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The Contribution of Fintech to Strengthening SME Financing Access: Evidence from Majene Regency

Fajar Rakasiwi Syamsuddin[1], Samsuardi Said[2], Dian Rahmayanti Rivai[3], Anfas[4], Futri Ayu Wulandari[5]

Abstract:

The rapid growth of financial technology (fintech) has brought significant changes to access to financing for small and medium enterprises (SMEs) in Indonesia, particularly in areas with limited conventional banking services. This study aims to analyse the impact of fintech on improving SME access to financing in Majene Regency, West Sulawesi. Using a mixed methods approach, quantitative data was collected from 165 SME actors through structured questionnaires, while qualitative data was obtained through in-depth interviews with selected informants. The variables examined included ease of use, fintech service features, and access to financing, which were analysed using multiple linear regression (SPSS 27) and thematic analysis (NVivo). The results showed that ease of use and fintech service features had a significant positive effect on SME access to financing. The majority of respondents stated that fintech applications—especially QRIS and digital wallets—greatly facilitated transactions and business management. However, there are still obstacles in the form of uneven digital literacy and unstable network infrastructure, so that the use of digital financing features is not yet optimal. This study concludes that the development of inclusive and user-friendly fintech solutions, accompanied by broader digital literacy programmes, is crucial to maximising the role of fintech in supporting regional SMEs. These findings have important implications for fintech providers, local governments, and policymakers in designing effective strategies to strengthen SME growth through digital financial inclusion.

Keywords: Fintech, SMEs, Access to Financing, Ease of Use, Majene.

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1. Introduction

Digital transformation in the financial sector has led to the emergence of technology-based financial services or financial technology (fintech), which has had a significant impact on the ease of access to financing for small and medium-sized enterprises (SMEs) in various regions in Indonesia. SMEs have proven to be the backbone of the national economy, contributing around 60% to the gross domestic product (GDP) and

[1] *Universitas Terbuka, Indonesia.* rakasiwifajar@ecampus.ut.ac.id
[2] *Universitas Sulawesi Barat, Indonesia.* anfas_st_mm@ecampus.ut.ac.id
[3] *Universitas Sulawesi Barat, Indonesia.* Samsuardi.said@unsulbar.ac.id
[4] *Universitas Terbuka, Indonesia.* rivaidianrah@gmail.com
[5] *Universitas Sulawesi Barat, Indonesia.* futriayu.wulandari@unsulbar.ac.id

employing 97% of the workforce in Indonesia (Ministry of Cooperatives and SMEs, 2023). However, the reality on the ground shows that the majority of SMEs still face various obstacles in accessing financing, such as limited information , lack of collateral, and complicated banking procedures (Damayanthi, 2024; Suryani, 2021). This phenomenon has created an urgent need for innovation in financial services, especially in the SME ecosystem, which requires fast, easy, and inclusive business capital support.

The adoption of fintech in Indonesia is growing rapidly in line with internet penetration, smartphones, and increasing digital literacy among the population. Data from the Financial Services Authority (2023) shows that the volume of fintech lending transactions reached more than IDR 500 trillion in 2023, driven by the growth in financing needs in the micro, small, and medium sectors. Various fintech platforms, such as peer-to-peer lending, digital wallets, and payment gateways, offer financing solutions, cash management, and cashless payments that are increasingly relied upon by SMEs (Rizal et al., 2024). Increasing financial inclusion through fintech is a national strategy to encourage SME growth, as reflected in Presidential Regulation No. 114 of 2020 concerning the National Strategy for Inclusive Finance.

Previous research literature reinforces the argument about the urgency and relevance of fintech's role in SME financing access. A study by Purnami & Budiningsih (2023) shows that fintech provides flexible funding alternatives that do not require collateral, thereby encouraging the expansion of SME businesses in medium-sized cities. Research by Kusumawardhani et al. (2022) identifies that ease of use and speed of application processing are key factors in the adoption of fintech by SMEs in the trade sector. Rizal et al. (2024) highlight the importance of innovative features in fintech applications that improve operational efficiency and transaction transparency, while Damayanthi (2024) proves the significant influence of ease of digital access on the increase in the number of SMEs obtaining productive financing. Similar findings were also reported by Rita et al. (2020) and Rahman et al. (2019), who emphasised the role of fintech in promoting financial inclusion and overcoming the limitations of conventional banking services in 3T (underdeveloped, frontier, and outermost) regions.

