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ANALYSIS IN ECONOMICS: PEER TO PEER LENDING AS AN INFLATION INDICATOR

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Abstract

This study analyzes the relationship between peer-to-peer landing and inflation. Peer-to-peer lending is a means of public lending and inflation is an economic indicator that shows price changes. The method used is vector autoregressive which can explain the two-way relationship of two variables and seasonal aspects in time series data. The results of this study are that the two variables influence each other and there is an influence of the time aspect in the time series data.

Keywords: Economics, Peer-to-Peer Lending, Inflation

INTRODUCTION

The developments that occur in the current era of globalization require that people's activities cannot be separated from the help of technology. This is also the case with financial institutions which are now starting to shift to technology-based financial institutions. One of the advances in the financial sector today is the adaptation of Fintech (Financial Technology). Arner et al., (2015) stated that FinTech comes from the term Financial Technology or financial technology. According to The National Digital Research Center (NDRC), in Dublin, Ireland, fintech is defined as "innovation in financial services" or "innovation in fintech financial services" which is a result of innovation in the financial sector that has received a touch of modern technology.

FinTech can act as a tool or technology to facilitate the transaction process between buyers and sellers. Fintech can also be referred to as a legitimate payment process without the need to use paper instruments (Sfenrianto, et al in Handika: 2021). Fintech is present as a complement to the existing financial system, not as a replacement.

Regulations regarding FinTech in Indonesia have been accommodated by the Financial Services Authority (OJK) regulation, No. 77 / POJK.01 / 2016 concerning Information Technology-Based Direct Lending Services (LMPUBTI) or Peer-to-Peer Lending. This regulation is real proof that the Indonesian government has tried to respond to the development of FinTech in Indonesia which has also begun to develop. At this time, we live in an era that requires innovation. It is undeniable that the world is currently changing. Innovation is one way to do business in the 21st century and is a determinant of sustainable growth for a business Wang et al., (2021). Indonesia has great potential to utilize digital technology to expand financial inclusion. Given that the mobile and digital markets are also growing rapidly in Indonesia, FinTech can play an important role in accelerating financial inclusion.

Bank Indonesia as a regulator has made a classification through Junanto Herdiawan as Acting Head of Financial Technology Bank Indonesia regarding Fintech in Indonesia into 4 types, namely: 1) Crowdfunding dan Peer- to-peer (P2P) Lending 2) Market Aggregator 3) Risk and Investment Management 4) Payment, Settlement, and Clearing

Each type of FinTech has potential risks according to its business process. In general, the risks that may arise from FinTech companies in Indonesia are: 1) Risk of fraud 2) Data security (cybersecurity) risks 3) Market uncertainty risk FinTech peer-to-peer lending is a potential alternative source of financing for the community, especially for financing for micro, small, and medium enterprises (MSMEs). In its operational implementation, the system in FinTech peer-to-peer lending is very easy to reach and access for both lenders and borrowers.

People can easily access loans/financing to improve their businesses or daily needs that must be met. Not only to get big profits or income for startup companies, but the existence of FinTech can also improve the standard of living and purchasing power of many people.

Some financial technologies (FinTech) with peer-to-peer lending platforms that dominate in Indonesia in Rumondang et al., (2020) are as follows: 1. Modalku, 2. Investree, 3. Amartha and others. In addition, according to Kornelius Benuf in Aprita (2021), Financial technology peer-to-peer lending is a form of technological innovation in the field of financial services, especially loans/financing/funding that eliminates obstacles that are often experienced by the community. Currently, with the presence of three peer-to-peer lending startups, there are many FinTech peer-to-peer lending in Indonesia that provide consumer credit services. The interest given varies, from flat interest to dynamic interest. The number of FinTech peer-to-peer lending in Indonesia has increased rapidly, and in 2016 it reached 165 companies or startups according to OJK data. In addition to peer-to-peer lending, there are still many other types of FinTech in Indonesia, such as e-commerce and crowdfunding.

FinTech has brought significant changes in various aspects of the economy, including the way MSMEs operate, access to financing, and financial transactions. However, the impact of FinTech on inflation in Indonesia has not been widely studied. Inflation is an important economic indicator and understanding how fintech affects inflation can help policymakers in formulating more effective monetary and financial policies.

The definition of inflation according to several experts in Gao et al., (2021) in the scope of economics is often found. In the early period, the definition of inflation that

was often used after the Second World War was a condition where there was excess demand for goods in an economy as a whole. Furthermore, inflation is also interpreted as the tendency for prices to increase in general and continue continuously.

