Deterministic Development
Financial Technology in Indonesia

Zhulby Nhurul Hidayah. N
Magister Akuntansi
Fakultas Ekonomi dan Bisnis
Universitas Hasanuddin, Makassar, Indonesia

Abdul Hamid Habbe, Madris
Departemen Akuntansi
Fakultas Ekonomi dan Bisnis
Universitas Hasanuddin, Makassar, Indonesia

Abstract:- The research aimed to examine the impacts of the financial literacy, financial inclusion, and Gross Regional Domestic Product on the financial technology peer to peer lending. The research used the annual secondary data according to the provinces in the forms of the financial literacy index, financial inclusion index, Gross Regional Domestic Product, financial technology peer to peer lending indicators including the lender's accounts, borrower's accounts, loan distribution, and borrower's transactions. The research data were analyzed using the multiple linear regression analysis. The partial test result indicates that the variables of the financial literacy and Gross Regional Domestic Product have the impact on the financial technology peer to peer lending indicator. However, the research result of the financial inclusion variable does not have the positive impact on the financial technology peer to peer lending indicator.

Key words:- Financial literacy, financial inclusion, Gross Regional Domestic Product, lender's account, borrower's account, loan distribution, borrower's transaction, financial technology peer to peer lending.

I. INTRODUCTION

Financial services are now supported by the rise of mobile-based information technology that is designed in accordance with consumer needs. The synergy between financial services and information technology is meant by financial technology. This financial technology is intended to maximize the use of technology in accelerating financial services (Financial Services Authority, 2019).

The fintech metamorphosis that develops in the financial sector is an important instrument in accelerating financial inclusion as one of the accelerated development programs. Efficiency and effectiveness based on the application of fintech resulted in a shift in public interest in the banking sector both in the process of payment, investment, saving, and so on (Rusdianansari, 2018). The emergence of fintech is also used by regulators to pursue financial literacy and inclusion targets.

Related to loan-based financial technology, the term peer to peer lending is recognized or can also be referred to as "online loans" or "online loans" or "avoidance".

Companies engaged in the field of pilgrimage in Indonesia began to emerge in 2015. Its emergence was driven by the development of information technology, the emergence of pilots in several countries, and the low access of funding to existing financial service institutions.

OJK data (2015) shows that there is a funding gap in the micro small and medium business (MSME) segment of around 900 trillion rupiahs per year. This amount is a very large amount in reflecting the real need in the community to get a business loan. The avoidance industry can cover the gap to financing needs in Indonesia which are still not evenly distributed and are still centered on Java. This is caused by the limited distance and distribution of facilities. However, all activities avoid using information technology, so the limitations of distance and facilities are not a problem so that the community can make the avoidance as a new alternative funding, especially for those who do not have access to banking (Financial Services Authority, 2019).

At present, there are two types of loans given to the public, namely for productive and consumptive activities. Both can be distinguished through the purpose of the loan and the repayment period. Productive loans aimed at people who need these funds for their business lines and repayment of their loans in a relatively long period of time can be paid in monthly installments. While consumer loans are generally in small amounts with short loan terms.

Data from the Institute for Development of Economics and Finance (INDEF, 2018) shows that the avoidance industry has made various contributions including in the form of (1) labor absorption of 215,433 people, (2) stimulating banking growth by 0.8%, finance companies by 0 , 6%, and information & communication technologies by 0.2%, (3) increasing gross domestic product by IDR 25.97 trillion, (4) increasing income (wages and salaries) by IDR 4.56 trillion.

The presence of *fintech lending* is very helpful in increasing public access to financial services products online, as well as OJK's target to increase financial inclusion is optimistic that can be achieved through the growth of the financial technology industry. Based on the description that has been stated, the title of this research is "Deterministic Development of Financial Technology in Indonesia".

