The Influence of Sharia Financial Technology on the Development of MSMEs

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Abstract
Currently, the use of fintech is very common in everyday life and continues to increase, but there are still many MSME players who have not been able to realize and be able to use it properly. Increasing financial literacy and the use of fintech can be a big model to help MSME players minimize the risks that occur in making decisions to improve financial performance. The purpose of this study is to determine and analyze the influence of Fintech Peer to Peer Lending and Payment Gateway on the development of MSMEs in North Sumatra Province. This type of research is field research with a Quantitative approach with primary data obtained from questionnaires that have been distributed to MSME actors in North Sumatra Province, totaling 109 samples which are then processed with Structural Equation Modeling (SEM) techniques. Judging from the results of structural model analysis or inner model through hypothesis testing path coefficients and T statistical significance values by determining T-statistical values through bootstrapping procedures. So it can be concluded that X1 or P2P has a positive and significant effect on the development of MSMEs in North Sumatra Province. While the resulting value in the variable X2 to Y with t Statistic 2.131 and p Value 0.034 can be explained by the value of t Statistic 2.131 > t table 1.96 or p Value 0.034 < 0.05, then statistically H2 is accepted meaning that variable X2 has a significant effect on Y. So it can be concluded that X2 or Payment Gateway has a positive and significant effect on the development of MSMEs in North Sumatra Province. variabel X2 berpengaruh signifikan terhadap Y. So it can be concluded that X2 or Payment Gateway has a positive and significant effect on the development of MSMEs in North Sumatra Province.
Keywords: *fintech syariah; development of MSMEs*

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) in Indonesia have a strategic role to encourage the progress of the Indonesian economy. MSMEs have a considerable contribution due to the expansion of employment opportunities and the absorption of a large enough workforce. In 2019 MSMEs were able to absorb a workforce of 119 million people, with the number of MSMEs reaching 65 million units and it is estimated that MSMEs will continue to increase from year to year. Behind the fairly good contribution of MSMEs to the national economy, it turns out that this sector still has considerable challenges and problems in digital transformation at this time that will be faced by MSME actors.

Several studies on MSME problems show that it is difficult for MSMEs to develop because there are several factors, one of which was found from the results of Wiwiek Rabiatul Adawiyah's

research entitled Factors Inhibiting the Growth of Micro, Small and Medium Enterprises, showing that there are a number of factors that affect the development of MSMEs, namely limited capital, limited human resources (HR), and lack of utilization or knowledge about technological innovation. Meanwhile, in Khabib Alia Akhmad's research, which explained that the development of MSMEs is influenced by various factors, including technological factors that can affect the competitive environment or competition with other MSME actors.

MSMEs are still weak in their business management capabilities, limited quality of human resources, and weak access to financial institutions, especially banks. This statement supports previous research by Urata which said that among the main problems faced by MSMEs is the large number of MSMEs that have not been bankable due to the absence of clear financial management or lack of managerial and financial capabilities. According to Air Langga Hartarto, there are several factors that make MSMEs decline, namely financing and capital, human resources (HR) as well as productivity and competitiveness. Productivity and competitiveness in the digital era at this time are influenced by technological factors which at this time technological factors are able to affect the competitive environment or competition with other MSME players.

MSMEs in Indonesia experience development every year, in 2018 the number of micro enterprises was 63,350,222 units and in 2019 as many as 64,601,352 units, small businesses (UK) 783,123 to 798,679 in 2019, while medium enterprises (UM) also increased in 2019 to reach 65,465 from 2018 of 60,702 units. And absorb 119,562,843 workers in the field of MSMEs. from the large number of MSMEs in Indonesia, there will be more competition between MSME actors. One of them is in North Sumatra Province, where some of the people are MSME actors. It was recorded that as many as 10,983 MSME units in 2020 were registered with the Office of Cooperatives, Small and Medium Enterprises, Industry and Trade in North Sumatra Province.

In North Sumatra Province, researchers conducted interviews with MSME players who have clothing businesses in the sagumpal bonang market, Mrs. Rosita, who said that sales decreased due to competition in buying and selling platforms and online transactions because Rosita's mother still did not understand technology, let alone apply it to business, such as financing and payment in business. While the interview conducted by the researcher to Mrs. Ramaini as the owner of the rice stall business which currently has a difficult operational system to develop because the system used is still traditional while rice sellers or other culinary have used technology both in payment and financing which makes the business increase which makes consumers switch to shopping at businesses that are already sophisticated in technology so that businesses that still use the system Traditional will be left behind. From the results of interviews conducted by researchers, the development of MSME technology in North Sumatra is not due to the productivity and competitiveness of MSMEs, so many businesses have closed because they have switched to online both in terms of transactions and buying and selling online.

