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# Opportunities and Challenges for Peer-to-Peer Lending to Loan MSMEs in Indonesia: A Strategic Analysis from Business and Regulatory Perspective

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**ABSTRACT**

This study examines the opportunities and challenges faced by Indonesia's peer-to-peer (P2P) lending industry in providing loans to micro, small, and medium enterprises (MSMEs) following the issuance of OJK Regulation (POJK) No. 40/2024. The research was motivated by Indonesia's significant MSME financing gap and the evolving role of P2P lending as a complementary institution to traditional banks. Using a qualitative exploratory approach, the study integrated primary data from expert interviews with P2P executives, association representatives (*Asosiasi Fintech Pendanaan Bersama Indonesia* [AFPI]), and MSME borrowers, alongside secondary data from industry reports and regulations. Analytical frameworks—including PESTEL, Resource-Based View (RBV), SWOT, and TOWS matrix—were employed. Findings reveal that while POJK 40/2024 aims to enhance governance and promote productive lending, it introduces challenges such as interest rate caps, high compliance costs, and operational complexities for supply chain financing. Key opportunities lie in the vast untapped MSME market, regulatory clarity, and strategic partnerships with banks. The study concludes that sustainable industry growth hinges on balancing compliance with innovation, leveraging technological capabilities, and fostering ecosystem collaboration. The implications extend to strategic management practices and regulatory design for advancing financial inclusion.

## INTRODUCTION

Peer-to-peer (P2P) lending was first introduced in 2005 in England as an online platform called Zopa, where borrowers could directly access loans from lenders without the intermediary of traditional financial institutions (Khan, 2024; Klein et al., 2023; Teichmann et al., 2024; Widyanto et al., 2022). In 2006, a US-based company created the first P2P lending platform in the United States, which became a solution during the 2008 crisis when people lost trust in traditional financial institutions and preferred lending from individual lenders through this platform. Since then, P2P lending companies have rapidly grown and expanded to Asia as an alternative for financing unbanked and underbanked consumers (Lee, 2017, 2021; Salim et al., 2025; Santoso et al., 2022). The growth of the P2P lending industry stems from its seamless process, which can be easily accessed via smartphones with internet connectivity, and its loan application mechanism, which is much easier and faster than that of banks or other traditional lenders. It is also unsecured lending, meaning borrowers do not need to provide collateral for loan approval.

In Indonesia, the P2P lending industry was first introduced in 2016 and has grown significantly ever since, especially after the post-COVID-19 economic impacts in 2020, when many consumptive or productive borrowers needed extra funds quickly. This is evident in the 110% increase in P2P outstanding loans from 2020 to 2021. Over the years, both outstanding loans and the number of borrowers have continued to grow (Trimulato et al., 2021; Trimulato, 2021). According to the latest OJK Monthly Fintech Statistics, as of March 2025, total P2P loan outstanding reached IDR 79.96 trillion—a 29% year-over-year growth—with 23,687,693 active borrowers, up 41% from the previous year. This significant growth is supported by proper risk management, as reflected in the overall non-performing loan (NPL) rate of 2.77%, which has remained below 5% over the years, as regulated by OJK (Bhattarai, 2020; Bist, 2024; Elda, 2023; Rachmawati et al., 2024).

Given P2P lending's seamless process as its primary characteristic, the industry's target borrowers are low-income consumptive users and micro, small, and medium enterprises (MSMEs) requiring working capital to expand their businesses but lacking access to banks. As of 2023, OJK estimated 132 million unbanked individuals and 46.6 million MSMEs without access to loans from financial institutions—numbers that have decreased compared to earlier years due to financial inclusion driven by P2P lending. This demonstrates the critical role P2P lending plays in addressing Indonesia's financial exclusion problem, which has persisted despite various government initiatives and traditional banking expansion programs.

However, P2P outstanding loan growth remains heavily skewed toward consumptive borrowers rather than productive ones. In 2021, 55% of disbursed loans were for productive lending; however, this proportion decreased to only 32% in 2024 and further deteriorated to 25% in March 2025. This declining trend contradicts national economic development priorities that emphasize productive sector growth and raises concerns about the sustainability of MSME-focused financial inclusion.

Of the 97 active licensed P2P platforms in March 2025, regulated by Otoritas Jasa Keuangan (OJK), Indonesia's Financial Services Authority, most focus on consumptive lending. This reflects the nature of consumptive lending, which involves lower ticket sizes but higher volumes, making it less risky than productive lending, which requires larger loan amounts.

On the other hand, MSMEs—as Indonesia's economic backbone—will continuously need working capital to grow their businesses. Ninety-seven percent of Indonesians rely on MSMEs directly or indirectly as their source of income. Recent studies have shown that P2P loan disbursements positively impact SME growth and long-term economic recovery. SMEs struggling to access loans from traditional banks have found alternatives in P2P for working capital. As stated in the study by Ernst & Young (EY) with Asosiasi Fintech Pendanaan Bersama (AFPI), Indonesia's Fintech Lending Association, a significant supply-demand gap for MSME funding will persist until 2026. MSME funding needs are projected to reach Rp4,300 trillion, while reserved funding for this sector is only Rp1,900 trillion, creating a 126% gap. Until March 2025, disbursements to MSMEs from banks, multifinance companies, and fintech have fulfilled less than 50% of annual projected needs.

This is why regulators have endorsed productive lending for P2P platforms. In 2023, OJK established a Roadmap for Development and Strengthening of Peer-to-Peer Lending for 2023–2028. This roadmap guides the P2P industry from its early stages to maturity. OJK stated that one key aspect of the guideline is the need for P2P lending to disburse more to MSMEs in Indonesia to fill the funding gap supporting their growth. Additionally, as the industry matures, the roadmap emphasizes improving governance, risk management, and compliance.

