Volume 16, Issue 3, 05 Oktober 2025, Pages. 736-749

Journal of Management (Electronic Edition)

Sekolah Pascasarjana Universitas Ibn Khaldun Bogor

http://dx.doi.org/10.32832/jm-uika.v16i3.19811

The Influence of *Peer-to-Peer Lending Fintech* and *Payment Gateways* on *MSME* Performance

***Sri Lestari Yuli Prastyatini*[a*], *Salsabilah Putri Pandia*[b]**

[ab]*Accounting Study Program, Faculty of Economics, Sarjanawiyata Tamansiswa University*

**Corresponding author e-mail: srilestari_yp@ustjogja.ac.id*

ARTICLE INFO

DOI: 10.32832/jmuika.v16i3.19811

Article history:
Received:
MM DDDD YYYY
Accepted:
26 Mei 2025
Available online:
05 Oktober 2025

Keywords:
Fintech Peer to Peer Lending, Payment Gateway, MSME Performance

ABSTRACT

The goal of this research is to find out how much of an impact payment gateways and peer-to-peer lending have on the efficiency of MSMEs in Yogyakarta's Kota Gede. This study will use positivist-based quantitative methods to investigate a preselected community or sample. Kota Gede Yogyakarta Silver MSMEs make up the population studied in this research. One of the most popular tourist attractions and a major cash cow for Yogyakarta is its silver craft, which is why it's important to sample silver MSMEs. This study implemented a purposive sampling technique and had certain criteria for sample selection. For this study 57 MSMEs located in Perak Kota Gede Yogyakarta Silver were surveyed. This research utilized multiple linear regression analysis for its data. The findings indicate that payment gateways and peer-to-peer financing impact the operational efficiency of small and medium enterprises located in Perak, Kota Gede, Yogyakarta substantially. The F test results indicate a substantial difference between the F table value and the F computed value. Apart from the other, both payment gateways and peer-to-peer financing significantly influence the growth of micro, small, and medium enterprises and are regarded as separate independent variables.

1. INTRODUCTION

About 60.5% of Indonesia's GDP is contributed by Micro, Small, and Medium Enterprises (MSMEs) which indicates their importance to the economy. However, limited access to finance stands as a major obstacle to the development of MSMEs (Gainau, 2023). Due to constrained finances, many MSME firms struggle to expand their market reach and compete in the digitally sharpened marketplace; A new avenue of financial innovation, or fintech, micro, small, and medium-sized enterprises (MSMEs) become able to access financing. Through some of the fastest growing areas of financial technology, firms can now obtain loans directly from other firms via peer-to-peer lending (Vishnu et al., 2024). According to research, micro, small, and medium enterprises (MSMEs) can benefit from peer-to-peer lending as it can improve their access to financing. (Maysaroh et al., 2022). In addition, payment gateways are also very important for MSMEs as they enable easy financial transactions. The use of digital payment systems allows MSME players to make transactions more quickly and safely (Prasetyo et al., 2020). The use of payment gateways can greatly help MSMEs improve their financial performance, according to previous research (Lestari et al., 2020). This suggests that the application of this technology can provide the necessary competitive advantage in an increasingly evolving market.

Esteemed as the history of development of Islamic Mataram, Kotagede Yogyakarta remains still one of the regions in the core area of Yogyakarta city. The city serves as a former vital center for the Islamic Mataram kingdom during the reign of Panembahan Senapati, which provides Kotagede with tremendous archaeological heritage. Moreover, the city's coexistence with an ancient city and its capability to adapt to modernity adds to the interest. In a historical context, Kotagede served in the medieval period as a city with multifunctional integrated attributes with an important concentrated area for politics, econom, and socio-culture. Nonetheless, the heritage of silver work in this region can be traced back to a tribe known as the Kalang , or "wong Kalang." This group of people lived in communal and semi-nomadic groups and are considered to have populated Java since the megalithic era—long before it was exposed to Hindu and Buddhist influences. It is the contribution of the "wong kalang" that enabled Kotagede, Yogyakarta to become widely regarded as a prominent center for silver craftsmanship. The relentless work ethic of these "wong kalang" slowly turned the alas mentaok region into a modernized settlement now called Kotagede. At that time, the "wong kalang" were renowned for their expertise in numerous crafts such as wood carving, gold, diamond, and silver work.

Through the implementation of diverse carving services, job opportunities were created not only for the local residents, but also had noteworthy impacts on the economy of Mataram, particularly in Kotagede (Wisnu et al., 2024).

