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The Effect of Financial Technology (Fintech) on the Development of SME with Financial Inclusion as a Mediation Variable: Study on SME's Creative Economic Sector in Lombok

Ahmad Syauqi; Embun Suryani; I Nyoman Nugraha

Magister of Management, Faculty of Economics and Business, University of Mataram, Mataram, Indonesia

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Abstract

This study aims to analyze the influence of Financial Technology (Fintech) on financial inclusion and the development of SMEs in the creative economy sector of Lombok. This research is associative with a quantitative approach. The sample in this study was 200 SMEs in the Creative Economy Sector. The data collection tool used in this study was a questionnaire. Hypothesis testing using full model structural equation modeling (SEM) Partial Least Square analysis. The result showed that Digital Fintech Finance has a significant positive effect on the development of SMEs. With the presence of Financial Technology, SME players can access all information in fulfilling all forms of their operations. Financial Technology Fintech has a significant positive effect on financial inclusion. Users of technology-based Financial Technology services in transactions with all Financial Technology users show trust obtained because financial inclusion has provided a safe regulator and information on future risks. Financial Inclusion has a significant positive effect on the development of SMEs. Financial Inclusion as a forum for delivering regulations in transactions between fellow SME business actors is beneficial in this very sophisticated era. Financial Technology (Fintech) on the Development of SMEs Mediated by Financial Inclusion has a Significantly Positive Effect. The development of complex services in the financial system certainly impacts how it is easier for industry players to access a service needed to support business activities.

Keywords: *Financial Technology; Financial Inclusion; Development of SME*

Introduction

The tourism sector has become one of the development priorities marked by the establishment of several Priority Tourism Destinations, one of which is the Mandalika Special Economic Zone (SEZ) located in West Nusa Tenggara Province. After being slumped by the Covid19 pandemic, the development of the Mandalika SEZ is believed to be able to revive the world of tourism and make a significant contribution to the national economy. The Small and Medium Enterprises (SME) sector is expected to become the leading sector in the development of the Mandalika SEZ because this sector can multiply and absorb significant labor. SMEs are the fundamentals of Indonesia's economy, so SMEs' role is critical in increasing Indonesia's economic growth (Shofawati, 2019). Based on BPS data in 2019, the number of SMEs in Indonesia is 64.19 million units or 99.92% of the total number of national business actors. SMEs can absorb labor by 97% of the entire workforce and contribute to the formation of GDP by 61.07 percent (https://www.bps.go.id/subject/35/usaha-mikro-small.html).

On the other hand, to optimally carry out its role, vital SMEs are needed that can grow and survive. SMEs that can maintain business continuity have growth that continues to increase from time to time(Eresia-Eke & Raath, 2013). The financial aspect is one of the main factors that can affect the growth of SMEs (Quartey et al., 2017; Ferrando et al., 2015; Gerlach-Kristen et al., 2015). Empirical evidence shows that SMEs face more obstacles in accessing capital than large companies because they do not have adequate guarantees and are run with traditional management, so they are categorized as unbankable (Saadani et al., 2011; Suryani, 2018; Suryani et al., 2011).

Bank Indonesia reports that only 19.85% of aggregate loans from national and private banks in Indonesia are allocated to SMEs (Bank Indonesia, 2019). In addition, Amaliyyah (2021) also proves that the limited access to capital for SMEs is due to the lack of knowledge of SMEs in obtaining financing, in addition to the fact that the procedure for applying for funding is too complicated. Henceforth, this condition causes SMEs to rely on sources of capital from private property, family, relatives, and even loans from moneylenders to run their businesses.

The inability to access capital causes the growth rate of SMEs to decline, and they do not have a competitive advantage. OECD (2006) and IFC (2010) argue that access to finance is necessary to create an economic environment that allows companies to grow and thrive. Empirical evidence shows that a business cannot reach the growth stage in the life cycle due to a lack of access to finance (Ibor et al., 2015; Bygrave & Zacharakis, 2008; Grande, Madsen, and Borch, 2011; Adomoko et al., 2016)). Good access to finance will be directly proportional to the growth of SMEs (Aqida & Fitria, 2021).