II. LITERATUR REVIEW AND HYPOTHESES DEVELOPMENT

A. Financial literacy and financial technology peer to peer lending

SOR theory is an abbreviation of Stimulus Organism Response. Stimulus is stimulation or push, so the stimulus element is composed of messages. The recommended organism is the communicant. The element in this theory is the recipient of the message. While agreed responses are reactions, responses, or interactions. Stimulus (stimulation) given to the organization can be accepted or rejected. If this theory is used in a wider community, then the principle held is that messages are prepared, shared in full and broadly at the same time and are supported by technology that supports the dissemination and distribution of messages which are expected to increase the response and response of the community / Public.

The Financial Services Authority (2017) defines that financial literacy is knowledge, skills and beliefs that influence attitudes and behaviors to improve the quality of decision making and financial management in order to prosper. Increased financial literacy has become a global issue. Consumer empowerment through financial literacy is believed to support efforts to achieve financial system stability, increase community welfare and more inclusive development (Tirta Segara, 2017).

Aliyah and Nurdin's research results (2019) found that there was a positive influence of technology-based financial services on the financial literacy of Dago Atas, Bandung. Based on the description above, the hypothesis is proposed as follows.

H1: Financial literacy has a positive effect on peer to peer lending financial technology indicators, namely lender accounts, borrower accounts, lending, and borrower transactions.

B. Financial inclusion and financial technology peer to peer lending

The Technology Acceptance Model (TAM) was introduced by Davis in 1989 which is an adaptation of Theory of Reasoned Action (TRA) which is devoted to modeling user acceptance of technology. TAM states that behavioral intention to use (behavioral intention to use) is determined by two beliefs, namely: first, the perceived usefulness (perceived usefulness) which is defined as the extent to which someone believes that using a system will improve its performance. Second, perceived ease of use which is defined as the extent to which a person believes that the use of the system is easy.

Financial inclusion is the availability of access to various financial institutions, products and services in accordance with the needs and abilities in order to improve the welfare of the community. The elements that play a role in financial inclusion are access, availability of financial products and services, use of financial products and services, and quality (Financial Services Authority, 2017).

Peer or peer lending financial technology can cover the gap to financing needs in Indonesia which are still not evenly distributed and are still centered on Java. This is caused by the limited distance and distribution of facilities. However, all activities to avoid using information technology, the limitations of distance and facilities are not a problem so that the community can make the avoidance as an alternative to new funding, especially for those who do not have access to banking (Financial Services Authority, 2019).

Hutabarat's research results (2018) found that financial literacy and financial technology have a positive influence on financial inclusion. Based on the description above, the hypothesis is proposed as follows.

H2: Financial inclusion has a positive effect on peer to peer lending financial technology indicators, namely lender accounts, borrower accounts, lending, and borrower transactions.

C. Gross Regional Domestic Product and financial technology peer to peer lending

Social welfare as a condition is a prosperous condition of a society which includes health, economic conditions, and quality of life of the people (Segal and Brzuzy in Suud, 2006: 5). GRDP basically is the amount of added value generated by all business units in a particular region, or is the total value of goods and final services produced by all economic units in a region.

Fintech lending financial services help local UMKM who need venture capital to develop their businesses without collateral. The presence of fintech lending allows funding sources to be more open and democratic, thereby creating greater opportunities for business partners in the village to obtain affordable funding. This is consistent with the theory of social welfare that the welfare of a community's life focuses on financial resources and the use of these sources so as to achieve the desired goals (Laily and Jaria, 2003). Based on the description above, the hypothesis is proposed as follows.

H3: Gross Regional Domestic Product has a positive effect on peer to peer lending financial technology indicators, namely lender accounts, borrower accounts, lending, and borrower transactions.

