

**CONSTRUCTION OF FINANCIAL INCLUSION BEHAVIOUR MODELS  
IN  
THE IMPLEMENTATION OF FINTECH AT FISHERMEN SMEs  
CARITA, PURWAKARTA**

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**ABSTRACT**

*This study discussed the recommendations for the construction of the Fintech Implementation Behavior Model for Fishermen SMEs in Carita, Purwakarta. This research uses a qualitative approach. Data collection was carried out by in-depth interviews with two informants: Chairman of the fishermen association and Mr. Amin fisherman / businessman / collectors with snowball sampling technique. The results showed there are three categories that influence the behavior of financial inclusion in the application of fintech to fishermen in Carita, Purwakarta, namely initial capital, access to financial institutions and financial management behavior. The construction of financial inclusion behavior models in the application of fintech in the Cirata Reservoir is socialization to carry out the behavior of fintech application or on attitudes - that is, consideration of the results of carrying out such behavior as well as socialization to influence behavioral intentions. Then, assistance to direct the mind set that is currently owned, becomes a new perception. In this case, subjective norms or the belief of many people to be involved in the behavior of applying fintech, becomes a strong self-confidence. Also approach or equality of perception of community leaders, with the aim of influencing the behavior codes of community groups, because social norms are considered as normative or standard provisions in one group, in this study the fishermen in Carita, Purwakarta. And ensuring the availability of access to financial institutions is absolutely essential in the application of fintech*

**Keywords:** Behavior Model, Financial Inclusion, Financial Technology, Fishermen

**1. INTRODUCTION**

Financial Inclusion is a national development strategy to encourage economic growth through income distribution, poverty alleviation and financial system stability. This community-

centered strategy needs to target groups that experience barriers to accessing financial services. The inclusive financial strategy explicitly targets the groups with the greatest or unmet needs for financial services, namely three categories of population (low income poor, working poor / productive poor, and near poor) and three cross categories (migrant workers, women, and residents underdeveloped regions).

In 2019 Indonesia's target for the inclusive public financial index will reach 75%. The inclusive financial ratio reached 63% of Indonesia's total population by the end of 2017. The government has formed five pillars that support SNKI to achieve the target. First, Financial Education. Second, concrete community property rights are in the form of land certification programs. Third, Facilitating Financial Intermediation and Distribution Channels. Fourth, Consumer Protection. Fifth, Financial Services in the Government Sector.

Some challenges in the application of Financial Inclusion in Indonesia are: immature regulations, overlapping rules for potential fraud (shadow banking, MLM, money games), disruptive innovation fintechs, technological acceleration is a problem, job polarization, digital divide and a cut in economic growth

To achieve an inclusive financial target of 75% in 2019, an additional 51,822,431 adult population will be needed. From the survey results of the Faculty of Economics, University of Indonesia in 5 provinces, 35% of respondents do not have a bank account. As many as 32% of the adult population of Indonesia have not saved according to the Indonesia Household Survey by the World Bank in 2012. Based on the results of the same survey, 48% of the adult population of Indonesia saved at formal financial institutions. According to the World Bank (2011), Indonesia's adult population has an account with a formal financial institution.

The current strategy of the government, BI and OJK is to optimize technology services to expand financial products and services to various community groups. The inclusive financial improvement strategy will also involve the population and civil registration agencies in various regions to update population data that do not yet have financial products and services. The financial sector access program is not only from savings, but also from credit, such as people's business credit (KUR) or other small credit, especially digital technology or digitalisation should be expanded with 4G cellular technology. So for areas that cannot be signaled, the range will be wider. If 4G can reach 50%, then this will be able to help Indonesia's strategy in increasing financial inclusion.

Current technological developments are closely related to the existence of the internet as the main access. The development of Financial Technology / Fintech at this time, can be one of the driving forces for the existence of a movement to help improve finance at MSMEs, especially those in the lower middle class through financial institutions. Number of Official Fintechs According to OJK as of May 31, 2019 there are 106 Conventional Finteches. Through financial technology (fintech), all forms of transactions are faster, easier, and at the same time more efficient, without the need for face-to-face meetings. The emergence of fintech is inseparable from the innovations that develop to finance this financial concept, requires start-up (new entrepreneurs) to build its business . (Muzdalifa, Rahma, & Novalia, 2018)

Indonesia has the potential or opportunity as the basis for developing Indonesia's highest population, many start-up businesses, large companies plunging into the market, Indonesia's economy represents 40% in ASEAN, the only G20 country from ASEAN. The high internet users, social media and smartphones, along with the growth of the middle class. Attention to fintech consumer behavior is an important part of market valuation as one of the main factors for

achieving success in financial inclusion. More and more people who can access financial services will improve living standards and reduce community poverty.

