-peer Sharia Lending over time and in policy developments. This can also help identify factors that influence the sustainability of Peer-to-peer lending. Further research can go deeper into analyzing the social, economic, and cultural factors that influence the decision of micro, small and medium enterprises to use financing through Peer-to-peer lending Sharia. This can include the level of financial literacy, education, and understanding of the concept of sharia finance. Further research can focus on collecting more in-depth data on the direct experiences of users of Peer-to-peer lending Sharia, both successful and unsuccessful. These experiences can provide more insight into

the factors that make a Peer-to-peer lending Sharia platform attractive or unattractive to micro, small and medium enterprises.

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