

MEASURING THE UTILIZATION OF FINANCIAL TECHNOLOGY IN MSMEs IN BATAM CITY

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Abstract

The aim of the study is to ascertain the simultaneous and partial effects of content information, customer interaction, and privacy on the adoption of fintech among SMEs in Batam City. A descriptive qualitative research design is used in this study. Research result Fintech providers should prioritize building trust by giving users control over their data and offering privacy-enhancing features. Clear and transparent privacy policies, options to limit data sharing, and control over data usage can significantly improve adoption rates. While content information and customer interaction alone may not be sufficient, they are important factors. A good privacy framework can enhance the perceived value of both the content and the interactions. The specific types of content information and customer interactions tested were not effective. This doesn't mean all content or interactions are useless. The effectiveness of different strategies will likely vary depending on the target audience. What motivates one group of users may not motivate another. Tailoring the content, interaction style, and privacy settings to the specific needs and preferences of different user segments can maximize adoption rates.

Introduction

A recent development in the banking industry, fintech has the potential to raise living standards and spur economic growth. With the help of Bank Indonesia and the government, which views this as a beneficial development, a rule was developed as a legal basis, namely. Circular Letter No. 18/22/DKSP from Bank Indonesia regarding the establishment of digital financial institutions. Regulation No. 18/40/PBI/2016 of Bank Indonesia about the Execution of

Payment Transaction Processing. Bank Indonesia's Electronic Money Regulation No. 18/17/PBI/2016. Financial Technology (FinTech), a technological advancement created in the financial industry that makes financial transactions simple and useful, is one example of how technological advancements have led to advancements in financial technology (1). You can conduct transactions or payments remotely and finish them in a matter of minutes. Seven of the 101 fintech loan businesses in Indonesia as of March 2024 are founded on Sharia law. The Financial Services Authority (OJK) defines fintech lending, often known as peer-to-peer lending, as an online business that allows lenders and borrowers to borrow and lend money in Indonesian rupiah. The National Sharia Council-Indonesian Ulama Council (DSN-MUI) has issued a fatwa that regulates sharia fintech services in Indonesia. This fatwa applies to all financial services that use technology and is founded on the ideas of Islamic Sharia banking. Social media sites like Facebook, Instagram, Twitter, and others make it easier for customers to communicate with the brand. Comments, direct messages, and sharing brand content are examples of such acts (2). Interactions pertaining to warranties, repairs, and after-sales assistance take place after buyers buy a product. Interaction with consumers gives the business the chance to get to know them better, learn about their needs, and improve the customer experience in general (3). Businesses may boost consumer loyalty, establish trust, and improve their brand image through meaningful and positive interactions (4). This creates chances for financial technology, or fintech, or technology-based financial services, to grow their market and commercial reach (5). Financial technology, according to Bank Indonesia, is the outcome of combining technology with financial services, which eventually changes the business model from traditional to online. Payment systems used to be done in person and required carrying a specific amount of cash, but now days they can be done

remotely and in a matter of seconds.

Financial Technology (FinTech), a technological advancement created in the financial industry that makes financial transactions simple and useful, is one example of how technological advancements have led to advancements in financial technology (6). You can conduct transactions or payments remotely and finish them in a matter of minutes. Seven of the 101 fintech loan businesses in Indonesia as of March 2024 are founded on Sharia law. The Financial Services Authority (OJK) defines fintech lending, often known as peer-to-peer lending, as an online business that allows lenders and borrowers to borrow and lend money in Indonesian rupiah. In Indonesia, sharia fintech services are governed by a fatwa issued by the National Sharia Council-Indonesian Ulema Council (DSN-MUI). This fatwa applies to all financial services that use technology and is founded on the ideas of Islamic Sharia banking. In essence, fintech is a digital technology-based financial services system that permits the lack of face-to-face communication. Because it is simpler and more useful, this service paradigm is therefore highly beneficial. Nowadays, fintech is a major rival in the banking industry, especially when it comes to providing capital for either productive or non-productive uses. consumptive. Both generic and product-based competition are examples of how this feature subtly supports the existence of competition (7). Consumer engagement with the brand on social media sites like Instagram, Twitter, Facebook, and others. This can involve sharing brand content, leaving comments, or sending direct messages. Interactions pertaining to warranties, repairs, and after-sales assistance take place after buyers buy a product. Interaction with consumers gives the business the chance to get to know them better, learn about their needs, and improve the customer experience in general. Businesses may boost consumer loyalty, establish trust, and improve their brand image through meaningful and positive interactions (8). This creates chances for financial technology, or fintech, or technology-based financial services, to grow their market and commercial reach (9).

