

# Financial Technology Optimization in the Development of MSMEs with Spotlight Phenomenology

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**ABSTRACT:** Utilization of information technology such as fintech (financial technology) and internet networks can help develop Micro-Small-Medium-sized enterprises (MSMEs) businesses. The purpose of this study to determine the role that is presented by fintech for informal businesses, namely MSMEs. Research data obtained through personal interviews with two informants. The selected informants were the MSME actors, who know the existence of fintech. The results showed that the existence of fintech can greatly facilitate business activities, with technologies such as applications used that can minimize errors in sales calculations and also save time. However, one informant still routinely records his daily sales transaction manually despite using a sophisticated application. Another informant interpreted fintech as something very helpful because he is no longer struggling to record daily transactions because all transactions have been recorded in the application that he uses.

**Keywords:** fintech, internet networks, informal business.

## 1 INTRODUCTION

The development of Micro-Small-Medium-sized enterprises (MSMEs) lately is still having the problem because MSMEs are less likely to do the registration of financial accounting in its business management. The same was also revealed by Hutagaol (2012) that revealed that one of the problems often overlooked by business people in financial management. The implementation of accounting books to produce financial statements is still difficult for MSMEs (Sari, 2013). Accounting practice is only the recording of purchases and sales. Small entrepreneurs in making decisions tend not to use accounting information (Pinasti, 2007). In fact, most small entrepreneurs do not organize and use accounting information in their business management (Linawati & Restuti, 2015). Many small entrepreneurs think they feel troubled if they have to use accounting information. They tend to make decisions through intuition and experience.

With various facts above, fintech can prosper in Indonesia. In Indonesia, fintech is a solution that has been supervised by the government through the institution of Bank Indonesia (BI) and the Financial Services Authority (OJK). Unfortunately, the absorption of this service still lacks in Indonesia. In 2018, Indonesia had more than 57 million micro

business actors. However, only one percent of the effort can develop into a competitive MSME. Indonesia has the opportunity to utilize fintech to fill the void of funds, affect the economy, and positively impact millions of people. Optimizing fintech in encouraging the ability of MSMEs in Indonesia should continue to improve because it has the potential to improve MSME. That can result in encouraging equality of middle society welfare level. For the government, a digitized and reintegrated system for MSMEs can provide accurate information about MSMEs.

### 1.1. *Technology Acceptance Model Theory*

The Technology Acceptance Model (TAM) developed by Davis in 1989 is an adoption from the Theory of Reasoned Action (TRA) model. This theoretical model is one of the most widely used models of research in information technology. TAM explains the acceptance of information technology with certain dimensions that can affect the acceptance or failure of information technology by users (Lucyanda, 2010). TAM is one type of theory that uses the behavioral theory approach to behavior theory that is widely used to study the process of adoption of information technology (Fatmawati, 2015).

### 1.2. Adaptive Structuration Theory

Adaptive Structuration Theory was initially put forward by Giddens (1984) and was developed by Poole (1990), who extended the discussion of structuration to the decision-making process in structuration carried out by the organization itself. Structuration theory emphasizes social institutions as a basis for explaining society and communication because this theory seeks to reach sustainability from micro-interactions to macro institutions based on the influence of agents and structural tendencies (Pratama, 2018).

### 1.3. Going Concern Concept

Going concern assumption is the view that an entity is considered to have a going concern in the future. Financial statements intended for the public are made based on ongoing concern. The concept of going concern is interpreted as a condition where the company can or has been operating in the future for a period that is influenced by financial and non-financial conditions and free from liquidation in the short term. Going concern concept is one of the basic assumptions of accounting that provides predictions and estimates that a business will last for an unlimited period of time.

### 1.4. Financial Technology

Fintech is the latest financial innovation model that is present in society so that people can enjoy more modern and easy financial transactions using internet or smartphone technology (Rahma, 2018). According to Wikipedia, fintech is a new technology and innovation that aims to compete with traditional financial services and facilitate public access to these services.

