

## The Impact of Sharia Fintech and People's Business Credit (KUR) on the Sustainability of MSMEs in Mataram City

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**Abstract:** *This study aims to analyse the impact of Sharia Fintech and People's Business Credit (KUR) on the sustainability of MSMEs in Mataram City. This study is important because MSMEs still have limited access to financing, so the use of technology-based financial services and subsidised credit programmes is necessary to support business continuity. The study uses a quantitative approach with a survey method of 100 MSME actors selected through purposive sampling. The research instrument is a questionnaire with a 1–5 Likert scale, which is then analysed using multiple linear regression through SPSS version 22. The results show that Sharia Fintech has a positive and significant effect on the sustainability of MSMEs, as reflected in increased access to financing, operational efficiency, and innovation capabilities. In addition, KUR also has a positive and significant effect on the sustainability of MSMEs through capital strengthening, increased production capacity, and improved business stability. Simultaneously, both variables were proven to contribute significantly to the sustainability of MSMEs in Mataram City. Thus, it can be concluded that the integration of Sharia-based technology financing and government credit programmes can improve the sustainability performance of MSMEs and has the potential to become a strategic instrument in local economic development.*

**Keywords:** Business Sustainability; MSMEs; People's Business Credit (KUR); Sharia Financing; Sharia Fintech

**JEL:** G21, G23, O16, L26, Q01, Z12

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### 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a fundamental role in both the national and regional economic structures. MSMEs not only contribute significantly to the Gross Domestic Product (GDP) by more than 60% but also absorb around 97% of the national workforce (Yuvika, 2024). This strategic role demonstrates that MSMEs are the main pillars of inclusive economic development, the most dominant absorbers of labour, and instruments for equitable distribution of welfare among the people. In Mataram City, MSMEs function as the driving force of the local economy, spread across various sectors, ranging from trade, services, to creative industries. The flexibility and adaptability of MSMEs to market dynamics make them a relatively resilient economic segment. However, this potential does not automatically translate into business sustainability if MSME players are unable to access adequate financing and manage their businesses professionally.

Although recognised as playing a strategic role, MSMEs still face various structural and managerial obstacles that hinder the sustainability of their businesses. Various studies show that limited access to financing is a major obstacle for MSMEs, especially for business actors who do not have collateral, financial track records, and adequate financial literacy (Rahardjo et al., 2025). Weaknesses in managerial capacity, such as poor financial planning, marketing, product innovation, and digital management skills, further limit the growth potential of MSMEs (Supardi & Wijaya, 2023). These obstacles are even more relevant in the context of digital transformation, where the use of information technology is an important prerequisite for business efficiency, productivity, and competitiveness (Salam & Imilda, 2024). Thus, the sustainability of SMEs does not only depend on internal factors, but is also greatly influenced by a financing system that can respond to capital needs quickly, inclusively, and in accordance with the characteristics of small business actors.

In recent years, Sharia Fintech has developed as an alternative technology-based financing model that offers ease of access, speed of processing, and transparency in financial transactions.

Sharia Fintech is considered capable of addressing the limitations of conventional financing through crowdfunding and peer-to-peer lending (P2P) mechanisms that are in line with sharia principles, such as transparency, avoidance of usury, and profit-sharing (Ibrahim et al., 2023). A number of studies show that Sharia Fintech has the potential to promote financial inclusion for groups of people who are not yet reached by the formal banking system, including MSMEs (Nur'aeni, 2024). However, existing research is still dominated by discussions about the opportunities and challenges of Sharia Fintech in general without being followed by an in-depth empirical analysis of its contribution to the sustainability of MSMEs. In addition, several studies have identified low digital literacy, data security issues, and regulatory uncertainty as the main obstacles to the implementation of Sharia Fintech at the SME level (Zuchroh, 2022).

The People's Business Credit Programme (KUR) is a government policy instrument that has long been the main financing solution for MSMEs through low-interest schemes and more favourable requirements for small businesses. A number of studies confirm the positive impact of KUR on increasing income, business efficiency, and production expansion (Alfira et al., 2024; Berliansyah & Khoirunnurofik, 2023). Overall, KUR plays an important role in driving economic growth and sustainability in Indonesia's diverse economic landscape (Aristanto, 2019). However, KUR still has limitations, including a relatively bureaucratic distribution process, uneven distribution priorities, and dependence on banking institutions as the main distributors. Previous studies tend to assess KUR as a single programme without considering its integration with new, more digital and adaptive financing models. In fact, rapid changes in the digital financial ecosystem require more comprehensive and responsive financing models to meet the needs of MSMEs.