Financial technology, according to Bank Indonesia, is the outcome of combining technology with financial services, which eventually changes the business model from traditional to online. Payment systems used to be done in person and required carrying a specific amount of cash, but now days they can be done remotely and in a matter of seconds. the development of new technology to handle complex information. Consequently, customers' mistrust of their personal information is growing. Because it is essential to the growth of both intimacy and trust, privacy has significant instrumental value. The veracity of the information is used to test privacy. The right to be oneself and to manage the dissemination and notification of information about oneself or others has long been referred to as privacy (10). A viewpoint on personal interactions in relation to privacy information is referred to as privacy information concerns. Because they are worried about the acquisition and misuse of information sent over the internet and how their data will be used, online shoppers are hesitant to provide their personal information when the website asks for it. Online shoppers are reluctant to divulge their financial or personal information to businesses for fear that it will be compromised or leaked. The aim of the study is to ascertain the simultaneous and partial effects of content information, customer interaction, and privacy on the adoption of fintech among SMEs in Batam City.

Literature Review

Grand Theory

The primary theory in this study is TPB, and the dependent variable is financial behavior. To evaluate a person's financial behavior, we employ Attitude Toward Behavior. Adoption of fintech and financial literacy demonstrate behavioral control by showcasing people's knowledge of and aptitude for handling money to attain well-being (11). The Theory of Planned conduct states that people use fintech payments because they feel in control of their conduct and because they have access to resources, opportunities, and certain abilities (12).

Fintech Adoption

Fintech adoption is inextricably linked to a

number of risks, including operational risk (less-than-perfect operational systems), regulatory risk (the formal legal regulations in place and the uncertainty of these regulations), privacy and security risks (the possibility of breaches by hackers, crackers, etc.), and financial risk threats (threats of loss and additional costs incurred).(13) Individual privacy For people and organizations to communicate and engage with other people or organizations, privacy is essential. Some common definitions of privacy include the freedom to choose whether and how much information one wants to share with others, or the right to be unbothered.

Privacy

Privacy is more of a personal freedom that allows one to escape outside interruption or intrusion (14). Privacy mainly refers to a person's character or personal convictions. When someone wants privacy, they don't want other people to bother them (15).

Customer Interaction

A customer's interaction with a business or brand is a means of contact and communication. This covers all points of contact when clients engage with the company's goods, services, personnel, or channels of communication (16). Communication with the client Customers typically interact with one another in order to share information about the service provider, including other customers' opinions about how complete the facilities are. A customer's interaction with a business or brand is a means of contact and communication.

Content Information

This covers all points of contact when clients engage with the company's goods, services, staff, or channels of communication. Details of the content Text, pictures, sound, video, spoken words, symbols, music, body language, and more can all be considered forms of content (17). Social media relationships between users will also be built through material, typically in the form of "likes" or

comments on the content. High-quality information that is unique is produced by the material produced.

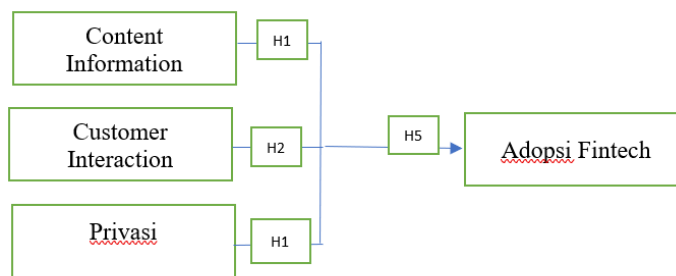


Figure. 1 Conceptual framework

H1 : Content Information has a positive effect on Fintech Adoption

H2: Customer Interaction has a positive effect on Fintech Adoption

H3: Privacy has a positive effect on Fintech Adoption

H4: Content Information, Customer Interaction, Privacy have a positive effect on Fintech Adoption