This study examines and analyzes the effect of financial literacy, financial inclusion, and Gross Regional Domestic Product on each indicator of peer to peer lending financial technology, namely lender accounts, borrower accounts, loan distribution, and borrower transactions. The conceptual framework to help understand this research can be seen in Figure 1 below.
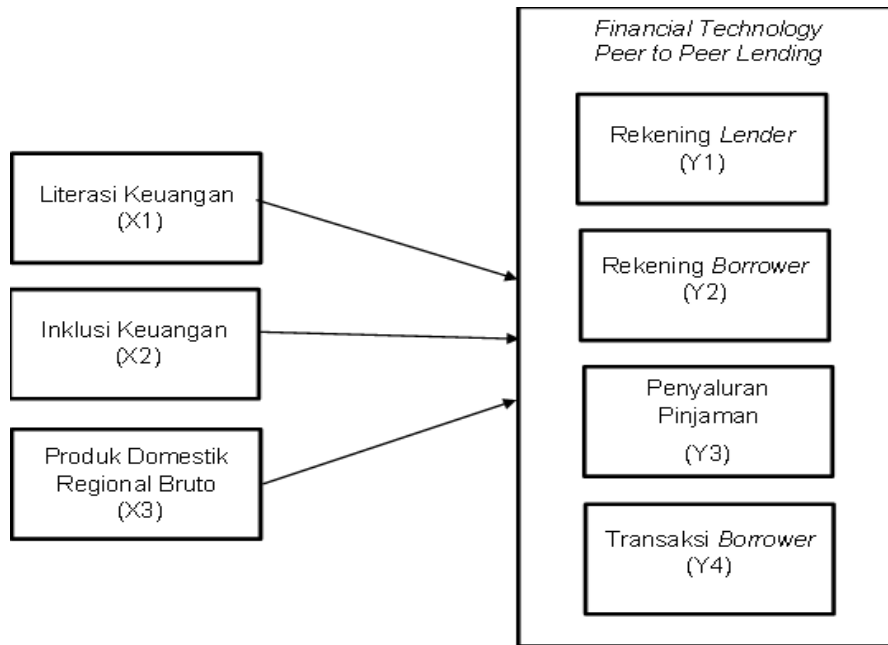
Fig 1:- Conceptual Framework

III. RESEARCH METHODS

The research design used is a quantitative type. Data sources in this study are secondary data in the form of financial literacy index, financial inclusion index, Gross Regional Domestic Product, and indicators of peer to peer lending financial technology, namely lender accounts, borrower accounts, loan distribution, and borrower transactions by province. The data collection method used is the documentation method obtained through the website of the Financial Services Authority, the Central Statistics Agency, and Bank Indonesia. The data analysis technique used is multiple linear regression.

The regression model used in this study is as follows.

Equation I $Y_1 = f(X_1, X_2\ X_3)$ (1)

$$Y_1 = \alpha_0\ e^{\alpha 1 X1}\ e^{\alpha 2\ X2}\ X_3{}^{\alpha 3}\ e^{\mu 1}$$

$$\ln Y_{1\ =\ \ln}\alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 \ln X_3 + {}^{\mu 1}$$

Equation II $Y_2 = f(X_1, X_2\ X_3)$ (2)

$$Y_2 = \beta_0\ e^{\beta 1 X1}\ e^{\beta 2 X2}\ X_3{}^{\beta 3}\ e^{\mu 2}$$

$$\ln Y_{2\ =\ \ln}\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 \ln X_3 + {}^{\mu 2}$$

Equation III $Y_3 = f(X_1, X_2\ X_3)$ (3)

$$Y_3 = \vartheta_0\ e^{\vartheta 1 X1}\ e^{\vartheta 2 X2}\ X_3{}^{\vartheta 3}\ e^{\mu 3}$$

$$\ln Y_{3\ =\ \ln}\vartheta_0 + \vartheta_1 X_1 + \vartheta_2 X_2 + \vartheta_3 \ln X_3 + {}^{\mu 3}$$

Equation IV $Y_4 = f(X_1, X_2\ X_3)$ (4)

$$Y_4 = \lambda_0\ e^{\lambda 1 X1}\ e^{\lambda 2 X2}\ X_3{}^{\lambda 3}\ e^{\mu 4}$$

$$\ln Y_{4\ =\ \ln}\lambda_0 + \lambda_1 X_1 + \lambda_2 X_2 + \lambda_3 \ln X_3 + {}^{\mu 4}$$

