

FINTECH IN THE INDUSTRIAL REVOLUTION ERA 4.0

¹ Yulius Koesworo, ²Ninuk Muljani, ³Lena Ellitan,

^{1,2,3} Faculty of Business, Widya Mandala Catholic University Surabaya, Indonesia

Email: ¹ Kosala4802@gmail.com ² ninuk@ukwms.ac.id ³ lena@ukwms.ac.id

Abstract: *The era of the industrial revolution 4.0 is the digital era that has led the public to a variety of practical and unlimited things, all financial transactions carried out through gadgets such as transferring funds, investing to obtain financing Fintech itself also has many benefits both for consumers and for the government. FinTech is one of the industrial sectors in the economy, consisting of companies that use technology to provide financial services more efficiently. This paper discusses the application of FinTech in Indonesia and FinTech actors in Indonesia such as GoPay, OVO and Dana. Consumers benefit from the many promos and discounts offered by Fintech service providers. The government benefits from promos held by fintech providers that boost public buying interest so that later it can increase economic growth and income from the country itself.*

Key Words: *Industrial Revolution 4.0, FinTech, Economic Growth.*

1. INTRODUCTION:

The Industrial Revolution Era 4.0 posed huge opportunities and challenges for the financial services industry. The industrial revolution 4.0 will result in increased efficiency, reduced production costs and simplified business processes. The financial services industry must continue to intensify the use of information technology not only in the context of efficiency but also because of the demands of the public who want an increasingly easy and efficient transaction process (Muljani and Ellitan, 2019). The era of the industrial revolution 4.0 is the digital era that has led the public to a variety of things that are practical and without limits, all financial transactions are carried out through gadgets such as transferring funds, investing to obtain financing (Natalia and Ellitan, 2019).

Financial technology / FinTech is the result of a combination of financial services with technology that eventually changes the business model from conventional to moderate, which initially had to pay face to face and bring some cash, now can make long distance transactions by making payments that can be done in a matter of just seconds. With FinTech itself, it means new technologies and innovations are developed to expand and facilitate public access to financial services. Fintech is expected to increase public financial inclusion, with all its facilities and efficiency, able to reach the wider community, so that people who have not been reached by conventional financial services can also be targeted, and ultimately accelerate the economic development of the community.

2. The Benefits of FinTech :

According to Wharton FinTech in his blog, FinTech is one of the industrial sectors in the economy, consisting of companies that use technology to provide financial services more efficiently (Abyan, 2018). For consumers, FinTech provides benefits so that consumers get better service, more choices, and lower prices. FinTech players (merchants of products or services), FinTech also get benefits so that transaction chains are simpler, operational costs and capital costs are more efficient and freeze the flow of information. For a country, FinTech will encourage the transmission of economic policies, increase the velocity of money circulation so as to improve the economy of the community and in Indonesia, FinTech also supports the National Inclusive Financial Strategy (Iswara, 2018).

FinTech along with e-commerce and start-up company (MSME) business players are the main players in the digital economy (Anis, et.al 2018). FinTech's line of business is digital-based financial services that range from payment systems, banking services, insurance services, loans, fund collections, to mere advice or learning to the public through digital media. While e-commerce includes online shops, digital markets, online transportation services, and online tourism support services (Varga, 2017). In general, digital-based financial services that are currently developing in Indonesia can be divided into several groups (Purnomo, 2019), namely:

- Crowdfunding and Peer to Peer Lending. Fintech in this category serves to bring investors together with capital seekers. Crowdfunding can be used to raise funds for social purposes, such as victims of natural disasters, funding works and so on online. Meanwhile, P2P Lending is a service to help capitalize MSME players so they can borrow funds even though they don't have a bank account.
- Market Aggregator where Fintech acts as a comparison of various financial products, where Fintech will collect financial data as a reference by users. For example, if a consumer wants to search for insurance products, the

consumer can provide personal financial data to the Fintech platform and the platform will match consumer data with insurance products that suit their needs.

- Risk and Investment Management by Fintech engaged in this field serves to help consumers carry out digital financial planning. In addition to risk management and investment, there is also asset management that takes care of the operations of a business to make it more practical.
- Payment, Settlement and Clearing are Fintech types classified in this category are payments (payments) such as payment gateways and e-wallets. Payment Gateway is a liaison between customers and e-commerce that is focused on the payment system. Then there is electronic money which is a payment instrument for shopping, bills and others in the form of applications.