Methods and Context

A descriptive qualitative research design is used in this study. Qualitative research is the method used to evaluate natural conditions (18). The goal of this descriptive style is to correctly, methodically, and impartially present the facts and traits of a certain target group. Purposive sampling, a non-probability sampling approach, is used in this study to choose samples according to predetermined standards. The study's population comprises roughly 40,000 business actors who use FinTech E-Wallet services from the standpoint of Micro, Small, and Medium-Sized Enterprises (MSMEs) in Batam City. Purposive sampling is used in this study to choose the sample, which targets 150 business actors and establishes a criterion that users have been using the service for more than a year. The sample also aims to reach 150 MSME product consumers, with the understanding that the open-ended questionnaires will be taken into consideration by the fintech company and business actors. The outcomes of data analysis, which is a step in the data testing process, provide enough proof to support study

findings. Finding pertinent information in the data and using the findings to address issues are the goals of data analysis. A computer program called SPSS (Statistical Package for Social Science) version 21 is used to perform the calculations for the statistical analysis method of data analysis that was employed in this study.

Results

Table 1. Descriptive Statistics

descriptive Statistics

	N	Range	Minimum	Maximum	Mean
CONTENT_INFORMATION	150	5.00	20.00	25.00	22.5800
CUSTOMER_INTERACTION	150	5.00	20.00	25.00	22.5733
PRIVASI	150	7.00	18.00	25.00	22.5600
ADOPSI_FINTECH	150	5.00	20.00	25.00	22.6200
Valid N (listwise)	150				

With a minimum value of 20.00, a maximum value of 25.00, and an average value (mean) of 22.5800, the Content Information variable contains 150 observation data points in total. With a minimum value of 20.00, a maximum value of 25.00, and an average value (mean) of 22.5733, the Customer Interaction variable contains 150 observation data points in total. There are 150 observation data points for the privacy variable, with a mean value of 22.5600, a minimum value of 18.00, and a maximum value of 25.00. There are 150 observation data points for the Fintech Adoption variable, with a mean value of 22.6200, a minimum value of 20.00, and a maximum value of 25.00.

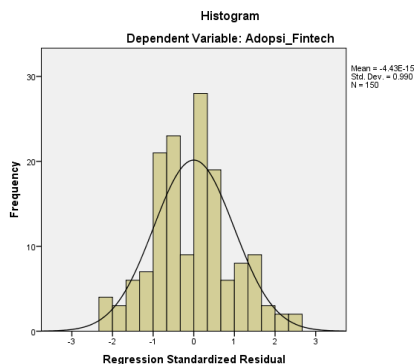
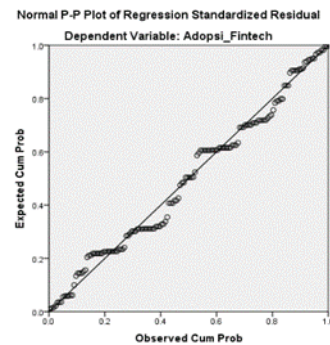


Figure. 2 Histogram

Because the points are dispersed around the diagonal line and follow its direction, the aforementioned graphic demonstrates that the P-plot normality test is normally distributed.



The points that show up in the above image can be used to determine whether or not the residual value is regularly distributed. The residual value is regularly distributed if the data distribution points are on or close to the diagonal line. It can be inferred that the residual value is not normally distributed if the data distribution points disperse or diverge from the diagonal line. The data distribution points align and get closer to the diagonal line, according to the data processing results above. As a result, we can say that the distribution of the data is normal.

Table. 2 Heteroscedasticity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
CONTENT_INFORMATION	.943	1.060
CUSTOMER_INTERACTION	.972	1.029
PRIVASI	.939	1.065

a. Dependent Variable: Adopsi_Fintech

According to the preceding table, every independent variable has a tolerance value greater than 0.10, and every variable's VIF value is less than 10. This number shows that multicollinearity symptoms are not present in the regression model that was utilized. The Heteroscedasticity Test seeks to determine whether the regression model's residual variance is homoscedastic that is, consistent across observations.