The synergy between Sharia Fintech and People's Business Credit (KUR) is expected to be a strategic solution in expanding the reach of inclusive financing for MSME players. The research gap in this study is, first, there has been no study that explicitly examines the weaknesses of previous financing approaches, both KUR, which still has bureaucratic constraints, and Sharia Fintech, which faces digital literacy barriers, and compares them with the current needs of MSMEs, which demand a more flexible, faster, and Sharia-compliant financing model. Second, there has been no research that integrates Sharia Fintech and KUR into a dual financing model (dual Islamic–digital financing model), even though this integration has the potential to provide a more flexible, inclusive financing scheme that is in accordance with Islamic finance principles. Third, previous studies on SME sustainability have mostly discussed internal factors, such as managerial quality and marketing strategies, while few studies have linked SME sustainability to the effectiveness of financing systems simultaneously. This indicates a gap in research on how the combination of Sharia Fintech and KUR can strengthen SME sustainability in economic, social, and operational aspects.

The urgency of this research is even greater when considered in the local context of Mataram City. BPS data from 2022 shows that 60% of MSMEs in Mataram still experience difficulties in accessing capital, and more than 80% are not connected to formal financing services. In fact, Mataram is one of the regions with the highest MSME growth rate in West Nusa Tenggara. The discrepancy between the availability of financing instruments and their utilisation rate indicates unresolved structural problems. Furthermore, low digital literacy and limited technological adaptation prevent many MSME actors from accessing Fintech services or utilising sharia-based financing schemes. Thus, examining the integration of Sharia Fintech and KUR is not only theoretically relevant but also has practical urgency in promoting more equitable and sustainable financial inclusion at the regional level.

This study aims to empirically analyse the impact of Sharia Fintech and KUR on the sustainability of MSMEs in Mataram City and to test a dual financing model that combines these two instruments. Theoretically, this study offers contributions in the form of developing an integrative model of technology-based sharia financing and government policy within a single analytical framework. Practically, this research provides new insights to local governments, Islamic financial institutions, and fintech service providers regarding more targeted financing strategies to strengthen the sustainability of MSMEs. Thus, this research not only fills a gap in the literature but also presents significant policy implications for improving financial inclusion in the Mataram City area.

## **2. LITERATURE REVIEW**

## **2.1. Sharia Fintech**

Sharia Fintech is a technology-based financial service innovation based on sharia principles such as fairness, transparency, and avoidance of usury and gharar (Trizuwani et al., 2025). Within the framework of Financial Inclusion Theory, Sharia Fintech is seen as an instrument capable of expanding access to formal financial services through digitalisation, which directly increases the participation of the community and MSMEs in the financial system (Supriadi, 2024). More inclusive access to financing is essential to strengthen the capacity of small businesses, especially for economic actors who are underserved by conventional banks.

Azizah (2024) research shows that the peer-to-peer lending and Sharia equity crowdfunding models have been proven to expand the reach of financing services for MSMEs that have not yet been accessed by banks. This finding is reinforced by Nur'ani (2024), who explains that Sharia Fintech platforms are able to provide financing facilitation with more transparent profit-sharing principles, thereby increasing efficiency and economic empowerment for business actors. However, research by Zulfa (2025) emphasises that structural barriers such as low digital literacy, lack of user trust, and unstable regulations are obstacles to the more widespread use of fintech.

To explain the acceptance of Sharia Fintech by MSMEs, the Technology Acceptance Model (TAM) provides a relevant framework. TAM emphasises that perceived usefulness and perceived ease of use are the main factors that influence users' intentions to adopt technology. Thus, the success of Sharia Fintech greatly depends on SME actors' perceptions of the usefulness of fintech services (e.g., fast, transparent, and Sharia-compliant processes) and ease of use. The compatibility of Sharia values and ease of digital transactions make Sharia Fintech more acceptable to SMEs, especially in areas with strong religious identities such as Mataram City.

**H1:** Sharia Fintech has a positive and significant effect on the sustainability of MSMEs in Mataram City.

## **2.2. People's Business Credit (KUR)**

The People's Business Credit (KUR) is a subsidised financing programme from the government that aims to increase access to capital for MSMEs with low interest rates and easier requirements (Chandra et al., 2024). Within the framework of Financial Inclusion Theory, KUR functions as a policy instrument that reduces structural barriers to formal financing, especially for micro-entrepreneurs with minimal collateral and who are not bankable. This programme expands access to financing that was previously limited, thereby driving the business growth cycle.