The phenomenon of the development of SMEs whose numbers fluctuate even though the data used are very long years. The table above provides insight into the development of the economic sector, especially in SMEs. As for the challenges faced, namely the existence of a Financial Technology (FINTECH) that is currently developing, this sophisticated technology can provide good benefits for the future development and survival of MSMEs. The table above illustrates the development and growth experienced by MSMEs while conducting the study; in-depth research needs to be carried out to see future results.

One strategy to strengthen SMEs is through innovation. This innovation in the financial services business is known as Financial Technology. The existence of Financial Technology in the form of Financial Technology (Fintech) makes access to funding easier, especially for non-bankable SMEs. A fintech is a form of combining technological aspects in the financial sector that is used to facilitate buying and selling activities and business activities(Ion & Alexandra, 2016). The availability of sophisticated economic features and services makes it easy for the public to use (Wildan, 2019). SMEs run by financially literate entrepreneurs have a higher chance of being more successful than those run by entrepreneurs with low financial knowledge.

According to the Reserve Bank of India (Anwar & Amri, 2017), financial inclusion is a process to ensure access to financial products and services needed by every section of society, both the general public and vulnerable people such as low-income people, at a price that can pay quickly. Fair and transparent manner. In addition, one way to improve sustainability in the financial capabilities of SMEs is through financial inclucan accessclusion is a process that ensures easy access, availability, and use of the formal financial system for all economic members. Ease of access to finance is expected to build assets and assist SME activities (Sari & Kautsar, 2020). Furthermore, financial inclusion is expected to improve the living standard of the community as a whole, and it is proven that financial inclusion affects the performance and sustainability of SMEs (OJK, 2017). Indicators of financial inclusion are marked by banking penetration, indicators of accessibility of financial services (banking), and indicators of accounts used in the community (Anwar et al., 2015; Sarma, 2012; Anwar et al., 2017).

The expansion of Financial Technology platforms has offered opportunities to connect all levels of society, especially SMEs, with providers of savings, insurance, and credit products (Radcliffe & Voorhies, 2012) (Michelle, 2016). It means that the development of Financial Technology will significantly facilitate all forms of activities in virtual activities.

The current phenomenon is that the level of financial inclusion in Indonesia is experiencing developments similar to developments in the world. According to Global Findex (Global Financial Inclusion Database), 2011, account ownership (formal account) in Indonesia (15 years and over) is only 19.6 percent, standard saving is 15.3 percent, and proper credit is 8.5 percent. However, Indonesia's percentage level of financial inclusion is still below other countries in the East Asia and Pacific (EAP) region, such as Australia, New Zealand, Korea, Japan, China, Malaysia, Singapore, Vietnam, and Thailand. Different levels of financial inclusion indicate differences in economic conditions and individual characteristics in each country, especially in the ASEAN region (Nugroho & Purwanti, 2018).

A survey conducted by the Financial Services Authority in 2019 showed the financial literacy index reached 38.03% and the financial inclusion index 76.19%. This condition has exceeded the government's target of 75%, but it is not ideal because people use financial products without an adequate understanding of their management. It can see from the financial literacy index which only reached 38.03 percent. Meanwhile, West Nusa Tenggara has an economic inclusion rate of 62.75%, with an economic literacy rate of 35.65%. This value is much lower than the national level and has not been able to meet the government's target of at least 75%. This condition is not ideal because people use financial products without an adequate understanding of their management, as indicated by the community's financial literacy index is still very low. For this reason, it is necessary to conduct research related to the digital economic transformation process that SMEs have carried out, and how much influence it has on financial inclusion and the ability to develop SMEs to survive.

In addition to the gap phenomenon that occurs, there is also a research gap from the results of previous studies where the research of Okello et al. (2017), Adomako et al. (2015), Abe (2015), Lee (2014), and Goldhausen (2017) proves the existence of positive and significant influence between access to finance on the growth of SMEs. Meanwhile, it is different from the research conducted by Sibanda (2017) and Zidana (2015) which have significant negative results. Furthermore, sa tudy on the relationship between financial literacy and the growth of MSMEs found several research results. Previous research by Fitria et al. (2018), Mwaniki (2018), and Eniola (2017) obtained significant positive developments regarding the relationship between financial literacy and SME growth. At the same time, other research, Eke and Raath, Olawale and Garwe (2010), and Kusumadewi (2017), found significant negative results in the relationship between financial literacy and SME growth. According to Arisia (2020), the results obtained from the study state that there is a negative effect of the fintech variable (risk and investment management and market provisioning) on financial inclusion (financial knowledge), while there is a positive effect of the fintech variable (cashless society) on financial inclusion. This study aims to analyze the influence of Financial Technology (Fintech) on financial inclusion and the development of SMEs in the creative economy sector of Lombok.