However, several studies also identify obstacles that still limit the optimisation of fintech, such as the digital financial literacy gap, perceptions of security risks, and network infrastructure constraints, especially in non-urban areas (Syahputra et al., 2022; Mustika & Wibowo, 2021). In addition, research by Nugroho & Fitriani (2021) emphasises the importance of educational and training support for SME actors in order to maximise the benefits of fintech services in a sustainable manner.

Although there are a number of similar studies, there are still few studies that specifically examine the role of fintech in increasing SME access to financing in the regional context, especially in Majene Regency, which has unique economic and infrastructure characteristics. Previous studies have focused more on large cities and economic centres, thereby neglecting the portrait of SMEs in the economic buffer zone of West Sulawesi. This study fills this gap by empirically examining the

influence of the ease of use and features of fintech services on SME financing access in Majene Regency, as well as identifying the main challenges faced by local SME actors. The novelty of this study lies in its combination of quantitative and qualitative methods (mixed methods), its emphasis on regional SMEs, and its in-depth analysis of contextual field constraints.

The theoretical framework used in this study refers to *the Technology Acceptance Model* (TAM) by Davis (1989), *the Theory of Reasoned Action* (TRA) by Fishbein & Ajzen (1980), and *the Innovation Diffusion Theory* by Rogers (2003). These models have been widely used to explain the behaviour of adopting new technologies, including in the context of fintech, and are able to explain external factors, trust, attitudes, and user intentions in utilising digital financial services (Jogiyanto, 2010; Kusumawardhani et al., 2022; Rizal et al., 2024).

Based on the theoretical review and previous empirical research findings, the main hypothesis proposed in this study is as follows:

1. The ease of use of fintech has a positive and significant effect on increasing SME financing access in Majene Regency;
2. Fintech service features have a positive and significant effect on increasing SME financing access in Majene Regency.

2. Methodology

This study uses a mixed methods approach, which is a combination of quantitative and qualitative methods. Quantitative data were collected through a questionnaire survey using a Likert scale (1–5) to SME actors in Majene Regency, while qualitative data were obtained through in-depth interviews with selected informants. The questionnaire instrument was designed based on the development of *the Technology Acceptance Model* (TAM), *Innovation Diffusion Theory* (IDT), and relevant recent research references. The questionnaire focused on ease of use, service features, and access to fintech financing, while the interview guidelines explored the experiences, perceptions, and obstacles faced by SME actors in relation to the use of fintech services.

The research population consisted of all SME actors registered in Majene Regency, with a total of 1,924 business units according to data from the local Cooperative and MSME Office. The sampling technique used was accidental sampling, which is the determination of samples based on the availability and ease of access of respondents encountered by researchers in the field. This technique was chosen because not all SMEs in Majene have adopted fintech services evenly, and considering the limitations of time and research resources. The sample inclusion criteria were: (1) SME actors who have been actively running their businesses for at least the last 6 months; (2) domiciled in Majene Regency; (3) have used fintech services for business transactions, including payments, loans, and financial management. From the total population, a sample of 165 respondents was successfully collected, which was

considered representative and met the statistical testing criteria with a 5% error rate based on the Slovin formula.

There are three main variables in this study, namely: (1) User Convenience (X1): User ease is defined as the level of ease experienced by SME actors in accessing and using fintech applications. Measurement indicators include service accessibility, registration speed, application navigation, transaction speed, clarity of information, and technical ease. Measurements are conducted using a Likert scale of 1 (Strongly Disagree) to 5 (Strongly Agree) on 6 questionnaire statement items ( ). (2) Fintech Service Features (X2): Fintech service features are defined as the level of suitability and usefulness of the features available in fintech applications to support SME operations. Measurement indicators include electronic payment features, digital loan features, financial reporting features, cash flow management, and application feature updates. Measurement uses a 1–5 Likert scale on 6 statement items. (3) Access to Financing (Y): Access to financing is defined as the ease with which SMEs obtain financing services through fintech platforms, including process speed, collateral requirements, inclusive access for micro/small businesses, loan status monitoring, and the impact of financing on business development. Measurement uses a 1–5 Likert scale on 6 statement items. The operational definitions of all variables have been tested for validity and reliability through instrument testing using SPSS 27, and verified through interviews to obtain the depth of meaning of each indicator.

