

FINANCIAL SERVICES

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Fintech Lending Faces Rising Scrutiny Following Recent Defaults

Indonesia's fintech lending industry has entered a period of heightened scrutiny, following recent high-profile default cases involving Investree and Akseleran. These developments have brought structural weaknesses within the sector to the forefront and raised legitimate concerns over the long-term resilience of certain platform-based lending models.

Structural Vulnerabilities in a High-Growth Model

The rapid growth of peer-to-peer (P2P) lending platforms over the past few years has been driven by innovation, digital convenience, and an expanding borrower base, particularly among underserved segments. However, this momentum has often outpaced the evolution of risk management frameworks.

Unlike banks or multifinance companies, many fintech platforms operate with lighter capital buffers and looser lending standards. The emphasis on speed and automation, while commercially appealing, has in some cases come at the cost of credit quality oversight, particularly in unsecured or SME lending segments.

These characteristics make the sector inherently vulnerable to macroeconomic shocks or borrower distress—particularly when growth is not accompanied by adequate credit assessment, monitoring, and collection mechanisms.

Lessons from Recent Industry Cases

The defaults seen at Investree and Akseleran point to a concerning misalignment between growth ambitions and operational risk controls. In both cases, challenges around rising NPLs, limited borrower transparency, and concentrated institutional funding bases have contributed to liquidity stress and payment issues for lenders.

What's particularly notable is the delayed public acknowledgment of mounting problems, which has further impacted investor confidence. These cases highlight the limitations of fintech platforms in handling portfolio stress, especially when compared to more established financial institutions with deeper capital structures and regulatory safeguards.

The recent events are likely to accelerate a shift in market behavior—from growth-at-all-costs to sustainability and governance-focused strategies. Institutional investors and funding partners are expected to be more selective, favoring platforms with:

- Strong credit risk analytics and collection infrastructure,
- Transparent reporting practices,
- Robust internal controls, and
- A credible track record of responsible growth.

At the same time, regulators have begun strengthening supervisory measures, signaling tighter disclosure requirements and more rigorous consumer protection protocols. These regulatory steps are essential to ensuring long-term stability and restoring trust in the sector.

Impact on Credit Rating Considerations

Kredit Rating Indonesia has adopted a more cautious approach in evaluating issuers within the fintech space. Our focus will remain on:

- Asset quality and provisioning adequacy,
- Liquidity management and funding diversification,
- Management's ability to navigate downside scenarios, and
- Governance and transparency practices aligned with prudent financial standards.

While fintech remains a valuable part of Indonesia's financial ecosystem, recent events serve as a reminder that scalability must be matched with control. Platforms that can demonstrate this balance are more likely to retain market confidence and sustain investor support in the long run.