Research by Alfira et al. (2024) shows that KUR has a significant effect on increasing the profitability of MSMEs by providing adequate working capital. Wulandari & Setiyowati (2022) also found that KUR contributes to increasing the competitiveness of MSMEs by increasing sales, production capacity, and business efficiency. However, several studies criticise that the KUR distribution process still faces bureaucratic obstacles and unequal access, so that its benefits have not been optimally felt by all MSME players.

In the context of social justice-based financing management, Islamic Social Finance Theory can be used to strengthen the conceptual foundation of KUR. This theory emphasises the principles of social benefit, community welfare, and distributive justice as the core of Islamic finance practices and public financing programmes. KUR, as a government programme, is in line with the principles of social finance because it is oriented towards helping small businesses escape structural poverty and improve their economic performance.

**H2:** People's Business Credit (KUR) has a positive and significant effect on the sustainability of MSMEs in Mataram City.

### 2.3. Sustainability of MSMEs

The sustainability of MSMEs encompasses financial, social, environmental, innovation, and business resilience dimensions. From a sustainability theory perspective, MSMEs that have access to productive financing will be better able to increase their innovation capacity, operational efficiency, and ability to adapt to economic changes. Research by Rijal & Supriandi (2024) confirms that effective financial management supported by adequate financing has the most significant impact on SME sustainability.

Within the framework of Financial Inclusion Theory, business sustainability is determined not only by internal capital, but also by the ability of MSMEs to access stable and sustainable formal financial services. Meanwhile, in Social Finance Theory, the sustainability of MSMEs is viewed as part of a fair and participatory distribution of economic benefits, so that financing must promote welfare rather than just financial profit.

### 2.4. Integration of Sharia Fintech and KUR in Supporting the Sustainability of MSMEs

Sharia Fintech and KUR have complementary characteristics. Sharia Fintech excels in digitalisation, transaction flexibility, and sharia compliance, while KUR offers subsidised financing with low interest rates and government policy support. From the perspective of Financial Inclusion Theory, the integration of these two financing instruments can expand faster, more efficient, and fairer financial access for MSMEs. Meanwhile, within the TAM framework, combining digital-based services (fintech) with formal financing (KUR) can increase acceptance among MSME actors because the technology used becomes more accessible and easier to understand.

The study by Dewi & Adinugraha (2023) confirms that Sharia Fintech provides vital access to financing for MSMEs, especially in the halal industry sector. Meanwhile, Zahra (2024) shows that KUR significantly increases the income and performance of MSMEs and contributes to local economic growth. When both instruments are used simultaneously, MSMEs have the potential to gain stronger access to financing, diversify their sources of capital, and achieve long-term business stability.

Therefore, the integration of Sharia Fintech and KUR is predicted to create a more adaptive, inclusive, and sustainable financing ecosystem, in line with the principles of Islamic social and economic finance.

**H3:** Sharia Fintech and People's Business Credit (KUR) simultaneously have a positive and significant effect on the sustainability of MSMEs in Mataram City.

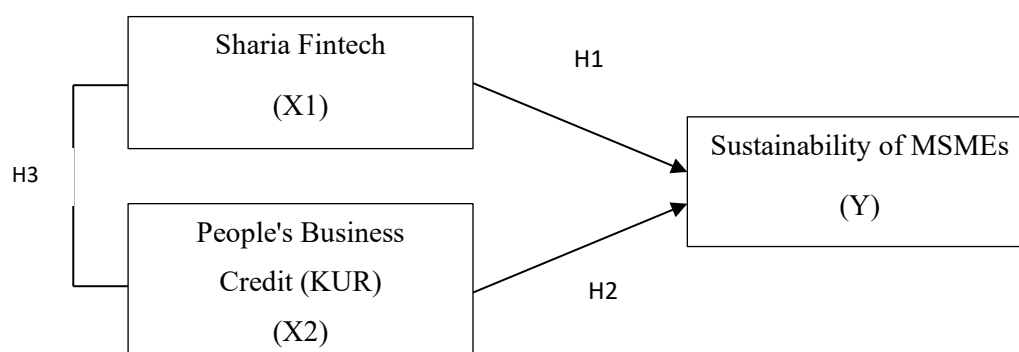


Figure 1. Hypothesis Model

## 3. METHOD

This study uses a quantitative approach to analyse the impact of Sharia Fintech and People's Business Credit (KUR) on the sustainability of MSMEs in Mataram City. A quantitative approach

was chosen because it can provide objective and measurable results through the use of statistical analysis techniques. The research subjects were MSME players who have used or are currently using Sharia Fintech services or have obtained financing from the KUR programme. Mataram City was chosen as the location for this research because it is the centre of economic growth in West Nusa Tenggara with a high number of MSMEs, and it has business dynamics that reflect the conditions of urban MSMEs.

