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ISLAMIC FINTECH INNOVATION STRATEGIES IN ENCOURAGING THE ACHIEVEMENT OF SDGS IN THE MSMEs SECTOR

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Abstract :
This study aims to make observations about the development of sharia fintech in Indonesia, sharia fintech innovation strategies in encouraging the achievement of SDGs in the MSME sector, this research is using the library study method with a literature review approach, where the findings data obtained from several sources are relevant to the research theme. Fintech is one of the financial sector innovations that gets a touch of modern technological developments. Bank Indonesia divides 4 types of fintech as a form of innovation from Sharia Fintech for MSMEs, namely: Crowdfunding, Peer-to-peer lending, Market aggregator, Risk and Investment Management, and Mobile payment/online banking. Strategies for increasing access to MSME financing through sharia fintech are carried out through Strengthening ecosystems and synergies between stakeholders, Increasing Sharia Financial Literacy and Education, Product Innovation and Service Differentials, Infrastructure Development, regulation and certification, and data security and protection. Sharia contributes to the SDGs by providing financial access to those who are not served by traditional financial institutions. Through inclusive products and services, such as Sharia microloans Overall, the application of fintech in MSMEs still faces various challenges, such as limited infrastructure, lack of technological skills and literacy among business actors, and the absence of clear regulations. To overcome this, the government's role in providing comprehensive regulations and educational support from fintech players is crucial.
Keywords : *Islamic Fintech, Sustainable Development Goals (SDGs), Micro, Small and Medium Enterprises (MSMEs)*

INTRODUCTION

Currently, technological developments, geographical, economic, and social conditions are challenging the business industry sector. Digital transformation is one of the most important innovations in providing additional access to investors, businesses, entrepreneurship, policy-making, and all stakeholders (Noreen, 2024a). Among technological advancements, financial technology (Fintech) has recently emerged as an important tool that enables financial institutions to be competitive in the face of global competition and contribute to development in any country. Fintech as a new breakthrough and innovation in the field of financial services uses digital transactions without having to use physical money (cashless). In simple terms, fintech is defined as technological instrumentation that provides solutions in finance and financial intermediation (Yudha et al., 2020). According to the Financial Stability Board (FSB), fintech encompasses technological updates that introduce new business approaches, operational processes, and products that significantly affect financial institutions, markets, and the overall improvement of financial services (Lutfiatun Qoriah et al., 2025). Major parts of financial technology include artificial intelligence, blockchain, cloud computing, and big data.

Fintech provides access to new wealth for financial institutions and the banking sector and it has been highlighted that thanks to fintech the goal of financial inclusion can be achieved and can improve the overall financial ecosystem(Noreen, 2024). Therefore, financial institutions have the added responsibility of not only providing technology-friendly solutions to their users, but also addressing sustainability. While the Millennium Development Goals (MDGs) focused on poverty eradication, education expansion and halting the spread of HIV/AIDS in developing countries, the Sustainable Development Goals (SDGs) are more ambitious and take a broader, transversal approach to gender equality, addressing a broader set of concerns and emphasizing the link between global goals and national targets (Biermann et al., 2017). The SDGs were first introduced at a United Nations conference on sustainable development in 2012 in Rio de Janeiro. Some 194 countries around the world passed the SDGs in September 2015 (Hoang et al., 2022).

Amidst these developments, Islamic fintech emerged as a paradigm that combines the principles of Islamic finance with digital technology, offering great potential to bridge the gap in access to finance, especially for the Micro, Small, and Medium Enterprises (MSMEs) sector which often faces barriers in accessing conventional financing (Zuhroh, 2021). Indonesia, as a country with total financing disbursements reaching more than IDR 20 trillion. This figure shows a significant increase compared to previous years, reflecting the high interest and need for innovative sharia-based financial services. MSMEs are able to contribute more than 60% of Indonesia's GDP and absorb more than 97% of the national workforce (Ministry of Cooperatives and SMEs, 2023), playing a vital role in the country's economy. However, this sector still faces various challenges, especially in terms of access to financing. Bank Indonesia reports that by the end of 2023, only around 30% of MSMEs will have access to formal financial institutions. This gap opens a great opportunity for Islamic fintech to play a role in the economic empowerment of MSMEs through digital microfinance innovation (Fitria, 2024).