Another explanation of inflation is as a condition where national income increases much faster when compared to the increase in goods and services produced in an economy. According to Anton H Gunawan, A. Basha et al., (2021) From the several definitions above, it should be underlined that the definition of inflation includes the following aspects: 1)Tendency, which is the tendency for prices to increase, meaning that at a certain time, a price decrease is possible but overall there is a tendency for prices to increase. 2) Sustained, the price increase that occurs does not only last for a certain period but continues over a long period. 3) General level of price, prices in the context of inflation are meant to be the prices of goods in general, not just one or two types of goods.

According to Santosa (2017:447), Inflation can also be distinguished based on its origin, more towards external or internal factors, causing an increase in the prices of goods. When viewed from its origin, inflation can be divided into 2, namely: First, Inflation originating from within the country (domestic inflation). This inflation occurs due to pressure from domestic macro variables which encourages an increase in the prices of goods. Second, Inflation originating from abroad (imported inflation). This is inflation that occurs due to influences from abroad (external factors). This influence can be in the form of inflation (price increases) in other countries that have close relations so that the prices of imported goods become more expensive. This impact will directly cause the consumer price index to increase and indirectly will increase the consumer price index through increased production costs.

Classification of inflation based on its nature can be classified into four types (Avgeri & Psillaki, 2024), including: a) Creping inflation (mild inflation), is inflation that occurs below 10% per year. b) Galloping Inflation (moderate/medium inflation), is inflation that occurs between 10% - 30% per year. c)High Inflation (severe inflation), is inflation that occurs between 30%-100% per year. d)Hyper Inflation is inflation that occurs above 100% per year.

Inflation is directly linked to public consumption, where the consuming habit of the society will also be significantly affected by the circulating money in the region or country. Therefore, the way the society obtain ready funds will also be linked to the consumption, and ultimately to the inflation. Menurut (Almuttaqin & Nur, 2023), the tendency of increasing the amount of money in circulation beyond actual needs results in a continuous increase in general prices (inflation). So, if the amount of money in circulation increases, the price of goods will increase. Inflation is known as a monetary phenomenon. So in other words, if the amount of money in circulation exceeds what the community wants, the community tends to spend their money by increasing the consumption of goods and services. As long as production capacity is still available, the increase in consumption will increase production and expand employment opportunities. However, if production capacity is saturated, the increase in demand for goods and services will in turn increase prices in general. In this study, the researcher tries to find out how Financial Technology impacts inflation in Indonesia. For that, the researcher considers it necessary to know how many Small and Medium Enterprises are in Pekanbaru City.

REVIEW OF LITERATURE

Financial Technology (FinTech) as an Economic Driver

Based on the results of research conducted by (Iman, 2024; Junarsin et al., 2023; and Nigmonov et al., 2021), it is known that MSME informants from the Labuhan Badas sub-district, Unter Iwis sub-district, and Sumbawa sub-district have utilized FinTech in running their businesses. Some of the uses of FinTech in MSMEs in Sumbawa Regency include as a means of supporting promotional activities carried out through various social media platforms such as WhatsApp, Facebook, and Instagram and as a digital bookkeeping medium for recording their business finances. The advantage obtained from the implementation of FinTech is an increase in sales volume. In addition, by using FinTech, transaction activities can be carried out faster and can minimize errors in transactions.

In a study conducted by (Kumalasari & Farida, 2024)the development of information technology has brought profound changes to the financial sector, especially with the emergence of the digital financial industry or Financial Technology (FinTech). FinTech is a

major driver of investment and economic growth in Indonesia and presents innovative solutions to meet the financial needs of the community and business actors. This study uses descriptive analysis methods and secondary data to investigate the impact of FinTech development on investment and economic growth in Indonesia. Data was obtained from other reliable sources. FinTech development has made a significant contribution to Indonesia's economic growth. Its existence facilitates public access to financial services, increases financial inclusion, and encourages investment activities. FinTech also creates an ecosystem that supports the development of startups and small and medium businesses, stimulating creativity and innovation in the financial sector.