The sample size in this study was 100 respondents, selected using purposive sampling, with the criteria that the respondents were MSME players who accessed Sharia Fintech services or obtained financing through the KUR programme. The justification for this sample size refers to the recommendation of multiple linear regression analysis, which requires a sample of at least 10 times the number of research variables. Therefore, with three main variables, the minimum sample size is 30–50 respondents. Consequently, the use of 100 respondents is considered adequate, representative, and meets the requirements for statistical analysis. Data collection was carried out through the distribution of questionnaires both directly and through online media. The questionnaire was compiled based on the indicators of each research variable and used a five-point Likert scale expressed numerically, namely: 1 strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree. This scale was used to measure respondents' perceptions in a structured and quantitative manner. The research procedure can be seen in Figure 2.

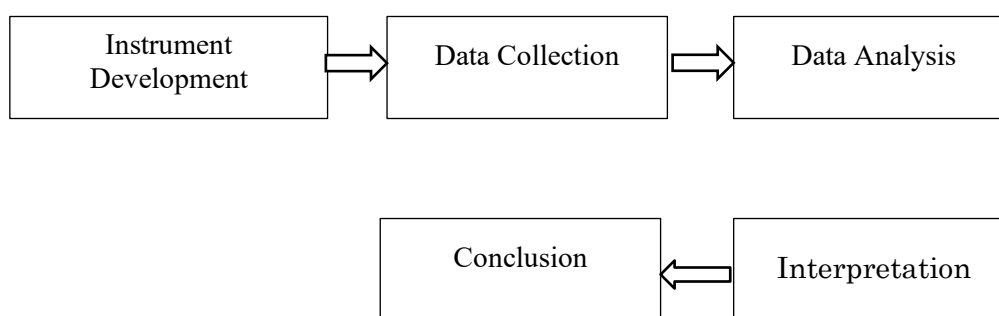


Figure 2. Research Procedure

Based on Figure 2, the research procedure began with the preparation of instruments based on indicators for each variable, followed by data collection through questionnaires. The collected data were analysed using multiple linear regression techniques with the help of SPSS version 22 software. The analysis stage included validity testing, reliability testing, classical assumption testing, as well as t-tests and F-tests to measure the partial and simultaneous effects of independent variables on dependent variables. In the final stage, the analysis results were interpreted to test the hypotheses and draw conclusions based on empirical findings, so that the results of this study are expected to contribute to the development of more inclusive and sustainable MSME financing strategies in Mataram City. The conceptual definitions and operational definitions of the variables can be seen in Table 1.

Table 1. Concept Definitions and Operational Definitions of Variables

No	Variable	Concept Definition	Indicators	Source
1	Sharia Fintech (X1)	Financial technology services based on sharia principles that aim to facilitate fair, transparent, and efficient access to finance.	<ol style="list-style-type: none"> <li>1. Sharia literacy</li> <li>2. Trust in the platform</li> <li>3. Ease of use of the service</li> <li>4. Perceptions of risk control</li> </ol>	Mu'afifah & Sukardi (2023)
2	People's Business Credit (X2)	A low-interest financing programme from the government aimed at helping MSMEs obtain productive and affordable capital.	<ol style="list-style-type: none"> <li>1. Accuracy of fund utilization</li> <li>2. The appropriateness</li> </ol>	Putri (2024)

No	Variable	Concept Definition	Indicators	Source
3	Sustainability of MSMEs (Y)	The condition of MSMEs that are able to survive and grow in the long term, both from an economic, social, and environmental perspective.	of the amount of credit to the needs 3. Accuracy of credit/interest charges 4. Easy requirements 5. Disbursement time 1. Financial growth 2. Social and environmental sustainability 3. Business innovation 4. Resilience in the face of economic challenges	Puspita & Mahdani (2024)

Table 1 shows that the operationalisation of variables is described as follows: (1) Sharia Fintech (X1) is measured through five statements based on four indicators, namely sharia literacy, trust in the platform, ease of use of services, and perception of risk control (Mu'afifah & Sukardi, 2023). (2) People's Business Credit (KUR) (X2) is measured through five statements covering five indicators, namely accuracy of fund use, appropriateness of credit amount, accuracy of interest charges, ease of requirements, and speed of disbursement (Putri, 2024). (3) MSME sustainability (Y) is measured through five statements referring to four indicators, namely financial growth, social and environmental sustainability, business innovation, and resilience in facing economic challenges (Puspita & Mahdani, 2024).