The implementation of digital platforms in Islamic fintech brings a number of potential advantages to MSMEs. A faster and simpler financing application process reduces bureaucracy and waiting times that are often a bottleneck in the traditional banking system. Al-based data analysis allows for a more inclusive assessment of creditworthiness, rather than relying solely on physical collateral or formal credit history. This opens up opportunities for MSMEs that have been marginalized from the mainstream financial system to gain access to financing. In addition, the Islamic fintech business model that emphasizes the principle of profit-sharing and the prohibition of usury is in line with the values of business ethics and social justice. This has the potential to create a more balanced relationship between providers and recipients of financing, reducing the risk of financial exploitation that is often a concern in conventional financing systems (Zuchroh, 2025).

However, behind this huge potential, there are a number of challenges that need to be overcome. First, the digital divide is still wide in Indonesia, where internet infrastructure and digital literacy are uneven, especially in rural and remote areas. Second, data security and user privacy are crucial issues as the volume of data managed by digital platforms increases. Third, regulatory harmonization between technological innovation and sharia compliance requires a dynamic and responsive legal framework. From the explanation of about the contribution of the development of technological systems in the form of Islamic fintech, researchers are interested in conducting a more in-depth search in order to be able to describe the Islamic fintech innovation strategy in supporting the achievement of the Sustainabel Development Goals (SDGs) in the MSME sector.

RESEARCH METHOD

This research is qualitative in nature which intends to describe a research subject or discuss more deeply the Sharia Fintech Innovation Strategy in Encouraging the Achievement of SDGs in the MSME Sector. The data implemented in this research is using the library study method with a literature review approach, where the data findings obtained from several sources are relevant to the research theme about Islamic fintech, Islamic fintech innovation and Sustainable Development Goals (SDGs) and the role of MSMEs. Literature research is carried out by collecting data contained in books, journals, articles and other sources related to the problem taken. According to Simatupang (2008), desk research is research that emphasizes the use of secondary data or in the form of written legal norms and or interviews with informants and sources (Rifqi et al., 2023). The aim is to describe and interpret observations or findings regarding the development of Islamic fintech in Indonesia, Islamic fintech innovation strategies in encouraging the achievement of SDGs in the MSME sector.

FINDINGS AND DISCUSSION

Concept and Role of Sharia Fintech in MSME Empowerment

The term fintech comes from the word financial technology, while according to The National Research Center (NDRC) defines fintech as an innovation in financial sercives. It can be understood that fintech is one of the innovations in the financial sector that gets a touch of modern technological developments. Fintech is basically an application of digital technology related to financial matters. In other terms, fintech is an industry of companies that use technology with the aim of creating efficiency in the financial system (Santi et al., 2017).

Based on its criteria, Islamic fintech has several functions from the fintech industry in general, including online financial transactions, electronic money, virtual accounts, aggregators, lending institutions, crowd funding, and personal financial planners. Fintech itself has activities in financial services such as payment, transfer, clearing, and settlement. These activities are closely related to mobile payments (either by banks or non-bank financial institutions), digital wallets, and other functions. These models aim to increase financial inclusion and ensure greater consumer access to payment services and the proper functioning of the payment system (Rahmawati et al., 2020). Fintech has many services and products that can be utilized by the public. Bank Indonesia divides 4 types of fintech, namely:

1. *Crowdfunding*, which is fundraising, where the process of raising money for a project or venture by a number of people or many people, is usually done through an online platform.
2. *Peer-to-peer lending*, which is a debt-based form of money lending practice between individuals where borrowers and lenders are brought together through a platform provided by the company.
3. *Market aggregator*, in this category, Fintech as a comparison of various financial products, where Fintech will collect financial data as a reference by users.
4. *Risk and Investment Management*, is a digital financial planner that will help users to make financial plans according to their existing financial conditions.
5. *Mobile payment/online banking*, is a financial transaction that includes monthly bill payments, money transfers, shopping payments at digital merchants, information on account balances and mutations and much more.