Literature Review

Small and Medium Enterprises (SME)

SMEs or commonly known as small and medium enterprises, are a term that refers to a type of business that is established by a private person and has a net worth of at most Rp. 200,000,000.00 (not including land and buildings).(Muzdalifa et al., 2018). Based on Law Number 20 of 2008, the definition of Micro, Small, and Medium Enterprises (MSMEs) is a business activity with a scale of activity that is not too large, management is still straightforward, available capital is limited, and the market that is reached is also not comprehensive.

According to Lantu, Triadi, Utami, and Ghazali (2016), the competitiveness of an MSME is formed based on the availability and conditions of the business environment, business capabilities, policies infrastructure, research and technology, financial support and partnerships, and performance. Company performance ireflectsthe company's ability to create value, both in terms of economic and non-financial (Hudson et al., 2001). The financial perspective is the company's ability to improve the welfare of shareholders through the profits it generates. In contrast, the non-financial perspective is the company's ability to create positive values such as environmental performance and social responsibility. Thus, the company is said to have excellent performance if the two performances show a better deal, meaning from the first financial side, but also not forgetting the non-financial aspects.

While sustainability is the ability of a company to continue to run its business, according to Eresia-Eke & Raath (2013), SMEswith business continuityt always experience growth from time to time. If SMEs experience business stagnation, it can be ascertained that they cannot continue their business. Performance measurement and business sustainability in SMEs have a more flexible measurement method than companies that have gone public (Kumar & Jayant, 2017). Furthermore, according to Eresia-Eke & Raath (2013) in(Nurohman et al., 2021), The aspects that need to be considered in measuring the performance and sustainability of SMEs are:

1) Financial capability, namely the ability of SMEs to generate profits for their owners.
2) Strategic capabilities, namely the ability of SMEs to make strategic plans that are useful for SMEs, especially those related to customer relations.
3) Organizational ability, namely the ability of SMEs to form a conducive organizational climate.

SME Performance

According to Robbins and Dessler (2015), performance is work performance, namely the comparison between work results and established standards. Meanwhile, Suhardi (2012), performance is strongly influenced by the ability, motivation, enthusiasm, and expectations of each individual towards a person, group, and company. Performance emphasizes the efficiency of saving available resources to achieve the desired goals. In other words, performance is the productivity of a person, group, or company; performance is declared excellent and successful if the desired goals of individuals, groups and companies can be adequately achieved.

SMEs' performance has undergone many developments, from conventional concepts to concepts that are considered more modern and have a better ability to measure the performance of a business. Therefore, various parties with interest in the company can evaluate or assess business performance by their respective interests; investors and potential investors are very interested in knowing business performance about the investments they have made with their prospects in the future, the performance of a business. as the results of work functions or activities of a person or group in an organization that is influenced by various factors to achieve organizational goals within a certain period.

Tika (2014) states that if a company's performance is good, it will push its share price up because many investors are interested in investing in the company; by the law of supply in economic theory, the more people bid, the more the price of the item will increase. The same opinion was expressed by Anna Wulandari (2012) that company performance is a construct that is commonly used to measure the impact of a company's strategic orientation. The decline in the performance of particular companies becomes a problem. It is a challenge for the company's strategic direction to continue to maintain good company performance through its strategic approach to survive in the industry.

