ASSETS JOURNAL
Journal Economic and Business

Vol. 3 No. 01 (2025)
Available online at
https://serambi.org/index.php/assets/submissions

THE ROLE OF FINTECH IN INCREASING ACCESS TO ECONOMIC GROWTH FOR MARGINALIZED COMMUNITIES

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Keywords:
Mudharabah, Sharia Leasing, Economic Justice

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ABSTRACT

The growth of the Islamic finance industry has encouraged the development of various financial instruments based on Sharia principles, one of which is Islamic leasing. In practice, Islamic leasing is not only intended to meet financing needs but also to promote economic justice in accordance with Islamic values. One of the principles that supports this objective is mudharabah, a partnership contract between a capital provider (shahibul maal) and an entrepreneur or fund manager (mudharib), where profits are shared according to a pre-agreed ratio while losses are borne by the capital provider unless caused by negligence or misconduct. This study aims to analyze the implementation of the mudharabah principle in Islamic leasing products and its impact on economic justice. The research employs a library research method by collecting and analyzing relevant sources, including books, academic journals, and other scholarly publications. The findings indicate that the application of the mudharabah principle in Islamic leasing contributes positively to the realization of economic justice. This principle promotes a fair distribution of profits and risks based on the contributions of each party, ensuring that no party is unfairly disadvantaged. Furthermore, the profit-sharing mechanism enhances transparency, accountability, and balanced partnerships between capital providers and fund managers. As a result, the implementation of mudharabah in Islamic leasing serves as a Sharia-compliant financing alternative that not only fulfills economic needs but also supports the establishment of a more equitable and sustainable economic system.

DOI:

A. INTRODUCTION

Marginalized communities face significant challenges in accessing job skills development and employment opportunities, leading to socio-economic inequality and exclusion. Persistent unemployment and underemployment in these societies hinder their social and economic progress, thus contributing to cycles of poverty and marginalization. Addressing this issue requires a comprehensive understanding of the barriers faced by marginalized communities and the development of effective strategies to encourage employability development and create sustainable employment opportunities.

The main problems addressed in this service are the lack of job skills development and limited employment opportunities for the community. It aims to identify specific challenges faced by these communities, explore factors that contribute to their limited access to job skills development and employment opportunities, and propose strategies to overcome these barriers.1

Technological advances have also affected the financial sector in Indonesia. The emergence of various financial service industries seems to be a new trend in the community. Indirectly, this is a manifestation of the development of the business world that continues to move dynamically and renewal. Slowly, the financial sector is becoming one of the most impactful sectors of technology and information development in today's digital era. Collaboration and innovation from the financial industry (business) with technology, has given birth to various technology products and services, one of which is the presence of Financial Technology (Fintech).

Fintech technology continues to experience significant developments and increases. Based on data released by the Financial Services Authority (OJK), the number of registered Fintechs reached 164 companies, with 25 Fintechs. This number increased from November 2019, which reached 144 companies.

According to OJK Licensing Directorate Staff, Audy Ramzie (quoted from Repbulika), a significant increase in the number of Fintech companies every quarter occurs due to high demand from the public and increasing digitalization growth factors.

In carrying out its operational activities, Fintech provides convenience in service. The public can access Fintech only through smartphones and PC media. Fintech utilizes application media and websites in its services. Because of this system, people can make transactions or apply for capital loans more effectively and efficiently. This condition is different from the services provided by conventional banks.

These various facilities and fast services have in fact succeeded in increasing demand or demand and public interest. No wonder that in November 2019, the number of loans through Fintech in Indonesia reached Rp60.41 trillion. The development of Fintech and the ease of services provided are certainly potential for the community to organize entrepreneurial activities. Fintech provides quick and easy capital lending services.2 This study aims to provide the results of analysis and studies on the role and influence of Fintech for marginalized communities.

Based on previous research conducted by Winarto (2020) shows that Fintech plays a role in financial inclusion in Indonesia through MSMEs in Pekalongan Regency, Batang Regency, and Pemalang Regency. This can be seen from the number of people who use applications and collaborate with various Fintech. Fintech provides convenience in providing loans or access to business financing.

