

## ABSTRACT

*The development of financial technology (fintech) in Indonesia, particularly in the form of Peer-to-Peer (P2P) lending, has transformed the credit market landscape and created new competitive dynamics for the banking industry. Although P2P lending has grown year after year, the nature of its relationship with bank credit remains ambiguous, with previous research indicating potential for both substitution and complementarity. This uncertainty creates an urgency to analyze their interaction within the Indonesian market context. Therefore, this study aims to empirically analyze the impact of P2P credit's presence on the demand for bank credit—segmented into working capital, investment, and consumption credit—to determine whether their relationship is substitutive or complementary.*

*This study employs a quantitative approach using a panel data regression model on monthly secondary data covering 33 provinces in Indonesia from January 2021 to December 2024. Based on the results of the Hausman Test, the Fixed Effect Model (FEM) was selected as the best estimation method. The analysis is structured in two schemes: a baseline model and a robustness check model, which includes the addition of the Third-Party Funds (DPK) variable to test the stability of the findings. The independent variables used include bank credit interest rates, P2P credit interest rates, GRDP as a proxy for income, and DPK as a proxy for supply.*

*The research findings consistently show that the P2P interest rate has a positive and significant influence on all three types of bank credit demand. This result provides strong empirical evidence that P2P credit acts as a substitute for bank credit in Indonesia. Consistent with the law of demand, the bank's own interest rate has a significant negative effect on working capital and consumption credit. It can be concluded that the presence of P2P lending has created real competitive pressure in the credit market, where consumers actively switch to bank credit when the cost of P2P financing increases.*

**Keywords: P2P Lending , Bank Credit , Substitution , Complementary , Financial Technology (Fintech).**