As a follow-up to this roadmap, OJK issued POJK No. 40/2024, replacing the previous POJK No. 10/POJK.05/2022 for P2P lending. The overall tone of this new regulation is to foster a sustainable industry with strong governance and customer protection, while most importantly endorsing productive lending (Refania et al., 2025). The new POJK increases the maximum loan cap for MSMEs, creating more room for P2P platforms to expand productive lending, provided they maintain low NPL levels and comply with regulatory standards. At the same time, the POJK implements stringent controls to improve industry governance, including stricter limits on daily economic benefits (comprising interest rates and admin fees) to ensure more sustainable and responsible lending practices.

Although this regulation aims to incentivize P2P lending to disburse more loans to the productive sector and protect borrowers, it poses challenges from a business perspective. MSME borrowers tend to carry higher risk due to larger ticket sizes and undocumented revenue or financial history for credit assessment. With higher risk, P2P platforms must charge higher interest rates to mitigate it. However, the new regulation's lower maximum economic benefit restricts this, reducing lenders' willingness to channel funds and thus lowering platform revenue. Simultaneously, P2P platforms must enhance credit assessment methods and operations, as existing scoring models for consumptive borrowers are unsuitable for underwriting MSMEs. This requires adjustments to properly assess productive borrowers, consequently increasing costs.

In addition to these challenges, P2P lending platforms must now operate with greater prudence under new regulations that introduce stricter requirements on minimum paid-up equity, enhanced reporting obligations, and limitations on fund disbursement mechanisms. Platforms are restricted from channeling funds to any party other than verified borrowers—a measure to strengthen consumer protection and prevent fraud. While beneficial for governance and risk mitigation, this impacts the supply chain financing (SCF) business model used by several P2P platforms, where funds are disbursed to suppliers on behalf of MSME borrowers (Choi et al., 2023; Natanelov et al., 2022; Tang & Zhuang, 2020; Tsai, 2023). If not carefully assessed and managed, these implications may reduce revenue potential and raise operational and compliance costs, pressuring P2P companies' profitability and long-term sustainability.

## METHOD

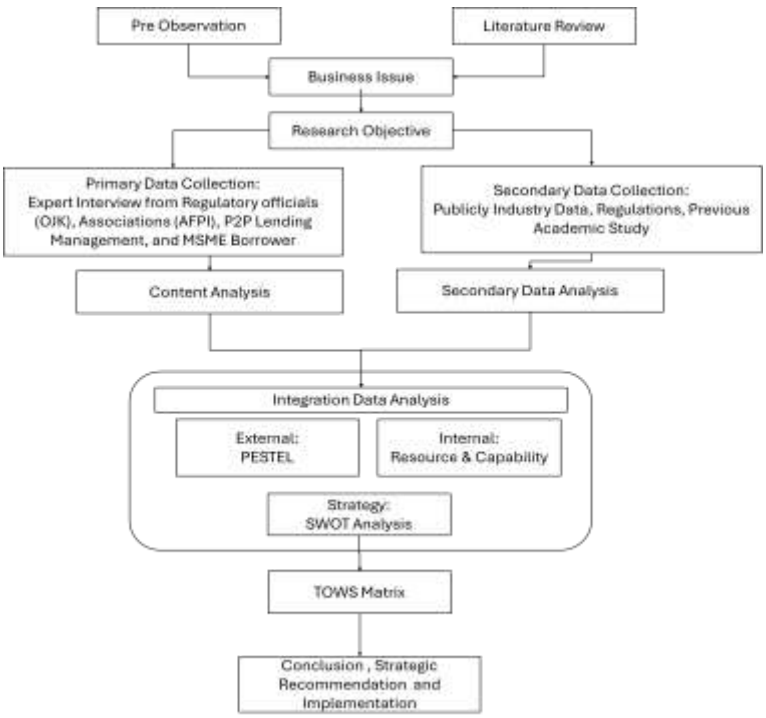


**Figure 1. Research Design**

The diagram above illustrated how this research was conducted, beginning with a pre-observation of the industry landscape and a comprehensive literature review to establish a strong contextual and theoretical foundation. The core business issue addressed in this research was the issuance of new regulations for P2P lending in Indonesia that encouraged disbursement of productive loans to MSMEs. This regulatory shift introduced both strategic opportunities and operational challenges for the industry, particularly in aligning business objectives with compliance requirements.

After identifying the business issue, the research objectives and corresponding research questions were formulated. Data collection was conducted through two complementary approaches—primary and secondary data—with independent analysis performed before integration for a holistic strategic assessment. The study delivered a set of conclusions, strategic recommendations, and actionable implementation plans tailored to stakeholders in the P2P lending ecosystem in Indonesia. This research adopted a hybrid qualitative exploratory approach that integrated primary data from expert interviews and secondary data from industry reports, regulatory frameworks, and previous academic studies. The analytical framework involved the sequential application of PESTEL, Resource and Capability Analysis, SWOT, and TOWS Matrix to enable comprehensive evaluation of both external macro-environmental forces and internal strategic positioning of the industry.