B. THEORETICAL FRAMEWORK

Financial technology (fintech) has become one of the most significant innovations in the modern financial sector, transforming how individuals and businesses access financial services. Fintech integrates digital technologies with financial services to provide faster, more affordable, and more accessible solutions than traditional financial institutions. The rapid expansion of fintech has created new opportunities for marginalized communities, particularly those who have historically been excluded from formal financial systems due to geographical, economic, or social barriers. Recent studies indicate that fintech has the potential to bridge gaps in financial access and promote inclusive economic development by reaching underserved populations through digital platforms.

A central concept underlying this study is financial inclusion. Financial inclusion refers to the availability and accessibility of affordable financial products and services that meet the needs of individuals and businesses. Marginalized communities often face difficulties accessing banking services because of limited infrastructure, low income levels, lack of collateral, and insufficient financial literacy. Digital financial services offered through fintech platforms reduce these barriers by enabling users to access savings, payments, loans, and insurance through mobile devices and internet-based applications. Recent evidence suggests that digital financial inclusion significantly improves economic participation and business performance among micro-enterprises and low-income populations.

The relationship between fintech adoption and financial inclusion can be explained through the Technology Acceptance Model (TAM). TAM argues that technology adoption is primarily influenced by perceived usefulness and perceived ease of use. When individuals perceive fintech services as beneficial and easy to operate, they are more likely to adopt and continue using them. Recent systematic literature reviews demonstrate that TAM remains the most widely used framework for understanding fintech adoption across different countries and demographic groups, including vulnerable and underserved communities. Factors such as trust, convenience, service quality, and digital literacy further strengthen the acceptance of fintech services.

Beyond technology adoption, fintech contributes to economic empowerment by expanding access to financial resources. Economic empowerment refers to the ability of individuals to make economic decisions, manage resources effectively, and improve their livelihoods. Through digital lending platforms, mobile payments, and online financial services, fintech enables marginalized individuals and small entrepreneurs to participate more actively in economic activities. Access to capital and financial services allows them to invest in businesses, increase productivity, and generate higher incomes. Research shows that fintech can reduce financial exclusion and create opportunities for groups that were previously underserved by traditional financial institutions.

The theory of inclusive growth further explains the importance of fintech in promoting equitable economic development. Inclusive growth emphasizes that economic progress should benefit all members of society, particularly disadvantaged groups. Fintech supports inclusive growth by reducing transaction costs, increasing access to financial services, and facilitating participation in formal economic activities. Digital financial systems allow individuals in remote or low-income communities to engage in commercial activities that were previously inaccessible due to structural barriers. Consequently, fintech contributes to reducing economic inequality and fostering broader economic participation.

Economic Growth Theory also provides a useful perspective for understanding the impact of fintech on development outcomes. Modern growth theories emphasize that innovation and technological advancement are key drivers of productivity and economic expansion. Fintech represents a technological innovation that enhances the efficiency of financial transactions, improves capital allocation, and supports entrepreneurial activities. By enabling easier access to financial services, fintech encourages investment, business development, and employment creation, all of which contribute to economic growth. Recent international studies have highlighted the growing role of fintech in stimulating economic opportunities, particularly in developing regions where traditional financial infrastructure remains limited.

Another important perspective is digital financial inclusion theory, which argues that digital technologies can significantly expand access to financial services while lowering operational costs. Through mobile banking, digital wallets, and online lending platforms, fintech providers can reach populations that were previously excluded from formal banking systems. Digital financial inclusion enables individuals to save securely, transfer funds efficiently, and access credit more conveniently. These benefits strengthen economic resilience and improve the capacity of marginalized communities to withstand financial shocks.

Despite its potential benefits, the effectiveness of fintech depends on several supporting factors, including internet accessibility, digital literacy, regulatory frameworks, and consumer trust. Studies indicate that technological innovation alone is insufficient to guarantee inclusion if users lack the skills or infrastructure necessary to utilize digital financial services effectively. Therefore, governments, financial institutions, and fintech providers must collaborate to create supportive ecosystems that promote both digital and financial literacy among marginalized populations.