Information:

α_0	: *Intercept*
α_1	: Effect of X_1 on Y_1
α_2	: Effect of X_2 on Y_1
α_3	: Effect of X_3 on Y_1
β_0	: *Intercept*
β_1	: Effect of X_1 on Y_2
β_2	: Effect of X_2 on Y_2
β_3	: Effect of X_3 on Y_2
ϑ_0	: *Intercept*
ϑ_1	: Effect of X_1 on Y_3
ϑ_2	: Effect of X_2 on Y_3
ϑ_3	: Effect of X_3 on Y_3
λ_0	: *Intercept*
λ_1	: Effect of X_1 on Y_4
λ_2	: Effect of X_2 on Y_4
λ_3	: Effect of X_3 on Y_4
X_1	: Financial Literacy
X_2	: Financial Inclusion
X_3	: GRDP
Y_1	: Lender Account
Y_2	: Borrower Account
Y_3	: Loan Distribution
Y_4	: Borrower Transaction

IV. RESULTS

A. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy	34	19.30	40.00	29.2412	5.20857
Financial Inclusion	34	58.50	78.20	67.8765	5.33247
GRDP	34	30.70	35.00	32.5588	1.17141
Lender' Account	34	27.00	33.20	28.9559	1.50820
Borrower Account	34	29.70	36.00	32.1412	1.68920
Loan Distribution	34	23.90	30.60	26.4971	1.75387
Borrower Transaction	34	30.90	37.20	33.4000	1.70791
Valid N (listwise)	34				

Table 1:- Descriptive Statistics
Source: Data processed, 2020

Descriptive statistics in table 1 show the minimum value, maximum value, average, and standard deviation. Based on the test results, the minimum value of the financial literacy variable was 19,30 in the West Papua province and the maximum value was 40,00 in the DKI Jakarta province. Meanwhile, the minimum value of financial inclusion was 58.50 in the West Papua province and the maximum value was 78.20 in the DKI Jakarta province. The minimum value of the GRDP variable was obtained at 30.70 in the North Maluku province and the maximum value obtained at 35.00 in the DKI Jakarta province.

The lender account variable obtained a minimum value of 27.00 contained in the province of North Kalimantan and a maximum value of 33.20 contained in the province of DKI Jakarta. The borrower account variable obtained a minimum value of 29.70 found in the province of West Sulawesi and a maximum value of 36.00 contained in the province of West Java. Meanwhile, the loan distribution variable obtained a minimum value of 23.90 in the West Sulawesi province and a maximum value of 30.60 in the DKI Jakarta province. While the borrower transaction variable obtained a minimum value of 30.90 which is found in the province of West Sulawesi and a maximum value obtained by 37.20 which is found in the provinces of DKI Jakarta and West Java.

B. Classical Assumption Test

➢ Normality Test P-Plot and Kolmogorov-Smirnov

The normal p-plot graph shows that the chart pattern is normal. This can be seen from the points that spread around the diagonal line and the distribution follows the direction of the diagonal line. Based on the normal p-plot graph shows that the linear regression model in this study meets the normality assumption. The results of normality testing using the Kolmogorov-Smirnov test can be seen in the following table 2.

	Financial Technology Peer to Peer Lending	Asymp.Sig	A	Information
Y1	Lender Account	0,200	0,05	Normal Distributed
Y2	Borrower Account	0,200	0,05	Normal Distributed
Y3	Loan Distribution	0,200	0,05	Normal Distributed
Y4	Borrower Transaction	0,200	0,05	Normal Distributed

Table 2:- Normality Test Results *Kolmogorov-Smirnov*
Source: Data processed, 2020

Table 2 shows the asymptotic significance value greater than 0.05, which is 0.200. This value meets the normality test requirements, so the normality assumption has been met or the data is normally distributed.