The concept of Sharia fintech is a financial system that combines finance with the development of modern technology in the process of financial services and investment based on sharia principles. The Islamic fintech system has various types of services that provide opportunities for various groups in the ease of obtaining additional capital/financing, especially for entrepreneurship and MSMEs that have not been able by the financial industry as a whole.

Financing for MSMEs using a financial system that utilizes technological developments. At this time, an Islamic fintech system is currently developing which aims to empower entrepreneurship and MSMEs that have not been reached by sharia-based financial institutions. Islamic fintech aims to facilitate financing and business empowerment. MSME empowerment through Islamic fintech involves the integration of digitalization developments in various sectors including the Islamic financial sector. Integration of sharia-based business processes to improve operational efficiency and competitiveness. Islamic fintech sub provides technological solutions to sharia-based MSMEs to harmonize modern and digitally connected models. As a form of alignment of the MSME digital system, it can be carried out starting from inventory management, digital payment systems, sharia e-commerce platforms, and sharia fintech to empower MSMEs to compete in the challenges of globalization. So as to be able to expand market reach, increase financial institutions. Islamic fintech aims to facilitate financing and business empowerment. MSME empowerment through Islamic fintech involves the integration of digitalization developments in various sectors including the Islamic financial sector Integration of sharia-based business processes to improve operational efficiency and competitiveness. Islamic fintech sub provides technological solutions to sharia-based MSMEs to harmonize modern and digitally connected models. As a form of alignment of the MSME digital system, it can be carried out starting from inventory management, digital payment systems, sharia e-commerce platforms, and sharia fintech to empower MSMEs to compete in the challenges of globalization. So as to be able to expand market reach, increase visibility, and create a more competent customer experience.

The digitalization of business processes can provide the possibility of wider access to Islamic financing services through fintech. Applying for capital or loans becomes more flexible through digital platforms, helping to increase liquidity and business growth Another use of Islamic fintech allows MSMEs to use data analysis to optimize marketing strategies, pricing, and supply chain management. Islamic fintech is not only limited to technical aspects, but also includes training and education of MSME players (Rahmawati et al., 2020).

Islamic fintech can organize training programs that help sharia-based MSMEs to improve management skills, understanding of sharia-based business principles, and effective application of technology. The provision of this training aims to provide assistance to MSMEs to become competitive in the midst of intense market competition. Providing education is the key to providing awareness and understanding of MSME stakeholders on the potential utilization of sharia fintech. Increasing sharia literacy will help MSMEs manage their business more effectively, access various fintech services, and understand the various impacts of sharia on business decisions (Muzdalifa et al., 2018).

The empowerment of MSMEs through Sharia Fintech, including the digitization of business processes and a holistic approach through training and education, is a key foundation to support the growth and sustainability of Sharia-based MSMEs. Integrating technology with an understanding of Shariah principles not only ensures operational excellence, but has a significant positive impact on the Islamic economy as a whole. Islamic fintech has major benefits for MSMEs in the form of easier and faster access to financing (Suharyati & Ediwarman, 2019).

Fintech platforms offer affordable and flexible financing solutions, minimizing the traditional barriers that MSMEs often face when raising capital. Digitalized and automated application processes speed up risk assessment and approval to help MSMEs raise funds more efficiently. In addition, fintech's comprehensive financing model will enable MSMEs, previously underserved by traditional financial institutions, to receive financial support. Participation in the fintech ecosystem provides opportunities for MSMEs to improve market access and competitiveness. Through fintech platforms, MSMEs can utilize e-commerce services, expand their geographical reach, and reach a wider range of consumers (Nisa & Syariah, 2025).