Data analysis was conducted using two main approaches: (1) Quantitative Analysis The questionnaire data were analysed using SPSS version 27 software. The analysis procedures included testing the validity and reliability of the instrument, descriptive analysis of respondents, and hypothesis testing using multiple linear regression. The tests were conducted partially (t-test) and simultaneously (F-test) to determine the effect of user-friendliness and service features on access to financing. A significance level of 0.05 was used. The coefficient of determination (R^2) was also calculated to measure the strength of the relationship between variables. (2) Qualitative Analysis. In-depth interview data were analysed thematically using NVivo software. The analysis was conducted through a coding process to identify themes, patterns, and insights related to fintech usage experiences, obstacles, and development suggestions from SME actors. The results of the qualitative analysis were used to enrich and confirm the quantitative findings.

3. Empirical Findings/Results

The results of this study present a combination of quantitative data analysis from questionnaires and qualitative data from in-depth interviews, which together provide a comprehensive picture of the role of fintech in improving SME access to finance in Majene Regency. Quantitative data processing was carried out on 165 SME respondents who had used fintech services in their business activities. Table 1 presents a summary of the descriptive statistics of the three main research variables, namely user convenience, fintech service features, and access to financing.

Table 1. Descriptive Statistics of Research Variables

Variable	N	Min	Maximum	Mean	Standard Deviation
User-friendliness (X1)	165	2.0	5.0	4.31	0.67
Fintech Service Features (X2)	165	2.17	5.00	4.19	0.73
Access to Financing (Y)	165	2.0	5.0	4.08	0.70

Based on Table 1, the majority of SME actors in Majene gave very high ratings to the ease of use of fintech applications (mean = 4.31) and the features offered (mean = 4.19). In addition, their perceptions of the ease of access to financing were also positive (mean = 4.08). The small standard deviation values indicate that the respondents' perceptions are relatively homogeneous. These findings show that respondents feel that access is easy, navigation is intuitive, and the available features are beneficial, especially those related to digital payments and business transaction monitoring.

To determine the effect of user-friendliness and service features on access to financing, multiple linear regression analysis was conducted. A summary of the regression analysis results is presented in Table 2 below.

Table 2. Multiple Linear Regression Results

Independent Variables	Regression Coefficient (β)	t-Statistic	Sig. (p-value)
User-friendliness (X1)	0.42	4.59	0.00
Fintech Service Features (X2)	0.35	3.97	0.001
Constant	1.10	2.15	0.033
R^2	0.49		
F-Statistic	78.20		0.00

The results in Table 2 show that both independent variables, namely user convenience and fintech service features, significantly influence increased access to financing. The regression coefficient for user convenience ($\beta = 0.42$) means that every 1-unit increase in the perception of convenience will increase SME access to financing by 0.42 units. Fintech service features also have a positive effect with a regression coefficient ($\beta = 0.35$). The significance level $p < 0.01$ for both variables indicates that the effect is statistically very strong.

The coefficient of determination (R^2) of 0.49 indicates that 49% of the variation in SME financing access can be explained by user convenience and fintech service features, while the rest is influenced by other factors outside the model. The large F-statistic value (78.20) and significance of 0.000 reinforce that this regression model is suitable for explaining the relationship between the research variables.

These findings prove the main hypothesis that the ease and completeness of fintech features encourage increased access to financing for SMEs. These results are also consistent with Davis' (1989) *Technology Acceptance Model* (TAM) theory, which asserts that perceptions of ease and usefulness of technology are major factors in the acceptance and utilisation of digital innovations.

Next, qualitative analysis was conducted to deepen understanding of the quantitative findings and to explore the experiences, motivations, and challenges of using fintech from the perspective of SME actors ( ). In-depth interviews with several SME informants in Majene were analysed thematically using NVivo software, the results of which can be seen in Table 3.