Fintech as an Evolution in Payment Systems

One of the technology-based financial services that is growing rapidly at this time is Payment. Referring to Bank Indonesia (BI) data, the value of digital payment transactions or electronic money touched Rp47.19 trillion during 2018. That number has increased four times compared to the value of the previous year's transaction, which amounted to Rp12.37 trillion. The increase in the number of transactions through digital payments can be caused by several things, such as the many discounts and attractive offers for electronic money users, the significant growth of store cooperation with digital payments, the emergence of a number of parking lots that only accept digital money, to the creation of a consumer-friendly ecosystem, in addition, according to research conducted by dailysocial.id about respondents' understanding of fintech, continued to experience a significant increase of 26.34% in 2016, 67.20% in 2017, and 70.63% in 2018. A total of 70, 63% of respondents claimed to understand about digital financial services. There are seven reasons they use digital financial services, namely ease of use (74.9%); simple (71%); time efficiency (62.7%); no need to bother going to the bank (48.9%); safer (36.4%); there are promos and incentives (36.4%).

FinTech in Indonesia

In Indonesia, the digital wallet business is controlled by products in technology companies such as Go-Pay, OVO, and FUN. From the fintech report published by dailysocial.id, from 856 respondents who claimed to use fintech services, Go-Pay was ranked first for favorite payment service providers with 73.39% followed by OVO with 58.42% and FUN with 34.18%.

GO-PAY

GO-PAY is one of the services of GOJEK which is a unicorn startup in Indonesia. GO-PAY itself was launched by Gojek at the end of 2016. Currently GO-PAY has been integrated with large banks in Indonesia for your convenience to top up your balance into GO-PAY. Some of the major banks that are GO-JEK's partners in GO-PAY services are BCA, Bank Mandiri, Bank BRI, BNI, Permata Bank, CIMB Niaga, as well as replenishing balances through ATM Bersama and PRIMA. Go-Pay has partnered with 28 financial institutions, and has been accepted in more than 240,000 business partners in various cities in Indonesia, 40% of which are MSMEs.

GO-PAY is made integrated with the GOJEK application. GO-PAY itself is popular with the community because it always offers many promos such as: cashback, vouchers, discounts and coupon codes. Noted since May 2016 GOJEK and Blue Bird worked together beginning with the signing of the MOU. One of them is electronic payment through Go-Pay, which is also integrated with the newly launched Go Blue Bird service. GoPay has also collaborated with several other companies such as: ACE Hardware, AEON, Borma, Century, Circle K, FamilyMart, Foodhall, Giant Express, Giant Extra, Gramedia, Guardian, Hero, Informa, Kimia Farma, LotteMart, Miniso, Optics Seis, Pet Kingdom, Toys Kingdom, Watsons and Ramayana

GO-PAY can also be used to pay electricity bills, BPJS, cable TV bills, buy credit, etc. This is a special attraction for GO-PAY because it allows users to pay various bills. In addition, the cashback system on GO-PAY goes directly to the main balance in contrast to its competitor, OVO. Some of the advantages and disadvantages of GO-PAY compared to its competitors are the choice of more merchants, ashback goes directly to the main balance, is a trendsetter Pay Day promo that is now crowded, the percentage of cashback is smaller, the maximum value of cashback can vary at each merchant and is flat - only offers one cashback / merchant / period

OVO

OVO is one of the most popular and popular payment platforms in Indonesia, and has experienced significant growth since its launch in September 2017 by implementing an open ecosystem and working with malls, shops and leading partners such as Mandiri, Moka, and partners with a large number of users like Grab and Tokopedia. OVO has activated OVO payments at more than 300,000 MSME outlets throughout Indonesia. Driving payment transactions in these outlets is the first step for OVO to find out more about people's behavior and financial needs. This is the first step to provide people with more access to the use of various financial services such as micro loans, credit, insurance and investment that will empower them to improve their lives.

The features found in OVO also vary, OVO has the OVO premiere feature. This feature gives users more access, such as transfers to fellow OVO users or transfers to banks without being charged anything. Premiere users themselves will be able to use one of OVO's newest features, OVO PayLater. OVO PayLater is a digital-based financial application (fintech / financial technology) that serves its users to buy goods needed first and pay later. OVO payment system itself is divided into 2 namely OVO Cash and Points, OVO cash can be topped up at banks or mobile banking, OVO points themselves are the results of cashback from transactions conducted at OVO. Cashback presented by OVO is very diverse, ranging from cashback OVO payday, holiday hooray, marathon. Cashback on public holidays and others. In addition, OVO also carries out social actions in raising funds such as "joint ventures for sharing" which are distributed in various social activities.