Integration with digital payment technology also facilitates transactions for customers and can increase revenue for MSMEs. In addition, fintech also supports MSMEs in optimizing their operational processes. Integrated data analysis allows MSMEs to understand market behavior, consumer trends, and customer needs. This information allows MSMEs to adjust their marketing and product development strategies to increase business relevance in a changing market. The presence of fintech as part of the MSME ecosystem not only enables access to financing but also creates an enabling environment for growth, innovation, and agility.

Technological Innovation in Sharia Fintech for MSMEs and Regulation and Policy

Forms of technological innovation in Islamic fintech to assist the development of MSMEs with several types of product innovation, namely (Moch et al., 2024):

1. *Peer-to-Peer (P2P) Lending Platform*: Islamic fintechs have developed P2P lending platforms that facilitate the funding of Islamic MSMEs on the principle of profit-sharing, without usury. These platforms allow investors to provide financing to MSMES based on sharia principles, while MSMEs gain access to funds needed for their business development.
2. *Islamic Crowdfundin*g: Islamic crowdfunding is a fundraising mechanism that involves the general public to invest in MSME projects with schemes that comply with sharia principles. Innovations in Islamic crowdfunding include the use of smart contracts and blockchain technology for transparency and transaction security.
3. *Digital Payment Solutions:* Islamic digital payment solutions facilitate shariah-compliant transactions, such as QR code-based transactions or payment applications that support halal principles. Development of sharia e-wallets that allow MSMEs to make transactions easily and safely.

There are a number of regulations and policies that can be the basis for the implementation of sharia fintech. Although sharia fintech does not yet have a specific regulation that discusses it. The regulations and policies that form the basis for the implementation of sharia fintech are as follows (Moch et al., 2024):

1. Regulation by the Financial Services Authority (OJK): OJK has issued specific regulations for Islamic fintech, including regulations on Islamic P2P lending and Islamic crowdfunding. These regulations aim to protect the interests of investors and borrowers, and ensure compliance with sharia principles.

2. Shariah Certification: Islamic fintechs must obtain certification from sharia certification bodies, such as the National Sharia Council (DSN) to ensure that the products and services offered comply with sharia principles.
3. Islamic Bank Involvement: Cooperation between Islamic fintechs and Islamic banks is increasing, including in terms of funding and product development. Regulations governing the involvement of Islamic banks in Islamic fintech are important to maintain the integrity and alignment of Islamic fintech products with sharia principles.

Strategies for Increasing Access to MSME Financing through Sharia Fintech

Strategy is a systematic plan designed to achieve goals effectively and efficiently. In the context of a business or institution, strategy includes a series of coordinated actions in facing opportunities, challenges, and increasing resource optimization. MSME is a type of business run by individuals or entities that have met the criteria in accordance with regulation No. 20 of 2008 concerning MSMEs. As is known, MSMEs have an important role in improving the Indonesian economy which is able to absorb a lot of labor and help the economic independence of the community, especially in the productive economy and local markets. In its management, it faces limited capital/ financing. Islamic fintech is present to provide opportunities for easy access to funds. The strategies carried out to increase access to MSME financing through sharia fintech are as follows:

1. Ecosystem strengthening and synergy between stakeholders

   In line with the development of the number of players and assets of the sharia fintech industry, the Indonesian Joint Funding Fintech Association (AFPI) noted that the accumulated financing carried out by sharia fintech as of December 2020 reached IDR 1.7 trillion. Based on a study compiled by DSResearch and AFPI in 2020, it is known that the majority of active borrowers in the sharia fintech industry are workers and Micro, Small and Medium Enterprises (MSMEs). This data was obtained based on a survey conducted with 10 sharia fintech companies. The World Bank Group stated the same thing regarding the development of Islamic fintech, namely that this industry has great growth potential because in countries with a majority Muslim population, including Indonesia, and the level of inclusiveness of the community towards banking services is still low.

