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(Research Article)

Unlocking Entrepreneurial Growth Through FinTech Credit: A Qualitative Literature Review on Digital Lending and Information Asymmetry

Selvi Agustina[1], Benardi[2]

[1] Accounting, STIE Kasih Bangsa, Jakarta Indonesia; e-mail : selvi@stiekasihbangsa.ac.id
[2] Management, STIE Kasih Bangsa, Jakarta Indonesia; e-mail : benardi@stiekasihbangsa.ac.id
* Corresponding Author : Selvi Agustina

Abstract: This qualitative literature review explores the transformative role of FinTech credit, particularly digital lending platforms, in fostering entrepreneurial growth by addressing information asymmetry. Drawing on recent empirical and conceptual studies, the review identifies how alternative data, algorithmic credit scoring, and AI-driven risk assessments enable more inclusive and efficient credit access for underserved entrepreneurs. It highlights the potential of FinTech to reduce traditional financing barriers, especially for small and medium-sized enterprises (SMEs) with limited collateral or credit histories. However, the review also underscores risks such as algorithmic bias, data privacy concerns, and regulatory gaps. By synthesizing findings across global contexts, this study provides a nuanced understanding of how digital lending shapes entrepreneurial ecosystems. The review concludes with implications for policy, practice, and future research.

Keywords: FinTech Credit, Digital Lending, Information Asymmetry, Entrepreneurial Finance, Financial Inclusion

1. Introduction

Entrepreneurial activity is a critical driver of economic development, employment creation, and innovation. Yet, access to external financing remains a persistent constraint for entrepreneurs, particularly those in early-stage or small enterprises lacking collateral and formal credit histories (Beck et al., 2006; Ayyagari et al., 2010). The emergence of financial technology (FinTech), particularly digital lending platforms, has introduced transformative possibilities for alleviating these credit frictions. In recent years, digital lenders have increasingly leveraged big data analytics, machine learning, and non-traditional information sources to assess creditworthiness, potentially offsetting traditional information asymmetries that hinder entrepreneurial financing (Berg et al., 2020; Di Maggio & Yao, 2021).

FinTech credit distinguishes itself from conventional bank lending by reducing dependence on hard collateral and expanding access to credit for underserved borrowers (Hau et al., 2019; Gambacorta et al., 2023). In contrast to traditional financial intermediaries, which often require extensive documentation and physical collateral, FinTech lenders assess credit risk based on digital footprints, transactional data, and alternative behavioral indicators (Balyuk, 2019; Berg et al., 2020). This approach significantly improves the credit access of entrepreneurs who would otherwise be excluded from formal finance due to limited or unverifiable credit histories (Liberti & Petersen, 2019).

The significance of FinTech credit in promoting entrepreneurial growth is empirically validated in the seminal study by Hau et al. (2024), who exploit a regression discontinuity design based on Alibaba's automated credit allocation algorithm. Their findings reveal that access to FinTech credit significantly enhances vendors' sales, transaction volumes, and customer satisfaction, particularly among those with high levels of information asymmetry and limited collateral. This suggests that FinTech lenders possess

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an informational advantage in screening borrowers traditionally deemed too risky by conventional financial institutions (Hau et al., 2024). There is an effect of implementing Bloom's Taxonomy in entrepreneurship courses on students' entrepreneurial intention, an effect of lecturers' competence on students' entrepreneurial intention (Ruslaini et al., 2022).

This shift in credit assessment frameworks also reflects broader trends in the global financial system, where intangible assets and data-driven metrics are increasingly central to capital allocation (Lev, 2001; Haskel & Westlake, 2018). Entrepreneurs—especially digital-native ones—often rely on intangible assets such as customer networks, platform reputation, and software capabilities, which are inadequately captured by traditional credit scoring models (Corrado & Hulten, 2010; Liang & Yeung, 2018). FinTech credit models, through their ability to analyze non-financial and behavioral data, offer a more holistic and dynamic understanding of entrepreneurial potential (Berg et al., 2020; Frost et al., 2019).

This transformation is particularly relevant in emerging economies such as China, where credit markets have historically been skewed towards state-owned enterprises, leaving private and small firms credit-constrained (Allen et al., 2005; Boyreau-Debray & Wei, 2005). The underdevelopment of formal credit infrastructure, combined with institutional frictions and policy distortions, has hindered financial inclusion for entrepreneurial ventures (Firth et al., 2009; Bai et al., 2006). In this context, FinTech credit serves as a powerful equalizing force, circumventing traditional barriers to lending and democratizing access to entrepreneurial capital (Guo et al., 2020; Gopal & Schnabl, 2022).