The rapid development of the internet has led to the emergence of one of the technological development innovations in the business world, especially in the banking sector, namely the

emergence of *financial technology (Fintech),* which facilitates various transactions including sales.

Fintech was developed to facilitate services to small, medium, and large businesses. Many *Fintech* companies in Indonesia can easily invest in MSMEs. This is often referred to as peer-to-peer lending or P2P lending Unlike banks that have strict and very complicated procedures, Fintech P2P lending allows MSMEs to borrow online because MSME owners only need to complete the necessary documents online and there is no guarantee. In addition to P2P lending, MSME technology is a payment gateway technology as well as a technology provider. Payment technology companies that have partnered such as Gopay, OVO, Dana, Link or Shopee Pay.

In research conducted by Rahardjo, in his research entitled the impact of fintech on the development of small and medium enterprises in Magelang, he showed that fintech plays an important role in supporting the performance of small and medium enterprises, especially in improving operations and energy efficiency. This, in contrast to research conducted by Dalimunte, explains the purpose of using *financial technology* in banking, namely to improve the efficiency of user services. This is a new obstacle for small and medium enterprises. MSMEs initially did not have large mergers compared to banks, so MSMEs developed slowly and were less desirable as alternative financing. Not only that, the lack of financial innovation for MSMEs makes MSMEs less desirable. Obstacles to *Fintech* implementation to develop inclusive finance for MSMEs in Indonesia are the lack of financial literacy for MSMEs and human resources.

From the background above, researchers are interested in examining the influence *of sharia Financial Technology on the development of MSMEs, in order to prove scientifically several problems that occur* in MSMEs in North Sumatra Province to conduct research entitled "**The Influence of Sharia Financial Technology (***Fintech***) *on the Development of MSMEs in North Sumatra Province*"**

LITERATURE REVIEW

1. Financial Technology Syariah

   a. Understanding *Financial Technology*

      Regarding *Financial* Technology, it has been regulated in OJK Regulation Number 77 / POJK01 / 2016 concerning Information Technology-Based Money Lending and Borrowing Services contained in Article 1 Number 3 POJK which states that Information Technology (*Fintech*) Based Money Lending Services are the implementation of financial services to bring together lenders and loan recipients in the context of making loan and borrowing agreements in rupiah directly through an electronic system using the internet network.

      Sharia fintech in Indonesia has begun to attract a lot of public attention, especially with the establishment of the *Indonesian Sharia Fintech Association (AFSI) Institute* which houses sharia fintech in Indonesia and the legalization of Sharia fintech as an economic transaction that can also be registered with the Services and Finance

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Authority (OJK). *Sharia Fintech* is a combination of information technology innovation with existing products and services in the field of finance and technology that accelerate and facilitate business processes of transactions, investments and distribution of funds based on sharia values.

Sharia Fintech is a combination, innovation that exists in the fields of finance and technology that facilitates the process of transactions and investments based on sharia values. Although *this fintech* is a new breakthrough, it has experienced rapid development. Islam is a comprehensive religion so in the field of finance it must have rules that are in accordance with its principles according to sharia. It can be concluded that sharia fintech is a technology-based financial service by providing convenience in the transaction process that runs according to Islamic values and law. The legal reference specifically for Sharia fintech will be guided by the Indonesian Ulema Council (MUI), namely fatwa DSN MUI No.117 / DSN-MUI / II / 2018. The fatwa of the national Sharia council of the Indonesian Ulema Council regarding sharia principles in digital-based financing services.

In the first point regarding the general provisions of DSN, MUI explains that Sharia-based digital financing services are the provision of services to bring together lenders and borrowers based on sharia principles through an electronic system using the internet network.

Point 4 of the fatwa DSN MUI number 117 regarding the provisions of the general guidelines for information technology financing services states that transaction activities must not contain elements of usury*, gharar, maysir*, *haram* and *zhalim*. And the fundamental difference between *fintech* in general and sharia fintech is to pay attention to sharia contracts that will be formed in an information technology-based financing service activity.

b. Types of financial technology
1) *Peer to Peer Lending* is the provision of financing carried out online, which is commonly said to be a bridge between the inequality that occurs between those who need financing and those who are overfunded.
2) Payment gateway is a fintech engaged in services, namely payments that can be made online. Digital payment is a way of payment using electronic media, someone can apply payment transactions with *E-wallet* (Digital Wallet)*,* Digital payment is a type of fintech that moves on payment traffic.

