ABSTRACT

This study aims to determine the effect of the application of Financial Technology (FinTech) on banking performance by analysing how Peer-to-Peer Lending (P2P) and Digital Payment (PAY) affect banking performance as seen from Return on Equity (ROE) with control variables Concentration Ratio, Size, Loan to Deposit Ratio, Capital Adequancy Ratio, Inflation, Gross Domestic Product.

The digital era has driven the rapid growth of Financial Technology (FinTech), resulting in innovative financial service models and creating great opportunities for people to play a role in the economy. Although previous studies have examined the effect of FinTech technology on banking performance, this study is unique in that it focuses on the implementation of FinTech in commercial banks classified by core capital (KBMI) 3 and 4.

This study uses panel data regression model estimation. Using a deductive approach, this study analyses secondary data from annual reports, financial reports published by banking websites and the Financial Services Authority (OJK) during the period 2018-2022. The data were analysed quantitatively.

The results showed the influence of FinTech with control variables Concentration Ratio, Size, Loan to Deposit Ratio, Capital Adequancy Ratio, Inflation, Gross Domestic Product simultaneously affect bank performance.

This research is expected to be a reference for further research and for companies to encourage sustainability programmes using financial technology.

Keywords: Digital Payment, Financial Technology, Peer-to-Peer Lending, Performance, Banking.