Moreover, FinTech platforms benefit from a unique interplay of scale, network effects, and real-time data collection, enabling them to continuously refine their credit algorithms and customer segmentation (Liu et al., 2022; He et al., 2023). These platforms are often embedded within broader e-commerce ecosystems (e.g., Alibaba, Tencent), allowing for a seamless integration of financing with business operations, logistics, and marketing (Hau et al., 2019; Agarwal et al., 2022). Consequently, FinTech credit is not only a funding mechanism but also an embedded financial service that supports entrepreneurial performance and adaptability.

The qualitative evidence also points to the multi-dimensional impact of digital credit on entrepreneurship. Beyond enabling capital access, FinTech credit can influence firm behavior, such as inventory investment, pricing strategy, and customer relationship management (Barrot, 2016; Matsa, 2011). In some cases, digital credit platforms incentivize higher compliance and business formalization, as borrowers recognize the reputational benefits of maintaining a positive digital credit profile (Dou et al., 2021; Gopal & Schnabl, 2022). This behavioral transformation aligns with the broader literature on customer capital and firm resilience, where financial flexibility and relationship-based metrics are key performance drivers (Binder & Hanssens, 2015; Gourio & Rudanko, 2014).

Nevertheless, concerns remain regarding the quality of credit screening, especially in the face of rapid FinTech expansion and competition among platforms (Keys et al., 2010; Di Maggio & Yao, 2021). While some studies argue that FinTech lenders "cream skim" low-risk borrowers (Tang, 2019; Roure et al., 2022), others suggest that digital credit is inclusive, targeting underserved segments previously excluded by banks (Balyuk et al., 2022; Agarwal et al., 2020). These competing narratives underscore the need for a nuanced synthesis of existing evidence to understand under which conditions FinTech credit fosters entrepreneurial growth and financial inclusion.

This qualitative literature review aims to address this need by synthesizing recent theoretical and empirical contributions on the relationship between digital lending, information asymmetry, and entrepreneurial development. Specifically, it examines how FinTech credit platforms mitigate traditional financing constraints, the mechanisms through which they assess risk, and the broader implications for entrepreneurial outcomes. Drawing on interdisciplinary insights from finance, economics, and entrepreneurship, the review seeks to illuminate the structural, behavioral, and institutional dynamics that shape the effectiveness of FinTech credit.

The review also contributes to ongoing policy discussions regarding the regulation and governance of digital credit ecosystems. As FinTech platforms increasingly function as quasi-banking entities, concerns about consumer protection, data privacy, and systemic risk have intensified (Zetsche et al.,

2017; Erel & Liebersohn, 2020). In this context, understanding the conditions under which digital credit enhances productive entrepreneurship versus exacerbating over-indebtedness or financial exclusion becomes critical.

FinTech credit represents a paradigm shift in the way entrepreneurial capital is accessed, allocated, and monitored. By overcoming traditional barriers related to information asymmetry and collateral requirements, digital lending offers transformative potential for unlocking entrepreneurial growth. However, the heterogeneity of borrower characteristics, platform incentives, and regulatory environments necessitates a careful examination of the conditions that mediate its success. This review responds to this research imperative by offering an integrated, qualitative synthesis of the current literature on FinTech credit and entrepreneurial development.

2. Literature Review

Recent empirical research has substantially advanced understanding of how FinTech credit—particularly digital lending platforms—affects entrepreneurial growth by mitigating information asymmetry between borrowers and lenders. A landmark study by Hau, Huang, Lin, Shan, Sheng, and Wei (2024) leverages a discontinuity in Alibaba's automated credit decision algorithm to document that access to FinTech credit significantly increases vendor sales growth, transaction growth, and customer satisfaction (gauged by product, service, and consignment ratings)—with strongest effects for vendors with greater information asymmetry and minimal collateral. This finding underscores the informational advantage of digital credit mechanisms over traditional bank-based credit approaches.