As in the community in the fishing village in Cirata Purwakarta Reservoir. This area is one of the largest suppliers of 30% of freshwater fish in the West Java region. Potential as a center for producing freshwater fish in this region is supported by the location of natural geography that is still natural and not contaminated by industrial waste, as well as fertile areas and surrounded by mountains. The fishermen make the floating net cages plot (KJA) as a fish farming land and this is a source of basic livelihood for local residents. The reservoir was built in 1983 and completed in 1988 as the largest hydroelectric power station in Southeast Asia with an area of 43,777.6 hectares, divided into 37,577.6 of land and 6,200 hectares of water. This reservoir connects 3 regencies, namely Bandung Regency, Purwakarta Regency and Cianjur Regency whose water is sourced from the Citarum River Basin.

In addition to the Cirata Reservoir fishery potential it also has a tourism potential that has begun to be promoted even though it has not been professionally managed. The tourists who visit Cirata Purwakarta mostly come from outside Purwakarta who want to enjoy the natural atmosphere of the waters surrounded by mountains and at the same time enjoy local culinary tourism such as grilled fish and maranggi satay. Both of these economic potentials unfortunately lack the support of the banking world. While the problem of capital difficulties often becomes an obstacle for fishermen in starting a business, the lack of financial literacy and the lack of information about banks causes them to prefer moneylenders as funders for capital problems.

Most people are still classified as unbankable, namely people who have not been touched by financial services, this factor also makes fishermen in the Cirata reservoir not yet a financial inclusion society, namely people who conduct financial transactions through banks and other more modern financial systems through cellular networks. Banks operating in this area are still rare and fishermen have not been touched by modern financial products such as e-money and e-swallow. The benefits of financial inclusion include 1. Supporting financial stability, 2. Increasing economic efficiency, 3. Reducing shadow banking and irresponsible finance, 4. Expanding financial markets, 5. Growing market place for banking, 6. Improving Human Development Index (HDI) Indonesia, 7. Participate positively to local and national economic growth on an ongoing basis. While the problem of capital difficulties is often an obstacle for local residents in starting a business, the lack of financial literacy and the lack of information about banks causes them to prefer moneylenders as funders for capital problems.

At present, the modern financial system no longer limits itself to customers, regions or products that are financed by the example of Financial Technology (Fintech). Fintech is one of the products in the industrial era 04 that is becoming the current trend, and is the most possible choice for regions such as the Cirata Purwakarta area. Thus, this study discusses the recommendations for the Sharia-based Fintech Implementation Behavior Model for Fishermen SMEs in Carita, Purwakarta.

**2. LITERATURE REVIEW**

***Financial Technology/ Fintech***

Fintech comes from the term financial technology. According to The National Digital Research Center (NDRC), in Dublin, Ireland, defining fintech as "innovation in financial services" or "innovation in fintech financial services" which is an innovation in the financial sector that is in contact with modern technology, financial plans and comparison of financial products.

The financial technology industry (fintech) is one method of financial services that is gaining in popularity in the current

digital era. And digital payments is one of the sectors in the most developed fintech industry in Indonesia. This sector is then most expected by the government and the community to encourage an increase in the number of people who have access to financial services.

Table 1 Basic Forms of Fintech

| <b>Business Process</b>   | <b>Interaction Forms</b> |
|---|--------------------------|
| Payment ( <i>digital wallets, P2P Payment</i> )                   | C2C                      |
| Investation ( <i>equity crowdfunding, P2P lending</i> )           |                          |
| Financing ( <i>crowdfunding, micro-loans, credit facilities</i> ) | B2C                      |
| Insurance ( <i>risk management</i> )                              |                          |
| Cross-process ( <i>big data analysis, predictive modeling</i> )   | B2B                      |
| Infrastructure ( <i>security</i> )                                |                          |

**Role of Fintech**

Fintech with financial services such as crowdfunding, mobile payments, and money transfer services is causing a revolution in the startup business. With crowdfunding, you can get funds from all over the world easily, even from people you've never met even though Fintech also allows money transfers globally or internationally. Payment services such as PayPal automatically change currency rates, so that those in America can buy goods from Indonesia easily, Fintech also has an important role in changing consumer behavior and expectations including:

- a. Can access data and information anytime and anywhere
- b. Aligning large and small businesses so that they tend to have high expectations even against the newly built small business.