   Micro, Small and Medium Enterprises (MSMEs) are the backbone of the national economy that can survive the economic crisis experienced by Indonesia. However, unlike the previous crisis, the impact of the crisis experienced due to the COVID-19 pandemic has been felt by Micro, Small and Medium Enterprises (MSMEs). The negative impact of the pandemic on Micro, Small and Medium Enterprises (MSMEs) has a monopolistic effect on the fintech-shariah industry because almost 100 percent of its financing is channeled to Micro, Small and Medium Enterprises (MSMEs). According to the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, around 30% of Micro, Small and Medium

Enterprises (MSMEs) experience a negative impact on their business, while those affected but can innovate reach around 50-70%. Most of the Micro, Small and Medium Enterprises (MSMEs) that survive utilize digital platforms.

The awareness of Micro, Small and Medium Enterprises (MSMEs) to be able to utilize the digital ecosystem is one of the reasons the fintech industry can grow even though the national financing growth has decreased. The slowing macroeconomic growth also has an impact on the growth of sharia fintech assets, although the negative effect can still be minimized by the high public awareness to use sharia fintech services. This has a positive correlation with the growth of sharia fintech assets, although not as fast as before the pandemic (Suci Marlina & Fatwa, 2021).

So as to build synergies between Islamic fintech, MSME players, Islamic financial institutions, government as regulators, and academics to create an adaptive and inclusive Islamic financial ecosystem. This synergy also includes partnerships based on family principles, not just debtor-creditor relationships with interest, so as to have a positive impact on community income and financial inclusion.

2. Improving Sharia Financial Literacy and Education

Islamic financial literacy is defined as an individual's ability to understand, evaluate and make financial decisions in accordance with Islamic principles. This literacy includes not only an understanding of terms such as mudharabah, musyarakah, ijarah or murabahah, but also the underlying spiritual and ethical values, such as social responsibility and the prohibition of economic exploitation. In the context of education, the constructivistic pedagogical approach emphasizes the importance of relevant and meaningful learning experiences. This theory can be applied in Islamic financial literacy, where learners are invited to understand financial products through case studies, simulations and hands-on practice.

The strategy of increasing Islamic financial literacy and education emphasizes a holistic and synergistic approach involving formal, non-formal education, as well as public campaigns to build public understanding of Islamic financial principles such as the prohibition of usury, gharar, and maysir, as well as the value of justice and social responsibility. So that some forms of increasing public Islamic financial literacy and education are as follows (Maghfira Izzany, 2025):

a. Formal and non-formal education

Integrating Islamic finance in the world of education both at school and college levels which aims to strengthen the basic understanding of the sharia-based financial system. The low level of public literacy is an obstacle in the sharia system and in the business sector. In non-formal institutions, training, workshops, and counseling can be conducted to MSME players in particular and to the community that focuses on sharia-based financial management issues.

b. Mentoring and Social Transformation

Mentoring by sharia academics and practitioners helps MSME players apply sharia financial knowledge practically, increasing turnover and more disciplined financial management, such as separating personal and business finances and avoiding interest-bearing debt. Islamic financial literacy also encourages more responsible and ethical behavioral changes in business management, which has an impact on business sustainability and community economic welfare.

3. Product Innovation and Service Differential

Along with the development of technology, the types of Fintech are increasingly diverse, including Peer to Peer Lending, crowdfunding, microfinancing, market aggregators and digital payment systems. Investment companies and financial institutions compete to sell financial products and services through these fintech instruments such as Sharia Fintech. An innovation carried out by sharia fintech in addition to avoiding people from the economic system that is prohibited by Islamic law. Islamic fintech performs several forms of services (Saputra, 2024):

a. Capital Loan

Fintech companies are here to provide capital loan services with a simpler application process than conventional financial institutions such as banks without the need to submit collateral and just complete a few document requirements, this online loan service is an alternative to conventional bank loans or other loan companies. Loans that are applied for can be disbursed in a relatively short time, less than a week. Some fintechs that provide online loan services include Modalku and Pinjam.com.