#### 4. RESULTS AND DISCUSSION

##### Data description

Descriptive analysis of data is important in research because it serves as the first step in understanding the general characteristics of the data that has been collected. Through this analysis, researchers can describe the statistical profile of respondents, such as frequency distribution, mean values, standard deviation, minimum and maximum values, thereby providing a comprehensive overview of the trends, distribution, and patterns of respondents' answers. These descriptive results also help verify whether the data obtained is consistent with the basic assumptions of further analysis, such as regression, and provide an initial context before conducting hypothesis testing. Thus, descriptive analysis is an important foundation in supporting the validity and comprehensive interpretation of research results. The descriptive values of the respondents can be seen in Table 2.

**Table 2.** Descriptive Values of Respondents

	Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Sharia Fintech (X1)	100	11.00	25.00	20.4200	3.15646	9.963
KUR (X2)	100	12.00	25.00	19.8100	3.06395	9.388
Sustainability of MSMEs (Y)	100	12.00	25.00	19.8700	2.84145	8.074
Valid N (listwise)	100					

Source: Data processed by researchers, (2025)

Based on Table 2, which explains the results of descriptive statistical analysis, it is known that the Sharia Fintech (X1) variable has a minimum value of 11, a maximum of 25, with a mean of 20.42 and a standard deviation of 3.156. This indicates that respondents tend to have a fairly positive perception of the use of sharia fintech services, with a moderate level of data dispersion. The Rural Credit (KUR) variable (X2) shows a minimum value of 12, a maximum of 25, an average of 19.81, and a standard deviation of 3.063, indicating that the majority of respondents utilise KUR at a relatively good and even level. Meanwhile, the SME Sustainability Performance (Y) variable has a minimum value of 12, a maximum of 25, an average of 19.87, and a standard deviation of 2.841, reflecting that the sustainability of SMEs tends to be fairly high with relatively small variations among respondents. All three variables exhibit consistent data distribution and are suitable for further analysis using multiple linear regression methods.

### Instrument Testing

Instrument testing is an important step that researchers must take to ensure that the measuring instruments used in their research are truly valid and reliable. Instrument validity indicates the extent to which the questions or items in a questionnaire are able to measure what they are supposed to measure, so that the research results are reliable and in line with the research objectives. Meanwhile, reliability relates to the consistency of measurement results over time, meaning that the instrument can provide stable results even when used under different conditions. Without instrument testing, the data collected risks not reflecting the actual reality, which can lead to errors in drawing conclusions. Therefore, conducting instrument testing is a crucial part of ensuring the quality and reliability of research data. The results of the validity and reliability tests for the Sharia Fintech (X1) variable can be seen in Table 3.

**Table 3.** Validity and Reliability Test of Sharia Fintech Variables (X1)

Variable	Item	R Hitung	R Tabel	Nilai Sig	Results	Cronbach's Alpha	Results
Sharia Fintech (X1)	X <sub>1,1</sub>	0.769					
	X <sub>1,2</sub>	0.835					
	X <sub>1,3</sub>	0.826	0.196	0.000	Valid	0.835	Reliabel
	X <sub>1,4</sub>	0.778					
	X <sub>1,5</sub>	0.679					

Source: Data processed by researchers, (2025)

Based on Table 3, it is explained that the validity test results for the Sharia Fintech variable (X1) obtained the calculated r value for each item (X1.1 to X1. 5) are above the table r value of 0.196, ranging from 0.769 to 0.679. All significance values also show a figure of 0.000, which is less than 0.05. This indicates that all items in variable X1 are valid. Furthermore, the reliability test results show a Cronbach's Alpha value of 0.835, which exceeds the minimum threshold of 0.60. Therefore, it can be concluded that the instrument for the Sharia Fintech variable has a high and consistent level of reliability. The results of the validity and reliability tests for the People's Business Credit (KUR) variable (X2) can be seen in Table 4.

**Table 4.** Validity and Reliability Test of People's Business Credit (KUR) Variables (X2)

Variable	Item	R Hitung	R Tabel	Nilai Sig	Results	Cronbach's Alpha	Results
People's Business Credit (KUR) (X2)	X <sub>2.1</sub>	0.808					
	X <sub>2.2</sub>	0.764					
	X <sub>2.3</sub>	0.731	0.196	0.000	Valid	0.823	Reliabel
	X <sub>2.4</sub>	0.765					
	X <sub>2.5</sub>	0.758					

Source: Data processed by researchers, (2025)

Table 4 shows that the validity test results for the People's Business Credit (KUR) variable (X2) obtained a calculated r value for each item (X2.1 to X2.5) above the table r value of 0.196, ranging from 0.808 to 0.758. Additionally, all items exhibit a significance level of 0.000, which is less than 0.05, indicating that all items within the X2 variable are deemed valid. The reliability test results show a Cronbach's Alpha value of 0.823, which exceeds the threshold of 0.60. This indicates that the instrument for measuring the People's Business Credit variable has a high and consistent level of reliability. The results of the validity and reliability tests for the MSME sustainability variable can be seen in Table 5.