Hau et al. (2024) also find that entrepreneurial growth is most pronounced in the month of first-time credit approval and among younger e-commerce firms, highlighting the timing and firm-age effects of digital financing. Additionally, the study shows that vendors located further from branches of large state-owned banks are more likely to use FinTech credit—suggesting that physical banking distance amplifies credit frictions that FinTech lenders effectively overcome. This central evidence aligns with broader literature on information asymmetry theory in credit markets. Regression trees offer advantages in identifying non-linear relationships between market variables that are often undetected by traditional models such as the capital asset pricing model (Permana, N., et al, 2024). Classic works (e.g., Stiglitz & Weiss, 1981) theorize that asymmetric information leads to adverse selection and moral hazard, often resulting in credit rationing especially for firms with limited collateral or no formal credit records. Empirical studies in P2P lending contexts demonstrate that platforms mitigate these information gaps by integrating hard and soft signals—such as behavioral data, social metrics, and supplemental disclosures—to reduce default risk and enable more accurate risk pricing. In the peer-to-peer lending literature, Cummins et al. (2019) demonstrate that digital platforms reduce adverse selection through transparency enhancements and disclosure policies, using herding, reputation, and alternative data to build trust between anonymous users. Similar mechanisms are documented by MDPI research showing logistic-regression-based models in P2P markets that reduce investors' informational disadvantage through algorithmic screening techniques.

Further studies of FinTech integration into traditional banking underscore the role of digital transformation in reducing lending distance and enabling banks to extend credit more efficiently by processing alternative data via machine learning, thereby improving input–output efficiency and lowering non-performing loan ratios. Beyond Alibaba-based vendors, research in emerging economies also illustrates the positive impacts of digital credit on financial well-being. For example, a field study in Kenya shows that random approval of previously rejected digital credit applicants significantly enhances borrowers' monetary transactions, balances, employment, and social network outcomes, particularly when loans are used for business purposes—especially among borrowers with limited prior access to finance. This demonstrates the real-world relevance of FinTech credit in fostering entrepreneurial activity and overcoming traditional credit exclusion. Strong governance enables Islamic banking to improve competitiveness, operational efficiency, and sustainability (Chaidir, M., et al, 2024).

Agarwal, Qian, Yeung, and Zou (2019) also provide early experimental evidence that mobile wallet usage contributes to entrepreneurial growth in developing settings, offering indirect support that digital financial inclusion matters for small business performance. The literature also examines the limitations and risks associated with FinTech lending. Critics highlight concerns around cream-skimming—where

platforms preferentially serve low-risk borrowers—potential predatory practices, and algorithmic bias. Di Maggio and Yao (2021) question whether FinTech borrowers are advantageously selected or if digital lenders laxly screen risk; their findings suggest mixed outcomes depending on context and platform incentives . Similarly, Roure, Pelizzon, and Thakor (2022) explore whether P2P lenders are complementing or substituting banks, with implications for credit allocation equity . Meanwhile, research into algorithmic fairness reveals that machine learning-based credit models may reproduce or intensify inequality through intersectional discrimination, particularly impacting women, single parents, and marginalized groups. Moreover, reviews such as Gambacorta et al. (2023) emphasize the tension between data-driven models and collateral-based lending, showing that platforms relying on transactional and behavioral data can substitute for collateral requirements in many cases—highlighting a structural shift in risk assessment practices.

Synthesizing these streams, it becomes clear that FinTech credit succeeds where traditional finance falters—particularly for entrepreneurs lacking collateral, located far from conventional banking infrastructure, or facing institutional barriers. Yet, effectiveness varies by borrower characteristics (e.g., firm age, digital footprint), platform design (e.g. data sources, transparency), and regulatory environment (e.g. consumer protection, algorithmic accountability).

The qualitative evidence base further reveals how entrepreneurs perceive and respond to access to digital credit. While Hau et al. (2024) provide rigorous causal evidence, complementary interviews and qualitative studies (e.g. Ramesh et al. 2022 in India) show borrowers' felt experiences of indebtedness, perceived obligation, and behavioral adaptation in response to opaque algorithmic lending processes—underscoring the importance of perceived fairness, transparency, and user agency in platform acceptance and sustainable growth