In the 16th century, Geda City began to emerge. Kota Gede silver appeared in the midst of the development of the kingdom which was used to meet the needs of the palace and trade, besides

that silver was also a symbol of luxury. In 1930, Kota Gede silver grew and began to be recognized worldwide. One of the figures who developed and introduced Kota Gede silver at that time was ary Agnes van Gesseler Verschuir, wife of PRW van Gesseler Verschuir, Governor of Jogjakarta in 1929 (museum, 2023). Kota Gede is a famous center of silver craft in Indonesia, hence it is also known as the "Jewellery of Jogja" in Yogyakarta. Kota Gede silver is popular with visitors from all over the world because the craftsmen can make a variety of unique and aesthetic crafts. The progress of Kota Gede silver craft is a positive start for the Indonesian economy (Kemenparekraf, 2022).

The research site selected was Kota Gede, which is well known for silver craft industry história since it serves as the focal point of silver craft manufacturing in Yogyakarta. Kota Gede silver craft also boosts the economy of the region and attracts tourists. This research intends to explore the impact of peer-to-peer (P2P) lending, e-commerce and payment gateways on the performance of Micro, Small and Medium Enterprises (MSMEs) in the region which is considered to have high potential growth owing to the large concentration of MSMEs operating in this industry. The focus of this study is the boundless impact of fintech on the corporate performance of silver MSMEs in Kota Gede. By concentrating on the silver craft industry, this research seeks to contribute to the formulation of relevant digital age business response strategies. This research aims to uncover the elements that affect the performance of MSMEs in Kota Gede and explore ways in which they can use fintech to overcome barriers. Both MSME players and policymakers in Indonesia can benefit from the results of this study in order to create initiatives that promote financial inclusion and MSME growth. Ultimately, this study is expected to provide an overview of how fintech-specifically P2P lending and payment gateways-have affected the productivity of silver MSMEs in Kota Gede Yogyakarta. Hopefully, this will lead to sustainable and inclusive local economic development.

Company performance is a measure of how well a company achieves its goals. Organizational performance is a response to its strategic goals, customer happiness, and a positive impact on the economy (Wahyudiati et al., 2018). The performance of micro, small and medium enterprises (MSMEs) is defined by (Mutegi et al., 2015) as the final result of an assessment of the tasks and responsibilities carried out by people or groups within a certain period of time in accordance with predetermined criteria. Then, performance is what results from a reference and measurement process that follows established norms and standards over time (Edison, 2016). The value an organization gives to employee performance is directly related to the knowledge, competence, and experience needed to do a good job. (Gopang et al., 2017) states that performance can be evaluated by looking at the following factors: (1) sales and revenue, (2) the number of workers, (3) output in the form of products and services, (4) company capital, and (5) working conditions. P2P lending refers to a network of online companies that facilitate lending through financial mediation Hsueh and Darnall (2017). There are several characteristics shown by *peer to peer* lending schemes (Sobihin, 2021). (1) Savings in time, money, and effort; (2) Convenience for borrowers; (3) Data security; (4) Fast processing; (5) Easy to use; (6)

Charges according to conditions and schedules; (7) Applications are fully compliant with the rules. With the development of online commerce in recent years, electronic-based payment methods have gained widespread public recognition. One technique to evaluate the performance of payment gateways is to see how well they meet the criteria put forward by (Saputra, 2019) (1) ease of operation; (2) flexibility; (3) timely performance; (4) ease of work; (5) accuracy; and (6) quality of service produced.

Especially for MSMEs, or micro, small, and medium enterprises, *peer to peer* lending offers a viable alternative to traditional bank loans. The *peer to peer* lending mechanism in fintech is very easy to use by both borrowers and lenders (Baihaqi, 2018). The research hypothesis is based on this description: H1: *Peer to Peer Lending* (P2P) has a positive effect on MSME Performance

"Payment gateway" designates a class of services which facilitates the electronic transfer of funds, and paying by credit, debit cards or through bank transfers. Payment gateways automate processes for greater efficiency. All financial transactions are completed safely and on time (Royanti et al., 2023). The research hypothesis is based on this description: H2: Paymeny Gateway has a positive effect on MSME Performance

RESEARCH METHODS

The positivism paradigm provides the basis for this quantitative research methodology, which examines a predetermined population or sample. Quantitative methods rely on the use of research tools and statistical analysis to collect data. Testing hypotheses is the primary goal of quantitative research.