The Impact of Inflation on the Economy

Inflation does not invariably exert a detrimental effect, as noted by (Oh & Rosenkranz,2020), who asserts that not all inflation adversely influences the economy. Particularly, mild inflation, defined as inflation below ten percent, can stimulate economic growth (Almuttaqin & Nur, 2023). This occurs because inflation may incentivize entrepreneurs to enhance their production levels. Entrepreneurs are motivated to expand their output, as rising prices lead to increased profits. Furthermore, heightened production yields an additional benefit: the creation of new job opportunities. Conversely, inflation becomes problematic when it surpasses ten percent.

Ben Romdhane et al., (2024) elucidated in their research that elevated inflation adversely affects economic growth in Indonesia. A 1% increase in inflation results in a 0.18% decline in economic growth. Inflation accounts for 41.24% of the variation in economic growth. The study also identified a robust correlation between inflation and interest rates concerning economic growth, despite a weak relationship between inflation and interest rates themselves. In summary, high inflation detrimentally impacts economic growth, prompting a recommendation for the government to implement measures to control inflation.

RESEARCH METHOD

Categories of Research

According to Mercangöz, (2021), descriptive research employing a quantitative approach involves the conversion of research data into tabular format, facilitating

comprehension and interpretation. The insights derived from descriptive statistics encompass measures of central tendency, measures of data distribution, and the characteristics of data clustering. Data presentation is categorized into two forms: graphical and numerical. The numerical presentation includes central tendency, dispersion, and measures of variability. For time series data, line charts and autocorrelation analysis diagrams are utilized.

The data analysis method employed in this study is the quantitative analysis method, a technique utilized for estimating parameters. This method involves presenting information or explanations in numerical form or as figures, encompassing data collection, interpretation of results, and the display of processed data. Utilizing this approach, data analysis is conducted by statistically testing the research variables collected through a panel data regression analysis tool, facilitated by the EViews program.

The research population encompasses all subjects or objects possessing specific characteristics relevant to a study. According to Veronica et al. (2022), the population represents a generalization area comprising objects or subjects that exhibit particular qualities and characteristics identified by researchers for examination, leading to subsequent conclusions. The term "population" extends beyond individuals to include objects and other natural entities. It encompasses not only the quantity of objects or subjects but also all characteristics inherent to them. In this study, the population consists of FinTech Peer-to-Peer Lending users and the month-to-month inflation rate in Indonesia.

According to Sugiyono in Sari & Triyonowati (2021), a sample is defined as a subset of the number and characteristics present within a population. The sample for this study comprises P2PL data sourced from the OJK website, along with inflation rate data for Indonesia obtained from the BPS website, covering the period from January 2020 to December 2022. The sampling technique employed in this research is purposive sampling. As noted by (Ghozali, 2011; Sugiyono, 2011), this technique involves selecting samples based on specific criteria established in advance by the researcher.

Quantitative data refers to information expressed in numerical form that can be analyzed mathematically. In this study, quantitative data pertains to the influence of FinTech Peer-to-Peer Lending on the month-to-month inflation rate in Indonesia. Secondary data sources are research data acquired through intermediary or indirect means, including books, records, existing evidence, or reports, whether published or unpublished. For this study, data regarding FinTech Peer-to-Peer Lending users and the month-to-month inflation rate in

Indonesia were sourced from the websites of the Indonesian Central Statistics Agency and the Financial Services Authority.

Table 1
Peer-to-Peer Lending on the Month-to-Month Inflation Rate in Indonesia

No.	Monthly Data	Amount of Peer to Peer Lending (Rp)	Inflation Amount Month to Month (%)
1.	Januari 2020	6876545134	0.39
2.	Februari 2020	7020512620	0.28
3.	Maret 2020	7139824929	0.1
4.	April 2020	3524848640	0.08
5.	Mei 2020	3116069321	0.07
6.	Juni 2020	4285225202	0.18
7.	Juli 2020	3510396383	-0.1
8.	Agustus 2020	4900172672	-0.05
9.	September 2020	6827387438	-0.05
10.	Oktober 2020	8957793367	0.07
11.	November 2020	8594503604	0.28
12.	Desember 2020	9651764080	0.45
13.	Januari 2021	2330947201	0.26
14.	Februari 2021	262799192	0.1
15.	Maret 2021	3457563541	0.08
16.	April 2021	3470984628	0.13
17.	Mei 2021	4358642875	0.32
18.	Juni 2021	4015376526	-0.16
19.	Juli 2021	4241196119	0.08
20.	Agustus 2021	4261751678	0.03
21.	September 2021	4494076349	-0.04
22.	Oktober 2021	446421938	0.12
23.	November 2021	3980881781	0.37
24.	Desember 2021	3890849069	0.57
25.	Januari 2022	10832378140	0.56
26.	Februari 2022	10806862022	-0.02
27.	Maret 2022	22830023466	0.66
28.	April 2022	1777214234	0.95
29.	Mei 2022	18263290277	0.4
30.	Juni 2022	20412983580	0.61
31.	Juli 2022	18715275744	0.64
32.	Agustus 2022	19064044809	-0.21
33.	September 2022	19405620533	1.17
34.	Oktober 2022	18637289410	-0.11