This research used two types of data collection methods. Primary data were collected through in-depth semi-structured interviews with stakeholders related to the business issues, specifically:

- P2P lending companies' management, as industry players who ran operations and were affected by the new regulations stipulated by OJK. Interviews were conducted separately with six respondents from different P2P lending companies with varying product focuses, both from consumptive and productive sectors.
- AFPI, as the P2P Lending Association appointed by OJK that oversaw and regulated its members to ensure compliance with market discipline principles, legal provisions, and consumer protection standards. Interviews were conducted separately with two respondents from AFPI representatives.
- MSME borrowers, as the target audience of P2P lending platforms needing capital support. Interviews were conducted separately with five MSME borrowers, consisting of online and offline business owners, to understand perspectives from various business types.

Primary data were then supported by secondary data collected from publicly available sources on the P2P lending industry, including research and survey publications, as well as related regulations to understand the regulatory perspective.

This research was conducted using a hybrid qualitative strategy, integrating primary and secondary data sources to gain a comprehensive understanding of the strategic and regulatory dynamics shaping P2P lending to MSMEs in Indonesia post-POJK 40/2024.

Primary data were analyzed using content analysis, specifically thematic coding techniques. Content analysis was a method to examine data in a structured way to confirm existing theory or prior research on predetermined themes. Interviews were conducted with several key stakeholders, including P2P platform executives, AFPI representatives, and MSME borrowers. Interviews with P2P platform executives discussed the opportunities and challenges faced by industry players as a result of POJK 40/2024. Interviews with AFPI focused on its role in supporting the industry, how the overall P2P industry reacted to the new regulation, and its potential impact on future industry growth. Interviews with MSME borrowers aimed to understand the benefits and pain points of borrowing working capital from P2P lending.

Interview transcripts were transcribed and coded to identify recurring themes, keywords, and patterns related to strategic challenges, regulatory compliance, and business opportunities. The analysis was performed using computer-assisted qualitative data analysis software (CAQDAS) to trace thematic categories.

Secondary data, comprising regulatory documents, industry reports, published studies, and survey reports, were examined through document analysis. Quantitative elements—such as growth trends, lending composition, risk metrics, patterns, and historical performance—were descriptively analyzed to support qualitative findings.

This combination of qualitative and quantitative methods for analyzing primary and secondary data provided a more holistic view of the complex situation faced by the P2P lending industry.

After analyzing the primary and secondary data, this research employed an integrated data analysis of external, internal, and strategic factors using a combination of strategic business tools. PESTEL analysis was used to assess macro-environmental factors influencing the development of P2P lending in Indonesia, particularly after the implementation of POJK 40/2024. This provided insights into external pressures and opportunities faced by the industry. Internal analysis of P2P lending companies was conducted using Resource and Capability Analysis to understand the industry's competitive advantages compared to other financial institutions, especially incumbent banks.

The findings from PESTEL and Resource and Capability Analysis were synthesized into a SWOT analysis, enabling identification of internal strengths and weaknesses, as well as external opportunities and threats. Finally, a TOWS matrix was developed to translate SWOT insights into strategic options, outlining concrete recommendations that aligned business growth strategies with compliance requirements. This layered tool integration enabled the formulation of strategy recommendations that were both opportunity-driven and regulation-compliant.

## RESULT AND DISCUSSION

### Thematic Coding Analysis of Interview Result

#### *MSME Borrower Interview Result*

From five MSME Borrower sources, there are several focuses that are explored to understand their perspective on having loans from P2P lending. The focuses are business size, financing purpose, reason of choosing P2P, frequency of loan, challenges, customer awareness, and expectations for future. Each theme was coded and quantified to identify recurring patterns and the frequency of responses across participants. In addition, the number of cases referencing each code was calculated to assess how widely each theme was represented among respondents, providing an overview of both the dominant issues and the diversity of borrower experiences.

The result shows that almost MSME borrowers interviewed are micro enterprises, which majority of financing purpose is due to additional capital needs to run or grow their business. Almost all of the sources mentioned that the reason for choosing P2P for financing instead of bank or multifinance is due to the ease of application (mentioned 12 times) and fast disbursement (mentioned 9 times). 3 out of 5 MSME borrowers regularly use loan from P2P lending to support their business, while the rest only borrow once. When asked about the challenges of borrowing from P2P lending, majority of the sources mentioned that loans from P2P lending have high interest rates (mentioned 7 times) and small loan limit given (mentioned 4 times). Awareness for borrowing are considered to be high from the MSME sources as they are aware of repaying the installment on time and they will only borrow money when its needed for their businesses, not for consumptive purposes. When asked about their expectations for the P2P lending in the future, most borrowers mentioned that they hope to get lower interest rates and higher loan limit to support them in having capital for their businesses. Additional concerns from borrowers is also to improve the collection process which sometimes perceived as harsh and unethical by the defaulted borrowers.

***AFPI and P2P Lending Companies' Management Interview Result***

The interview results from AFPI representatives and P2P lending companies' management are coded combined since there is similar focus discussed on both stakeholders. The category explored in the interview from industry players are product focus, company's competitive advantage, current industry conditions, underwriting strategy, response to POJK 40/2024, illegal financing impact to P2P lending, and the future trajectory of the industry. Similar to MSME borrower interview analysis, number of codes and cases are counted to identify the similar pattern across the player's response.

All the P2P lending companies interviewed currenty have productive lending product on their portfolio. However the borrower focus are different, some focuses on micro business, while others focuses on small to medium business. The most mentioned competitive advantage offered by P2P lending is fast SLA to fulfill loan to borrowers, which is aligned with the benefit perceived mentioned on the MSME interview results. Other advantages mentioned by P2P companies were the strategic partnership and integration with ecosystem that creates many leverages for the company to operates.