**Table 5.** Validity and Reliability Test of MSME Sustainability Variables (Y)

Variable	Item	R Hitung	R Tabel	Nilai Sig	Results	Cronbach's Alpha	Results
Sustainability of MSMEs (Y)	Y.1	0.713					
	Y.2	0.696					
	Y.3	0.689	0.196	0.000	Valid	0.745	Reliabel
	Y.4	0.722					
	Y.5	0.712					

Source: Data processed by researchers, (2025)

Table 5 explains that the validity test results for the MSME Sustainability variable (Y) show that the calculated r values for each item (Y.1 to Y.5) range from 0.713 to 0.712, all of which are greater than the table r value of 0.196. Additionally, the significance value for all items is 0.000, which is less than 0.05. This indicates that all items in the Y variable are valid. Meanwhile, the reliability test results show a Cronbach's Alpha value of 0.745, which is higher than the threshold of 0.60. Therefore, it can be concluded that the measurement instrument for the SME Sustainability variable is reliable and consistent for use in this study.

### Classical Assumption Testing

Classical assumption testing is crucial in quantitative research because it ensures that the regression model used meets statistical prerequisites so that the analysis results are valid and unbiased. Through testing for normality, multicollinearity and heteroscedasticity, researchers can ensure that regression coefficient estimates are accurate and reliable. Without these tests, the model risks producing erroneous conclusions due to violations of assumptions that affect data quality and analysis accuracy. Thus, classical assumption testing is an important step in ensuring model reliability and the strength of research inferences. The results of the normality test can be seen in Table 6.

**Table 6.** Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.47478864
Most Extreme Differences	Absolute	.086
	Positive	.086
	Negative	-.072
Test Statistic		.086
Asymp. Sig. (2-tailed)		.063 <sup>c</sup>

Source: Data processed by researchers, (2025)

In Table 6, the One-Sample Kolmogorov–Smirnov normality test conducted on the unstandardised residual values with a sample size of 100 respondents yielded an Asymp. Sig. (2-tailed) value of 0.063. This value is greater than the significance level of 0.05, so it can be concluded that the residuals in the regression model are normally distributed. In addition, the mean residual value of 0.0000000 indicates that the average prediction error of the model is very small and symmetrical around zero, while the relatively low most extreme differences value (absolute = 0.086) indicates no significant deviation from the normal distribution. Thus, these results confirm that the normality assumption is satisfied in this analysis. The results of the multicollinearity test can be seen in Table 7.

**Table 7.** Multicollinearity Test

		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.091	1.058		2.922	.004		
	Sharia Fintech	.254	.067	.282	3.771	.000	.496	2.018
	People's Business Credit (KUR)	.585	.069	.631	8.428	.000	.496	2.018

Source: Data processed by researchers, (2025)

Based on Table 7, the results of the multicollinearity test in the Coefficients table show that the Tolerance and Variance Inflation Factor (VIF) values for the two independent variables, namely Sharia Fintech and People's Business Credit (KUR), are Tolerance = 0.496 and VIF = 2.018, respectively. In addition, a Tolerance value above 0.10 and a VIF value below 10 indicate that there is no multicollinearity problem between the independent variables in the regression model. In other words, Sharia Fintech and KUR do not excessively influence each other in explaining the sustainability of MSMEs, so that both can be used simultaneously in the model without disturbing the stability of the regression coefficient estimation. Therefore, it can be concluded that the regression

model meets the assumption of multicollinearity freedom, so that the regression analysis results can be interpreted validly and reliably. The results of the heteroscedasticity test can be seen in Table 8.

**Table 8.** Heteroscedasticity Test

Variable	Sig	Conclusion
Sharia Fintech	.157	No heteroscedasticity occurred.
People's Business Credit (KUR)	.194	

Source: Data processed by researchers, (2025)

Table 8 shows that the significance value (Sig) obtained for the Sharia Fintech variable is 0.157, while the significance value for the People's Business Credit (KUR) variable is 0.194. Both values are above the threshold of 0.05. This indicates that the regression model does not experience heteroscedasticity, as the residual variance for each independent variable is constant or homogeneous. Thus, the regression model meets the classical assumptions and can be used for further analysis.