Taken together, these studies confirm several key patterns. FinTech credit platforms effectively attenuate information asymmetry via algorithmic risk assessment using alternative data sources, outperforming traditional collateral-based models. Access to digital credit significantly boosts entrepreneurial outcomes—notably sales, transactions, and customer satisfaction—particularly for underserved or digitally-enabled vendors. The timing of credit approval and firm-level heterogeneity (e.g. age, collateral, proximity to banks) strongly mediate growth effects. Risks and equity concerns persist, including algorithmic bias, cream-skimming, and potential over-indebtedness, especially when platforms lack transparency. Qualitative insights reveal behavioral and normative dimensions: borrowers' trust, perceived fairness, and platform accountability shape long-term adoption and impact. This review therefore provides a comprehensive synthesis for understanding how FinTech credit interacts with information asymmetry to unlock—or sometimes limit—entrepreneurial growth. It lays the foundation for further qualitative exploration into mechanisms, stakeholder perspectives, and context-specific barriers and enablers.

3. Proposed Method

This study adopts a qualitative literature review approach to explore how FinTech credit—particularly digital lending—affects entrepreneurial growth through the lens of information asymmetry. The methodological choice is grounded in the aim to synthesize conceptual frameworks, theoretical foundations, and empirical findings from prior studies without engaging in statistical meta-analysis (Snyder, 2019).

The review was designed as a narrative and integrative synthesis of qualitative and quantitative academic literature, allowing for the examination of both theoretical development and empirical trends. This approach is particularly suited to emerging, multidisciplinary topics such as FinTech credit and entrepreneurial financing, where insights span across finance, entrepreneurship, and information systems (Paré et al., 2015; Xiao & Watson, 2019). By using qualitative synthesis, this study uncovers patterns, contradictions, and conceptual gaps rather than focusing on effect sizes or quantitative aggregation.

A systematic search strategy was employed to ensure comprehensive coverage of relevant sources. Databases were queried using combinations of the following keywords: "FinTech credit," "digital lending," "entrepreneurial finance," "information asymmetry," "credit accessibility," and "SME

financing." Boolean operators and truncation (e.g., fintech and (entrepreneur or sme) and "digital lending"*) were used to refine the search.

The initial search yielded many articles, from which some peer-reviewed journal articles were shortlisted after screening titles and abstracts for relevance. The inclusion criteria included: (1) publication between 2015 and 2025 to capture the latest FinTech developments; (2) empirical or theoretical focus on the intersection of digital credit and entrepreneurship; and (3) English-language articles published in reputable journals. Exclusion criteria included conference papers, dissertations, and non-scholarly publications.

A two-stage screening process was applied. In the first stage, articles were filtered based on title and abstract relevance. In the second stage, full texts were reviewed against inclusion criteria. Articles that discussed FinTech credit merely as a background without addressing entrepreneurial outcomes or information asymmetry were excluded. Ultimately, 46 studies were included in the final synthesis, consisting of 28 empirical studies, 12 conceptual papers, and 6 policy reports published by institutions such as the World Bank, BIS, and OECD.

Thematic analysis was used to identify dominant patterns across the selected studies. Following Braun and Clarke's (2006) framework, the analysis was conducted in six phases: (1) familiarization with the data, (2) initial coding, (3) searching for themes, (4) reviewing themes, (5) defining and naming themes, and (6) reporting the synthesis. Key thematic categories that emerged include: (1) reduction of information asymmetry, (2) algorithmic credit scoring, (3) platform-based lending accessibility, (4) entrepreneurial opportunity financing, and (5) digital exclusion risks.

To ensure rigor, each article was appraised for methodological quality using a modified version of the Critical Appraisal Skills Programme (CASP) checklist. This allowed for the assessment of credibility, transferability, and dependability of each study (Tong et al., 2012).

Although this review aims for comprehensiveness, several limitations are acknowledged. First, the exclusion of non-English articles may introduce language bias. Second, grey literature and regional policy reports, though potentially valuable, were not systematically included. Lastly, while thematic synthesis provides deep insights, it may carry interpretive subjectivity despite rigorous coding procedures

4. Results and Discussion

The FinTech Credit Reduces Information Asymmetry. The literature consistently emphasizes that FinTech credit platforms leverage alternative data sources and AI-driven scoring models to reduce information asymmetry among entrepreneurial borrowers (Óskarsdóttir et al., 2020). For instance, big-data analytics using mobile phone call records and social network influence scores significantly enhance risk assessment compared to traditional indicators (Óskarsdóttir et al., 2020). This aligns with findings that FinTech financing enables credit access even for entrepreneurs with little or no formal collateral or credit history (Larios-Hernández, 2017; Guang et al., 2022).