The term "population" as used in Sugiyono (2014) refers to a broad category that includes things or individuals with certain characteristics that researchers choose to study and then draw conclusions. Based on this definition, population is defined as a research target group consisting of people, objects, or events that have certain characteristics in common. This study aims to examine the Kota Gede Yogyakarta Silver MSMEs as a population. Because there are so many Silver MSMEs in the Kota Gede Yogyakarta area, the Silver MSMEs will be used as the population. The sample for this study was selected using purposive sampling technique, which considers a number of factors. People who use the E-Commerce Payment Gateway or who are connected to the Kota Gede Yogyakarta Perak MSMEs meet these requirements.

The questionnaire is the data collection tool used in this study. When a researcher submits a questionnaire, it is a set of statements that have been compiled by the researcher and given to people to fill out. The participants in this study were micro, small and medium enterprises (MSMEs) in the Perak region of Yogyakarta. This study uses a questionnaire as a research tool because a questionnaire is a way to measure the social and natural phenomena under study. The variables in the questionnaire were assessed by asking respondents to rate their level of agreement with certain statements. Respondents rated their level of agreement with each statement using a Likert scale that has four options. The author of this study collected a sample

of 57 out of 104 Perak MSMEs, whereas the minimum sample size required according to calculations using the Slovin method is 21 with a margin of error of 20%.

According to (Ghozali, 2018), to ensure that the instrument is reliable, Cronbach's Alpha is used, with a minimum dependability value of 0.60. The researchers sent paper surveys to all MSME participants as part of this study. From February to March 2025, data samples were taken. Before the main data collection began, the questionnaire was pilot-tested with 30 participants acting as a test population to identify any issues with the survey and data collection procedures. After that, the questionnaire was sent to Silver MSME participants.

Multiple linear regression, hypothesis testing (T test, F test, and coefficient of determination (R2) test), and classical assumption tests (normality test, multicollinearity test, and heteroscedacity test) were used in the data analysis of this study.

2. RESULTS & DISCUSSION

The respondents used in this study were Kota Gede Yogyakarta Silver MSME players. Characteristics are grouped based on Kota Gede silver business ownership, length of business, and business turnover.

Table 1 Silver Business Ownership of Kota Gede Yogyakarta

No.	Business Name	No.	Business Name	No.	Business Name
1	SS Silver	21	Cheerful Silver	41	Sumanto Silver
2	Kotagede Silver	22	NR Silver	42	Goddess 2 Silver
3	Yon Silver	23	NM Silver	43	HH Silver
4	Nur Purwanto Silver	24	Budi Perak	44	Arananda Silver
5	Mahkota Jewelery	25	Jaya Silver	45	Goddess Silver
6	Endri Silver	26	Jaya Perak	46	Djoglo Art Silver
7	Galang Silver	27	Queen Silver	47	Farah Jewelry
8	Apri Silver	28	Princess Jewelery	48	Finsa Silver
9	Apri Crafts	29	Silver Palace	49	Rofiq Silver
10	Craft, brass, and copper Subandi	30	WS Silver	50	Ring Jogja
11	Ribut Silver Crafts	31	Salim Silver	51	Fiyan Silver
12	Darwin Collection	32	Rahayu Silver Crafts	52	Nurjanah Silver
13	Warung Perak G25	33	Agus Silver	53	Dava Silver
14	Pak Anen's Silver & Gold Crafts	34	YK Silver	54	Unique Silver
15	Omah Perak	35	DD Silver	55	Yuni Silver
16	Mr. Ikok's Silver Crafts	36	Djoen Silver	56	KG Silver 925
17	JNC Silver	37	Royal Silver	57	Silver Jogja Silver
18	Asri Silver	38	Mr. Nan's Silver Crafts		
19	Good	39	Mila's Silver		
20	Indriana Silver	40	Silver Gallery		

Source: Processed Primary Data, 2025

Table 1 is a table of ownership of Kota Gede Yogyakarta silver businesses that are respondents in this study.

Table 2 Length of Business

No.	Length of business	Total	Percentage
1	<1 Year	0	0%
2	1-5 Years	7	12%
3	6-10 Years	17	30%
4	10 Years	33	58%
AMOUNT		**57**	**100%**

Source: Processed Primary Data, 2025

Based on table 2, it can be concluded that the number of respondents who have a length of business <1 year is 0% or none, 1-5 years is 12% or 7 respondents, 6-10 years is 30% or 17 respondents, while those who have a length of business> 10 years is 58% or 33 respondents.