### Hypothesis Testing

Researchers conduct hypothesis testing because this test serves to verify the validity of assumptions or initial conjectures (hypotheses) that have been formulated based on theory and previous research results. Hypothesis testing provides an objective and measurable basis for determining whether the relationship between variables in a study is statistically significant or merely coincidental. In the context of quantitative research, such as the impact of Sharia Fintech and People's Business Credit on the sustainability of MSMEs, hypothesis testing helps researchers confirm whether the independent variables truly influence the dependent variables. As a result, decisions made based on research findings become more valid, reliable, and can serve as a reference for policy-making or further theoretical development. The coefficient of determination test to determine the influence of Sharia Fintech (X1) and People's Business Credit (KUR) (X2) on the sustainability of SMEs (Y) can be seen in Table 9.

**Table 9.** Coefficient of Determination Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.855 <sup>a</sup>	.731	.725	1.48992

Source: Data processed by researchers, (2025)

Table 9 shows that the correlation coefficient (R) value is 0.855, which means that there is a very strong relationship between the variables of Sharia Fintech (X1) and People's Business Credit (KUR) (X2) on the sustainability of MSMEs (Y). The R-squared value is 0.731 or 73.1%, which means that the simultaneous influence of variables X1 and X2 on variable Y is 73.1%. The results of the ANOVA test and significance can be seen in Table 10.

**Table 10.** ANOVA Test Results and Significance

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	583.985	2	291.992	131.537	.000 <sup>b</sup>
	Residual	215.325	97	2.220		

Total 799.310 99

Source: Data processed by researchers, (2025)

Based on Table 10, the ANOVA test results show that the significance value (Sig.) of  $0.000 < 0.05$  indicates that the regression model used in this study is statistically significant. This means that the independent variables, namely Sharia Fintech and People's Business Credit (KUR), jointly have a significant effect on the dependent variable, namely the sustainability of MSMEs. The calculated F value of 131.537 is much larger than the F table value of 3.09 at the 5% significance level, further strengthening the validity of the regression model in explaining the relationship between these variables. The results of the multiple linear regression coefficient test can be seen in Table 11.

**Table 11.** Results of Multiple Linear Regression Coefficients

Model		Coefficients <sup>a</sup>					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	3.091	1.058		2.922	.004		
	Sharia Fintech (X1)	.254	.067	.282	3.771	.000	.496	2.018
	KUR (X2)	.585	.069	.631	8.428	.000	.496	2.018

Source: Data processed by researchers, (2025)

Table 11 shows the regression equation as follows:

$$Y = 3.091 + 0.254X1 + 0.585X2 + e$$

Based on the regression equation, the regression coefficient value for the Sharia Fintech variable is 0.254, which means that every one-unit increase in Sharia Fintech will increase the sustainability performance of MSMEs by 0.254 units. The calculated t-value for this variable is 3.771, while the t-table value at a 5% significance level with 97 degrees of freedom (df) is 1.984. Since the calculated t-value is greater than the critical t-value ( $3.771 > 1.984$ ) and the significance level (Sig.) =  $0.000 < 0.05$ , it can be concluded that Islamic Fintech has a significant positive effect on the sustainability performance of SMEs. Meanwhile, the regression coefficient value for the KUR variable is 0.585, meaning that every one-unit increase in KUR will increase the sustainability performance of MSMEs by 0.585 units. The calculated t-value for KUR is 8.428, which is greater than the t-table value of 1.984, and its significance level is also  $0.000 < 0.05$ . This indicates that KUR has a significant and stronger influence than Islamic Fintech in improving the sustainability performance of SMEs.

## Discussion

### The Impact of Sharia Fintech on the Sustainability of MSMEs

The results of the study indicate that Sharia Fintech has a significant effect on the sustainability of MSMEs. This finding confirms that the first hypothesis is accepted. This empirical evidence is consistent with Anggara (2025) study, which states that Sharia Fintech can increase access to financing and promote financial inclusion, especially for MSMEs in Indonesia and Malaysia. Furthermore, Nur'aeni (2024) research also reveals that Sharia Fintech has a positive impact on

increasing MSME access to financing and strengthening the competitiveness of business actors. The findings of Agustin & Ibrahim (2024) also reinforce that the adoption of Sharia Fintech contributes to improving the sustainability performance of Muslim MSMEs in Indonesia.

These findings reinforce the Financial Inclusion Theory and Social Finance Theory, which emphasise that access to value-based finance services is an important determinant in improving business sustainability. The research results also support the Technology Acceptance Model (TAM) framework, particularly in terms of perceived usefulness and perceived ease of use, which have been proven to influence the adoption of Sharia Fintech by MSMEs. In practical terms, Sharia Fintech service providers need to improve Sharia literacy education so that MSME players have a better understanding of Sharia-based financing contracts and mechanisms. The government and regulators such as the OJK also need to strengthen regulations and provide incentives for the development of Sharia Fintech platforms to increase service penetration in the MSME segment that is not yet served by formal financial institutions.