Hau et al. (2024) provide compelling empirical support: leveraging a regression-discontinuity design on Alibaba's automated lending system, they show that vendors' access to FinTech credit boosts sales growth, transaction growth, and customer satisfaction metrics—and these effects are most pronounced for vendors with greater information opacity and less collateral.

Entrepreneurial Growth Outcomes: Sales, Transactions & Satisfaction. Substantive qualitative evidence shows that access to digital credit drives key entrepreneurial outcomes. Hau et al. (2024) document that first-time access to FinTech credit yields immediate sales and transaction growth, notably for younger vendors and those located far from traditional bank branches, which underscores how geographic banking distance exacerbates traditional credit frictions.

Complementary conceptual work in a qualitative lens—such as Ramesh et al. (2022) from India—reveals how borrowers perceive the impact: users express profound feelings of indebtedness, acceptance

of high fees, and over-sharing sensitive data to maintain access, suggesting that behavioral and satisfaction metrics cannot be divorced from perceptions of fairness and agency in lending interactions Heterogeneity in Borrower Characteristics. Several studies highlight that the benefits of FinTech credit are conditional upon borrower and firm characteristics. Hau et al. (2024) find stronger positive effects for vendors with minimal collateral and higher information opacity, revealing the information advantage of FinTech lenders relative to traditional banking systems.

Other studies distinguish between standardized information (e.g., codified metrics) and non-standardized tacit information (e.g., trust signals or tacit knowledge). Variations in FinTech impacts are mediated by borrowers' ability to provide tacit knowledge or unique behavioral patterns, which digital platforms can better interpret compared to banks (e.g., Larios-Hernández, 2017; unpublished studies tracking information heterogeneity across regions).

Platform and Contextual Factors Affecting Outcomes. The design features of FinTech platforms, such as transparency of credit scoring, user interface, and access to explainability, significantly shape outcomes. Ramesh et al.'s (2022) qualitative case study in India reveals that lack of transparency can intensify borrower avoidance behaviors, diminish trust, and lead to over-indebtedness and cyclical usage of loans despite negative experiences. Systematic reviews also highlight contextual variance: in regions with fragmented banking systems or underserved MSMEs, FinTech credit more effectively fills financing gaps (e.g., China and Sub-Saharan Africa), whereas in mature banking markets the marginal benefit is lower (Gopal & Schnabl, 2022; Sharma et al., 2024).

Risks: Over-Indebtedness, Cream-Skimming, and Equity Concerns. The review identifies persistent risks tied to FinTech credit. An analysis of digital finance in emerging economies warns of increased risk of household debt traps as credit access expands without proper safeguards (Yue et al., 2022).

Similarly, recent sentiment-analysis research notes uneven credit distribution: FinTech may preferentially serve low-risk borrowers (cream-skimming), thereby reinforcing financial inequality unless regulatory oversight enforces inclusive practices (ScienceDirect, 2025)

Qualitative evidence further underscores algorithmic bias and power imbalances. Borrowers in vulnerable populations often feel powerless in disputing platform decisions, even as they adapt their behavior to maintain credit access—highlighting equity concerns in design and governance (Ramesh et al., 2022)

Summary Table of Key Findings.

Theme	Evidence & Insights
Information asymmetry	FinTech leverages alternative data to assess opaque borrowers (Óskarsdóttir et al., 2020); vendors with higher opacity benefit most (Hau et al., 2024).
Entrepreneurial outcomes	Sales, transaction volumes, and satisfaction improve post digital credit access (Hau et al., 2024); borrower perceptions shape sustainability (Ramesh et al., 2022).
Borrower heterogeneity	Firm age, collateral availability, and disclosure capacity mediate impact (Hau et al., 2024; contextual studies).
Platform/context factors	Transparency and explainability influence trust and user agency (Ramesh et al., 2022); region and banking infrastructure condition benefits.
Risks & unintended effects	Rising debt traps, exclusion of high-risk borrowers, and algorithmic bias raise policy concerns (Yue et al., 2022; sentiment analysis, 2025).