35.	November 2022	19129012158	0.09
36.	Desember 2022	19675084932	0.66

The Data Sources are 2024 OJK and BPS Publications

In a study, researchers undoubtedly engage in a systematic process to gather the requisite data. The data collection for this study was sourced from various platforms, including the website of the Central Statistics Agency (BPS) and the Financial Services Authority (OJK), which will subsequently be analyzed using the Eviews application and the Vector Autoregressive (VAR) method.

The data analysis technique employed by researchers in this study is the Vector Autoregressive (VAR) method. According to (Canova & Ciccarelli, 2013; Lütkepohl, 2007; Mercangöz, 2021), the VAR method was initially introduced by C.A. Sims as an advancement of Granger's theory. Granger posited that if two variables, such as x and y, exhibit a causal relationship where x influences y, then historical data on x can aid in predicting y. A notable advantage of the VAR model is its simplicity, as researchers are not required to distinguish between endogenous and exogenous variables. Consequently, researchers aim to investigate the impact of FinTech Peer-to-Peer Lending on the month-to-month inflation rate in Indonesia utilizing the Vector Autoregressive (VAR) method.

RESULTS AND DISCUSSION

Vector Autoregressive Method (VAR)

The Vector Autoregressive (VAR) method, as described by(Gujarati, 2011), is a simultaneous equation modeling approach that incorporates multiple endogenous variables concurrently. Each endogenous variable is elucidated by its own lagged values as well as the lagged values of other endogenous variables within the model. The VAR model is applicable when the data is stationary at the level. VAR analysis offers several advantages, including: 1) Considering the seasonal aspect is crucial in time series data; 2) It is unnecessary to differentiate between independent and dependent variables; 3) Utilizing the Ordinary Least Squares (OLS) method to estimate each equation; 4) In certain instances, forecasting with the VAR method proves to be more effective than utilizing complex simultaneous equations.

The formula for the Vector Autoregressive (VAR) method employed in this study is:

Inflation : $a_1 + b_{11}\,INF_{-1} + b_{12}\,P2PL\,t_{-1} + U_t$

P2PL : $a_2 + b_{21}\,INF\,t_{-1} + b_{22}\,P2PL\,t_{-1} + V_t$

Data Stationarity

In advance of conducting VAR analysis, data stationarity needs to be implemented toward the time-series data both on the inflation and the P2PL data. The data stationarity is required so that the time-series data will have a uniform variance and to minimize the error due to unsimilar data movement between the inflation and P2PL. The data of the P2PL and the monthly inflation can be seen from the line graphs below:

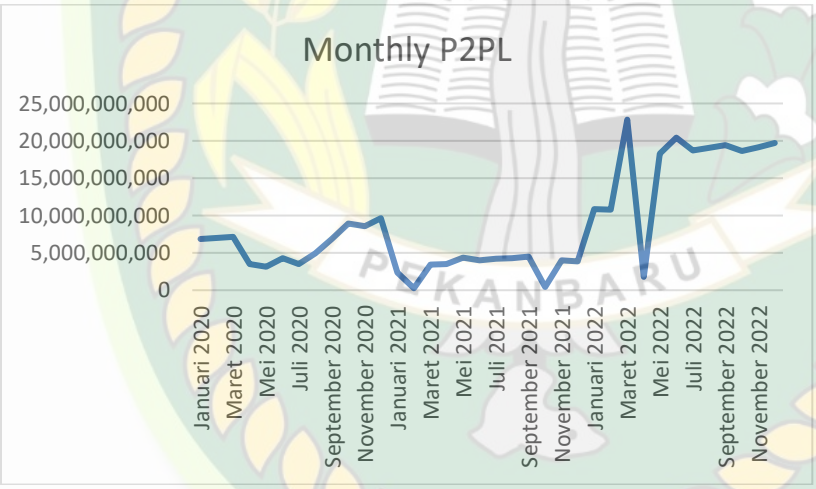

Figure 1
Peer-to-Peer Lending Data in Indonesia

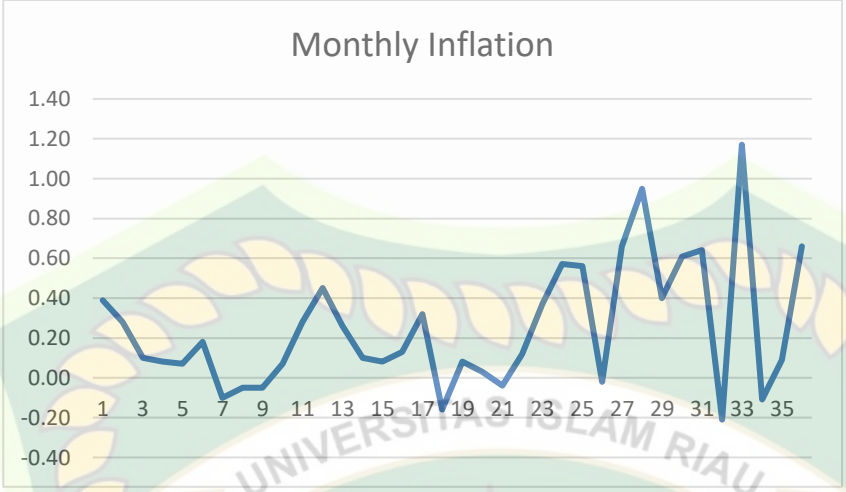

Figure 2
Monthly Inflation Data in Indonesia

From the two line graphs above, it can be seen that both P2PL and inflation data are not uniform in terms of their scale and movement, as one is shown in the nominal number, and another is in decimal points respectively. Therefore, stationarity needs to be achieved so that both data can be plotted in a unified manner.

From Eviews , the stationarity of the data is achieved with the VAR analysis tool where the level stationarity of can be seen as follows:

Table 2
Stationarity Test Results

Null Hypothesis: P2PL has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic – based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-0.811234	0.8031
Test critical values:	1% level	-3.639407	
	5% level	-2.951125	
	10% level	-2.614300	

*MacKinnon (1996) one-sided p-values.

Source processed data Eviews 2024

From the result above, the p-value is shown as 0.8031 which is. More than 0.05 and it indicates the significance of the stationarity has not been achieved. Therefore, the first-difference stationarity is required. The result can be seen in the table below:

Table 3
Stationarity Test Results

Null Hypothesis: D(P2PL) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.73179	0.0000
Test critical values:	1% level	-3.639407	
	5% level	-2.951125	
	10% level	-2.614300	

*MacKinnon (1996) one-sided p-values.

Now that the p-value is already below 0.05, the stationarity of the time-series data has been reached and the VAR analysis can be conducted.

Optimum Lag Analysis

In VAR analysis, the seasonality aspect also affects the data movement. Particularly in spending, consumption and eventually lending, the ups and downs of the amount of money are assumed to have seasonal movement due to several reasons such as festivities and the holiday season when people usually spend more.

Moreover, the time aspect of the data can also affect the variables, namely the P2PL and monthly inflation data. To identify to which month the P2PL will affect the inflation, the optimum lag analysis can be conducted. From the eViews analysis, the result can be seen as below:

Table 4
Optimum Lag Test Results

VAR Lag Order Selection Criteria
Endogenous variables: P2PL INF
Exogenous variables: C
Date: 10/09/24 Time: 15:29
Sample: 2020M01 2022M12
Included observations: 33

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-802.5875	NA	5.16e+18	48.76288	48.85357	48.79339
1	-791.0156	21.03977	3.26e+18	48.30397	48.57607	48.39553
2	-783.7056	12.4048 3*	2.68e+1 8*	48.1033 7*	48.5568 6*	48.2559 5*
3	-781.6822	3.188344	3.05e+18	48.22317	48.85805	48.43678

* Indicates lag order selected by the criterion
LR: sequential modified LR test statistic (each test at 5% level)
FPE: Final prediction error
AIC: Akaike information criterion
SC: Schwarz information criterion
HQ: Hannan-Quinn information criterion

The result above shows the error values in each lag number. In this instance, the lag number with minimum error will be selected. As indicated by the asterisk symbol, the lag with minimum error is shown in the lag-2. It indicates that each of the P2PL data, it will affect on the next 2 months of inflation.