2. **Micro, Small and Medium Enterprises**

a. Understanding Micro, Small and Medium Enterprises (MSMEs)

Micro, small and medium enterprises (MSMEs) are productive business units that stand alone, carried out by individuals or business entities in all sectors of the economy. In principle, the distinction between micro enterprises (UMI), small

enterprises (UK), medium enterprises (UM) and large enterprises (UB) is generally based on the value of initial assets excluding land and buildings, average turnover per year, or the number of permanent workers.

b. MSMEs Criteria

Law 20/2008 on MSMEs defines MSMEs based on net worth and annual sales results. The criteria for MSMEs based on the Law are as follows:

Table 1

Types of MSMEs based on indicators in UU 20/2008

Type	Net Worth (excluding land and buildingsfor business premises)	Annual sales results
Intermediate	Rp 500 million until Rp 50 billion	Rp 2,5 million until Rp 50 billion
Small	Rp 50 million until Rp 500 billion	Rp 300 million until Rp 2,5 billion
Micro	< Rp 50 million	< Rp 300 million

Data source: UU 20/2008 on MSMEs

c. Types of MSMEs
   1) Culinary Business, is a business that never dies because food is everyone's need.
   2) Fashion business, also has the potential to generate large profits, especially at certain moments such as holidays.
   3) Business Education, a place where face-to-face courses and training are quite popular, both school students and people who want to add special skills.
   4) Agribusiness business, as a basic need, business opportunity, agribusiness, namely business in agriculture and animal husbandry is very wide open.
   5) Automated Business, there are many automatic small and medium business opportunities, including buying and selling vehicle parts, car or motorcycle rental, automatic workshops and vehicle washing services.
d. The Relationship between *Financial Technology* and MSMEs

Fintech is always innovating, such as developing flexible products and better ways to overcome problems faced by MSMEs, these problems include difficulty getting access to financial services. Fintech is also making financial services more affordable and accessible, improving customer experience and accelerating usage and engagement, building foundations including easier digital identity verification, and

payment schemes that can accelerate a number of financial services. The relationship between Financial Technology and MSMEs is as follows:

1) Fintech provides easy access to financial services
2) Fintech is able to reach all MSMEs
3) Fintech opens access to business financing that is easier and faster.

METHOD

In conducting this study, researchers chose a research location in North Sumatra Province. With the time for the study to be carried out from March 2022 to February 2023. This type of research is quantitative research. Quantitative research is research that works with numbers, whose data is in the form of numbers that are analyzed using statistics to answer specific research questions or hypotheses, and to predict that a certain variable affects other variables.

The population in this study is the entire number of MSMEs in North Sumatra Province registered with the Office of Cooperatives, Small and Medium Enterprises, Industry and Trade in North Sumatra Province. The sample in this study was carried out using *a simple random sampling* technique. Simple random sampling is the simplest sampling procedure that is taken in a random way and each unit has an equal chance of being selected.

The sample size of this study refers to the determination of samples based on percentages according to Yount (1999) in Jamaluddin Ahmad. Based on data from the Office of Cooperatives, Small and Medium Enterprises, Industry and Trade in North Sumatra Province, the population is 10,983. So if viewed from the table above, the sample size obtained is 1% of 10,983, which is 109.83 then rounded to 109. So there were about 109 respondents studied in this study. The source of data in this study is from internal data. Internal data sources are the origin of illustrations obtained from within the institution, or organization where the research is carried out. The source of internal data in this study is MSMEs Data from the Cooperative Office, Small and Medium Enterprises, Industry and Trade of North Sumatra Province. Data collection instruments using questionnaires and documentation.

Data Analysis Techniques in this study Data analysis according to John W. Tukey which is a procedure for analyzing data, techniques for interpreting analysis results, supported by the data collection process to make analysis easier, more precise and accurate. The entire set of analytical tools used is useful for processing data into symmetrical information.

Data analysis (both quantitative and qualitative) has a variety of approaches and techniques with the aim of providing valid, reliable, practical information to support the productive (effective and efficient) management decision-making process. Data processing in this study uses *smartPLS SEM (Partial Least Square – Structural Equation Modeling) software.* The author uses *Partial Least Square* because this study is a latent variable that can be measured based on the indicators so that the author can analyze with clear and detailed calculations.

1. **Descriptive Statistical Analysis**

Descriptive analysis is carried out by collecting, processing, presenting and interpreting data so that a clear picture of the problem at hand is obtained. Data analysis in this study used the *Partial Least Square* (PLS) approach. PLS is *a component- or variant-based* Structural Equation Modeling (SEM) equation model.

Partial Least Square (PLS) is a causal model that explains the influence between variables on construct variables. PLS-SEM analysis usually consists of two sub-models, namely the measurement model or often called the *outer model* and the structural model or often called the *inner model*. The measurement model shows how the manifest variable or *observed variable* represents the latent variable to be measured. While the structural model shows the strength of estimation between latent variables and constructs.