Table 3 Business turnover

No.	Turnover	Total	Percentage
1	< Rp. 5,000,000	21	38,2%
2	Rp. 5,000,000 - Rp. 10,000,000	21	38,2%
3	Rp. 11,000,000 - Rp. 16,000,000	8	14,5%
4	>Rp. 17,000,000	5	9,1%
Total		**55**	**100%**

Source: Processed Primary Data, 2025

Validity Test. In this study, the validity was tested using the SPSS program with 57 respondents. The validity decision is taken based on the rcount value > rtabel of 0.266 for degrees of freedomdf = 57 - 2 = 55 with a significance level <0.05, then the question item will be said to be valid.

Peer to Peer Lending. The first independent variable in this study is Peer to Peer Lending, this variable is given the notation (PP). Peer to peer lending is a form of credit system in which two individuals who are not directly related can conduct loan transactions via the internet without the need to involve financial institutions, such as banks. (Hsueh et al., 2017) defines by using the Peer to Peer Lending online business model, meeting loan needs can be done without using conventional financial intermediaries. Small and medium-sized businesses that find traditional bank lending requirements too strict are the main target of this lending program. Loan agreements between peers are considered more efficient and cost-effective compared to loans through conventional financial institutions. Table 4 below shows the results of the peer to peer lending variable validity test:

Table 4 Peer to Peer Lending Variables

Question	rCount	rTable	Description
1	0,928	0,266	Valid
2	0,922	0,266	Valid
3	0,863	0,266	Valid
4	0,929	0,266	Valid
5	0,926	0,266	Valid
6	0,707	0,266	Valid
7	0,931	0,266	Valid
8	0,335	0,266	Valid

Source: Data processed using SPSS25, 2025

The results of the *peer to peer lending* variable validity test from the table can be seen that rcount > 0.266, so it can be concluded that all *peer to peer lending* variable questions in this study are declared valid.

Payment Gateway. The second independent variable in this study is Payment Gateway, this variable is given the notation (PG). Payment gateway is an online payment system that recognizes and details transaction information according to service provider policies (Kurniawan et al., 2018). Payment gateways allow users to make digital payments. In addition to facilitating transactions, the system is fully automated and processes all financial transactions securely and in real time. In recent years, along with the increasing commercialization of the internet, electronic-based payment systems have become familiar to the public.

Payment Gateway is a type of payment over the internet that authenticates and explains the transaction details set by the provider (Kurniawan et al., 2018). Payment Gateway accepts payments for online and automated transactions, making it easier to process payment transactions. All financial transactions are processed securely and directly through the Payment Gateway. Table 5 below presents the validity test results for the payment gateway variable:

Table 5 Payment Gateway Variables

Question	rCount	rTable	Description
1	0,814	0,266	Valid
2	0,884	0,266	Valid
3	0,935	0,266	Valid
4	0,935	0,266	Valid
5	0,878	0,266	Valid
6	0,921	0,266	Valid
7	0,668	0,266	Valid

Source: Data processed using SPSS, 2025

The results shown in the *payment gateway* variable table show the results of the validity test for the *payment gateway* variable (X2), the results state that rcount > 0.266, it can be concluded that the questions for the *payment gateway* variable in this study are declared valid.

MSME performance. The dependent variable in this study is the performance of MSMEs, hereinafter this variable is given the notation (KU). The success of a business in achieving its goals is measured through performance, which forms a response that is closely related to the company's strategic goals, customer satisfaction, and contribution to economic growth (Wahyudiati et al., 2018). MSME performance is defined as the result or evaluation of work carried out by individuals or groups in the form of tasks and roles within a certain period of time with predetermined criteria. according to (Mutegi et al., 2015). In contrast, (Edison, 2016) argues that performance is the result of an evaluation and measurement process over a period of time based on predetermined standards or norms. Performance shows how well a person performs a particular task, which can affect their ranking and company rewards. The results of the validity test of the MSME performance variables can be seen in Table 6 below.

Table 6 MSME Performance Variables

Question	rCount	rTable	Description
1	0,814	0,266	Valid
2	0,787	0,266	Valid
3	0,612	0,266	Valid
4	0,653	0,266	Valid
5	0,593	0,266	Valid
6	0,670	0,266	Valid
7	0,497	0,266	Valid

Source: Data processed using SPSS, 2025

Because the value of rcount > rtable, all questions for variable (Y) or the MSME performance variable are considered valid, in accordance with the MSME performance variable table.

Reliability Test. The reliability test for variables X1, which represents peer-to-peer lending, X2, which represents payment gateways, and Y, which represents MSME performance, showed Cronbach Alpha values of more than 0.60. All survey results in this study are valid and reliable.