➤ *Heteroscedasticity Test*

Lender Account (Y1)			
Variable	T	Sig.	Information
Financial Literacy (X1)	-0.565	0.576	Heteroscedasticity does not occur
Financial Inclusion (X2)	0.997	0.327	
GRDP (X3)	0.929	0.360	
Borrower Account (Y2)			
Variable	T	Sig.	Information
Financial Literacy (X1)	-0.546	0.589	Heteroscedasticity does not occur
Financial Inclusion (X2)	0.080	0.936	
GRDP (X3)	-0.012	0.990	
Loan Distribution (Y3)			
Variable	T	Sig.	Information
Financial Literacy (X1)	-0.584	0.564	Heteroscedasticity does not occur
Financial Inclusion (X2)	0.152	0.881	
GRDP (X3)	0.015	0.988	
Borrower Transaction (Y4)			
Variable	T	Sig.	Information
Financial Literacy (X1)	-0.551	0.586	Heteroscedasticity does not occur
Financial Inclusion (X2)	0.112	0.912	
GRDP (X3)	0.034	0.973	

Table 3:- Heteroscedasticity Test Results
Source: Data processed, 2020

Based on table 3, heteroscedasticity testing on the fintech peer to peer lending indicators, namely lender accounts, borrower accounts, loan distribution, and borrower transactions using the glacier test shows that there is no heteroscedasticity. This is indicated by the probability value (p value) greater than 0.05.

➤ *Multicollinearity Test*

Independent Variable	Collinearity Statistics		Information
	Tolerance	VIF	
Financial Literacy (X1)	0,288	3,469	There is no multicollinearity
Financial Inclusion (X2)	0,287	3,487	There is no multicollinearity
GRDP (X3)	0,642	1,558	There is no multicollinearity

Table 4:- Multicollinearity Test Results
Source: Data processed, 2020

Table 4 shows that there is no multicollinearity in the independent variables in this study because there are no variables that have a tolerance value <0.10 and there are no independent variables that have a VIF value> 10. This means that the three independent variables in this study are not interconnected or do not occur multicollinearity.

C. *Multiple Linear Regression Analysis*
➤ *Coefficient of Determination*

R	Lender Account (Y1)	Borrower Account (Y2)	Loan Distribution (Y3)	Borrower Transaction (Y4)
Adjusted R Square	0.915	0.873	0.879	0.882

Table 5:- Determination Coefficient Test Results
Source: Data processed, 2020

Table 5 shows that lender accounts are affected by 91.5%, borrower accounts are affected by 87.3%, lending is affected by 87.9%, and borrower transactions are affected by 88.2% by independent variables namely financial literacy, financial inclusion, and GRDP. The difference in the value of R2 in each financial technology indicator peer to peer lending means that it is influenced by other variables outside the independent variables examined in this study.

➤ *Statistical Test F*

Lender Account (Y1)					
	Sum of Squares	Df	*Mean Square*	F	*Sig.*
Regression	68.658	3	22.886	107.182	.000ᵇ
Residual	6.406	30	0.214		
Total	75.064	33			
Borrower Account (Y2)					
	Sum of Squares	Df	*Mean Square*	F	*Sig.*
Regression	82.173	3	27.391	68.538	.000ᵇ
Residual	11.989	30	0.4		
Total	94.162	33			
Loan Distribution (Y3)					
	Sum of Squares	Df	*Mean Square*	F	*Sig.*
Regression	89.244	3	29.748	72.757	.000ᵇ
Residual	12.266	30	0.409		
Total	101.51	33			
Borrower Transaction (Y4)					
	Sum of Squares	Df	*Mean Square*	F	*Sig.*
Regression	84.934	3	28.311	74.992	.000ᵇ
Residual	11.326	30	0.378		
Total	96.26	33			

Table 6:- Statistical Test Results F
Source: Data processed, 2020

Table 6 shows that the independent variables (financial literacy, financial inclusion, and GRDP) simultaneously influence each indicator of the dependent variable (financial technology peer to peer lending, namely lender accounts, borrower accounts, loan distribution, and borrower transactions). This is indicated by the significance value smaller than 0.05 (0,000 <0.05).