2. **Measurement Model or Outer Model**

The measurement model shows how the manifest variable or observed variable represents the latent variable to be measured. The test circuit in the measurement model or outer model is a validity test and a reliability test.

a. Validity Test

Validity measurement includes testing how well the value of an instrument developed in measuring a study. The higher the value of the instrument, the better it represents the research question. To measure validity, it must test the relationship between variables, namely discriminant validity and *average variance extracted* (AVE) with the expected AVE value > 0.5.

The validity test with the SmartPLS 3.0 program can be seen from the loading factor value for each construct indicator. The condition that is usually used to assess validity is that the loading factor value must be more than 0.70. Furthermore, discriminant validity relates to the principle that manifest variables of different constructs should not correlate with high, the way to test discriminant validity with the reflection indicator f is to look at the cross loading value For each variable it should be > 0.70 and the value is higher than the other variables. However, according to Chin, for the early stages of research on the development of a loading factor measurement scale of $0.5 – 0.6$, it is still considered quite sufficient.

b. Reliability Test

Reliability tests are carried out to prove the accuracy, consistency and accuracy of instruments in measuring constructs. In PLS-SEM using the *SmartPLS* 3.0 program, to measure the reliability of a construct with reflexive indicators can be done by calculating the value of *composite reliability*. The condition that is usually used to assess construct reliability is that *composite reliability* must be greater than 0.7 for *confirmatory* research and values of 0.6-0.7 are still acceptable for *exploratory*

research. Reliability tests cannot be performed on formative models because each indicator in a latent variable is assumed not to be mutually correlated or independent.

3. Structural Model or *Inner Model*

Structural models show the strength of estimation between latent variables or constructs. The inner model aims to test the relationship of the indicators that make up the variables. The test circuit in the structural or inner model is to calculate the value of R-squares.

a. R-Squares Value

In assessing structural models with PLS, it starts by looking at the R-Squares value for each endogenous latent variable as the predictive force of the structural model. Changes in the value of R-Squares can be used to explain the effect of a particular exogenous latent variable on whether the endogenous latent variable has a substantive effect. According to Chin, R-Squares values of 0.67, 0.33, and 0.19 indicate strong, moderate, and weak models. R-Square value on endogenous constructs. The R-Square value is the coefficient of determination on the endogenous construct. According to Hair states 0.75 (strong), 0.5 (strong), and 0.25 (weak).

b. Value Q^2

The Q2 value describes *Predictive relevance*, namely the structural relevance match of the model. Q2 > 0 values illustrate that the model has good Predictive relevance, if Q2 values < 0 then it illustrates that the model lacks Predictive relevance. With criteria of 0.02 weak, 0.15 medium, 0.35 strong.

c. Model Fit

Model Fit is the value of how good the model is by looking at the NFI value. where if the NFI value is close to the range of 0-1 then the closer to 1 the better the model used.

4. Hypothesis Test Analysis

a. *Path Coefficients*

Path Coefficients are values that indicate the direction of the variable relationship, whether the hypothesis has a positive or negative direction and whether it has a significant relationship. To see the results of the hypothesis test in this study can be done by looking at the results of t Statistics > 1.96 and *P Values* < 0.05. The hypothesis is acceptable when *P Values* < 0.05. For the results of processing the hypothesis of direct influence can be seen in the *path coefficient* table located in *bootstrapping SmartPLS*.

DISCUSSION

1. **Data Analysis**

   a. Model Measurement Evaluation (*Outer Model*)

   The outer model shows how varibael manifest or observed variables represent variables to be measured. In this model analysis specifies the relationship between variables and indicators.
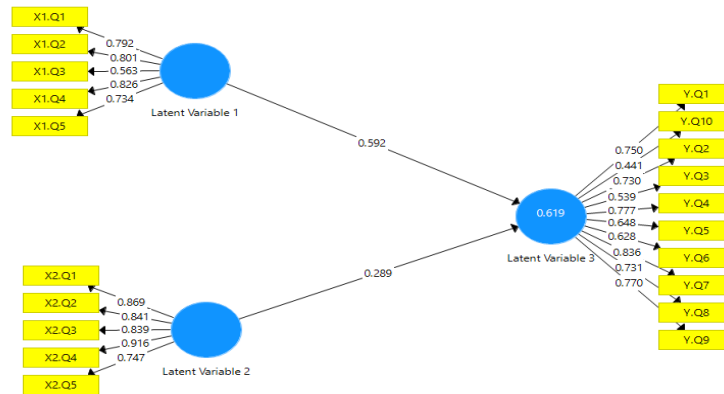