Business performance is a set of results achieved and refers to the act of attaining and carrying out a job or task requested. Researchers (Kim and Choi, 1994; Lee and Miller, 1996; Lou, 1999; Miles et al., 2000; Hadjimanolis, 2000) advocate increasing sales turnover, workforce growth, and customer growth as business development measures. (Sholeh, 2008). According to (Siswati Rahman, 2016), the indicators of the development of MSMEs are:

1) The amount of turnover received by business actors
2) Number of workers owned
3) Increasing the number of products produced

Financial Technology (Fintech)

Financial technology is a financial service that continues to develop based on advances in technology and information. The development of FinTech also produces various financial innovations. Therefore it is essential to have good knowledge and understanding of FinTech so that they can overcome the challenges and risks. According to the Financial Services Authority (2016), the challenges faced by the FinTech industry are regulations in supporting FinTech development and coordination between institutions and related ministries to optimize the potential of FinTech in a complex business environment.

In Indonesia, many startup industries use financial technology services that are growing and continue to innovate. Meanwhile, FinTech is considered more efficient and effective in using technology, applications, and information. According to the National Digital Research Center (NDRC), the term financial technology is a term for innovation in financial services,, which comes from two words, namely economic and technology. The term financial technology refers to the development of modern technology in the banking sector. In addition, the NDRC states that FinTech is a term for innovation in financial services and technology as the key. Meanwhile, according to Chrismastianto (2017), "FinTech is one of the technological developments that is the latest study material in Indonesia in banking institutions." ions & (Nopiyani, 2021).

Financial Technology or Fintech refers to using technology to produce financial solutions (Muzdalifa et al., 2018). Financial Technology is in the form of financial services delivered via mobile phones, personal computers, the internet, or cards connected to a reliable digital payment system (Ozili, 2018). Financial technology is a service innovation in the digital-based financial industry accompanied by technological developments that provide financial services effectively, efficiently, economically, and easily accessible to the public. The emergence of FinTech is due to changes in people's lifestyles today, which are led by users of information technology, the necessities of life that are versatile and can increase the intensity of use of financial services (Nopiyani, 2021).

The indicators for measuring the implementation of FinTech, according to Rahardjo (2019), are as follows:

1) Ease of Use (ease of use)
2) Service Features
3) Information Security Risk

Financial Inclusion

Financial inclusion is a process that facilitates access, availability, and benefits of the formal financial system for all economic actors (Sarma, 2012). Furthermore, OJK defines financial inclusion as all efforts to reduce price and non-price barriers to public access to financial services (OJK, 2017). Based on research Aribawa (2016) and Wise (2013) found that financial inclusion affects the performance and sustainability of SMEs.Financial services are available to all segments of society, with particular attention to the poor, the productive poor, and residents in remote areas (Bank Indonesia, 2014).

In research (Pulungan & Ndruru, 2019), the Financial Services Authority (2016) states that there are several indicators, namely:

1) Availability/access
2) Usage
3) Quality
4) Welfare

Conceptual Framework

Furthermore, based on the theoretical framework, empirical evidence, and the relationship between variables, a conceptual framework of research can be drawn up, as shown in Figure 1 below.

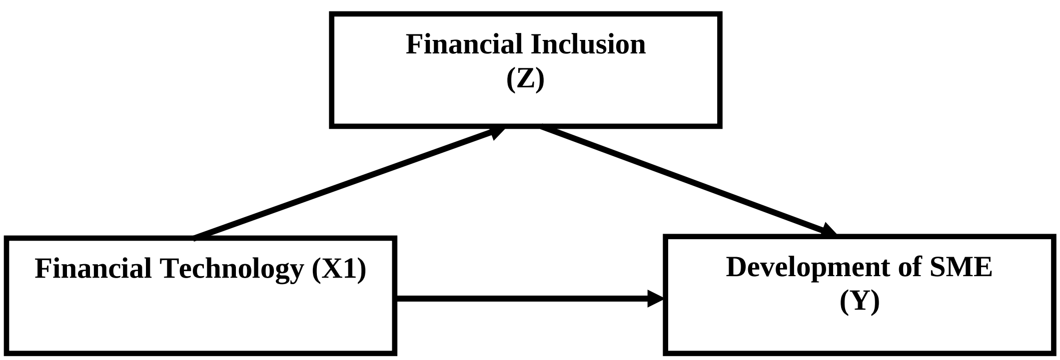

Figure 1. Research Conceptual Framework

Based on the conceptual framework above, it can be illustrated that researchers want to focus on the problem of how Financial Technology, or what is commonly known as financial technology, can influence the sustainability of SMEs with financial inclusion as a means or mediator. The increasingly rapid development of economic digitization with industry 4.0 with the support of the digital world is why this variable has a significant role in fostering and bringing the sustainability of SMEs to be more robust and more professional in their future performance.