➤ *Statistical Test t*

Information	*Financial Technology Peer to Peer Lending* (Y)			
	Lender Account (Y1)	Borrower Account (Y2)	Loan Distribution (Y3)	Borrower Transaction (Y4)
(Constant)	-3.532	-5.132	-11.948	-4.046
Financial Literacy (X1)	0.115***	0.105**	0.114***	0.110***
Financial Inclusion (X2)	-0.021#	-0.021#	-0.021#	-0.016#
GRDP (X3)	0.938***	1.094***	1.123***	1.085***

Table 7:- Statistical Test Results t
Source: Data processed, 2020

Information: * significant at the level α 10%   *** significant at the level α 1%
** significant at the level α 5%   # not significant

Table 7 shows the results of the t statistical test, so that the mathematical equation can be arranged as follows.

$$\ln Y1 = -3{,}532 + 0{,}115X1 - 0{,}021X2 + 0{,}938 \ln X3 \quad (1)$$
$$\ln Y2 = -5{,}132 + 0{,}105X1 - 0{,}021X2 + 1{,}094 \ln X3 \quad (2)$$
$$\ln Y3 = -11{,}948 + 0{,}114X1 - 0{,}021X2 + 1{,}123 \ln X3 \quad (3)$$
$$\ln Y4 = -4{,}046 + 0{,}110X1 - 0{,}016X2 + 1{,}085 \ln X3 \quad (4)$$

T test results in table 5.7 produce some conclusions about the effect of each independent variable (financial literacy, financial inclusion, and GRDP) on each indicator of the dependent variable (fintech peer to peer lending, namely lender accounts, borrower accounts, loan distribution, and borrower transactions).

1. Effect of Financial Literacy on Fintech Peer to Peer Lending

The effect of financial literacy on peer to peer lending, namely lender accounts (Y1), obtained a probability value (p value) of 0,000. Because the probability value is smaller than 0.05 (0,000 <0.05), then the financial literacy variable partially has a significant effect on lender accounts (Y1). Based on the coefficient which is positive is 0.115, it indicates that the effect is positive. That is, if there is an increase in the financial literacy variable (X1) by 1%, it will have a positive effect on lender accounts (Y1) of 0.115%.

The effect of financial literacy on fintech peer to peer lending, namely borrower accounts (Y2), obtained a probability value (p value) of 0.012. Because the probability value is smaller than 0.05 (0.012 <0.05), the financial literacy variable partially has a significant effect on the borrower's account (Y2). Based on the coefficient that is positive is 0.105, it indicates that the effect is positive. That is, if there is an increase in the financial literacy variable (X1) by 1%, it will have a positive effect on the borrower account (Y2) of 0.105%.

The effect of financial literacy on peer to peer lending fintech, namely lending (Y3), obtained a probability value (p value) of 0.008. Because the probability value is smaller than 0.05 (0.008 <0.05), the financial literacy variable partially has a significant effect on lending (Y3). Based on the coefficient value which is positive which is 0.114, it indicates that the effect is positive. That is, if there is an increase in the financial literacy variable (X1) by 1%, it will have a positive effect on lending (Y3) of 0.114%.

The effect of financial literacy on peer to peer lending, namely borrower transactions (Y4), obtained a probability value (p value) of 0.007. Because the probability value is smaller than 0.05 (0.007 <0.05), the financial literacy variable partially has a significant effect on borrower transactions (Y4). Based on the coefficient value which is positive marked 0.110, it indicates that the effect is positive. That is, if there is an increase in the financial literacy variable (X1) by 1%, it will have a positive effect on borrower transactions (Y4) by 0.110%.