Globally, the Fintech industry continues to grow rapidly. Evidenced by the emergence of startup companies in this field and the amount of global investment in it. Especially in Indonesia, this business is growing very rapidly to attract the attention of all business people in Indonesia.

**Development of Fintech Global**

Fintech Global shows that Fintech is growing rapidly in various sectors, ranging from payment startups, lending, financial planning, retail investment, crowdfunding, remittances, financial research, and others. FinTech Indonesia's players are still dominant in payment business (43%), loans (17%), and the rest are in the form of aggregators, crowdfunding and others.

### Fintech or Information Technology Based Money Lending and Borrowing Services

The role of Fintech provides a structural solution for the growth of the electronic-based industry (e-commerce), viz

1. Encouraging the growth of small and medium-sized businesses and the birth of new entrepreneurs

2. Encourage creative endeavors to achieve broad market distribution

3. Enabling market development, especially those that have not been served by conventional banking and financial services (unbanked population)

According to the Financial Services Authority (OJK) is a financial services provider to bring together lenders with loan recipients in the context of entering into loan agreements to borrow in rupiah directly through an electronic system using the internet network. Fintech became LJKNB's favorite business startup in the era of economic disruption where its users are millennial generation.

### Types of Fintech services in Indonesia according to Bank Indonesia

#### 1. Peer-to-peer lending and crowdfunding

a. Peer-to-peer (P2P) lending is the practice or method of giving money to individuals or businesses and vice versa, applying for loans to lenders, which connects lenders with borrowers or investors on line. Examples of P2P lending include: Investree, Modalku, Zidisha, Koinworks and Amarta.

b. Crowdfunding is joint funding or joint venture to realize a commercial goal or fundraising for social purposes.

#### 2. Market aggregator

The market aggregator platform is a provider of a variety of financial service information so users can choose which products are the most reliable and profitable. An example of this platform is DuitPintar.com.

#### 3. Risk and investment management

This platform is a digital financial planning service provider so users are able to get investment / repayment model information that matches their financial conditions. Examples of these products are Bareksa, Online Tax to regulate tax issues.

#### 4. Payment, clearing, and settlement

This service is a user deposit fund platform that can be used as a means of payment to replace cash or for certain purposes. This type of service is commonly called E-Swallow and E-Money. Difference between E Money and E-Wallet

##### a. From the product publisher

E-money is issued by the Banking as a financial services company that has the authority to make payment traffic. Example: E-Toll by Bank Mandiri, Flazz by Bank BCA.

E-swifts are issued by startups that have an interest in the services they operate, such as Go Pay from Go Jek, Ovo from Grab and others.

### **Financial Inclusion**

The term financial inclusion has become a post-crisis 2008 trend mainly based on the impact of the crisis on groups in the bottom of the pyramid (irregular low income, living in

remote areas, disabled people, workers without legal identity documents, and marginalized communities) which is generally unbanked which is recorded very high outside developed countries.

Although they are classified in the bottom of the pyramid and do not have savings (trust) can be trusted between them still have unproductive movable objects (holding) that are used daily such as rings / necklaces, etc. which can be cashed and used for productive things such as for non-formal micro business capital or farming and raising livestock, etc. Up to this thought they sometimes forget. By cashing in holding is expected to be one way to solve the problem. Especially if they are assisted and nurtured.

For some people this might be something that is impossible to do. Indeed, building a lower-class society (in the bottom of the pyramid) in general is not as easy as building an upper-class (middle and high income), they have a limited, narrow and independent view of future life and like to take shortcuts. With this situation they need to be nurtured because basically within themselves there is a strength that needs to be straightened out for future life. Negative mental like this that needs to be removed from themselves so that they can become a society

Financial inclusion (financial inclusion) is defined as an effort to reduce all forms of barriers that are both price and non-price, to public access in utilizing financial services. Financial inclusion is a form of national financial inclusive strategy that is the right of everyone to have full access and services from institutions finance in a timely, comfortable, informative, and affordable manner, with full respect for dignity and value.