H1: Financedigital (Fintech) has a positive effect on the development of the creative economy sector SMEs on the island of Lombok
H2: Financial Technology (Fintech) has a positive effect on financial inclusion in SMEs in the Creative Economy Sector on Lombok Island

H3: There is an effect of financial inclusion on the development of SMEs in the Creative Economy Sector SMEs on Lombok Island
H4: There is an influence of Financial Technology (Fintech) on the development of SMEs in the Creative Economy Sector SMEs in Lombok Island through financial inclusion as a mediating variable.

Methods

This research is associative with a quantitative approach. In this study, the primary data collection method was a survey through the distribution of questionnaires given to respondents. The survey is a primary data collection method by giving written questions to respondents (Hartono, 2013). The sample in this study was 200 SMEs in the Creative Economy Sector. Furthermore, sampling was carried out using purposive and accidental sampling methods, namely, SMEs selected as research objects were active, accessible, and engaged in the creative economy sector. Thus, anyone who can provide information is actively involved in the creative economy and, is easily found by researchers, can be used as a sample, if it is seen that the person who provides the information is suitable as a data source (Sekaran, 2011). The data collection tool used in this study was a lift or a questionnaire. In this questionnaire, respondents' answers were measured using a 7-point Likert scale: with a rating of 1 (strongly disagree), 2 (disagree), 3 (slightly disagree), 4 (neutral), 5 (slightly agree), 6 (agree), 7 (strongly agree). Hypothesis testing using structural equation modeling (SEM) Partial Least Square analysis.

Results

Convergent Validity of PLS Analysis

Convergent validity results can be seen based on the Extracted Variance Analysis (AVE) value. This average variance extracted (AVE) test can show the ability of the variable value to represent the original data score where if the AVE value > 0.5 indicates that the convergent validity measure is good. The AVE value is presented in table 1. below:

Table 1. Average Variance Extracted (AVE)

No	Variable	Average Variance (AVE)
1	Financial Technology (Fintech)	0.917
2	SME Development	0.962
3	Financial Inclusion	0.951

From Table 1., it appears that the results of the SEM-PLS data processing for the AVE value of each variable are good because they have met the requirements with a value of more than 0.50. This shows that the latent variable can explain more than 50% of the variance of the indicators. So from table 1, all indicators and constructs in the research model have met the Convergent Validity test criteria. According to (Ghozali, 2016), this value describes the meaning that one latent variable can explain more than half the variance of its indicators on average.

Composite Reliability

The Composite Reliability test is better than the Cronbach alpha value in testing the reliability in the SEM model. Composite reliability, which measures a construct, can be evaluated with two measures: internal consistency and Cronbach's alpha. Cronbach's alpha tends to lower bound estimates in measuring reliability. In contrast, composite reliability does not assume reliability, while composite reliability is a closer approximation assuming parameter estimates are more accurate (Ghozali, 2014). The interpretation of composite reliability is the same as Cronbach's alpha, where the limit value of 0.7 and above is acceptable. Following are the results of composite reliability and Cronbach's alpha from SEM-PLS data processing, presented in table 2., as follows:

Table 2. Composite Reliability

No	Variable	Composite Reliability	Cronbach's Alpha
1	Financial Technology (Fintech)	0.994	0.993
2	SME Development	0.992	0.990
3	Financial Inclusion	0.994	0.993

Table 2., shows that the composite reliability value has met the requirements, which is more than 0.7. It can be interpreted that no variable has not met the reliability requirements.