2. Effect of Financial Inclusion on Fintech Peer to Peer Lending

The effect of financial inclusion on peer to peer lending, namely lender accounts (Y1), obtained a probability value (p value) of 0.458. Because the probability value is greater than 0.05 (0.458> 0.05), partially the financial inclusion variable has no significant effect on lender accounts (Y1).

The effect of financial inclusion on peer to peer lending, namely the borrower account (Y2), obtained a probability value (p value) of 0.595. Because the probability value is greater than 0.05 (0.595> 0.05), partially the financial inclusion variable has no significant effect on the borrower's account (Y2).

The effect of financial inclusion on peer to peer lending, namely lending (Y3), obtained a probability value (p value) of 0.591. Because the probability value is greater than 0.05 (0.591> 0.05), partially the financial inclusion variable has no significant effect on lending (Y3).

The effect of financial inclusion on peer to peer lending, namely borrower transactions (Y4), obtained a probability value (p value) of 0.666. Because the probability value is greater than 0.05 (0.666> 0.05), partially the financial inclusion variable has no significant effect on the borrower transaction (Y4).

3. Effect of GRDP on Fintech Peer to Peer Lending

The effect of GRDP on fintech peer to peer lending, namely lender accounts (Y1), obtained a probability value (p value) of 0,000. Because the probability value is smaller than 0.05 (0,000 <0.05), then the GRDP variable partially has a significant effect on lender accounts (Y1). Based on the coefficient value which is positive which is 0.938, it indicates that the effect is positive. That is, if there is an increase in the variable GRDP (X3) of 1%, then it will have a positive effect on lender accounts (Y1) of 0.938%.

The effect of GRDP on fintech peer to peer lending, namely borrower accounts (Y2), obtained a probability value (p value) of 0,000. Because the probability value is smaller than 0.05 (0,000 <0.05), then the GRDP variable partially has a significant effect on the borrower's account (Y2). Based on the coefficient which is positive, which is 1.094, it indicates that the effect is positive. That is, if there is an increase in the variable GRDP (X3) of 1%, it will have a positive effect on the borrower account (Y2) of 1.094%.

The effect of GRDP on peer to peer lending fintech, namely lending (Y3), obtained a probability value (p value) of 0,000. Because the probability value is smaller than 0.05 (0,000 <0.05), then the GRDP variable partially has a significant effect on lending (Y3). Based on the coefficient value which is positive which is 1.123, it indicates that the effect is positive. That is, if there is an increase in the variable GRDP (X3) of 1%, it will have a positive effect on lending (Y3) of 1.123%.

The effect of GRDP on fintech peer to peer lending, namely borrower transactions (Y4), obtained a probability value (p value) of 0,000. Because the probability value is smaller than 0.05 (0,000 <0.05), then the GRDP variable partially has a significant effect on the borrower transaction (Y4). Based on the coefficient value which is positive which is 1.085, it indicates that the effect is positive. That is, if there is an increase in the variable GRDP (X3) by 1%, then it will have a positive effect on borrower transactions (Y4) of 1.085%.

V. DISCUSSION

H1: Financial literacy has a positive effect on Financial Technology Peer to Peer Lending

The results of the regression analysis for the relationship between financial literacy and peer to peer lending fintech indicators namely lender accounts, borrower accounts, loan distribution, and borrower transactions show a positive and significant effect. This means that the hypothesis is **accepted**. The Organization for Economic Co-operation and Development (2016) defines financial literacy as a form of knowledge and understanding of financial concepts and risks. The results of this study indicate that the level of understanding and skills of the community in managing finances will affect public trust in peer to peer lending fintech services.

This is in line with the SOR theory which states that organisms produce certain behaviors if there are certain stimulus conditions. So the effect that arises is a reaction to the stimulus. Understanding of finance is an individual process of getting a stimulus in the form of a message that comes from all media. After the individual gets a message about finance from various media, it will be processed internally by these individuals mentally and physically. In the theory of SOR (Stimulus Organism Response), this is influenced by psychological factors, namely changes in attitude depending on the process that occurs in individuals. This is because stimuli delivered to individuals can be accepted or rejected. Communication can take place well if there is attention, understanding, and acceptance of the stimulus. If these three things occur, the response or effect is a good understanding, so that it will affect behavior.