Figure 1 *Outer Loading* Before you delete

According to Abdillah and Hartono, construct validity tests can generally be measured by the *loading* score parameter in the research model > 0.7 and using AVE parameters with an AVE score must be > 0.5. If *the loading* score is <0.5, this indicator may be removed from its construct because it cannot be loaded into the construct it represents. If *the loading score is between 0.5 – 0.7, researchers should not delete indicators that have* a *loading* score as long as the AVE score > 0.5.
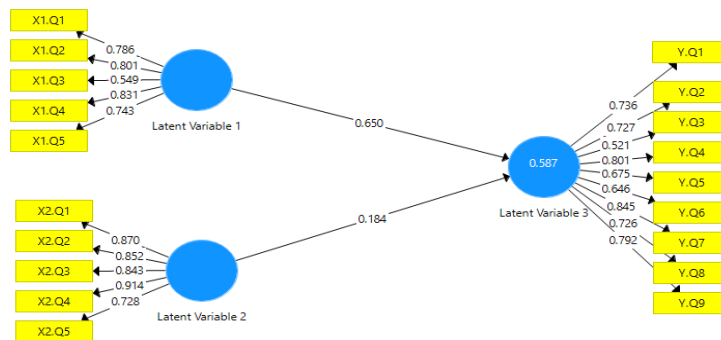

Figure 2 *Outer Loading* After deletion

   b. Validity Test Analysis

   In conducting research, this test is a measurement of whether each question presented in the form of a questionnaire is able to represent the variables studied. In the use of SmartPLS, vailidity measurement is carried out in 2 ways and the results of the analysis that have been carried out are:

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1) Convergent Validity

The value of *Convergent Validity* is the value of *the loading factor* in the latent variable with its indicators. Used to test the validity of each indicator in a variable, the individual reflexive measure is said to be high if it correlates > 0.7 with the construct to be measured, meaning that the condition that is usually used to assess validity is that the loading *factor value* must be more than 0.7, the indicator is valid to measure the construct made, however, for the development stage of the *loading* value measurement scale > 0.5 is considered sufficient, which means it is eligible. however, for the development stage of the measurement scale, the value of each variable is considered qualified when *the average variance extracted* (AVE) value > 0.5.

Table 1 *loading Factor*

Indikator	Variable X1	Variable X2	Variable Y
X1.Q1	0,786		
X1.Q2	0,801		
X1.Q3	0,549		
X1.Q4	0,831		
X1.Q5	0,743		
X2.Q1		0,870	
X2.Q2		0,852	
X2.Q3		0,843	
X2.Q4		0,914	
X2.Q5		0,728	
Y.Q1			0,736
Y.Q2			0,727
Y.Q3			0,521
Y.Q4			0,801
Y.Q5			0,675
Y.Q6			0,646
Y.Q7			0,845
Y.Q8			0,726
Y.Q9			0,792

Source: Data Analysis, 2023

The findings in table IV.2 show that the variables used in this study are XI or *Peer to peer Lending*, X2 or *Payment Gateway*, Y or MSME Development. In each question that represents each variable has a loading factor value of > 0.5, it can be stated that the question representing each variable is eligible for research.

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Tabel 2
Avarage Variance Extruted **(AVE)**

	Average Variance Extracted (AVE)
Variable X1	**0,560**
Variable X2	**0,711**
Variable Y	**0,525**

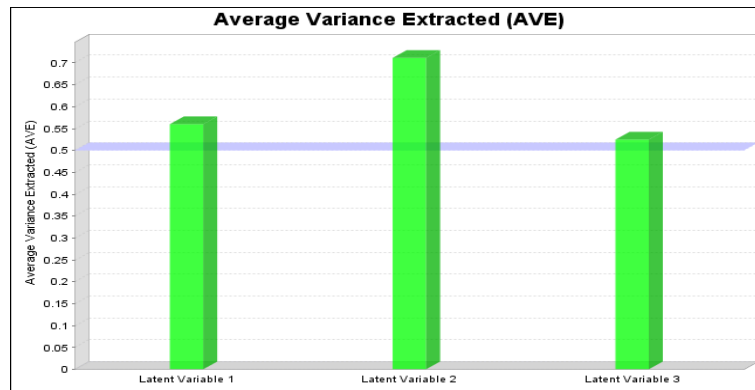Source: Data Analysis, 2023

Figure 3 (AVE)

Based on the table and diagram above, it can be seen that the AVE value of the variable X1 > 0.5 or 0.560, for the value of the variable X2 > 0.5 or 0.711 and for the value of the variable Y > 0.5 or 0.525. This shows that each variable has good *convergent validity*.

2) Discriminant Validity

Measurement of discriminant validity using cross loading values, where the value of each variable produces a cross loading value > in making a comparison of the variables used to represent it.