R-Square

The next step is to evaluate R^2; the explanation is the same as R^2 in linear regression, where exogenous variables can explain the magnitude of endogenous variables. The influence of the high and low coefficient of determination (R^2) used the guidelines proposed by Chin (in Ghozali & Latan, 2015), namely 0.67, 0.33, 0.19, indicating a strong, moderate, and weak model. Changes in the value of R^2 are used to see whether the measurement of the exogenous latent variable on the endogenous latent variable has a substantive effect. From the results of the SEM-PLS data processing, the R-Square value presented in table 3:

Table 3. R-square

Variable	R Square	Adjusted R Square
SME Development (Y)	0.952	0.951
Financial Inclusion (Z)	0.099	0.094

The table above shows that the SME Development variable gets a value of 0.952, more than 0.6. This value indicates that it is influenced by X by more than 60%, and other variables influence the restans that the adoption of Financial Technology-based technology, or fintech, has implications that are so easy to access by all levels of society, especially SMEs actors in Lombok, West Nusa Tenggara. In addition, SMEs actors are very responsive in accepting the development of sophisticated technology. It shows that the rapid growth does not stop SMEs actors in the creative economy sector from carrying out their business activities.

Q-Square (Q^2)

The value of the Q square describes predictive relevance, i.e., structural relevance suitability, where the importance of $Q2 > 0$ indicates that the model has good predictive relevance. At the same time, $Q2 < 0$ illustrates that the model lacks good predictive relevance (Ghozali & Latan, 2015). The results of the calculation of Q Square in this study are 0.957, which means that 95.7% of the independent and mediating variables (intervening) are feasible to explain the dependent variable, namely the development of SMEs.

Hypothesis Testing

Hypothesis testing was carried out to determine whether the independent variable had a direct effect on the dependent variable with the criterion of t-statistical value > 0.19 (significance level = 5%).

Table 4. Hypothesis Test Results

No	Variable	Coefficient	T-Statistics	P-Value	Conclusion
1	Fintech->SME Development	0.160	2.705	0.002	Hypothesis accepted
2	Fintech->Financial Inclusion	0.314	4.920	0.000	Hypothesis accepted
3	Financial Inclusion->SME Development	0.981	108.704	0.000	Hypothesis accepted
4	Fintech->Financial Inclusion->SME Development	0.308	4.876	0.000	Hypothesis accepted

Based on the results of the Hypothesis Test in table 4. it can be explained that all hypotheses proposed in the study are accepted.

Discussion

The Effect of Financial Technology (Fintech) on the SMEs Development

Based on the results of testing the hypothesis above, it shows that the influence of Financial Technology (Fintech) on the development of SMEs has a significant positive effect. The presence of Financial Technology allows SMEs to access all information in fulfilling all forms of their operations. Not only that, the proof is that SMEs can adapt to increasingly sophisticated technological developments quickly and well so that all transaction activities can be established quickly and safely. In this case, using online applications for SME business actors will increase the use, utilization, and understanding of products and services. The Bank Indonesia study (2016) explained that the presence of Fintech in the form of innovations in the financial system will facilitate public access to the use and utilization of financial products and services. Financial system innovation in the form of digitizing products and services makes it easier to access all information related to financial products and services without being constrained by time and space.

This study agrees and is in line with (Hutabarat, 2018). The progress of technology-based financial systems based on consideration of previous research results and the fact that the ease of transaction support in the current economic plan shows that the presence of fintech can have a positive influence on the development of SMEs. The company of technology in the financial system certainly greatly facilitates industry players or MSEs in accessing all forms of financial services in an effort to strengthen their businesses. Ease of access to finance, where financial system variables in the business world are very crucial in supporting business transaction activities.

The Effect of Financial Technology on Financial Inclusion

Based on the hypothesis testing above, shows that the influence of Financial Technology on Financial Inclusion has a positive effect. Users of technology-based Financial Technology services in carrying out trah all Financial Technology users show that there is trust obtained because financial inclusion has provided secure financial services and provided informauture risks that will occur. The ease of access offered by this system will undoubtedly offer tremendous financial knowledge to the community. It is supported by features of financial access services that are very open to all people. This technology-based financial system has unwittingly played an essential role in increasing the quality and quantity of financial inclusion.

We know that the current technology relationship is closely related to the existence of the internet as the primary access. We need to understand that the presence of Fintech can be one of the driving materials for a movement to help improve finance for SMEs, especially those in the lower middle class through financial institutions. As we know, Fintech is a term that can be used to refer to innovation in financial services.