Underwriting strategy implemented by P2P are segregated into two types, manual and automated. Manual underwriting is mentioned 12 times, mostly from P2P lending which focuses on supply chain financing, while multipurpose loan with micro borrower already implemented automation for their credit assessment.

There are several conditions identified in the interview that influence the overall industry growth. Most frequently mentioned conditions is the lack of data, which affects the accuracy and efficiency of credit assessments (mentioned 11 times). Additionally, recent fraud cases in productive lending and ongoing legal dispute between Indonesian Competition Commission (Komisi Pengawas Persaingan Usaha or KPPU) and 97 P2P lending companies were cited as factors negatively impacting industry perception, eroding lender and investor trust and making it increasingly difficult for platforms to attract new funding and sustain portfolio growth.

On top of this issue, P2P lending industry is still faced with negative stigma of illegal financing from public. All P2P lending companies and AFPI have continuously doing education and literacy to fight this brand image and educate borrower to only use OJK licensed fintech lending (mentioned 9 times). However, this is still a long process to go, and the players also believe that there is high risk user that will not be accepted by the legal P2P lending company, that eventually will still go to those illegal lending.

As the focus of the interview, P2P lending companies management and AFPI representatives shared their perspective in regard to POJK 40/2024. The most frequently cited responses were the support for the regulation's emphasis on prudence and stronger governance in P2P lending industry (mentioned 24 times). This indicates that most industry players agree with regulator's objective to improve accountability and transparency. However, several challenges were also identified. One of the main concerns raised was the interest caps that are lower for productive lending compared to multipurpose loans. This is perceived to limit the incentive for P2P lending platform to channel funds to productive MSME sector (mentioned 19 times). This concern correlates with the lender's needs, both institutional and individual, who seek higher return and require strong trust in P2P lending's credibility to allocate their capital.

Regarding the increase of the maximum loan limit to IDR 5 billion, most respondents expressed that the policy is considered irrelevant to the current borrower profile of P2P lending platforms (mentioned in 75% of the case interview). Only one P2P lending company, with product focus of supply chain financing that targets medium enterprise borrowers, mentioned that they will utilize the limit increment.

Despite these reservations, industry stakeholders consistently emphasized that they support the principle of prudence in operations. For example, customer protection that places equal importance on safeguarding both borrowers and lenders, were cited 7 times. Industry players view this as a positive step toward improving Good Corporate Governance (GCG) practices, ensuring fair treatment, transparency, and accountability across all transactions.

Nevertheless, rising compliance costs were highlighted as a major concern (mentioned 12 times), as they may lead to shrinking profit margins if not properly managed (mentioned 4 times).

Overall, the industry agrees that financial inclusion should remain the central focus of P2P lending. Respondents stressed that while governance and risk mitigation measures are crucial, regulatory developments should not compromise accessibility for MSME borrowers, which remains P2P lending industry's primary social and economic contribution (mentioned 9 times).

Finally, with the issuance of POJK 40/2024 and the fact that there remains a large population of unbanked and underbanked borrowers to be served, AFPI and P2P Players maintain an optimistic outlook on the industry's future growth (mentioned 16 times). However, the sources mentioned that the key for industry's sustainability will be the collaboration with Banks (mentioned 16 times) and strategic partner (mentioned 11 times), as well as support from government (mentioned 10 times). P2P lending industry is believed to be the steppingstone for borrower to be able to have financing access to Bank. Hence, P2P lending will not compete with formal financial institution, rather to complete it.

With the stricter regulations that aim to have more prudent industry, sources anticipates that there will be platform consolidations in the future, where smaller scale P2P lending companies may need to merge or be acquired by the bigger ones, to be able to survive in the business.

With the industry conditions that are continuously growing, AFPI's role as the industry association becomes increasingly crucial. Based on the interviews, AFPI's most frequently cited functions include advocacy (mentioned 16 times), financial literacy initiatives (6 times), and the enforcement of a code of conduct (4 times), followed by its roles as an industry representative (2 times) and in conducting surveys and research (1 time). These roles position AFPI as a bridge between regulators and industry players to ensure that the implementation of POJK 40/2024 not only strengthens governance and compliance but also maintains the industry's commitment to financial inclusion.

The overall interview result with P2P lending company's management and AFPI representatives shows that the industry adaptation to the new regulations is an organizational effort to maintain legitimacy in highly regulated environment, aligned with the institutional theory. The response from industry players is considered to be mostly acquiescence and compromise. The industry support for prudential standards and customer protection reflects acquiescence, where P2P lending companies conform to regulation to enhance credibility and trust among regulators and investors. This is also in line with Burdon (2020) theory that compliance in the financial sector has evolved into a source of institutional legitimacy, and not only a legal obligation. This strategic response will help P2P lending industry to be more trusted in public eyes, particularly after reputational damage caused by illegal lending platforms or other fraudulent cases.

In paralel, the ongoing dialogues between AFPI and OJK about interest rate caps, capital requirements, and supply chain financing mechanism indicate a compromise strategy, where industry is negotiating to balance compliance with economic feasibility. Through this institutional lens, the regulatory transformation in Indonesia's P2P lending industry is not only about control but also about shaping a more legitimate and sustainable ecosystem.

**Secondary Data Analysis**

***National Survey on Financial Literacy and Inclusion (SNLIK) 2025 by Central Bureau of Statistics (BPS) and Financial Service Authority (OJK)***

Central Bureau of Statistics (BPS) and Financial Service Authority (OJK) have released the results of national survey on financial literacy and inclusion in 2025. The survey is done on January 13th to February 11th 2025, to understand the current financial literacy and inclusion rate in Indonesia. The survey uses sampling methods with 10,800 respondents, from age of 15–79-year-old, in 34 provinces across Indonesia. The result of the survey showed that from overall financial industry, the national financial literacy rate has increased from 65.43% in 2024 to 66.46% in 2025, while national financial inclusion rate also increased from 75.02% in 2024 to 80.51% in 2025.