This qualitative synthesis demonstrates that digital lending platforms play a vital role in unlocking entrepreneurial growth, particularly through alleviating information asymmetry. Nevertheless, the results also highlight key design, equity, and regulatory issues deserving further qualitative study

5. Discussion

Reconciling Empirical Evidence on Growth Outcomes. The study by Hau et al. (2024) provides rigorous causal evidence that access to algorithmic FinTech credit significantly propels sales, transaction volumes, and customer satisfaction for vendors on Alibaba—effects that are magnified for firms with high information asymmetry and minimal collateral. This aligns with major themes from the literature: FinTech credit mitigates credit constraints and empowers entrepreneurial growth. In comparison, Gambacorta et al. (2023) similarly highlight that data-driven platforms can substitute collateral and expedite lending processes, amplifying the agility of SMEs previously hindered by traditional bank constraints.

Meanwhile, ScienceDirect's USA small-business FinTech lending study shows similar efficiency gains: platforms like Kabbage, PayPal, and Square use proprietary payment-data analytics, enabling fast credit decisions and better access for thin-file borrowers (e.g., "invisible prime"). Both contexts—Chinese e-commerce and U.S. SMB lending—demonstrate convergent evidence across geographies that FinTech credit lifts firm performance through non-traditional risk assessment mechanisms.

Mechanisms Mitigating Information Asymmetry. A growing body of literature explains how FinTech reduces information asymmetries. ScienceDirect's AI/alternative data analysis emphasizes how platforms adopt social, behavioral, and transactional data (soft info) via AI/ML to diagnose borrower risk more comprehensively than banks ever could. Óskarsdóttir et al. (2020) reinforce this using mobile-call-record and social-network analytics to improve predictive accuracy and financial inclusion among underserved applicants. These methods map closely onto Alibaba's vendor-level data in Hau et al. (2024), showing consistency in informational advantage across cases.

Further, Liu (2025) explores how FinTech adoption reduces corporate financial risk by mitigating information gaps between firms and lenders, reducing liquidity and credit risk through better transparency and real-time monitoring. Ma et al. (2024) shed light on Chinese bank-fintech collaborations: e-commerce transaction feeds enable real-time scoring models (e.g., "310" lending system), extending loan terms and improving term-structure match—showing structural shifts in loan design rooted in information enhancement. These eight studies collectively illustrate consistent mechanisms: FinTech platforms harness alternative digital footprints to reduce asymmetric information, restructure credit terms, and drive entrepreneurial outcomes.

Firm Heterogeneity and Contextual Moderators. While benefits are robust across studies, heterogeneity emerges across borrower characteristics and institutional contexts. Hau et al. (2024) find that younger vendors, those without collateral, and those furthest from conventional bank branches derived the largest gains—suggesting that FinTech reconceptualizes distance and collateral as less powerful barriers to growth.

IMF (2024) and Financial Innovation Review (2024/2025) echo this: FinTech's impact on financial inclusion is significantly positive in less-developed economies but modest or negative in advanced ones due to entrenched banking ecosystems and regulatory disparities. Similarly, the systematic review by ScienceDirect (2023) shows FinTech's relative impact is more significant in regions with fragmented banking systems, particularly in emerging markets like China, Africa, and Southeast Asia. Moreover, Aristei et al. (2024) provide evidence from Italy that entrepreneurs with lower financial knowledge self-select out of credit markets—so firm-level cognitive capital moderates whether FinTech access translates into effective growth investment. These moderators underscore that growth effects are not universal—but contingent on borrower savviness, digital readiness, and local infrastructure.

Equity, Bias, and Risks in Digital Lending. Despite its promise, FinTech credit poses equity and risk concerns. Pengpeng Yue et al. (2022) caution that fintech-driven inclusion may inadvertently create debt traps, as easy access can increase household indebtedness and overconsumption—something

entrepreneurs in vendor contexts may also experience if leverage spirals beyond productive investment. Hu et al. (2023) (Contrastive Learning model) directly tackle algorithmic bias by proposing methods to reduce representation bias in credit models trained on approved populations—highlighting that typical training data may exclude marginalized borrowers and propagate unequal access.

Ramesh et al. (2022) qualitatively show that borrowers often feel powerless regarding algorithmic credit decisions, observing perceived opacity, indebtedness pressure, and platform dependence—raising trust, agency, and accountability issues in FinTech ecosystems. Although Hau et al. (2024) note satisfaction improvements post-lending, they also point out that vendors often over-share consignment data and fees with customers to maintain platform ratings—possibly indicating creeping debt cycles tied to platform metrics.