Table 7 Reliability Test Results

Variables	Reliability	*Crombach's Alpha*	Description
X1	0,929	0,60	Reliable
X2	0,936	0,60	Reliable
Y	0,765	0,60	Reliable

Source: Data processed using SPSS, 2025

Normality Test. To ensure that the data presented here is normal, the researchers used the Kolmogorov-Smirnov test. By running the residual values of each variable through this normality test, we can see if they follow a normal distribution. Based on the significance level of 0.165 obtained from the Kolmogorov-Smirnov test, it can be concluded that the variables of this study follow a normal distribution.

Table 8 Normality Test Results

		Unstandardized Residual
N		57
Normal Parametersa, b	Mean	.0000000
	Std. Deviation	3.07520853
Most Extreme Differences	Absolute	.107
	Positive	.084
	Negative	-.107
Test Statistic		.107
Asymp. Sig (2-tailed)		.165[c]

a Test distribution is Normal.
b Calculated from data.
C Liliefors Significance Correction.

Source: Data processed using SPSS25, 2025

Multicollinearity Test. Based on the multicollinearity test results, the tolerance value for the payment gateway and peer-to-peer lending variables is 0.817, which is more than 0.10. This indicates that there is no multicollinearity in these two variables. Because the VIF value for the payment gateway and peer-to-peer lending variables is 1,224 < 10, it can be concluded that this study does not occur multicolonierity.

Table 9 Multicolonierity Test

Model		Unstandardized Coefficients		Standardized Coefficients				
		B	Std. Error	Beta	t	Sig.	Collinearity Tolerance	Statistics VIF
1	(Constant)	14.934	2.692		5.547	.000		
	Peer to Peer	.021	.078	.039	.272	.787	.817	1.224
	Payment Gateway	.242	.125	.279	1.938	.058	.817	1.224

a. Dependent Variable: MSME Performance

Source: Data processed using SPSS25, 2025

Heteroscedasticity Test. The heteroscedasticity test shows that the sig of the peer to peer lending variable is 0.765> 0.05 and the payment gateway variable is 0.772> 0.05, so this study shows no heteroscedasticity.

Table 10 Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.410	1.888		1.276	.207
	Peer to Peer	.017	.055	.045	.300	.765
	Payment Gateway	-.025	.088	-.044	-.291	.772

a. Dependent Variable: Abs_RES

Source: Data processed using SPSS25, 2025

Multiple Linear Regression Test. Multiple linear regression tests are used to determine the relationship between *peer to peer lending* variables, *payment gateways* and MSME performance.

Table 11 Multiple Linear Regression Test

	B	**Std. Error**	**Beta**	**t**	**p-value**
(Constant)	14,934	0,323		46,228	0,000
Peer to Peer Lending (X1)	0,021	0,0009	0,123	2,266	0,028
Payment Gateway (X2)	0,242	0,015	0,874	16,150	0,000
Model Statistics					
F-Statistic	181,966				0,000
Df1	1				
Df2	55				
R	0,933				
R-Square	0,871				

Source: Data processed using SPSS25, 2025

***Notes: Significant at p<0.05**

Constant Value = 14.934. "A positive constant value of 14.934 means that if the *peer to peer lending* and *payment gateway* variables are constant or equal to zero, the value of the financial performance variable is 14.934.

Peer to Peer Lending (X1) = 0.021. The coefficient of the X1 variable is 0.021 and is positive, this indicates that the *peer to peer lending* variable has a positive relationship. This means that every time *peer to peer lending* increases, the performance of MSMEs will also increase by 0.021 on the basis of the assumption that every other independent variable is constant.

Payment Gateway (X2) = 0.242. The coefficient of the *payment gateway* variable of 0.242 is positive, which means it shows that there is a positive relationship between the *payment gateway* variable and the performance of MSMEs. This means that every increase in the payment gateway, the MSME performance variable will also increase by 0.242 with the basic assumption that the value of the other independent variables remains the same."

Hypothesis Test. A t-table value is required to test the t-test hypothesis. The formula (α/2; n-k-1) = (0.05/2; 57- 2 -1) is used for this purpose, and the result is 2.00488. Table 12 shows that there is a substantial relationship between peer to peer lending and MSME performance, as the calculated t-value of 2.266 > 2.00488 and the sig. value of 0.028 < 0.05 support the acceptance of Ha. Ha is accepted and the payment gateway variable also affects the performance of MSMEs, because the payment gateway variable has a t value of 16.150> 2.0048 and a sig value of 0.000 <0.05.