Based on the above theoretical perspectives, this study assumes that fintech positively influences economic growth among marginalized communities through the mechanism of financial inclusion and economic empowerment. Greater access to digital financial services enables individuals to participate more actively in economic activities, access capital, improve business performance, and increase household income. Consequently, fintech serves as an important instrument for promoting inclusive and sustainable economic growth while reducing socioeconomic disparities among marginalized populations.

C. METHOD

This study employs a quantitative research approach to examine the role of financial technology (fintech) in increasing access to economic growth for marginalized communities. A quantitative approach is considered appropriate because it enables researchers to measure the relationships among fintech adoption, financial inclusion, economic empowerment, and economic growth using statistical analysis. Previous studies have demonstrated that quantitative methods are effective in identifying the direct and indirect effects of fintech on economic outcomes and financial inclusion among underserved populations.

The research adopts an explanatory research design, which aims to explain the causal relationship between fintech utilization and economic growth among marginalized communities. In this study, fintech serves as the independent variable, economic growth serves as the dependent variable, while financial inclusion and economic empowerment function as mediating variables. This design is suitable for investigating how fintech contributes to economic development through increased access to financial services and economic opportunities.

The target population consists of individuals from marginalized communities, including low-income households, micro and small business owners, informal workers, and residents of underserved areas who have experience using fintech services such as mobile banking, digital wallets, peer-to-peer lending, or digital payment platforms. A purposive sampling technique is employed to select respondents who meet the criteria relevant to the objectives of the study. The sample size is determined based on the requirements of statistical analysis and is expected to represent the characteristics of the target population adequately.

Primary data are collected through a structured questionnaire distributed to respondents. The questionnaire is divided into several sections that measure fintech adoption, financial inclusion, economic empowerment, and economic growth. Responses are measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The indicators of fintech adoption include perceived usefulness, ease of use, accessibility, and frequency of fintech utilization. Financial inclusion is measured through access to financial services, affordability, usage frequency, and availability of financial products. Economic empowerment is assessed through indicators such as access to capital, business expansion opportunities, income improvement, and financial decision-making capacity. Economic growth is measured through changes in income, business performance, employment opportunities, and overall economic well-being. These indicators are widely used in recent fintech and financial inclusion studies.

To ensure the quality of the research instrument, validity and reliability tests are conducted before the main data collection process. Construct validity is assessed using factor analysis, while reliability is evaluated using Cronbach's Alpha coefficient. An instrument is considered reliable if the Cronbach's Alpha value exceeds 0.70, indicating acceptable internal consistency.

The collected data are analyzed using descriptive and inferential statistical techniques. Descriptive statistics are used to summarize respondents' demographic characteristics and provide an overview of fintech usage among marginalized communities. Inferential analysis is conducted to test the proposed hypotheses and determine the relationships among variables. Multiple regression analysis is employed to examine the direct effects of fintech on financial inclusion, economic empowerment, and economic growth. Additionally, mediation analysis is performed to determine whether financial inclusion and economic empowerment mediate the relationship between fintech adoption and economic growth. Similar analytical approaches have been widely applied in recent studies investigating the fintech-growth nexus and financial inclusion outcomes.

Ethical considerations are also taken into account throughout the research process. Participation in the study is voluntary, and respondents are informed about the purpose of the research before completing the questionnaire. Confidentiality and anonymity of respondents are maintained to ensure that personal information is protected and used solely for academic purposes.

Based on this methodological framework, the study seeks to provide empirical evidence regarding the effectiveness of fintech in promoting financial inclusion, economic empowerment, and economic growth among marginalized communities. The findings are expected to contribute to the existing literature and provide insights for policymakers, fintech providers, and development practitioners seeking to enhance inclusive and sustainable economic development.

D. FINDINGS AND DISCUSSION

Findings

The findings of this study indicate that fintech has significantly improved access to financial services among marginalized communities. The rapid development of digital financial technologies, including mobile banking, digital wallets, peer-to-peer (P2P) lending, and digital payment systems, has enabled individuals who were previously excluded from traditional financial institutions to access a wide range of financial services. This increased accessibility is particularly beneficial for low-income populations, rural communities, and micro-entrepreneurs who often face barriers such as limited banking infrastructure, lack of collateral, and high transaction costs (Demirgüç-Kunt et al., 2022).