VAR Stability Test

The stability of the VAR analysis is required to be tested to see whether the model is sufficient in analyzing the correlation between the endogenous and exogenous data.

Table 5
VAR stability Test Result

Roots of Characteristic Polynomial
Endogenous variables: P2PL INF
Exogenous variables: C
Lag specification: 1 2
Date: 10/09/24 Time: 15:36

Root	Modulus
0.940447	0.940447
-0.404358 - 0.257410i	0.479339
-0.404358 + 0.257410i	0.479339
0.098161	0.098161

No root lies outside the unit circle.

Causality test

In the VAR analysis, the causality effect also needs to be identified whether the change in one variable is caused by the occurrence of another variable. The presence of the causality may result in the biasness of the analysis; therefore, a test needs to be conducted to identify its presence in the model.

In this instance, the model will be tested with the Ganger Causality test, where the result can be seen as follows:

Table 6
Causality Test Result

Pairwise Granger Causality Tests
Date: 10/09/24 Time: 15:39
Sample: 2020M01 2022M12
Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
INF does not Granger Cause P2PL	34	2.91626	0.0701
P2PL does not Granger Cause INF		2.93256	0.0692

Impulse Response

The VAR analysis is also needed to determine the impulse response, which means how well one variable reacts toward another variable's spike of the data

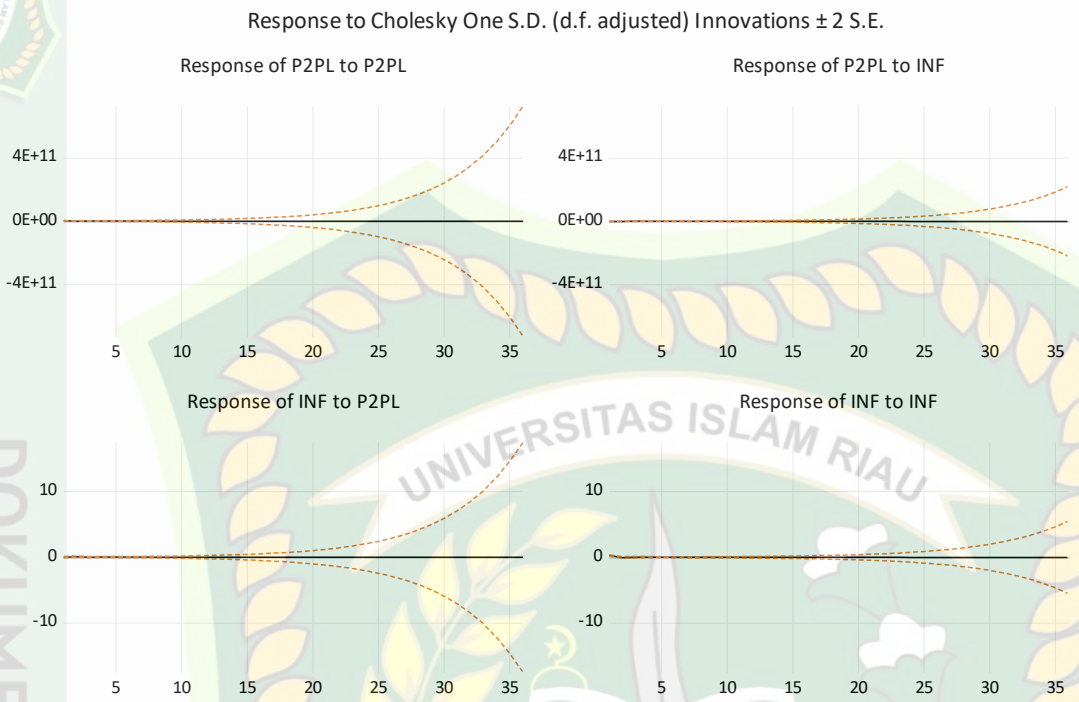

Figure 3
Impulse Response Diagram

Diagram above visualizes how each variable, P2PL and inflation, move when another variable has significant drop or raise. The widening line toward the end of the curve indicates that the number of data, which is 36, suffices the required number of data to capture the movement of another data The statement is in line with the views of (Canova & Ciccarelli, 2013).