b. Digital payment services

Fintech companies also provide easier and safer digital payments for businesses. With an easy payment process for secure funds, this will be able to attract more consumers so that it provides benefits for business people. One of the Fintech companies that provides digital payments is the Jenius app that synergizes with online transportation service companies.

c. Financial arrangement service

There are several applications that offer financial management services. This innovation aims to help MSME businesses in managing company finances. The services provided include recording expenses, monitoring investment performance, and financial consultations free of charge. Some Fintech companies that provide financial management services include Dompet Sehat and Ngatur duit.com.

4. Infrastructure Development

Limited internet access, especially in rural and remote areas, is a major obstacle for MSMEs to access sharia fintech services. Therefore, there is a need for collaboration between sharia fintech service providers, the government, and telecommunication companies to strengthen digital infrastructure in these areas. This includes building a wider internet network, increasing speed, and lowering access costs to make it more affordable for all levels of society. With stronger digital infrastructure in place, MSMEs in remote areas will be able to enjoy the convenience of transacting, accessing financing, and expanding their business reach by optimizing the use of Islamic financial technology(Azizah, 2024) .

5. Regulation and Certification

   MSMEs' trust in sharia fintech can be strengthened by ensuring that these services comply with Islamic principles and are overseen by credible institutions. By working closely with the Financial Services Authority (OJK), the National Sharia Council (DSN), and sharia certification bodies, sharia fintech providers can ensure that each of their products meets strict sharia standards. Strong supervision also provides protection for MSMEs, ensuring that the services they use are completely free from usury and other non-sharia practices. With the sharia certification label, MSMEs and general users will have more confidence that these fintech products are sharia-safe and reliable.

6. Data Security and Protection

   With the increasing use of fintech services, threats to cybersecurity and data privacy are also growing. For MSMEs, data sedarity is critical, especially since they often transact online and share sensitive information. To address this challenge, Islamic fintechs need to ensure that they use strict cybersecurity protocols and follow internationally recognized data protection standards. In addition, Islamic fintechs can provide training for MSMEs on digital security, such as how to keep passwords private, recognize phishing threats, and protect the devices used for transactions. With strong data protection, Islamic fintechs can build MSMEs' trust in their services, so that users feel more secure in their transactions and do not worry about the risk of data leakage or misuse of information.

Contribution of Islamic Fintech to the Achievement of Sustainable Development Goals (SDGs)

The purpose of the products available in fintech to serve people's financial needs such as crowdfunding, mobile payment and money transfer services creates a fundamental change in the business world. Crowdfunding financial services can be used to get funds from various countries easily, even from someone you have never met. Fintech services also make it easy to send money globally around the world. In fintech there is a paypal payment service that can change the exchange rate automatically, so that even though we are abroad, we can still buy goods from Indonesia very easily. Fintech also has an important role in meeting the needs of consumers, such as; First, financial data and information can be accessed anytime and anywhere. Second, it gives hope to small businesses to be able to grow their business so that they can match even big businesses. The development of the fintech industry is very rapid throughout the world. This can be proven by the emergence of various business startups in the fintech sector and the great interest in investing in the fintech sector globally. Especially in Indonesia itself, businesses using finach are attracting the attention of business people in Indonesia (Muzdalifa et al., 2018).

Islamic fintech also faces the threat of financial system failure due to various factors. Financial system instability in general can be triggered by various causes and fluctuations that occur. Especially today, the globalization of the financial sector accompanied by the development of information technology has an impact on the loss of space and time barriers In addition, the variety of products offered is also increasingly dynamic as a result of financial system innovation which is required to keep up with the times. To measure and assume the risk of financial system instability, prevention efforts are generally forward looking All possibilities of risk occurrence in the future can be minimized through qualified risk mitigation by anticipating in the present. Potential risks in the future should be prevented so that the sustainability of the financial system can be maintained.