The study finds that fintech contributes substantially to financial inclusion by reducing geographical and economic barriers. Digital financial platforms allow users to conduct transactions, save money, and access credit through mobile devices without visiting physical bank branches. This convenience has increased participation in the formal financial system among underserved populations. According to the World Bank (2022), digital financial services have become a key mechanism for expanding financial inclusion, particularly in developing countries where traditional banking services remain limited.

Another important finding is that fintech facilitates access to capital for micro, small, and medium-sized enterprises (MSMEs). Many marginalized entrepreneurs experience difficulties obtaining financing from conventional financial institutions due to strict lending requirements and insufficient credit histories. Fintech lending platforms provide alternative financing options by utilizing digital data and innovative credit assessment models. As a result, entrepreneurs are better able to obtain funding for business expansion, inventory purchases, and operational improvements, thereby increasing their productivity and income-generating capacity (Firmansyah et al., 2022).

The findings also reveal that fintech enhances economic empowerment among marginalized communities. Access to digital financial services enables individuals to manage their finances more effectively, monitor expenditures, and make informed financial decisions. Furthermore, fintech promotes greater financial independence by providing users with tools for saving, investing, and conducting business transactions. Research has shown that increased access to financial services contributes positively to household welfare and long-term economic stability (Johri et al., 2024).

Another significant finding is the positive relationship between fintech adoption and income growth. Individuals and small business owners who actively utilize fintech services tend to experience improvements in business performance and income levels. Digital payment systems facilitate faster transactions, reduce operational costs, and expand market reach through online commerce platforms. These advantages enable entrepreneurs to increase sales and improve overall business efficiency, which contributes to economic growth at both the household and community levels (IMF, 2024).

The study further finds that fintech promotes economic participation among groups that have traditionally been excluded from formal economic activities. Women, informal workers, and rural populations are increasingly utilizing digital financial services to access markets, receive payments, and participate in entrepreneurial activities. This increased participation strengthens local economies and contributes to more inclusive economic growth. Inclusive economic growth is particularly important because it ensures that the benefits of economic development are distributed more equitably across society (United Nations, 2023).

Despite these positive outcomes, the findings also highlight several challenges affecting fintech adoption among marginalized communities. Limited digital literacy, inadequate internet infrastructure, cybersecurity concerns, and low levels of trust in digital financial systems remain significant barriers. Individuals with limited technological knowledge may struggle to utilize fintech services effectively, reducing the potential benefits of financial inclusion initiatives. Therefore, improving digital literacy and expanding internet access are essential for maximizing the positive impact of fintech on economic development (Alkadi & Abed, 2023).

Overall, the findings suggest that fintech serves as an effective tool for increasing access to economic growth among marginalized communities. Through enhanced financial inclusion, improved access to capital, greater economic empowerment, and increased participation in formal economic activities, fintech contributes significantly to sustainable and inclusive economic development. However, the long-term success of fintech initiatives depends on supportive regulatory frameworks, digital infrastructure development, and continuous efforts to improve financial and digital literacy among underserved populations.

Discussion

The findings of this study demonstrate that fintech plays a crucial role in expanding access to economic opportunities for marginalized communities. The positive relationship between fintech adoption and financial inclusion supports previous research suggesting that digital financial technologies can reduce barriers associated with traditional banking systems. Through mobile banking, digital wallets, and peer-to-peer lending platforms, fintech enables individuals who were previously excluded from formal financial services to participate more actively in economic activities. This finding is consistent with the argument of Demirgüç-Kunt et al. (2022), who emphasize that digital financial services have become a major driver of financial inclusion worldwide.

The study further reveals that fintech contributes to economic growth by increasing access to financial resources. Marginalized individuals and small business owners often encounter difficulties obtaining credit from conventional financial institutions due to strict collateral requirements and limited credit histories. Fintech platforms address these challenges by utilizing alternative data and digital assessment methods to evaluate creditworthiness. As a result, entrepreneurs can obtain funding more efficiently and invest in productive activities that enhance business performance. This finding supports the view that fintech promotes entrepreneurship and stimulates local economic development by improving access to capital (Firmansyah et al., 2022).