Table 3 *Cross Loading*

	Variable X1	**Variable X2**	**Variable Y**
X1.Q1	**0,786**	0,550	0,559
X1.Q2	**0,801**	0,410	0,567
X1.Q3	**0,549**	0,349	0,299
X1.Q4	**0,831**	0,414	0,629
X1.Q5	**0,743**	0,343	0,659
X2.Q1	0,534	**0,870**	0,475

	Variable X1	Variable X2	Variable Y
X2.Q2	0,578	**0,852**	0,555
X2.Q3	0,399	**0,843**	0,425
X2.Q4	0,437	**0,914**	0,448
X2.Q5	0,285	**0,728**	0,322
Y.Q1	0,545	0,508	**0,736**
Y.Q2	0,646	0,458	**0,727**
Y.Q3	0,435	0,409	**0,521**
Y.Q4	0,596	0,325	**0,801**
Y.Q5	0,435	0,222	**0,675**
Y.Q6	0,406	0,229	**0,646**
Y.Q7	0,605	0,480	**0,845**
Y.Q8	0,551	0,476	**0,726**
Y.Q9	0,588	0,319	**0,792**

Source: Data Analysis, 2023

The results obtained in table IV.4 above show that the value of each question item both variables X1, X2 and Y produces cross loading values > in making comparisons between variables in the question used to represent them.

c. Reliability Test Analysis

Reliability measurement will show how accurate the consistency of respondents' answers in the variability used to determine whether respondents are consistent in answering the questions studied. In this measurement there are 2 ways used in this study are:

1) Composite Reliability

Composite reliability is a part used to test the reliability value of variable indicators, a construct is said to be reliable if the value of *composite reliability >* 0.7.

Tabel 4 Analysis Results *Composite Reliability*

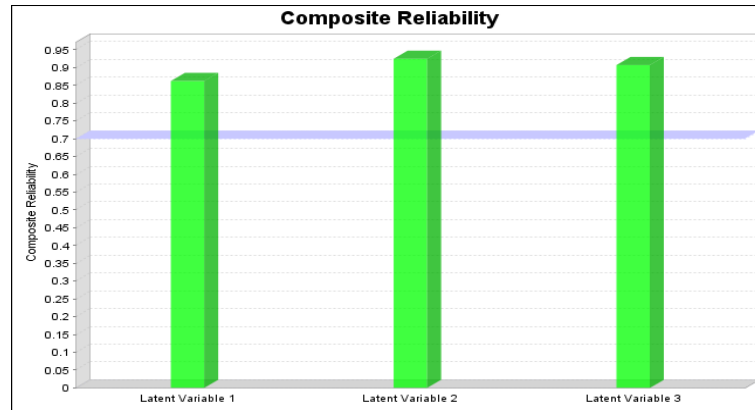|	Composite Reliability
Variable 1	0,862
Variable 2	0,925
Variable 3	0,907

Source: Data Analysis, 2023

Figure 4 Composite Reliability

The Composite reliability value produced in each variable X1, X2 and Y > 0.7 where the Composite reliability value of the variable X1 > 0.7 is 0.862, variable X2 is 0.925 and Variable Y is 0.907. Judging from the Composite reliability value on each variable whose magnitude is > 0.7 shows that these variables are reliable.

2) Cronbach's Alpha

The reliability test using composite reliability can be strengthened by using the criteria of Cronbach's alpha for variable assessment, where if the Cronbach's alpha value for each variable is > 0.7, it is considered reliable. The following table presents the values of Cronbach's alpha for each variable:

Table 5 *Cronbach's Alpha*

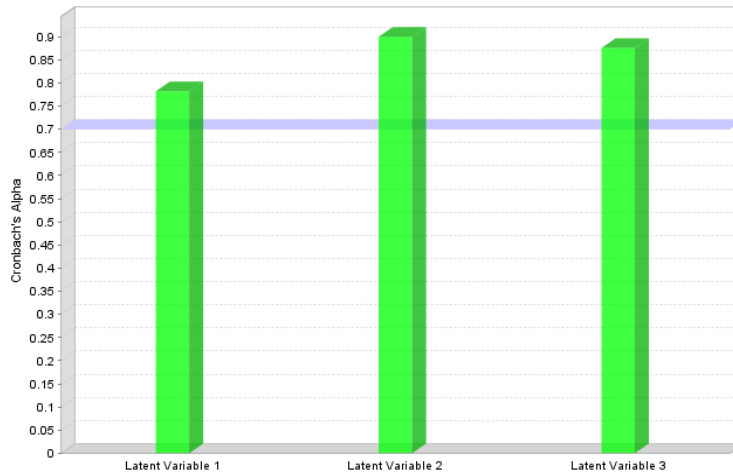|	Cronbach's Alpha
Variable 1	**0,803**
Variable 2	**0,898**
Variable 3	**0,884**

Sumber: Data Primer Analisis 2023

Figure 5 (*Cronbach's Alpha*)