According to the Financial Services Authority, inclusive finance is all efforts aimed at removing all forms of price and non-price barriers to public access in utilizing financial services so that they can provide significant benefits to improving people's lives, especially for regions with regions and conditions geographically difficult to reach or border areas.

### **Vision and Objectives of Inclusive Finance**

The national vision of Financial Inclusion is formulated to create a financial system that is accessible to all levels of society to encourage economic growth, poverty alleviation, income distribution, and the creation of financial system stability in Indonesia.

The objectives of Financial Inclusion are described in the following objectives:

- 1) Make an inclusive financial strategy as part of a grand strategy of economic development, poverty reduction, income distribution and financial system stability.
- 2) Providing financial services and products in accordance with the needs of the community.
- 3) Increase public knowledge about financial services.
- 4) Increase public access to financial services.
- 5) Strengthening synergies between banks, microfinance institutions and non-bank financial institutions.
- 6) Optimizing the role of information and communication technology (ICT) to expand the scope of financial services.

### **MSMEs**

Micro, Small and Medium Enterprises (MSMEs) or commonly known as micro small and medium businesses is a term that refers to a type of business that is privately established and has a maximum net worth of Rp 200,000,000.00 (not including land and buildings). Based

on Law Number 20 Year 2008, the definition of Micro, Small and Medium Enterprises (MSMEs) is:

1. Micro business is productive business owned by individuals and / or individual business entities that meet the criteria for micro business as regulated in this law.

2. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branch companies that are owned, controlled, or become a part either directly or indirectly of medium-sized businesses or large businesses that fulfill small business criteria as referred to in this law.

3. The definition of small and medium business is business activities with a scale of activity that is not too large, management is still very simple, the available capital is limited, the market reached is also not broad.

1. Medium-scale business is a productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or becomes a part either directly or indirectly with a small business or large business with an amount of wealth net or annual sales results as provided for in this law. The business world is a micro business, small business, medium business, and large business that carries out economic activities in Kudus and is domiciled in Kudus.

2. Other words from business people are entrepreneurs (entrepreneurship). Simply stated, entrepreneurs can be interpreted as entrepreneurs who are able to see opportunities by seeking funds and other resources needed to work on these opportunities, dare to bear the risks associated with the implementation of the business they are engaged in, and run the business with growth and expansion plans.

**Tabel 2. UMKM Criterias**

| No | Business Scale  | Asset Criteria (Rupiah)    | Turnover Criteria (Rupiah)  |
|----|-----------------|----------------------------|-----------------------------|
| 1  | Micro Business  | Maximal 50 million         | Maximal 300 million         |
| 2  | Small Business  | > 50 million – 500 million | > 300 million – 2,5 billion |
| 3  | Middle Business | > 500 million – 10 billion | > 2,5 billion – 50 billion  |

Source: Kementerian Koperasi dan Usaha Kecil dan Menengah

***Theory of Planned Behaviour (TPB)***

TPB began as a Theory of Reasoned Action in 1980 to predict the intention of individuals to engage in behavior at certain times and places. This theory is intended to explain all behaviors in which people have the ability to exercise self-control. The key component to this model is behavioral intention; Behavioral intentions are influenced by attitudes about the likelihood that the behavior will have the expected results and subjective evaluations of the risks and benefits of those results.

TPB has been used successfully to predict and explain various health behaviors and intentions including smoking, drinking, utilization of health services, breastfeeding, and drug use. TPB states that attainment of behavior depends on motivation (intention) and ability (behavior control). It distinguishes between three types of beliefs - behavior, normative, and control. TPB consists of six constructs that collectively represent a person's actual control over the behavior.