When examined in greater detail across financial sectors, the fintech lending literacy and inclusion rate are still relatively low compared to bank, multifinance, and pawnshop. The financial literacy rate for fintech lending showed only marginal increment from 20.82% in 2024 to 20.90% in 2025. Conversely, the financial inclusion rate for fintech lending is slightly decreased from 4.58% in 2024 to 4.40% in 2025, indicating that while awareness of fintech lending has gradually increased, its actual utilization among the population remains limited.

On the press release, OJK representatives mentioned that the fintech lending literacy rate increased as an impact of massive literacy program created by OJK and industry players to improve awareness to the industry. This was also supported by the fact that OJK has created education and service multichannel such as SikapiUangmu (financial literacy portal), 157 OJK Call Service for consultation and complaints, Task Force and Indonesia Anti-Scam Centre (IASC) to eradicate illegal activities, and the official LPBBTI webpage that provides general explanations and public advisories, emphasizing the importance of using only licensed and authorized platforms.

However, the existing literacy program has not yest translated into higher financial inclusion. The relatively low financial inclusion rate for fintech lending is presumed to be based on the lingering negative stigma surrounding the industry, as well as the continued presence of borrowers who still uses unlicensed and illegal fintech lending platforms.

***CORE Research - National Seminar on Socio-Economic Impact and Sustainability of P2P Lending Fintech in Indonesia***

Center of Reform on Economics (CORE) Indonesia has done research to understand the socio-economic impact of P2P lending in Indonesia and the optimalization of regulation related to maximum economic benefit in supporting the industry sustainability. The research is done through two methods from borrower, lender, and P2P companies' point of view. Survey is done to 2,104 respondents from all over Indonesia, with 68% proportion of P2P borrower and 32% of non-P2P borrower, while interview is done 10 lenders, both institutions and individuals, and to 8 P2P lending platforms.

From the borrower's perspective, it is found that 67% of P2P lending usage is allocated for business purposes. Borrowers who utilize P2P lending for their businesses experience more significant impact compared to those who borrow for consumptive needs, where 51% have increase in income following the loan. The primary drivers of business growth with additional capital from loans are expanded production capacity and the ability to develop more diverse product offerings. The higher use of P2P lending for business correlates to higher trust & loyalty toward the lending platform. These facts conclude that P2P lending have given positive impact especially to small scale business owners, even though the financing obtained is not classified specifically as a productive loan product.

From lender's perspective, it is found that although individual lenders initially dominated the P2P lending ecosystem when the industry first emerged, the composition has gradually shifted in recent years. With the new regulation and higher risks that arise on fintech lending sector, individual lenders have redirected their investment to traditional product and lower their interest in P2P lending. In contrast, institutional lending's interest is still stable and even more willing to channel more capital to diversify their portfolio.

The research then deep dives into cost driver, regulation impact, and strategy from P2P lending perspectives. The interview is done on two types of platforms, which are the one with close loop ecosystem and the one without. From the interview, it is found that P2P platform with close loop ecosystem, like having existing ecommerce ecosystems or having financial groups, have more advantages compared to the who are not. However, the overall cost structure is similar between the two.

Overall P2P lending sources mentioned that regulation has the highest impact on cost structure (30.43%), followed by technology development (26.09%). The most affected cost structured from regulation change is the profit margin & lowered profit sharing with lenders, although players that has close loop ecosystems experience less impact compared to the who are not. When faced with regulation change, most P2P companies will limit new borrowers and strengthen their credit scoring, which means this will lower disbursement rate and reduce financial inclusion.

The research concludes that the regulation of economic benefits in the P2P lending industry aims to balance financial inclusion goals with the sustainability of the industry. To achieve financial inclusion through P2P fintech lending, regulations must consider platform's adaptability to cost structure changes, lenders' continued participation, and borrowers' motivation and trust, which depend on transparency and consumer protection.

***OJK Focus Group Discussion on MSME Financing Access Study on 29-30 July 2025***

OJK has continuously supported the financial inclusion towards MSME, not only by endorsing capital distribution in the regulation for all financial institutions, but also through comprehensive study. In 2024, OJK creates and Focus Group Discussion (FGD) involving the Ministry of Cooperatives and MSMEs, BAPPENAS, and banking associations, to understand the issue faced by supply and demand in lending to MSME. The FGD result mentioned that traditional financial institutions face major barriers in distributing credit to MSMEs due to asymmetric information; insufficient system, data, and digital infrastructure; intense competition; high operational cost; mismatch in financing scheme; and difficulties to find customer that suitable with their risk appetite.

Borrower or demand side is also faced with several challenges to access formal financing, such as low financial literacy, strict credit requirements, weak financial management, perception barriers, and high interest rates.

The findings on challenges from both perspectives have highlighted clear opportunities for P2P lending industry to fill the financing gaps. P2P lending can overcome the limitations of traditional banks by using technology to streamline credit assessment and distribution. P2P will leverage alternative data to analyze the borrower with no proper credit history, so financial data issues that hinder the financial distribution will be solved.

The online model that P2P lending implements allows it to reach unbanked segments more cost-effectively than banks. On MSME side, concerns about high or inflexible interest rates, which aligned with the interview result that conducted in this research, possibly resolved by customized risk-based pricing offered by P2P lending which eventually give more accessible financing solutions.