The development of the financial system by making various innovations, especially in the Islamic financial system which aims to avoid the accumulation of financial or economic systems at one point or parties who have the ability, so as to create equity in society. With a digital-based financial system and fintech plays an important role in achieving the SDGs, namely:

First, increasing the allocation of existing financial resources to support sustainable development. This happens through business models, incentives, policies and regulations to direct financial resources globally and in individual countries to provide SDG-related financing Examples include ESG and green investment strategies, and the rapid growth in the EU, China and Japan, particularly in ESG-related financing.

Second, it involves expanding resources in the financial system in general which in turn can support the SDGs. This happens through financial sector development, which together can increase the amount of financial resources available globally and particularly in developing countries and with increased savings, investment and inclusion resulting in potentially large amounts of new money available. China's digital financial transformation is perhaps the best example of this.

Third, it involves using digital finance and Fintech to directly achieve the SDGs themselves. This happens through the use of new technologies and regulatory technologies to design better financial and regulatory systems to achieve policy goals, demonstrating the dramatic potential they offer.

The concept of Sustainable Development Goals (SDGs) was born at the Sustainable Development Conference held by the United Nations in Rio de Janeiro in 2012. The purpose of this meeting was to achieve universal common goals that can maintain the balance of three-dimensional sustainability. Development: environmental, social, and economic. In maintaining this balance, the SDGs have 5 main foundations namely human, planetary, prosperity, peace, and partnership that want to achieve three noble goals by 2030 in the form of poverty eradication, achieving equality, and tackling climate change. Poverty remains an important and crucial issue. The World Bank in its publication, World Development Report 2000/2001: Attacking Poverty, defines poverty as a condition in which an adequate standard of living is not achieved. In addition, the World Bank uses inadequate clothing, food, and shelter, inability to access health care; and low access to education, as indicators to mark a person as poor or not. Meanwhile, the United Nations (UN) in its publication, The World Situation Report 1997, describes poverty as a condition related to the inability to fulfill basic needs. BPS measures poverty using standards and concepts that are applied in many countries, namely the basic needs approach (Mufaidah, 2022). The form of sharia contribution to SDGs in the following way:

1. Poverty Alleviation (SDGs): Islamic fintechs can provide financial access to those who are underserved by traditional financial institutions. Through inclusive products and services, such as Sharia microloans, they can help underprivileged communities to start small businesses or improve their financial well-being
2. Quality Education (SDGs): Islamic Fintech can support access to quality education through digital platforms that provide access to educational content, training, and Sharia financial literacy. This can help increase public awareness and knowledge of Sharia finance concepts
3. Gender Equality (SDGs): Sharia Fintech can play an important role in helping women's economic empowerment. They can provide specialized financing and support to micro and small businesses owned by women By providing easy and fair access to finance, Sharia fintech can help reduce the gender gap in access to financial services.
4. Infrastructure Innovation (SDGs): Sharia Fintech often uses digital technology to deliver financial services. This can promote innovation and the development of inclusive financial infrastructure in areas that are remote or hard to reach by traditional financial institutions. With the adoption of these technologies, Sharia fintech can improve the accessibility and efficiency of financial services across Indonesia.
5. Climate Action (SDGs): Islamic fintechs can support climite action by promoting environmentally friendly financing. They can bring in Islamic financing products for sustainable investments in renewable energy, energy efficiency, and other green projects. This can drive positive change in the direction of economically and ecologically sustainable development.

Opportunities and Barriers in the Implementation of Sharia Fintech for MSMES

Fintech can bring great opportunities and potential in the development of MSMEs in Indonesia. In general, MSMEs have difficulties in financial and capital aspects. With the existence of fintech, it can help MSMEs to get convenience and efficiency in financial aspects. Most MSME players do not understand how to do bookkeeping and the existence of fintech can help in financial management, starting from digitizing financial reports, payment technology and online-based loans (Efendi & Wulandari, 2022).