VAR Estimates and Model

The VAR model that has been built in this research has satisfied all the required model to be used. Therefore, the model can now be identified and analyzed. The produced estimates can be seen as follow:

Table 7
VAR Estimates and Model

Vector Autoregression Estimates
Date: 10/09/24 Time: 15:42
Sample (adjusted): 2020M03 2022M12
Included observations: 34 after adjustments
Standard errors in ( ) & t-statistics in [ ]

	P2PL	INF

P2PL(-1)	0.342198	2.13E-11
	(0.15151)	(1.1E-11)
	[2.25851]	[2.01062]
P2PL(-2)	0.421705	2.82E-13
	(0.16537)	(1.2E-11)
	[2.55014]	[0.02440]
INF(-1)	1.49E+08	-0.112307
	(2.7E+09)	(0.18716)
	[0.05573]	[-0.60006]
INF(-2)	6.34E+09	0.054546
	(2.6E+09)	(0.18442)
	[2.40726]	[0.29577]
C	9.48E+08	0.074809
	(1.3E+09)	(0.09365)
	[0.70813]	[0.79884]

The output above shows the result of the coefficient of the variable, standard error and the t-statistic of the parameter, respectively from top to bottom of each 3 rows. The t-statistic of each parameter can be compared against the t-table value, which can be derived from the t-table, and it is equal to 2.0322.

From all the parameters above, it can be seen that the ones that there are several parameters with t-statistic (third row) below the value of 2.0322. These results indicate that there are instances where inflation (denoted as INF) and peer-to-peer lending (denoted as P2PL) are not significant to each other in some lags, but possess significant two-ways relationship toward each other.

Finally, the model of the VAR can be written as follow:

P2PL = 0.342197703299*P2PL(-1) + 0.42170451857*P2PL(-2) + 149066162.741*INF(-1) + 6344584197.65*INF(-2) + 947713767.686

INF = 2.13163158788e-11*P2PL(-1) + 2.82363711088e-13*P2PL(-2) - 0.112306677076*INF(-1) + 0.0545460216288*INF(-2) + 0.0748087951176

The P2PL equation shows the VAR model to estimate the current or future P2PL with the stated variables. On the other hand, the INF equation can be used to estimate the current or future inflation value given the past P2PL and inflation values.

Discussion

Based on the results of the VAR analysis, it was found that peer-to-peer lending (P2PL) influences inflation in the first lag, indicating that P2PL from the previous period positively and significantly affects inflation in the current period. Additionally, in the second lag, P2PL was also found to impact inflation, suggesting that P2PL two periods earlier has an even stronger effect on current inflation compared to the first lag. Furthermore, the Granger Causality test shows no bidirectional relationship between P2PL and inflation, indicating that the influence is only one-way. These findings are consistent with the research conducted by (Nigmonov et al., 2021) which demonstrated that peer-to-peer lending has a delayed but significant effect on inflation, particularly in the second lag.

Moreover, the results also reveal that inflation does not affect peer-to-peer lending in the first lag, as there is no significant impact on current P2PL. However, in the second lag, inflation significantly affects P2PL, meaning that inflation from two periods earlier has a delayed but substantial effect on P2PL activity. According to the Granger Causality test, there is no bidirectional relationship between inflation and P2PL, indicating that the influence flows only from inflation to P2PL. These findings align with the studies by (Ediagbonya & Tioluwani, 2023; Oh & Rosenkranz, 2020) , which also concluded that the effect of inflation on P2P lending is typically unidirectional.

CONCLUSION

These findings provide important implications for policymakers and financial regulators. The significant influence of peer-to-peer lending on inflation, especially in the second lag, suggests that P2PL can act as a driver of inflationary pressure over time. This delayed impact indicates that changes in the P2PL market may not manifest immediately in inflation rates but could have cumulative effects in subsequent periods. For policymakers, monitoring P2PL growth and activity could serve as a valuable tool for forecasting inflation trends and making timely adjustments to monetary policies. On the other hand, the finding

that inflation has a delayed but significant effect on P2PL highlights the sensitivity of the P2PL market to broader economic conditions. Inflationary pressures from two periods earlier can impact the borrowing and lending behaviors within the P2PL platforms, potentially affecting credit availability and default rates. As inflation rises, the increased cost of borrowing might reduce the volume of P2PL transactions, or alternatively, drive riskier borrowing behaviors. This suggests that P2PL platforms must incorporate inflation trends into their risk assessment models to anticipate changes in lending patterns and mitigate potential risks

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