H2: Financial inclusion has no effect on Financial Technology Peer to Peer Lending

The results of the regression analysis for the relationship between financial inclusion and peer to peer lending fintech indicators namely lender accounts, borrower accounts, loan distribution, and borrower transactions show negative and insignificant influences. This means that the hypothesis is **rejected**. The results of this study indicate that financial inclusion does not affect fintech peer to peer lending. This is triggered by two reasons, namely the inequality of financial inclusion index which is higher than the financial literacy index. Which means, the community merely accesses peer to peer lending services but is not accompanied by good literacy regarding

rights and obligations, as well as benefits and risks as users both as lenders and as borrowers so that it will adversely affect each party. In addition, it is also caused by inadequate peer to peer lending access. In accordance with OJK data in 2016 which states the provinces that need special attention in efforts to improve the level of financial inclusion are South Kalimantan, Central Kalimantan, North Kalimantan, East Nusa Tenggara, Gorontalo, and West Papua.

Based on the TAM theory which explains that the behavioral intention to use a system is influenced by two beliefs namely perceived ease and perceived usefulness. Therefore, it is necessary to develop infrastructure and expand access that is more adequate so that the fintech system of peer to peer lending can be available evenly in all provinces in Indonesia so that the goal of increasing financial inclusion through fintech peer to peer lending can be achieved because it is influenced by ease and benefit of the system.

H3: Gross Regional Domestic Product has a positive effect on Financial Technology Peer to Peer Lending

The results of the regression analysis for the relationship between Gross Regional Domestic Product and fintech indicators of peer to peer lending, namely lender accounts, borrower accounts, loan disbursement, and borrower transactions show positive and significant effects. This means that the hypothesis is **accepted**. The results of this study indicate that GRDP affects fintech peer to peer lending.

This result is in line with social welfare theory which states that social welfare is an organized system of services & institutions that are intended to help individuals and groups and provide opportunities for them to improve their welfare, one of them is through the fintech system of peer to peer lending because the system provides convenience in accessing loans and obtaining business capital so that the community, especially those who are MSMEs and investors, will prosper. This also means that the more prosperous a society is, the higher the economic growth, the more technology is needed.

VI. CONCLUSION

Based on the results of hypothesis testing and discussion of the effects of financial literacy, financial inclusion, and GRDP on fintech peer to peer lending, then some conclusions can be described as follows.

1. Financial literacy has a positive effect on peer to peer lending. This means that the higher the level of understanding, skills and skills of the community in managing finances will increase their trust to use modern financial services wisely and responsibly.
2. Financial inclusion has no effect on fintech peer to peer lending. This is triggered by two things, namely the inequality of financial inclusion index which is higher

than the financial literacy index. Which means that the community is merely accessing peer to peer lending fintech services but is not accompanied by good literacy regarding rights and obligations, as well as benefits and risks as users both as lenders and as borrowers so that it will adversely affect each party. In addition, it is also caused by inadequate and equitable peer to peer lending access in all provinces in Indonesia. In accordance with OJK data in 2016 which states the provinces that need special attention in efforts to improve the level of financial inclusion are South Kalimantan, Central Kalimantan, North Kalimantan, East Nusa Tenggara, Gorontalo, and West Papua.

3. GRDP has a positive effect on peer to peer lending. This means that the more prosperous a society is and the higher the economic growth, the more technology is needed.

Based on the conclusions of the study, it can be proposed a number of suggestions that the researcher can further expand the scope of the study by including moderating variables in order to add references related to similar research with quantitative methodologies. And research development can also be done by adding primary data sources in order to obtain a more complete and supportive data quality.

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