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Tenggara Research Findings: Fintech Lending Platform Supports the Sustainability of MSMEs during the Covid-19 Pandemic

The latest research by Tenggara Strategics shows that fintech lending companies such as Investree create a positive and significant impact, especially in improving MSMEs' income and creating job opportunities.

Jakarta, 25 March 2022 - Financial support has been one of the key activities for financial technology companies or fintech to assist Indonesia's Micro, Small and Medium enterprises to recover from Covid-19 impacts. This is strengthened by findings from the latest research by Tenggara Strategics with the title of **"Beyond Lending: Building MSMEs' Resilience During Covid-19 Pandemic" - Case Study of Investree 2020-2021**. In this research, Tenggara Strategics conducted quantitative and qualitative research on 275 borrowers on the fintech lending platform Investree from various cities in Indonesia. This research also aims to comprehend how the financial and social impacts brought by fintech lending, especially Investree, have aided MSMEs to face the Covid-19 pandemic.

The research from Tenggara Strategics states that financing access facilitated by Investree has helped support the growth of MSMEs during the pandemic from 2020 until 2021. From a **financial/economic aspect**, Investree supports MSMEs to keep operating while maximizing revenue. A total of 96% of Investree borrowers from **micro segment**-or borrowers with a loan value of less than IDR4,5 million per year-are able to maintain or increase their revenue during the pandemic. Besides, Investree partakes in creating more job opportunities for MSMEs. After the loan is channeled through Investree, 21% of borrowers from **small segment**-or borrowers with a loan value of less than IDR5,5 billion per year- and 62% of borrowers from the **medium segment**- or borrowers with a total loan value of more than IDR5,5 billion per year- are able to create job opportunities during the pandemic (1.407 and 1.175 respectively).

In a press conference, **Executive Director of Tenggara Strategics, Riyadi Suparno, MSc**, stated in his presentation, "This finding strengthens the idea that business financing alternatives through fintech lending create positive impacts on MSMEs' business resilience. During the pandemic, the majority of MSMEs faced a decreased income as an effect of lowered demand. Consequently, MSMEs must survive by laying off the human resources they employ. Luckily, the financing access facilitated by fintech lending companies such as Investree can help and support MSMEs to improve their revenues. In addition, MSMEs can even create more job opportunities or maintain their human resources."

According to research conducted by Tenggara, financing access through Investree has improved financial inclusion as 39% of borrowers had their first loan from a fintech lending platform, especially Investree. Furthermore, funding from Investree has also encouraged MSMEs to innovate in their business. More than 14% of Investree borrowers from micro, small, and medium segments are able to shift to a new industry during the pandemic, and 24% of borrowers are able to expand their product or service line during the pandemic.

In addition to the financial/economic aspect, the research found assistance facilitated by fintech lending platform Investree has positively impacted **mental well-being and social status**. As many as 87% of Investree borrowers who joined the Service Cooperative with Savings and Loans Business Unit Gramindo Berkah Madani and its sub-business Gayatri Microfinance feel mentally and socially supported and their quality of life has increased by 14%. This is due to improved economic prosperity, psychology, and social aspects through the loan from Investree. MSMEs' owners from the Gayatri Microfinance community are dominated by women with ultra-micro business profile (the owners of grocery stores, stalls, home laundries, and other ultra-micro business forms), have group characteristics, have no access to a bank account (unbankable), and run a conventional or sharia business. [The collaboration between Investree and Gayatri Microfinance](#) has been running for almost two years since November 2020.

Financing support from alternative financial services like fintech lending is needed in these challenging times. Even though MSMEs have been the backbone of Indonesia's economic growth, this sector was the most affected by the COVID-19 pandemic. According to data from the National Development Planning Agency (Bappenas), in 2020, 98% of MSMEs' owners in Indonesia experienced decreased revenues. Financial difficulties are one of the main issues faced by MSMEs' owners during this uncertain time. At the press conference, the voice of MSMEs was represented by the **Director of PT Gesits Bali Pratama, a borrower from Investree, Hj. Sari Suryanti**. "I didn't expect fintech lending to be able to help Gesits Pratama grow during the COVID-19 pandemic. Gesits Pratama is only two years old, and not many established financial institutions are willing to give business loans to us. We are grateful to Investree for the assistance given by their green financing. They are able to facilitate us conveniently and quickly, so the cash flow and business operation can keep going," she said.

Co-Founder & CEO Investree, Adrian Gunadi, stated, "The findings from Tenggara Strategics research have proven Investree's commitment to supporting MSMEs' owners to become stronger. Investree will continue to boost efforts to support MSME players in the country through the ease and speed of access to digital technology-based financing. As a fintech pioneer that has expanded into the Philippines and Thailand, Investree is grateful to have a significant and measurable impact on the stability of our Borrower's business in line with our commitment to achieve financial inclusion. Going forward, we hope that Investree and other fintech lending players can continue to contribute to the growth of MSMEs through easy, fast, and affordable access to financing."

This research uses a mixed method that combines quantitative analysis in surveys and qualitative research in in-depth interviews for data collection. 275 Investree Borrowers throughout Indonesia who received loans during the pandemic were interviewed. The sample was selected to represent borrowers across loan types and segments. Regarding Investree's performance as a company, until February 2022, Investree managed to record a total loan facility record of IDR 14.75 trillion and the value of disbursed loans of IDR 9.62 trillion with an average yield of 16.5% p.a. and the average TKB90: 99.37%.

About Us

Tenggara Strategics is a business and investment research and consulting institution founded by the Center for Strategic and International Studies (CSIS), The Jakarta Post, and Prasetiya Mulya University. Combining the capabilities of three organizations, Tenggara Strategics serves the business community with reliable research and information to help business leaders make strategic decisions. Tenggara Strategics services include political, business and social research, weekly political and economic-business reports, Southeast Backgrounder, and organizing strategic activities for business leaders.

For more information, please contact:**Stella Kusumawardhani, M.IDEc**

Economic Research Lead Tenggara Strategics

Whatsapp: +62 811 9966 083

Email: stella@tenggara.idwww.tenggara.id