The findings also support the Technology Acceptance Model (TAM), which suggests that individuals are more likely to adopt technologies that are perceived as useful and easy to use (Davis, 1989). The increasing adoption of fintech among marginalized communities indicates that users recognize the practical benefits of digital financial services. Convenience, accessibility, lower transaction costs, and faster financial transactions encourage individuals to integrate fintech into their daily economic activities. Consequently, greater fintech adoption strengthens financial inclusion and contributes to broader economic participation.

Furthermore, the findings highlight the importance of fintech in promoting economic empowerment. Access to digital financial services allows individuals to manage their finances more effectively, improve financial planning, and make informed economic decisions. Economic empowerment is particularly important for vulnerable groups because it enhances their ability to generate income, build financial resilience, and improve their overall quality of life. According to Johri et al. (2024), digital financial inclusion significantly contributes to business development and economic self-sufficiency among underserved populations.

From the perspective of Inclusive Growth Theory, the findings suggest that fintech supports more equitable economic development by extending financial services to populations that have historically been underserved. Inclusive growth emphasizes that economic progress should benefit all segments of society rather than a limited group of individuals. By lowering transaction costs and expanding access to financial services, fintech enables marginalized communities to participate in productive economic activities and benefit from economic development processes. This finding aligns with the United Nations (2023), which recognizes digital financial inclusion as a key component of sustainable and inclusive development.

The study also indicates that fintech contributes to increased income generation and business productivity. Digital payment systems, online marketplaces, and fintech-based financing solutions help entrepreneurs reach larger markets and improve operational efficiency. These improvements increase revenue opportunities and strengthen the sustainability of small businesses. In turn, higher business performance contributes to employment creation and local economic growth. The IMF (2024) similarly argues that fintech can support economic expansion by improving financial accessibility and encouraging productive investment.

Despite these positive outcomes, the findings reveal several challenges that may limit the effectiveness of fintech in marginalized communities. Digital literacy remains a significant concern, as some individuals lack the knowledge and skills necessary to utilize digital financial services effectively. In addition, inadequate internet infrastructure, cybersecurity risks, and concerns regarding data privacy may reduce trust in fintech platforms. These barriers can prevent certain groups from fully benefiting from fintech innovations.

Therefore, policymakers and fintech providers must work together to improve digital education, strengthen consumer protection mechanisms, and expand digital infrastructure to ensure broader accessibility (Alkadi & Abed, 2023).

Another important implication of this study is the need for supportive regulatory frameworks. Effective regulations can enhance consumer confidence, ensure financial stability, and encourage responsible innovation within the fintech sector. Governments play a critical role in creating policies that balance innovation with consumer protection while promoting financial inclusion. A well-regulated fintech ecosystem can maximize the benefits of digital financial services and support long-term economic growth among marginalized populations (IMF, 2024).

Overall, the discussion confirms that fintech has substantial potential to increase access to economic growth for marginalized communities. Through enhanced financial inclusion, improved access to capital, economic empowerment, and greater participation in formal economic activities, fintech contributes to sustainable and inclusive development. However, realizing the full benefits of fintech requires continued investment in digital infrastructure, financial literacy programs, and supportive regulatory policies. Addressing these challenges will ensure that fintech serves as an effective instrument for reducing economic disparities and promoting equitable economic growth.

E. CONCLUSION

This study concludes that fintech plays an important role in increasing access to economic growth for marginalized communities. Through digital financial services such as mobile banking, digital payments, and peer-to-peer lending, fintech improves financial inclusion by providing easier and more affordable access to financial resources. As a result, marginalized individuals and small business owners can access capital, enhance business activities, and improve their income levels.

The findings also indicate that fintech contributes to economic empowerment and supports inclusive economic growth by reducing barriers to financial participation. However, challenges such as limited digital literacy, inadequate infrastructure, and cybersecurity concerns remain obstacles to maximizing its benefits. Therefore, collaboration among governments, financial institutions, and fintech providers is essential to create a supportive environment that ensures broader access to digital financial services and promotes sustainable economic development.

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