### 1.5. Micro, Small, and Medium-sized Enterprises (MSMEs)

MSMEs are business groups that have a sizable amount in Indonesia. The definitions for each of these business groups vary, as revealed in the Indonesian Act (Law) Number 20 of 2008. Micro-business is a productive business owned by individuals and/or individual business entities that meet the criteria for micro-business as stipulated in the Act.

## 2. RESEARCH METHODS

This research was conducted on MSMEs in Makassar. The type of research used in this study was qualitative research based on descriptive analysis. Descriptive analysis is a method in examining the status of a group of people, an object, a set of conditions, a system of thought, or a class of events in the present.

Data were obtained through primary data and secondary data. Primary data is data obtained through in-depth interviews in accordance with pre-prepared interview guidelines. Secondary data is data obtained from third parties, documentation from Internet access by taking articles from several Internet sites, as well as studying literature and readings related to research.

## 3. RESULTS AND DISCUSSIONS

The meaning of Fintech for Mr. Ikram. The researchers got an insight that a fintech, like the Spoots application used today, eases the users in terms of sales calculations in the café. For instance the technology will automatically reappear every transaction that has been inputted, the technology can also minimize the risk of errors in the calculation, because generally if the financial statements are calculated manually, for more precise results, it should be counted two to three times each to get the correct return, and the resulting error is minimal. It is also supported by the Technology Acceptance Model (TAM) Theory that says the acceptance of financial technology with certain dimensions can affect the receipt of information technology by the user. From Mr. Ikram response, he can see how big the needs and economic efforts are executed. Apparently, if it requires more sophisticated and expensive technology, then he seeks to learn to use new something to help the sustainability of his business.

The meaning of Fintech for Mr. Sam. Fintech has much positive impact on its development. This condition occurs in the industry as it can provide more space for the market that is often forgotten in the transaction. In his own MSME, fintech eases the users in running the business. This is in line with Adaptive Structuration Theory or adaptive structuration theory that in the development of existing financial technology developments, MSME actors should be able to adapt to technological advances. As the adaptive structuration theory assumes a group or organization through the use of rules and resources can reach technological developments over time.

Optimizing Fintech in the development of MSME in the city of Makassar. Primarily, the existence of fintech will facilitate the community to access various products in the financial sector and facilitate transactions and improve financial literacy. Optimizing fintech in encouraging the ability of MSME in Indonesia should continue to occur because it has the potential to improve MSME and ultimately can result in encouraging equality of middle society welfare level while it can ease MSMEs to ease their business process.

The application of fintech in the existing MSMEs in Makassar is not optimal because there were several obstacles experienced by the MSMEs, including the high cost to switch from conventional to more sophisticated technology, and many MSMEs do not understand the use of the fintech themselves. The limited ability of rural communities to apply fintech in the region hinders the dissemination of financial technology. This condition makes the government difficult to develop fintech in the area as not many employees can support the sustainability of the modern economy.

Fintech in Indonesia has not been growing significantly; therefore, the problem ahead is how the government makes rules that can be an inserting fintech with the business world, banking, and MSME. For Indonesia there are some ways to achieve good financial inclusion in the optimization of the fintech industry development itself, namely first, building adequate infrastructure; second, making a clearer and directional regulation that is related to the development of the fintech itself; and third, forming the alignment and synchronization between fintech businesses such as MSME, monetary regulators, and financial services. The role of government is indispensable in MSME development

time in problems in counting the sales. Meanwhile, Mr. Sam sees fintech as something helpful for his business activities and more convenient in terms of recording. Moreover, both said it needs a budget to get a complete financial feature and make it easier for all business activities.

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## 4. CONCLUSION

The accounting records performed by both informants are very different, which can be seen from the recording of their daily recaps. Mr. Ikram, routinely records daily transaction manually, although he has used an application that has a daily transaction feature. While Mr. Sam does not record daily transaction manually because he feels the presence of financial applications. However, for the monthly recap, both of the informants still did a manual recording as the application used still does not have a monthly transaction feature. Regarding the meaning of fintech for Mr. Ikram, technological advances are very helpful for his business activities, can also minimize the risk of fault in the recaps of sales and save