OVO also works with certain brands such as Grab and Tokopedia which are OVO's strategic partners in an effort to compete with competitors such as GoPay & DANA. The collaboration carried out by OVO proved effective because it increased its users. In addition, OVO also cooperates with malls for parking fees. In addition there are pluses and minuses of OVO compared to its competitors (Eka, 2016): a. Greater cashback percentage. (b). Cashback values and conditions are almost the same at all merchants (exceptions only for some services such as Tokopedia, not offline merchants). (c). The number of merchants is limited. (d). Cashback in points, not back to main balance

Dana

Dana is a fintech application launched in 2018 by PT Elang Sejahtera Mandiri. Funds are still relatively new compared to the two examples mentioned above. But the potential of the Fund is also very broad and is no less competitive with popular fintech applications. The application's first advantage is that its services are the work of the nation's children, not made by foreign interference. So it was made in Indonesia, by Indonesians, and for Indonesians. Dana's services are also supported by 2 data centers to ensure that transactions can continue without interruption. The funds have also been integrated with the Ministry of Home Affairs Civil Registration (Dukcapil) system. The fund itself has received four licenses from Bank Indonesia (BI), namely the matter of permission to use e-money, e-wallet, Digital Financial Institutions (LKD), and online money transfers. The fund only cooperates with national banks, including Bank Mandiri, BCA, BRI, CIMB NIAGA, BNI, Panin Bank, Permata Bank, BTN and Sinar Mas Bank.

Dana chose the concept of an open platform to connect with other digital transaction services from collaborating vendors such as KFC, TIX.ID, Ramayana, and BBM. Some of these vendors have also been integrated with the Fund system. This means that the user can register a Dana account in another application that is connected to the Fund. Dana also provides payment facilities via QR code with transaction machines at cooperating outlets. By using funds, you can pay Electricity, Water, Internet, Telephone, Insurance, BPJS, Installments, Cable TV, Postpaid telephone bills. By paying the bill in funds, you can also get a 50% voucher on the second payment, a maximum of IDR 25 thousand.

3. CONCLUSION:

In the end, Fintech's development will be unstoppable. Fintech itself also has many benefits both for consumers and for the government. Consumers benefit from the many promos and discounts offered by fintech service providers. Whereas the government benefits from promos held by fintech providers that boost people's buying interest so that later it can increase economic growth and income from the country itself (Abyan, 2018). FinTech is indeed very useful for the community but the community must be able to use fintech wisely, promos provided by fintech companies cause us to buy goods that we don't even need, that's why we need to be selective and can control ourselves in using Fintech.

REFERENCES:

1. Abyan, Alvin (2018, 28 April) dikutip 23 Agustus 2019 dari Konsep Penggunaan Financial Technology Dalam Membantu Masyarakat Sub Urban Di Indonesia : <https://www.researchgate.net/publication/324386435>
2. Anis, B.J., Christiananta, B. & Ellitan, L. 2018. The effect of Entrepreneurship orientation, information technology, strategic planning to competitive advantages with the business performance as intervelling variable, International Journal of Advances. Research, 6(1), 230-242.
3. Eka, R. (2016, 08 Desember). *OVO dan Evolusi layanan*. Retrieved from DailySocial.id: <https://dailysocial.id/post/ovo-dan-evolusi-layanan-pembayaran-mobile>
4. Iswara, Vince (2018, 06 Desember)) dikutip 23 Agustus 2019 dari apa kelebihan dana dibanding aplikasi dpmpet lain: <https://amp.kompas.com/tekno/read/2018/12/06/11560017/apa-kelebihan-dana-dibanding-aplikasi-dompot-digital-lain->
5. Muljani, Ninuk & Ellitan, Lena., 2019. Developing Competitiveness in Industrial Revolution 4.0., ternational Journal of Trend in Research and Development, Volume 6(5), p. 1-3.

6. Natalia, Irene and Ellitan, Lena (2019) *Srategies to Achieve Competitive Advantage in Industrial Revolution 4.0*. International Journal of Research Culture Society, 3 (6). pp. 10-16.
7. Purnomo, Riezky (2019, 10 Juli) dikutip 23 Agustus 2019 dari Era Revolusi Industri 4.0 Menimbulkan Peluang dan Tantangan bagi Industri Jasa Keuangan : <https://pontianak.tribunnews.com/2019/07/10/era-revolusi-industri-40-menimbulkan-peluang-dan-tantangan-bagi-industri-jasa-keuangan>
8. Varga, David. (2017, 19 Agustus) dikutip 23 Agustus 2019 dari “FinTech, The New Era of Financial Services”. Budapest Management Review. Vol. 48 Issue 11, Tahun 2017. <https://journal.untar.ac.id/index.php/hukum/article/view/4529>