### **The Impact of People's Business Credit (KUR) on the Sustainability of MSMEs**

The results obtained in this study indicate that People's Business Credit (KUR) has also been proven to have a significant effect on the sustainability of MSMEs, particularly in terms of operational continuity and business expansion. This indicates that the second hypothesis proposed in the study has been accepted. These results are in line with the findings of Mugiati (2022), which state that the provision of KUR has a significant impact on increasing the working capital of MSMEs, which has a direct impact on increasing production and marketing capacity. KUR helps MSMEs expand their business scale, create new jobs, and increase business resilience to economic shocks. Additionally, Mugiati (2024) argues that KUR positively influences MSME income, indicating potential sustainability.

These results reinforce the theory of Financial Inclusion, particularly the concept of financing accessibility as a driver of MSME growth and sustainability. These findings also confirm the relevance of the Resource-Based View (RBV) theory, in which business capital as a key resource is proven to influence the ability of MSMEs to adapt and compete. The findings of this study provide an overview to the government that the KUR programme needs to be further expanded and its procedures simplified. Banks distributing KUR also need to increase their assistance to MSMEs so that the use of capital is more targeted and supports sustainable business growth. In addition, the development of the super micro KUR scheme needs to be optimised to reach ultra-small businesses.

### **The Impact of Sharia Fintech and People's Business Credit (KUR) on the Sustainability of MSMEs**

The results obtained in this study indicate that there is a simultaneous influence between sharia fintech and KUR on the sustainability of MSMEs. This indicates that the second hypothesis proposed in the study is accepted. This aligns with the research by Hasyim et al. (2022), which found that easy access to digital-based Islamic fintech services enables SMEs to obtain financing through a fast, efficient, and transparent process, ultimately driving sustainable business growth. Additionally, both Islamic fintech and KUR significantly contribute to the sustainability of SMEs. Islamic fintech provides financing alternatives based on values and technology, while KUR offers subsidised financing access that encourages business expansion and growth. Both synergistically address the capital challenges faced by SMEs and promote better sustainability performance.

Theoretically, these findings reinforce the Integrative Financing Model framework, which states that a combination of various financing sources can improve business sustainability more

effectively than a single financing source. These findings also enrich the theory of financial inclusion in the context of dual financing (sharia and government subsidies). The practical implication of these results is the need to strengthen collaboration between Sharia Fintech providers, KUR distribution banks, and the government. Digital system integration between Sharia Fintech and KUR services can be considered, for example through automatic data verification or digital mapping of MSME eligibility. This step will help expand access to financing and accelerate the process of capital distribution for MSMEs.

## **5. CONCLUSION AND SUGGESTION**

### **CONCLUSION**

Based on the research results, it was concluded that Sharia Fintech has a significant effect on the sustainability of MSMEs. This shows that the use of technology-based financial services that are in accordance with sharia principles can provide easy access to financing, accelerate transactions, and improve business operational efficiency. Sharia Fintech also encourages MSME players to run their businesses ethically and in accordance with Islamic values, which ultimately strengthens the resilience and sustainability of their businesses. Meanwhile, People's Business Credit (KUR) has also been proven to have a significant impact on the sustainability of MSMEs. KUR is a strategic source of financing for MSMEs, particularly because it is available without collateral and has relatively low interest rates. This support enables business owners to expand their business scale, increase productivity, and improve their economic well-being. Additionally, the existence of KUR also has a positive impact on social aspects, such as improving education levels and ease of access to healthcare services. Simultaneously, Sharia Fintech and KUR together make a strong contribution to the sustainability of SMEs. The synergy between the advancement of Sharia-based financial technology and the government's inclusive financing policies forms an effective combination in supporting the sustainable growth of the SME sector.

### **SUGGESTION**

The theoretical contribution of this study lies in its new understanding of the integration of Islamic finance technology approaches and financing policy interventions in promoting the sustainability of small businesses. Practically, the results of this study can serve as a basis for consideration by local governments, Islamic financial institutions, and other stakeholders in designing more targeted and effective strategies for empowering MSMEs. The limitations of this study include its geographical scope, which is restricted to the city of Mataram, thereby limiting the generalisability of the results. Additionally, the quantitative approach used was unable to capture the subjective experiences of SME actors in depth. Therefore, further research is recommended to employ a mixed or qualitative approach to enrich the understanding of SME sustainability dynamics from a more holistic perspective.

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