Table. 3 t Test

Model		t	Sig.
1	(Constant)	6.449	.000
	CONTENT_INFORMATIO N	-.239	.811
	CUSTOMER_INTERACTI ON	-.336	.737
	PRIVASI	3.501	.001

a. Dependent Variable :
ADOPSI_FINTECH

t-table: 1.65536 If the t-count is -0.239, it means that the research hypothesis was rejected (Ha) and accepted (Ho). This means that it doesn't have any effect. Choosing content information that doesn't affect Fintech adoption results in a sign value above 0.05 or 0.811. t-table: 1.65536 If the t-count is -0.336, it means that the research hypothesis was rejected (Ha) and accepted (Ho). This means that it doesn't have any effect. If the sign value is above 0.05 or 0.811, it means that the conclusion that some customer interaction doesn't have any effect and isn't significant on fintech adoption is not significant. t-table: 1.65536 The t-count is 3.501, which means that the research hypothesis was accepted and the alternative hypothesis was rejected. This indicates that partial privacy has a significant impact on Fintech adoption, as evidenced by the sign value being less than 0.05 or 0.001.

Table. 4 f Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.476	3	3.825	4.172	.007 ^b
	Residual	133.864	146	.917		
	Total	145.340	149			

a. Dependent Variable: ADOPSI_FINTECH

b. Predictors: (Constant), PRIVASI, CUSTOMER_INTERACTION, CONTENT_INFORMATION

f-table is 2.67 while f-count is 4.172, then the result is that f-count is $4.172 > 2.67$, f-table is then Ho is rejected and Ha is accepted, and the significant value is $0.007 < 0.05$, meaning that the influence of customer interaction, content information, and privacy simultaneously has a significant effect on fintech adoption.

Discussion

The absolute value of the t-count (0.239) is less than the t-critical value (1.65536). The p-value (0.811) is much greater than the typical significance level of 0.05. Therefore, you fail to reject the null hypothesis (Ho). The study found no statistically significant evidence that the type of content information presented influences fintech adoption. In other words, changing the content information presented to potential users is unlikely to significantly change the adoption rate of Fintech products. The researcher's conclusion, "Choosing content information that doesn't affect Fintech adoption results in a sign value above 0.05 or 0.811," is consistent with the data. This factor is not a significant driver of fintech adoption.

The absolute value of the t-count (0.336) is less than the t-critical value (1.65536). The p-value (0.811) is much greater than the typical significance level of 0.05. Therefore, you fail to reject the null hypothesis (Ho). The evidence suggests that the specific type of customer interaction examined in the study doesn't have a significant impact on Fintech adoption. Interacting with customers within the tested scope doesn't seem to influence their adoption of Fintech products. The statement "the conclusion that some customer interaction doesn't have any effect and isn't significant on fintech adoption is not significant" is actually backwards. The conclusion is significant because the p-value supports the conclusion that customer interaction does not have a significant effect.

The absolute value of the t-count (3.501) is greater than the t-critical value (1.65536). The p-value (0.001) is significantly less than the typical significance level of 0.05. Therefore, you reject the null hypothesis (Ho). This result supports the alternative hypothesis (Ha). This is the key finding. The study did find statistically significant evidence that partial privacy does significantly influence fintech adoption. The p-value indicates a high level of confidence in this conclusion ($p = 0.001$ means there's only a 0.1% chance of observing this result if partial privacy had no effect). Presumably, "partial privacy" refers to some level of data control or anonymity afforded to users. The fact that it increases adoption suggests that users value this.

Since the F-count (4.172) is greater than the F-critical value (2.67), we reject the null hypothesis (H₀). The p-value (0.007) is also less than the significance level (0.05), which further supports rejecting the null hypothesis. The analysis provides statistically significant evidence that the combined effect of customer interaction, content information, and privacy does have a significant impact on fintech adoption. The independent variables, taken together, explain a significant amount of the variance in fintech adoption.

Conclusion

Fintech providers should prioritize building trust by giving users control over their data and offering privacy-enhancing features. Clear and transparent privacy policies, options to limit data sharing, and control over data usage can significantly improve adoption rates. While content information and customer interaction alone may not be sufficient, they are important factors. A good privacy framework can enhance the perceived value of both the content and the interactions. The specific types of content information and customer interactions tested were not effective. This doesn't mean all content or interactions are useless. The effectiveness of different strategies will likely vary depending on the target audience. What motivates one group of users may not motivate another. Tailoring the content, interaction style, and privacy settings to the specific needs and preferences of different user segments can maximize adoption rates.

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