As a result of this FGD, OJK has expressed full support for addressing the financing gap faced by MSMEs. One of the key measures introduced is the issuance of a new regulation, POJK No. 19/2025, concerning the Ease of Access to Financing for Micro, Small, and Medium Enterprises, which applies to all financial institutions, including P2P lending platforms

***POJK 19/2025 about Ease of Access to Financing for Micro, Small and Medium Enterprises (POJK UMKM)***

On September 2nd 2025, OJK issued the POJK 19/2025 about Ease of Access to Financing for Micro, Small and Medium Enterprises. Through collaboration between the financial sector, government, and businesses, this regulation aims to create a healthy, inclusive, and sustainable MSME financing ecosystem.

The key provision of this regulation is that all financing institutions are required to facilitate easier MSME financing access through special financing policies such as to simplified requirements and give easier credit assessment for MSME, customized financing schemes, acceleration of business process using alternative credit scoring, as well as fair and reasonable financing cost for MSMEs. This policies collaboration and partnership among financial institutions and relevant stakeholders to achieve financial inclusion for MSMEs.

From P2P lending industry, the issuance of POJK 19/2025 can be the solutions to some challenges faced by P2P players to loan to MSMEs with restriction from POJK 40/2024. First, the issue of MSME lack of formal financial records which makes it difficult for creditworthiness assessment and potentially increases NPL risk can potentially be solved by POJK 19/2025 encouragement to use alternative credit assessments, including supply chain data, project-based financing, and even intellectual property (IP) as collateral.

Second, the challenges on interest rate and fee caps that limit the profitability of MSME loans, especially since MSMEs carry higher risk than consumptive borrowers can be resolved with the risk-sharing mechanisms mentioned in POJK 19/2025, such as partnerships with credit guarantee institutions, insurers, and government-backed MSME schemes. By reducing credit risk exposure, P2P platforms can have sustain lending even with capped margins.

Third, the operational hassle for productive lending that often require higher ticket sizes, more monitoring, and additional operational processes compared to consumptive loan, is answered by POJK 19/2025 facilitation for ecosystem collaboration, encouraging partnerships between P2P platforms, banks, multifinance, and fintech. Shared digital infrastructure and risk-mitigation partnerships can reduce the cost-to-serve for P2P players.

## PESTEL Analysis

From the interview result and secondary data analysis, this research will analyse the macroeconomic factors influencing the industry.

***Political***

The P2P lending industry in Indonesia is fundamentally shaped by the political goal of leveraging the financial sector for economic growth and equality, as codified in the UUP2SK law and OJK's roadmap mandating a significant increase in productive lending to MSMEs. This presents a major growth opportunity for platforms to serve the underbanked and positions them as vital channeling partners for banks, whose technological limitations they can offset. For such collaboration to be seamless, regulatory harmonization is essential, as current inconsistencies—like the prohibition of loan write-offs for P2P platforms—hinder their ability to manage portfolios as effectively as banks. While the regulatory focus on strengthening capital, governance, and risk management is widely supported for ensuring long-term industry sustainability, the industry association cautions that excessive prudential measures must be balanced to avoid undermining the sector's core mission of financial inclusion.

***Economic***

P2P lending companies operate within a market of immense opportunity, as MSMEs—whose funding needs are less than 50% met by traditional institutions—require crucial capital for daily operations and growth. However, the industry faces significant economic headwinds from new regulations, primarily a stringent interest rate cap that, while currently manageable, threatens future economic viability and has already compressed profit margins alongside high compliance costs, a concern raised persistently by industry representatives. This pressure is exacerbated as lenders, seeking higher returns, naturally prefer consumptive loans over lower-yielding productive ones, making portfolio expansion in the latter segment challenging. Despite these constraints, new regulatory provisions also create strategic opportunities, such as the increased loan cap to IDR 5 billion for medium-sized enterprises and the promotion of risk-sharing mechanisms through partnerships with guarantee institutions and insurers. These developments allow platforms, especially those in supply chain financing, to sustainably pursue productive lending by mitigating credit risk and supporting the overarching goal of stable MSME financing, even within a tightened profit margin environment.

***Social***

The social landscape for P2P lending is marked by a significant opportunity: rising digital and financial literacy among MSMEs, fostered by regulatory and industry campaigns, is creating a more informed borrower base and allowing platforms to promote responsible borrowing. However, this progress is severely undermined by a persistent negative stigma from illegal lending scandals and the misconduct of unlicensed operators, which breeds public skepticism and has contributed to a recent slight decline in financial inclusion rates, limiting the reach of legitimate platforms. Compounding this challenge is the limited financial management capability of many MSMEs, whose lack of proper documentation forces platforms to implement stricter, costlier underwriting procedures, ultimately slowing disbursement and hindering the broader goal of inclusive digital finance.

***Technology***

Technology is a key driver for Indonesia's P2P lending sector in serving MSMEs, as its digital onboarding and automated risk assessments leverage alternative data to overcome the infrastructural limitations of traditional finance. While regulators now encourage advanced methods like supply-chain data and intellectual property as collateral to diversify risk, a critical bottleneck exists: the absence of a consolidated, reliable national database for MSMEs forces platforms to rely on inefficient manual validation. Additionally, despite the regulatory push for productive lending, technological convenience often leads micro-enterprises to prefer faster, multipurpose consumptive loans, blurring the purpose of funds and limiting the sector's true productive impact. Therefore, for technology to fully support economic growth, it must be coupled with integrated government data systems and enhanced borrower education and tracking mechanisms.