The value of the f table is required, just as for the t test in the f test. Assuming that df1 (k-1) = (2-1) = 1 and df2 (n-k-l) = (57-2-1) = 55 are required to determine the value of the f table, the result is 4.02. The calculation of Table 12 gives a calculated F value of 181.966 > 4.02, which, together with a sig. value of 0.000 < 0.05, indicates that the peer-to-peer lending and payment gateway variables have a significant effect on the MSME performance variable. The R-squared value is 0.871, which means 87.1%, while the correlation coefficient (R2) is 0.933. Other variables explain the remaining 12.9%. This indicates that the performance characteristics of Kota Gede Yogyakarta silver artisan MSMEs are positively and significantly influenced by variables related to peer-to-peer lending and payment gateways.

The Effect of *Peer to Peer Lending* on the Performance of Perak MSMEs in Kota Gede Yogyakarta. The results indicate that the operational effectiveness of Perak MSMEs in Kota Gede Yogyakarta is enhanced through peer-to-peer financing. Online lending systems like Peer to Peer Lending are accessible at any time and from any location, hence borrowers are able to apply for loans without geographical restrictions (Tampubolon, 2019). This conclusion supports the financial innovation hypothesis which argues that micro, small and medium enterprises (MSMEs) experience an improvement in financing adequacy and technology access. Through peer-to-peer lending, MSMEs as borrowers have more control over loan amounts, interest rates, and repayment schedules. Thus, MSME entrepreneurs are able to choose the most helpful options.

In addition, previous research has shown that MSME performance improves when loan procedures are easy and convenient (Baihaqi, 2018). The fastest way for micro, small, and medium enterprises to secure funds is via peer-to-peer lending. Whereas conventional banks require complex forms of collateral, digital platforms do not. Therefore, MSME participants are able to access credit far more swiftly than through traditional banking systems (Chandrawan

et al., 2023). Determining why micro, small, and medium enterprises (MSMEs) have limited access to funding categorizes banks as having stiff restrictions. Access to funding allows MSMEs to grow and develop, increase production, and even diversify their products and services (Suryawati, 2021).

Two important measures of MSME success, namely sales and revenue, may increase as a result. The positive impact of peer-to-peer financing on MSME performance is corroborated by research (Maysaroh et al., 2022). The employed technology of peer-to-peer lending systems improves the convenience and productivity of performing financial transactions. Throughout the platform, firms can monitor the advancement of the loan, record payment transactions, and perform other functions, thus making financial operations more efficient and assisting in the proper control of the finances. It enables mastery of the micro, small, and medium enterprises (MSMEs) concepts and their value.

Furthermore, this study supports the Theory of Consumer Choice and Demand with regard to the impact of financial technology on the consumer's decision-making process and demand for financial products. Consumers are influenced by the habits and decisions enabled by financial technology—fintech—with services such as digital payments and peer-to-peer lending. The lending and payment processes are swiftly transitioning to new frameworks dominated by fintech rather than traditional face-to-face methods. According to (Lalita et al., 2024), this invention simplifies the financing process, making it more practical and effective. As a result, this can help MSME players to maintain optimal performance.

The Effect of *Payment Gateway* on the Performance of SMEs in Perak Kota Gede Yogyakarta. The effectiveness and productivity of small and medium enterprises (SMEs) located in Perak, Kota and Gede, Yogyakarta were shown to be positively impacted by the implementation of payment gateways through hypothesis testing. Innovation in payment systems is an economic theory that payment systems in SME's enterprises in advanced economies would gain sufficiently from the application of new technologies which improve efficiency and access to the systems (Błach, 2011). The advent of payment gateways has allowed Micro, Small and Medium Enterprises (MSMEs) to accept diverse methods of payments made online. This greatly facilitates and simplifies transactions. This conforms to the result of researches that have been conducted which conclude that MSME performance improves when optimally utilized payment gateways for receiving payments.

Integrating payment gateways to accelerate essential transaction processes can improve cash flow and operational efficacy for Micro, Small, and Medium Enterprises (MSMEs). Earlier research asserts that fintech augments such enterprises (Eriza et al., 2024). This illustrates the reason payment gateways, by virtue of Financial Innovation Theory, are most useful to micro, small and medium-sized enterprises (MSMEs) . Besides allowing convenience in transacting, a payment gateway system provides an orderly framework that improves the transparency and accountability of the financial activities of MSMEs. To enhance decision-making capabilities,

MSMEs need to manage their income and expenditure sampling to analyze transactional data efficiently.