1. Attitude - This refers to the extent to which a person has a favorable or unfavorable evaluation of interesting behavior. This requires consideration of the results of performing the behavior.
2. Behavioral intention - This refers to motivational factors that influence the behavior given where the stronger the intention to conduct the behavior, the more likely the behavior will be carried out.
3. Subjective norms - This refers to beliefs about whether most people approve or disapprove of the behavior. This relates to a person's beliefs about whether peers and important people for that person think he should be involved in the behavior.
4. Social norms - This refers to the customary code of behavior in a group or person or a larger cultural context. Social norms are considered normative, or standard, in a group of people.
5. Perceived strength - This refers to the perception of the presence of factors that can facilitate or hinder the performance of a behavior. The perceived power contributes to the perception of control of one's behavior over each of these factors.
6. Control of perceived behavior - This refers to one's perception of the ease or difficulty of engaging in interesting behavior. Perceived control of behavior varies across situations and actions, resulting in someone who has various perceptions about behavior control depending on the situation. This theoretical construct was added later, and created a shift from the Theory of Reasoned Action to the Theory of Planned Behavior.

### **3. RESEARCH METHOD**

This research uses a qualitative approach to the type of case study. Data collection was carried out by in-depth interviews with two informants: Chairman of the fishermen association and Mr. Amin fisherman / businessman / collectors with snowball sampling technique.

### **4. RESULTS AND DISCUSSION**

Table 3 is a presentation of the results of the interview transcription of the informants of this study

**Table 3 Transcription of Interviews**

| <b>Informan</b>  | <b>Transcription of Interviews (The Questions)</b> | <b>Transcription of Interviews (The Answers)</b>   | <b>Code</b>                           | <b>Category</b> |
|--|--|--|---------------------------------------|-----------------|
| Informan 1<br>Chairperson of the Fishermen Association | <i>What about the fishermen's capital here?</i>    | <i>At present, the fishermen buy their own fish seeds that they want to plant, so if there is animal feed that is in supply so fishermen can owe them once we pay off the harvest.</i> | The Capital Model of Business is Debt | Initial Capital |



|  |  |  |   |                                  |
|--|--|--|---|----------------------------------|
|  | <i>Back to the capital problem<br/>Sir, have you ever borrowed funds for initial capital for this business?</i>  | <i>I did, but at the very beginning, I started selling my assets</i>   | Borrowing initial capital with collateral assets        | Initial Capital                  |
|  | <i>Have ever<br/>Do you borrow from banks or financial institutions?</i>   | <i>If the bank is rather difficult because this is not our land, so they must have collateral and we do not have a certificate of ownership of this land. The funding institution doesn't seem to be here yet</i>  | Never borrow from a bank, because there is no guarantee | Access to Financial Institutions |
|  | <i>Is there a savings and loan cooperative in this village, sir?</i>   | <i>There is no cooperative yet, no one is managing it</i>  | There is no savings and credit cooperative yet          | Access to Financial Institutions |
|  | <i>If there are investors who want to invest here, are you interested?</i>   | <i>Very interested, instead we are waiting for investors who want to invest here.</i>  |   | Financial Management Behavior    |
| Informant 2<br>Mr. Amin fisherman / businessman / collectors | <i>Sir, I had an interview with the chairman of the lake, they were interested in funding from investors, according to you, whether the prospect of this activity is very high</i> | <i>Actually the problem here is not just capital, ma, but a matter of trust because maybe their mindsets are still shallow so when they harvest they forget to set aside for capital, the harvest is used up for consumption that is not clear, there are even some who borrow capital from people, but none in good faith to return capital. Now this problem makes them less trustworthy so it is difficult to get capital</i> | Capital awaited from investors                          | Financial Management Behavior    |

|  |  |   |  |                                  |
|--|--|---|--|----------------------------------|
|  |  | <i>from owners of capital.</i>  |  |                                  |
|  | <i>So because they do not understand financial management, Sir, so they ignore how to get around the harvest so they can become capital in the next fish growing season. Who do they usually borrow money here, Sir?</i> | <i>If banks are still rare, ma'am, but if people are there, and usually have interest</i> | Borrowing capital from banks is still rare, but to individuals who usually have interest | Access to Financial Institutions |
|  | <i>If savings and loan cooperatives have been here before?</i>   | <i>None of my mother knew as long as I lived here</i>                                     | There is no Savings and Credit Cooperative   | Access to Financial Institutions |

Based on the transcription of interviews with informants (Table 3), three categories were arranged that affect the financial inclusion behavior of fishermen in Carita, Purwakarta, namely initial capital, access to financial institutions and financial management behavior (Figure 1).