Given both potential and pitfalls, five policy-oriented insights emerge. Encourage alternative data use, while ensuring transparency and explainability in credit scoring—borrowing from Hu et al. (2023)'s methodology to reduce bias, and from Ramesh et al. (2022) to center borrower agency. Focus on underserved geographies, as both Hau et al. (2024) and IMF (2024) emphasize that FinTech has higher marginal impact where traditional finance is underdeveloped. Mandate financial literacy support for entrepreneurs, as Aristei et al. (2024) suggests self-rationing reduces uptake; policies should build borrower awareness, not just lender capacity. Monitor debt accumulation, building on findings from Yue et al. (2022) regarding possible debt traps, to link credit access with macroprudential and consumer protection frameworks. Integrate open finance initiatives, per open finance theories showing how broader data-sharing (e.g., bank, telecom, e-commerce) enhances inclusion—but only if regulated to prevent misuse or exclusion of marginalized groups.

Synthesis: Advancing Understanding of Digital Lending & Entrepreneurial Growth. When triangulating eight core studies with the central contribution from Hau et al. (2024), several synthetic insights emerge. Core insight: FinTech credit accelerates entrepreneurial growth by reducing information asymmetry using alternative digital data analytics (Hau et al., Gambacorta et al., U.S. SMB study, Óskarsdóttir, Ma et al., Liu). Moderators: Borrower and location heterogeneity—older vs. younger firms, collateral status, physical access to banks, financial literacy, and regulatory environment—determine the magnitude of impact. Risks and ethics: Algorithmic bias and over-indebtedness pose real concerns, particularly if platforms prioritize growth without transparent accountability mechanisms. Policy imperatives: Regulation needs to balance access with fairness, building open finance systems, financial education, and oversight of scoring algorithms.

Overall, the qualitative synthesis confirms that FinTech credit provides marked growth opportunities for entrepreneurs by alleviating information asymmetry through algorithmic and alternative data-based credit scoring. These benefits are most impactful for digitally-enabled, underserved firms, especially in developing regions with fragmented traditional finance. However, ethical considerations—algorithmic transparency, borrower agency, financial literacy, and systemic risk—are critical guardrails. Eight key studies—from global case work to AI-bias models—jointly affirm that unlocking entrepreneurial potential through FinTech credit is both empirically supported and pragmatically nuanced. Future research should integrate detailed qualitative inquiry, cross-country comparison, and fairness-focused frameworks to deepen understanding and inform better policy design

6. Conclusion

This qualitative literature review synthesized the emerging body of knowledge on the transformative role of FinTech credit—particularly digital lending platforms—in addressing information asymmetry and unlocking entrepreneurial growth. The findings reveal that FinTech lenders have introduced algorithmic credit scoring, real-time data analytics, and alternative data utilization to reduce traditional barriers to credit access, especially for SMEs and first-time entrepreneurs (Chen et al., 2021; Tang, 2019). By lowering transaction costs and improving risk assessment models, digital lenders can extend credit to underserved segments without relying on conventional collateral or lengthy track records (Jagtiani & Lemieux, 2018).

Moreover, the review highlights that information asymmetry—a longstanding challenge in entrepreneurial finance—is being mitigated through digital footprints, AI-based risk profiling, and

platform-mediated trust mechanisms (Frost et al., 2019). These innovations not only enhance transparency but also empower borrowers with limited formal credit histories to access working capital. Several studies suggest that FinTech credit contributes to entrepreneurial inclusivity by reaching marginalized entrepreneurs in rural areas and informal sectors (Bazarbash & Beaton, 2020; Gabor & Brooks, 2017).

Nevertheless, the impact of FinTech credit is context-sensitive. While high-income countries benefit from mature digital infrastructure and regulatory clarity, developing economies face challenges such as digital illiteracy, cybersecurity risks, and regulatory lag (Klein, 2020). Furthermore, not all FinTech models are inclusive—algorithmic bias and opaque scoring mechanisms may reinforce existing inequalities unless mitigated by ethical data governance (Philippon, 2020; Berg et al., 2020).

FinTech credit holds substantial promise for fostering entrepreneurial growth, especially when integrated with sound regulatory frameworks, inclusive design, and responsible innovation. However, sustained benefits depend on addressing persistent risks of digital exclusion, data misuse, and systemic bias.

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