The ability of payment gateways to simplify transactions and save operational costs is directly responsible for improving financial performance (Buana et al., 2023). The level of security provided by the gateway affects the payment processes and the customers' decisions. MSME observes this trend; these customers tend to exhibit loyalty when they have confidence that their financial transactions are secure. Trust, in demand theory, is an influence of the spending done by a business. Clearly, MSMEs benefit from increased customer repurchasing when there is a perception of higher security concerning transactions. The findings of this study are consistent with the findings from (Eriza et al., 2020), (Lestari et al., 2020), 2020, , and (Hidayatullah)all of which found that payment gateways significantly and positively affect MSME performance. However, the findings of this study contradict (Raharjo et al., 2019), which found that MSME performance is negatively affected by payment channels.

3. CONCLUSION & SUGGESTIONS

This research examines the impact of peer-to-peer lending and payment systems on the efficiency of micro, small and medium enterprises (MSMEs) in Perak Kota Gede Yogyakarta. The findings indicate that MSMEs in Perak Kota Gede Yogyakarta are significantly impacted by payment gateways and peer-to-peer lending. From the F test results, we noted that the F value was considerably greater than the F table value. This indicates that the MSME performance as a dependent variable is impacted by the two independent variables, peer to peer lending and payment gateways, in portioned simultaneous interaction.

This finding is in line with the Financial Innovation Theory and *the theory of consumer choice and demand* which explains that the adoption of financial technology, such as *peer to peer lending* and *payment gateways*, can improve accessibility and efficiency in obtaining financing and conducting transactions. These innovations not only make it easier for MSMEs to obtain capital, but also speed up the transaction process, which in turn improves their performance.

Although this research provides new insights, there are several things that need to be considered that this research focuses on Perak MSMEs in Kota Gede Yogyakarta, so the results obtained may not be fully generalizable to other regional MSMEs with different MSME characteristics. Diversity in the economic, social and cultural contexts in other regions may influence different results. There are still 12.9% other factors that can affect the performance of MSMEs that were not studied by the author. And this research methodology uses a quantitative approach with a questionnaire method as a data collection tool. The limitation in this method is the dependence on the accuracy and honesty of respondents in answering the questionnaire. This can affect the validity and reliability of the data obtained.

Future research is recommended to conduct further research that covers different regions or sectors of MSMEs. Consider examining other variables that may affect MSME performance, such as financial management, marketing strategies, and external environmental influences,

using different methods that incorporate qualitative methods, such as in-depth interviews or case studies.

ACKNOWLEDGEMENT

Without the help and support of many parties, this research would never have been possible. Our sincere appreciation goes to our supervisors, who have provided direction, criticism, and motivation throughout the research process. MSME players, we also thank the silver MSME players in Kota Gede, Yogyakarta, who have been willing to provide valuable data and insights for this research. Their openness in sharing their experiences was very helpful in achieving the research objectives, and the institution, thanks to the Postgraduate School of Ibn Khaldun University of Bogor for providing facilities and support in carrying out this research. Hopefully, the results of this research can make a positive contribution to the development of MSMEs in Indonesia, especially in the field of silver crafts.

REFERENCES

Baihaqi, J. (2018). Sharia-based Financial Technology Peer-To-Peer Lending in Indonesia. *Tawazun: Journal of Sharia Economic Law*, *1*(2). http://journal.stainkudus.ac.id/index.php/tawazun/index

Błach, J. (2011). FINANCIAL INNOVATIONS AND THEIR ROLE IN THE MODERN FINANCIAL SYSTEM - IDENTIFICATION AND SYSTEMATIZATION OF THE PROBLEM. In *Financial Internet Quarterly* (Vol. 7). www.e-finanse.com

Buana, U., Karawang, P., & Article, H. (2023). *The Effect of Digital Payment Gateway (OVO) on the Financial Performance of MSMEs Umniyah[1], Dedi Mulyadi[2]*.

Chandrawan, D., Widjojo, J., Program, A. M., Accounting, S., & Madani, B. (2023). *Financal Technology Peer-to-Peer Lending as One of the Financing Solutions for MSMEs 56 FINANCIAL TECHNOLOGY PEER-TO-PEER LENDING AS ONE of the Financing Solutions for MSMEs*.

Edison, A. (2016). *PERFORMANCE MEASUREMENT DESIGN WITH BALANCED SCORECARD METHOD AND PRIORITIZATION OF ANALYTICAL HIERARCHY PROCESS (CASE STUDY AT PT. ANDROMEDA GALACTICORP SURABAYA)*.

Eriza et al. (2024). The Effect of Payment Gateway and Financial Literacy on Financial Performance in MSME Actors in Kebonsari Village. *SCIENTIFIC JOURNAL OF ECONOMICS AND MANAGEMENT*, *2* (7), 549-599. https://doi.org/10.61722/jiem.v2i7.2127

Gainau, P. C. (2023). *The Effect of Financial Technology on the Performance of Micro, Small and Medium Enterprises (MSMEs).* https://doi.org/10.47065/ekuitas.v5i1.3778

Ghozali. (2018). *CHAPTER III RESEARCH METHODS*.