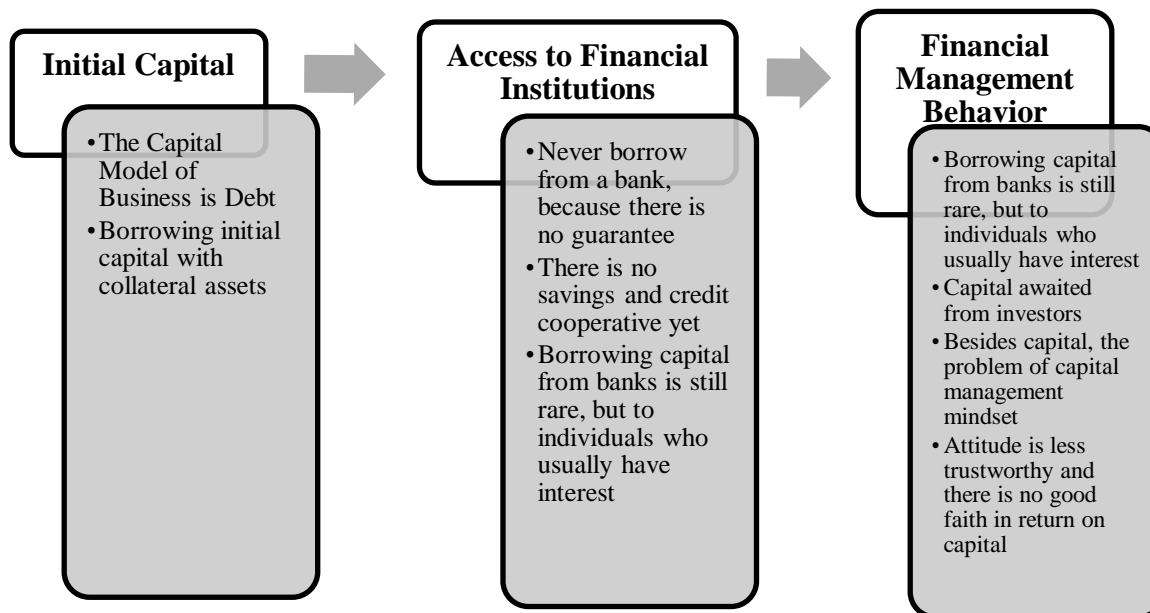


Figure 1. Categories (Research Result)

Fintech also has an important role in changing the behavior and expectations of consumers including being able to access data and information anytime and anywhere and generalizing large and small businesses, so that they tend to have high expectations even against the newly built small business.

Based on Theory of Planned Behavior / TPB which consists of six constructions, the financial inclusion behavior of fishermen in Carita, Purwakarta is influenced by attitudes, behavioral intentions, subjective norms, social norms, perceived strengths and perceived behavioral control. To realize an inclusion behavior model for the application of fintech, a construction which consists of six constructs in the TPB is needed, by holding

1. Socialization to conduct the behavior of applying fintech or to attitudes - that is, consideration of the results of carrying out the behavior also socialization to influence behavioral intentions.
2. Assistance to direct the mind set that is currently owned, becomes a new perception. In this case, subjective norms or the belief of many people to engage in fintech adoption behavior, becomes a strong self-confidence.
3. Conduct an approach or equality of perception to community leaders, with the aim of influencing the behavior codes of community groups, because social norms are considered as normative or standard provisions in one group, in this study the fishermen in Carita, Purwakarta.
4. Availability of access to financial institutions is absolutely essential in the application of fintech

## 5. CONCLUSION

Three categories influence the behavior of financial inclusion in the application of fintech to fishermen in Carita, Purwakarta, namely initial capital, access to financial institutions and

financial management behavior. The construction of financial inclusion behavior models in the application of fintech in the Cirata Reservoir is socialization to conduct the application of fintech behavior or on attitudes - that is, consideration of the results of conducting such behavior as well as socialization to influence behavioral intentions. Then, assistance to direct the mind set that is currently owned, becomes a new perception. In this case, subjective norms or the belief of many people to engage in fintech adoption behavior, becomes a strong self-confidence. Also taking an approach or equality of perception to community leaders, with the aim of influencing community group code of behavior, because social norms are considered as normative or standard provisions in one group, in this study the fishermen in Carita, Purwakarta. And ensuring the availability of access to financial institutions is absolutely essential in the application of fintech.

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