Based on the table and diagram above, the results of Cronbach's Alpha variables X1, X2 and Y > 0.7, namely X1 of 0.803, X2 of 0.898 and Y of 0.884. Thus these results can show that each research variable has met the requirements of Cronbach's Alpha value so that it can be concluded that the overall variable has a high level of reliability.
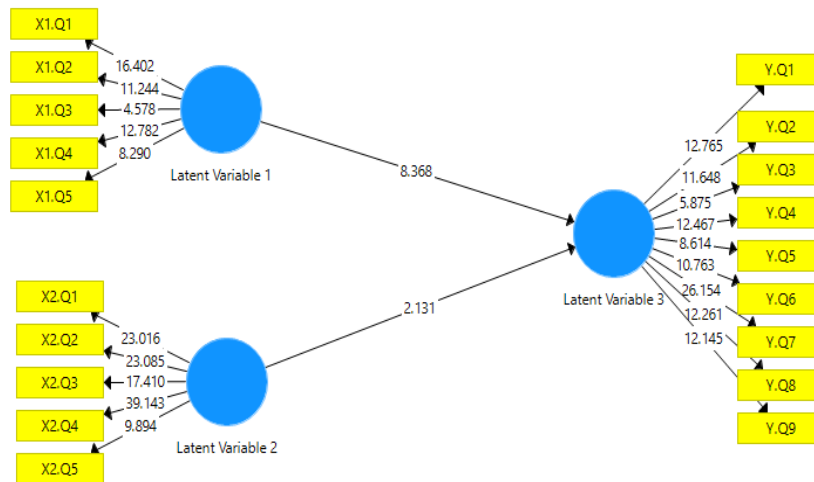
d.   Structual Model Analysis (*Inner Model*)

Figure 6

1)   Value Analysis R^2

The value of R2 is a value that only belongs to endogenous variables, this R2 value is a value that shows how much or strongly exogenous variables affect endogenous variables, and R2 has criteria according to chin, above 0.67 strong, above 0.33 moderate, above 0.19 weak.

Table 6 R. Square

	R Square	R Square Adjusted
Variable 3	0,587	0,579

Source: Data Analysis, 2023

0,587 x 100 = 58,7%

From the results listed in the table above, R Square is produced by 0.587%, which if multiplied by 100 then 58.7% is produced. So it can be concluded that variable Y is influenced by 58.7% by variables X1 and X2, most likely 41.3% of variable Y influenced by other varibaels that allow to affect the variable Y.

2) Value Analysis Q^2

The Q2 value describes *Predictive relevance*, which is the structural relevance match of the model. Q2 > 0 values illustrate that the model has good Predictive *relevance*, if Q2 values < 0 then it illustrates that the model lacks *Predictive relevance.*

Table 7 Q^2

	SSO	SSE	Q^2 (=1-SSE/SSO)
Variable 1	545,000	545,000	
Variable 2	545,000	545,000	
Variable 3	981,000	701,765	0,285

Source: Data Analysis, 2023

So it can be concluded from table IV.8 that the value of Q2 0.285 which is greater than 0, then it can be said that this model has exogenous variables that are good at predicting other variables.

3) Fit Model

Fit Model is the value of how good the model is by looking at the NFI value, where if the NFI value is close to the range 0-1 then the closer to 1 the better the model used.

Table 8 Fit Model

	Saturated Model	Estimated Model
SRMR	0,110	0,110
d_ULS	2,303	2,303
d_G	2,225	2,225
Chi-Square	797,248	797,248
NFI	0,552	0,552

Source: Data Analysis, 2023

Based on the table above, there is an NFI value of 0.552, where if it is presented to 55%, so the model owned in the study is 55% fit, which value is in the range of close to 1. Then it can be said to have a good model.

4) Effect Size (f^2)

Effect Size is used to determine the goodness of the independent variable model with dependents. The *f2* value of 0.02 is categorized as small, 0.15 is categorized as medium and 0.35 is categorized as large.

Tabel 9 Effect Size (f^2)

	Variable X1	Variable X2	Variable Y
Variable X1			**0,717**
Variable X2			0,058
Variable Y			

Source: Data Analysis, 2023

Based on table IV.10 above shows that the variable X1 has a value of 0.717 so it is concluded to have a major influence on Y because it > 0.35. While the variable X2 has a value of 0.058 where it can be concluded that it has a small influence because it > 0.02.

e. Hypothesis Test Analysis
   1) Path Coefficients

Based on previous analysis data, the results can be used to answer the hypothesis of this study. To see the results of the hypothesis test in this study can be done by looking at the results of t Statistics > 1.96 and *P Values* < 0.05. The hypothesis is acceptable when *P Values* < 0.05. For the results of processing the hypothesis of direct influence can be seen in the *path coefficient* table located in *bootstrapping* SmartPLS.