***Environmental***

P2P lending platforms focusing on MSME sectors like agriculture, fisheries, and tourism face indirect but significant environmental risks, as these borrowers' repayment capacities are highly vulnerable to natural conditions, weather extremes, and disasters, which can increase non-performing loans. This exposure is evidenced by the decline or closure of agricultural-focused platforms like Tanifund, iGrow, and Crowde, where environmental volatility contributed to credit defaults and poor portfolio performance, exacerbated by weak risk mitigation and lack of diversification. To ensure continued financial access for vital sectors, OJK recommends mitigations such as stricter credit assessments, portfolio diversification, and borrower assistance programs leveraging field experts for capacity building.

***Legal***

The regulatory framework for Indonesia's peer-to-peer (P2P) lending industry has been fundamentally reshaped by the landmark Law No. 4 of 2023 (UUP2SK) and OJK's implementing regulation POJK 40/2024, which aim to build a more stable and inclusive financial ecosystem. Supporting this, OJK issued detailed operational guidelines and is drafting rules to measure platform health, while also introducing POJK 19/2025 ("POJK UMKM") to specifically boost productive lending to MSMEs through technological innovation and inter-institutional collaboration, including risk-sharing mechanisms. This regulatory push is transforming P2P platforms from competitors into complementary partners for banks, acting as a gateway for MSMEs to formal credit, though it may drive industry consolidation as stricter standards challenge smaller players. However, not all changes are viewed favorably, as new rules—particularly those restricting direct disbursements to principal companies in Supply Chain Financing models—have raised concerns among some industry players about increased operational complexity and shifted fraud risks, despite the regulations' intention to enhance overall transparency.

**Resources and Capabilities Analysis**

***Tangible Resources***

1. **Financial Capital**

One of the tangible resources that P2P lending industry has is the diversification of financing capital that comes from not only venture capital or investor, but also from individual and institutional lenders. Institutional lenders, notably Banks, play a key role in providing larger funding limits compared to the individual ones, that makes it able to support lending continuity, especially during periods of market uncertainty. Cooperation with banks strengthens platform credibility while enabling more flexible capital deployment.

Another advantage comes from P2P platforms that are part of a larger corporate group with strong shareholders. These platforms have access to additional capital reserves and benefit from cost-sharing arrangements within their group structures. This backing provides them with greater financial resilience, allowing them to sustain operations even amid regulatory changes or market slowdowns. Collectively, these forms of financial capital serve as a strong foundation for the platform’s sustainability and competitiveness.

2. **Technology Infrastructure**

Technology adopted by P2P lending companies is the underlying difference between fintech and other financial institutions, making both operational efficiency and strategic advantages. Technology adopted by P2P lending consists of the core lending platform, credit-scoring engine, mobile application, and API integrations form a technological infrastructure that enables seamless connectivity with ecosystem partners such as payment gateways, credit bureaus, and digital marketplaces. This automation adoption creates fast loan disbursement, user-friendly applications, and transparent transaction monitoring, which are the factors that MSMEs borrowers looked for. As shared by several industry representatives, these advancements not only improve user experience but also strengthen the credibility and scalability of digital lending operations.

Moreover, key technological innovation that P2P lending uses is the use of alternative data for credit assessment and KYC processes. By integrating non-traditional data sources, such as e-commerce transaction records, digital payment histories, and behavioral analytics, platforms can assess the creditworthiness of borrowers who lack formal financial documentation, especially for micro and small enterprises. This capability enhances financial inclusion by enabling proper underwriting decisions while maintaining risk prudence. As confirmed by multiple industry players, this integration of data-driven analytics has streamlined loan approval processes and improved risk prediction accuracy.

***Intangible Resources***

1. **Brand and Reputation**

One of the strongest intangible resources of P2P lending platforms is their brand reputation, particularly the recognition for fast and seamless loan application processes. This perception has been built through consistent performance in serving micro and small borrowers efficiently, providing a competitive advantage over traditional financial institutions. As highlighted by MSME borrowers and industry representatives, this ease of access has made P2P lending highly relevant for smaller-scale borrowers who value speed, flexibility, and convenience.

Furthermore, findings from CORE Indonesia's research shows that MSMEs who have previously borrowed through P2P platforms experienced real business impacts and even developed brand loyalty toward these platforms. Such reputational strength contributes significantly to trust among new borrowers, which is essential for the industry that is still working to overcome public skepticism following illegal lending (pinjol) scandals.

**Partnerships and Collaborative Ecosystem**

Another intangible asset that plays a key role on the P2P lending competitiveness is their strategic partnership. According to the association and industry players, companies backed by strong strategic partners enjoy substantial advantages in data cooperation, operational efficiency, and cost-sharing.

In addition, P2P lending industry operates within an increasingly collaborative ecosystem that includes banks, alternative credit scoring firms, insurance companies, debt collectors, and e-KYC service providers that are all integrated under OJK supervision and supported by AFPI mediation. Partnerships with banks have become a strategic pathway for P2P lending to complement, rather than competing with, traditional financial institutions. These collaborations allow P2P players to act as steppingstones for MSMEs, helping smaller businesses establish credit histories before finally eligible into bank's borrower.

This is in line with Indonesia's Financial Sector Development and Strengthening Law (UUP2SK), which promotes synergy between fintech and conventional finance to expand inclusive economic growth. Moreover, AFPI's ongoing advocacy to OJK further strengthens the sector's institutional legitimacy and supports continuous improvement in governance and borrower protection. This overall partnership and networked approach enhance not only service quality but also overall ecosystem resilience.