Islamic fintech provides opportunities for MSMEs to increase access to new customers and facilitate transactions because the financial services provided by Islamic fintech have a wider range. Opportunities from the application of Islamic fintech in MSMES are in the form of market expansion, namely targeting people who are not deposit customers. People who do not have good literacy skills but have national financing needs for MSMEs are also an opportunity for Fintech business actors. The changing mindset of consumers, namely wanting to get products or services in a practical and easy way, advances in digitalization, decreasing loyalty to certain brands and institutions is one of the opportunities for the Islamic fintech industry to grow.

One of the main obstacles faced by MSMEs in implementing digital-based financial technology (fintech) is limited human resources. Not all employees or business owners have adequate technology skills, and many are still unfamiliar with the use of digital applications or systems in business operations. This lack of understanding makes the fintech adoption process not always smooth, and businesses need more time to adapt. When MSMEs start considering the use of fintech, they have to go through a learning process that is often time-consuming and labor-intensive, which can certainly hinder the overall pace of implementation (Desi Safitri, 2024).

The application of fintech in MSMEs faces several obstacles, such as limited infrastructure that is generally only available in big cities with modern banking services, while remote areas still lack internet access. In addition, fintech-based banking currently operates based on civil law because there is no specific regulation governing fintech, so the government's role in drafting a clear law is needed. The low literacy of people in remote areas is also a challenge, as many do not understand the concept, benefits, and use of fintech. In this case, the role of the government and fintech players is very important to educate and bring people closer to this technology.

Overall, the application of fintech in MSMEs still faces various challenges, suchas limited infrastructure, lack of technological skills and literacy among business actors, and the absence of clear regulations. To overcome this, the role of the government in providing comprehensive regulations and educational support from fintech players is very important. With the right approach, fintech can be adopted more widely and effectively, so as to encourage the development of MSMEs in a more inclusive and sustainable manner.

CONCLUSION

Fintech is one of the financial sector innovations that gets a touch of modern technological development. Fintech is basically an application of digital technology related to financial matters. In other terms, fintech is an industry of companies that use technology with the aim of creating efficiency in the financial system. Fintech has many services and products that can be utilized by the community. Bank Indonesia divides 4 types of fintech as a form of innovation from Sharia Fintech for MSMEs, namely: Crowdfunding, Peer-to-peer lending, Market aggregator, Risk and Investment Management, and Mobile payment/online banking. The strategy to increase access to MSME financing through sharia fintech is carried out through Strengthening the ecosystem and synergy between stakeholders, Increasing Sharia Financial Literacy and Education, Product Innovation and Service Differentials, Infrastructure Development, regulation and certification, and data security and protection.

Sharia contributes to the SDGs by providing access to finance to those who are underserved by traditional financial institutions. Through inclusive products and services, such as Sharia microloans Gender Equality (SDGs): Islamic fintechs can play an important role in helping women's economic empowerment. They can provide specialized financing and support to micro and small businesses owned by women. By providing easy and fair access to finance. This can promote innovation and the development of inclusive financial infrastructure in areas that are remote or hard to reach by traditional financial institutions. Sharia Fintech can support climate action by promoting environmentally friendly financing It can drive positive change in the direction of economically and ecologically sustainable development.

Islamic fintech provides opportunities for MSMEs to increase access to new customers and facilitate transactions because the financial services provided by Islamic fintech have a wider range. Opportunities from the application of Islamic fintech in MSMEs are in the form of market expansion, namely targeting people who are not deposit customs Overall, the application of fintech in MSMEs still faces various challenges, such as limited infrastructure, lack of technological skills and literacy among business actors, and the absence of clear regulations. To overcome this, the role of the government in providing comprehensive regulations and educational support from fintech players is very important. With the right approach, fintech can be adopted more widely and effectively, so as to encourage the development of MSMEs in a more inclusive and sustainable manner.

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