Table 10 Direct Influence (*Path Coefficient*)

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Variable X1 -> Variable y	0,650	8,368	**0,000**
Variable X2 -> Variable y	0,184	2,131	**0,034**

Source: Data Analysis, 2023

It can be concluded that the greatest influence is shown in the influence of the variable X1 with a value of 0.650. While the smallest influence is found in the variable X2 with a value of 0.184, where the value of statistical t is > 1.96. Based on these results, it can be concluded that the entire model in this variable has a *path coefficient value* that is pssociative. This is known because the greater the value *of the path coefficient*, the stronger the influence of independent and dependent variables. To determine whether or not it is significant in table IV.11 can be seen with t statistics where according to Ghozali the results of the analysis obtained are table t values or statistical t 1.96.

2) *Peer to Peer Lending* to the Development of MSMEs in North Sumatra Province

The hypothesis to be tested is *Peer to Peer Lending to* the Development of MSMEs in North Sumatra Province with the following hypothesis formulation:

H_0 : There is no influence of *Peer to Peer Lending* on the development of MSMEs in North Sumatra Province

H_1 : There is an influence of *Peer to Peer Lending* on the development of MSMEs in North Sumatra Province

Table 11 Test Results *Peer to Peer Lending* gainst Development MSMEs in North Sumatra Province

Original Sample (O)	t- Statistics	p- values	H_0	H_1
0,650	8,368	0,000	Ditolak	Diterima

Source: Data Analysis, 2023

Based on the results of data processing on the analysis *of path coefficient* numbers in table IV.12, it can be seen that the relationship between the Peer to Peer Lending variable to the MSME development variable has a positive original sample value of 0.650. In addition, a t-statistic value of 8.368 and a p-value of 0.000 were also obtained with a significant value set is t-statistic 1.96 and a p-

value of less than 0.05. Based on this, it can be said that Peer to Peer Lending has a positive and significant influence on the variable development of MSMEs, which is 0.650 and has a significant positive influence seen from the statistical t-value which is greater than the statistical t-value (8.368 > 1.96) and p-value smaller than 0.05 (0.000 < 0.05), thus it can be stated that H1 is accepted and H0 is rejected.

3) *Payment Gateway* to the Development of MSMEs in North Sumatra Province

The hypothesis to be tested is *Payment Gateway* to the Development of MSMEs in North Sumatra Province with the following hypothesis formulation:

H_0 : There is no influence of *Payment Gateway* on the development of MSMEs in North Sumatra Province

H_1 : There is an influence *of Payment Gateway* on the development of MSMEs in North Sumatra Province

Table 12 Payment Gateway Test Results on Development MSMEs in North Sumatra Province

Original Sampel (O)	t- Statistics	p- values	H_0	H_1
0,184	2,131	0,034	Ditolak	Diterima

Source: Data Analysis, 2023

Based on the results of data processing on the analysis *of path coefficient* numbers in table IV.13, it can be seen that the relationship between *the Payment Gateway* variable and the MSME development variable has a positive original sample value of 0.184. In addition, a t-statistic value of 2.131 and a p-value of 0.034 were also obtained with a significant value set of t-statistic 1.96 and a p-value of less than 0.05. Based on this, it can be said that *the Payment Gateway* has a positive and significant influence on the variable development of MSMEs, which is 0.184 and has a significant positive influence seen from the statistical t-value which is greater than the statistical t-value (2.131 > 1.96) and the p-value is smaller than 0.05 (0.034 < 0.05), thus it can be stated that H1 is accepted and H0 is rejected.

CONCLUSIONS

By looking at the results of the research that has been discussed, the following conclusions can be drawn:

1. The P2P variable (X1) has a significant positive influence on the development of MSMEs in North Sumatra Province. It is proved that the resulting value in the variable X1 against Y with t Statistics 8.368 and p Value 0.000 can be explained by the value of t Statistics

8.368 > t table 1.96 or *p Value* 0.000 < 0.05 then statistically H1 is accepted meaning that variable X1 has a significant effect on Y. So it can be concluded that X1 or P2P has a positive and significant effect on the development of MSMEs in North Sumatra Province.

2. The Payment Gateway (X2) variable has a positive and significant influence on the development of MSMEs in North Sumatra Province. It is proved that the resulting value in the variable X2 to Y with t Statistically 2.131 and p Value 0.034 *can be explained by the value of t Statistically 2.131 > t table 1.96 or* p Value *0.034* < 0.05 then statistically H2 is accepted meaning that variable X2 has a significant effect on Y. So it can be concluded that X2 or Payment Gateway has a positive and significant effect on the development of MSMEs in North Sumatra Province.

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