This study strongly agrees with Muzdalifa and Irma (2018), stating that Fintech is proliferating in various sectors, from payment startups, lending, financial planning, retail investment, financing, remittances, economic research, and so on. With a big push from this technology, it significantly impacts a business with an accountable and transparent system.

The Effect of Financial Inclusion on the Development of SMEs

The test results above show that the effect of financial inclusion on the development of SMEs has a significant positive impact. We can see that the results of respondents' responses regarding financial inclusion and SME development are very high. Financial inclusion as a forum for providing insightful knowledge about technology-based financial services in transactions between fellow SME business actors is beneficial in this very sophisticated era. Therefore, inclusion must always have a sustainable impact and make the system more sophisticated in the future. It is because industry players cannot be separated from accessing financial services to support their business world. In this case, a good understanding of the users is that SMEs will undoubtedly produce good financial strength in running the business. It causes the power of the understanding of industrial actors about financial services will facilitate business transactions and ultimately have an impact on business development.

This research agrees and is supported by Adriani (2018); financial inclusion can trigger the growth of new MSMEs and increase economic growth. It is also evidenced by the development of sophisticated technology in an era where internet users are increasingly causing more business actors, especially SMEs in the Creative Economy Sector of Lombok Island.

The Influence of Fintech on SME Development through Financial Inclusion

The test results above show that the influence of Fintech on the Development of SMEs through Financial Inclusion as a Mediation Variable has a significant positive effect. The development of complex service in the financial system certainly impacts how it is easier for industry players to access a service needed to support business activities. The development of this financial system not only helps the public access financial services easily, but also becomes an effective educational tool to understand the financial industry and its working system. Industry players or SMEs who use FFintech know what is being accessed because there is a theory and practice system that makes it easier to remember how the system works.

With this ease of access, business actors feel helped and impact business development, as well as an increase in understanding of the existing financial system concept, as for the results of the Sobel test, which provides a role in mediating the influence of Fintech on SME development, namely by calculating the path coefficient and Error Standards. Based on the research results above, agrees and is in line with Aribawa's (2016) and Wise's (2013) finding that financial inclusion affects the performance and sustainability of SMEs. This research is also in line with Muzdalifa, Rahma, & Novalia (2018), the presence of Fintech will increase financial inclusion for SMEs, thus impacting the sustainability of SMEs.

Conclusion

Digital Fintech Finance has a significant positive effect on the development of SMEs. With the presence of Financial Technology, SME players can access all information in fulfilling all forms of their operations. Not only that, the proof is that SMEs can adapt to increasingly sophisticated technological developments quickly and well so that all transaction activities can be established quickly and safely.

Financial Technology Fintech has a significant positive effect on financial inclusion. Users of technology-based Financial Technology services in transactions with all Financial Technology users show that there is trust obtained because financial inclusion has provided a safe regulator and information on future risks. The ease of access offered by this system will undoubtedly give a massive stretch of financial knowledge among the public.

Financial Inclusion has a significant positive effect on the development of SMEs. Financial Inclusion as a forum for providing regulations in transactions between fellow SME business actors is beneficial in this very sophisticated era. Therefore, Inclusion must always have a sustainable impact and make the system more sophisticated in the future. It is because industry players cannot be separated from accessing financial services to supportrld. A good understanding of the users, in this case, is that SMEs will undoubtedly produce good financial strength in running the business.

Financial Technology (Fintech) on the Development of SMEs Mediated by Financial Inclusion has a Significantly Positive Effect. The development of complex service in the financial system certainly impacts how it is easier for industry players to access a service needed to support business activities. The development of this financial system not only helps the public access financial services easily, but also becomes an effective educational tool to understand the financial industry and its working system. Industry players or SMEs who use fintech know what is being accessed because there is a theory-and-practice system that makes it easier to remember how the system works.

Recommendation

Based on the results of this study, the authors provide suggestions that are expected to be aimed at the good and progress of SMEs, as follows:

1) Along with the rapid pace of technological development, it is recommended thatthat SMEs be better able to use technology to the maximum to make their business more advanced.
2) It is hoped that researchers conducting further research will be able to obtain more detailed information and add other variables that affect the development of SMEs on the island of Lombok.
3) Further research is expected to be able to provide a larger sample to provide broad information in research on fintech, Financial Inclusion, and SME development.

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