Table 3. NVivo Thematic Analysis Results: SME Experiences Using Fintech in Majene Regency

Main Theme	Sub-Theme/Category	Code Frequency	Interview Quote Examples
Initial Exposure to Fintech	Direct experience, friend referrals, event requirements, social media	12	"Initially, I attended an exhibition and was instructed to use QRIS before I could register." (RA)
Motivation for Use	Practicality, efficiency, desire to keep up with the times	10	"QRIS is more practical; no hassle with finding change." (FB)
Most Frequently Used Features	QRIS, e-wallets (DANA, OVO, Shopeepay), bank transfers	14	"My customers usually use QRIS or transfer via Brimo." (BX)
Ease of Use	Easy access, user-friendly, fast, no training required	11	"Just scan the QR code and it's paid. Very helpful for business owners." (ETN)
Challenges and Obstacles	Network disruptions, delayed fund transfers, low digital literacy	9	"On Sundays and holidays, funds from QRIS sometimes only come in on Monday." (RA)
Fintech Financing Experience	Never applied, lack of trust, lack of understanding of features	7	"Until now, I have never applied for a loan on the app." (Majority of informants)
Impact on Business	Efficiency, professionalism, new market opportunities	8	"Digital payments make me more confident to participate in major events." (FB)
Comparison with Banks	Fintech is faster, more flexible, and there are no queues	6	"Online transactions are much easier than banks, just open your mobile phone." (BX)
Suggestions and Hopes	Improve network connectivity, speed up transfers, expand educational outreach, reduce administrative fees	8	"I hope digital payments become more widespread among SME businesses." (NN)

4. Discussion

From the results of this thematic analysis, it can be concluded that the majority of SME players are familiar with and have started using fintech out of practical necessity—such as requirements for participating in exhibitions or recommendations from friends. Their main motivations are practicality of transactions, time efficiency, and ease of receiving payments. QRIS and digital wallet features (DANA, OVO, Shopeepay) are the mainstays, with easy access to applications and instant payment processes as the main attractions.

However, SME players still face several obstacles, particularly network disruptions and delays in funds arriving on holidays or weekends. Most informants also admitted that they had never used the digital financing feature in fintech applications, citing a lack of trust, minimal education, or a lack of understanding of the procedures. These findings indicate the need to improve digital literacy and expand education for SME players so that the benefits of fintech can be optimally realised—including for access to financing, not just daily transactions.

Other positive impacts of fintech use revealed by informants include increased business professionalism, easier expansion into broader markets, and increased confidence to participate in large-scale events. Informants also expressed their hope that fintech providers and regulators could improve network quality, speed up fund transfers, expand education, and reduce administrative costs to be more inclusive and friendly to all SME players.

A simultaneous analysis of quantitative and qualitative results shows a logical and mutually supportive relationship between the ease of use and features of fintech services and increased access to SME financing. These findings are in line with *the Technology Acceptance Model* (TAM) and *Innovation Diffusion Theory*, which state that the adoption of digital innovation will grow rapidly if the technology is easy to understand, apply, and provides tangible benefits.

The results of this study are also consistent with several previous studies. Damayanthi (2024), Rizal et al. (2024), and Purnami & Budiningsih (2023) emphasise that ease of use, feature completeness, and digital service innovation are key factors in accelerating financial inclusion in the SME sector. However, this study also highlights specific contextual barriers in Majene, such as limited network infrastructure and the low level of understanding among SME actors regarding digital financing features, which have not been widely discussed in studies conducted in large cities.

Thus, this study emphasises the importance of developing fintech that is not only user-friendly and feature-relevant but also considers the local context, such as infrastructure, education, and digital literacy. Collaboration between fintech providers, the government, and SME actors is key to the success of increasing access to digital-based financing in the region.

5. Conclusions

This study proves that the ease of use and features of fintech services significantly increase access to financing for SME players in Majene Regency, as shown by quantitative findings and supported by qualitative analysis that confirms the important role of practicality, efficiency, and relevance of digital features in supporting business activities and capital access opportunities. These results reinforce the hypothesis that the easier and more useful fintech services are in the eyes of SME players, the greater their chances of obtaining technology-based financing support, although the level of utilisation of financing features still needs to be improved.

This study has limitations in terms of network infrastructure distribution in the research area, limited coverage of respondents to active fintech-using SMEs, and a lack of in-depth exploration of psychological factors and user trust in adopting digital financing features comprehensively. Based on these limitations, further research is recommended to expand the scope of respondents, involve a more specific analysis of trust and financial literacy factors, and develop a research model that considers other variables such as policy support, the role of local government, and the socio-economic impact of fintech adoption in the regional SME sector.

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