2. **Capabilities**

The P2P lending industry in Indonesia has a unique technological and operational capabilities that enable it to serve segments that are underserved by traditional financial institutions. One of the key capabilities lies in the seamless, transparent, and fast credit assessment process, which is based on the advanced technological infrastructure that most platforms have implemented. Unlike conventional banking systems that often involve long procedures, P2P platforms rely on mobile and web-based applications, providing borrowers, especially MSME who want to borrow small amount of cash loan, an efficient and accessible lending experience.

The other capabilities that P2P lending has is the integration of big data and machine learning into credit assessment. Unlike traditional banks, which often rely on manual verification and rigid documentation, P2P platforms use automated scoring engines to analyze borrower risk in real time. These systems draw from diverse to generate a more holistic risk profile that enables P2P lenders to serve previously unbanked and underbanked borrowers who lack conventional credit histories but demonstrate strong repayment potential through alternative data proof. The ability to make rapid, data-driven lending decisions creates not only technological strength but also a critical operational capability for market inclusion.

However, the current implementation of these capabilities remains most effective for micro cash loan lending, where assessments are less complex compared to larger, productive loans such as MSME financing under KUR schemes. The simplicity of P2P credit scoring models makes them faster and easier to operate, which MSMEs prefers. Yet, this also implies that P2P platforms still face challenges in scaling these systems to handle larger and more structured productive financing. In this regard, P2P lending's comparative agility positions it as a complementary player to banks rather than a direct competitor.

**VRIN Analysis of P2P Lending Capabilities**

The Resource-Based View (RBV) theory explains that firm's competitive advantage is based on its ability to create valuable, rare, inimitable, and non-substitutable (VRIN) resources. This perspective can be applied to Indonesia's P2P lending industry to better understand how internal capabilities influence the industry strategic positioning and long-term sustainability in highly regulated financial environment.

From the previous internal analysis, it is observed that the technological and operational capabilities of P2P lending platforms are valuable because they address current weaknesses in Indonesia's traditional financial system, particularly slow credit process and limited MSME access. Through automation, mobile accessibility, and credit scoring that uses big data, these platforms deliver faster and more inclusive financing solutions.

Their ability to process loans efficiently for borrowers without formal credit histories adds economic and social value to improve financial inclusion. These capabilities are also rare within the Indonesian context, as there are still few financial institutions that integrates machine learning and alternative datasets, such as e-commerce and telco data, into their credit assessment systems at this scale. However, as this data is projected to be more available in the future, since the alternative data provider becoming more aware of their data value, this informal data will also potentially being used by digital banks. Therefore, if P2P lending companies are not continuously experimenting and improving their underwriting process, this capability might not be as rare as it is now in the future.

In terms of imitability, while the underlying technology can be replicated, the depth of data access, strategic partnerships, and compliance systems makes it difficult to be fully replicated, especially since big investment is needed to do so. This supports the RBV view that unique and experience-based resources often create a competitive advantage that are longer-lasting (Barney, 1991).

Lastly, their role is non-substitutable, as no other incumbent financial institutions like multifinance or banks can currently combine speed, accessibility, and inclusivity in serving micro and small borrowers with such efficiency.

Overall, at the currents state, P2P lending companies capabilities fulfilled all VRIN criteria. However, this capability needs to be organize and renew overtime to maintain the sustainability of the competitive advantage. If that is implemented, it will continuously strengthens P2P lending's strategic role in Indonesia's financial inclusion landscape.

**SWOT Analysis**

Based on the interview findings and secondary data analysis elaborating how P2P lending industry navigates both internal competencies and external pressures, the factors are categorized into strengths, weaknesses, opportunities, and threats. The following SWOT analysis summarizes the key strategic strengths that drive competitiveness, the weaknesses that hinder growth, the opportunities emerging from regulatory and market dynamics, and the threats posed by economic, technological, and compliance challenges.

To translate these strategic insights into actionable directions, a TOWS matrix is used. The TOWS framework allows for the integration of strengths, weaknesses, opportunities, and threats to create concrete strategic initiatives that align with both business growth and regulatory expectations. This analytical step bridges the descriptive analysis of SWOT with clear strategic planning, ensuring that the industry can leverage its capabilities while addressing its structural and operational vulnerabilities.

**TOWS Matrix**

The above TOWS matrix shows that P2P lending industry's future competitiveness depends on its ability to balance growth and prudence, which is to expand productive lending while maintaining compliance and public trust, aligned with the institutional theory. Collaboration between regulator, association, and P2P lending players is the key factor to achieved healthy, sustainable, and inclusive digital financing ecosystem for Indonesia's MSME.

## CONCLUSION

Based on the comprehensive evaluation, the study concludes that the internal audit consulting services at PT DYX are largely aligned with Domain V of the GIAS 2024, demonstrating effective implementation in key areas such as planning, communication, and monitoring. However, the research identifies three critical areas requiring improvement: the lack of formal resource evaluation and escalation mechanisms (Standard 13.5), inconsistent risk-based prioritization of recommendations (Standard 14.3), and incomplete documentation practices due to high workloads (Standard 14.6). To achieve full compliance and enhance the maturity of the consulting function, it is recommended that PT DYX formalize its resource planning process, implement a standardized risk-prioritization framework for audit findings, and strengthen its documentation protocols, potentially through process automation or workload reassessment. For future research, it is suggested to conduct a longitudinal study to measure the impact of these procedural enhancements on organizational value creation, or to expand the scope to a comparative analysis across multiple state-owned enterprises to identify industry-wide best practices and common barriers in implementing the 2024 GIAS.

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