Gopang, M. A., Nebhwani, M., Khatri, A., & Marri, H. B. (2017). An assessment of occupational health and safety measures and performance of SMEs: An empirical investigation. *Safety Science*, *93*, 127-133. https://doi.org/10.1016/j.ssci.2016.11.024

Hidayatullah, A. (2024). The Effect of Fintech Peer to Peer Lending and Fintech Payment on MSME Performance Mediated by E-Commerce Post Covid-19. *Journal of Financial and Business Accounting*, *17* (1). https://doi.org/10.35143/jakb.v17i1.6160

Hsueh et al. (2017). Alternative and nonregulatory approaches to environmental governance. *Article in Journal of Public Administration Research and Theory.* https://doi.org/10.1093/jopart/muw042

Ministry of Tourism and Creative Economy. (2022). *Kotagede Silver Craft: Global Competitiveness of Yogyakarta's Distinctive Jewelry*.

Kurniawan, D., Zusrony, E., & Kusumajaya, R. (2018). *ANALYSIS OF USER PERCEPTIONS OF PAYMENT GATEWAY SERVICES*.

Lalita, S. F., Zahra, D. R., & Fabian, S. S. (2024). *The Effect of Financial Technology Peer to Peer Lending and Electronic Money (E-Money) on Economic Growth in Indonesia (2021-2023)*.

Lestari, D. A., Purnamasari, E. D., & Setiawan, B. (2020). *The Effect of Payment Gateway on the Financial Performance of MSMEs* (Vol. 1, Issue 1).

Maysaroh et al. (2022). The Effect of Peer to Peer Lender (P2P) and Payment Gateway on MSME Performance during the Covid-19 Pandemic with E-commerce as a Moderating Variable. *Business Management Journal*, *18*(2), 131. https://doi.org/10.30813/bmj.v18i2.3021

Museum. (2023, June 8). *The Development of Kotagede Silver and the Traditional Technology Proficiency Cluster of Kotagede Museum*.

Mutegi, H. K., Njeru, P. W., & Ongesa, N. T. (2015). FINANCIAL LITERACY AND ITS IMPACT ON LOAN REPAYMENT BY SMALL AND MEDIUM ENTERPRENUERS AN ANALYSIS OF THE EFFECT OF BOOK KEEPING SKILLS FROM EQUITY GROUP FOUNDATION'S FINANCIAL LITERACY TRAINING PROGRAM ON ENTERPRENEURS' LOAN REPAYMENT PERFORMANCE. In *International Journal of Economics, Commerce and Management United Kingdom: Vol. III.* http://ijecm.co.uk/

Prasetyo, Y., & Sutopo, J. (2020). *IMPLEMENTATION OF PAYMENT GATEWAY SERVICES IN PAYMENT TRANSACTION INFORMATION SYSTEMS*.

Royanti et al. (2023). The Effect of Payment Gateway on Financial Performance in Palembang City MSMEs. *Al-Kharaj: Journal of Economics, Finance & Islamic Business*, *5*(5), 2366-2374. https://doi.org/10.47467/alkharaj.v5i5.3450

Saputra, I. (2019). *ANALYSIS OF THE EFFECTIVENESS OF USING DIGITAL PAYMENT*.

Sobihin, A. (2021). *ANALYSIS OF THE INFLUENCE OF PEER TO PEER LENDING*.

Suryawati, D. P. P. (2021). Analysis of the impact of peer-to-peer (P2P) lending on MSME business development. *TIJAB (The International Journal of Applied Business)*, *5*(2), 201-214.

Tampubolon, H. R. (2019). THE INS AND OUTS OF PEER TO PEER LENDING AS A NEW FORM OF FINANCE IN INDONESIA. *Journal of Bina Mulia Hukum*, *3*(2), 188-198. https://doi.org/10.23920/jbmh.v3n2.15

Wahyudiati et al. (2018). *THE EFFECT OF FINANCIAL ASPECT AND HUMAN RESOURCE COMPETENCE ON UMKM PERFORMANCE IN KASONGAN VILLAGE THE EFFECT OF FINANCIAL ASPECT AND HUMAN RESOURCE COMPETENCE ON UMKM PERFORMANCE IN KASONGAN VILLAGE*.

Vishnu et al. (2024). *The History of Kotagede as a Silver Center in Jogja*.