

ANALYSIS OF FINTECH DEVELOPMENT AMONG THE PUBLIC MEDAN CITY

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ABSTRACT

The purpose of the study is to evaluate the progress of financial technology (Fintech) in North Sumatra and review how the public views the current development of fintech. This research uses descriptive method with the use of primary and secondary data about fintech. Based on these data, the analysis results were obtained from questionnaires and interviews. The research subjects were residents in Medan City.

The results of this study indicate that financial transactions are more often done in cash than non-cash, where 77% of people in Medan City more often make transactions in cash than through fintech transactions. When viewed from many uses, fintech users are dominated by people such as students, students and workers. In addition, parents or the elderly consider that transactions through fintech are not safe and they are used to making cash transactions through conventional banks. In addition, they also stated that they did not understand how fintech transactions were carried out, so they were still hesitant in using fintech as an alternative transaction.

Keywords: *Fintech, Fintech services, Society, Fintech progress and North Sumatra.*

1. INTRODUCTION

Financial Technology (Fintech) is an innovative approach to financial services that leverages technology to enhance the ease and efficiency of financial transactions. The National Digital Research Centre (NDRC) defines Fintech as the integration of technology into managing personal financial aspects, primarily pioneered by emerging companies in the financial sector. Fintech acts as a technological tool designed to streamline transactions between buyers and sellers, thereby minimizing the risk of fraudulent activities. Bank Indonesia Regulation Number 19/12/PBI/2017 establishes the regulatory framework, underscoring Fintech's influence on the stability, efficiency, and security of the monetary and financial system. In a broader context, Fintech can be described as the convergence of technology and financial features, resulting in the creation of an efficient system that simplifies services for the general public. This fusion of technology and financial expertise not only enhances the ease of financial transactions but also contributes to the overall advancement of monetary and financial systems. The Indonesian Fintech landscape is closely tied to the growth of e-commerce and online-based transportation, with regulatory oversight from Bank Indonesia and OJK. (Pangkalpinang, 2019)



Fintech in Indonesia encompasses various types of financial technology services, categorized by Bank Indonesia into four transaction categories based on their innovations. These include Payment, Clearing & Settlement, which involves services like mobile payments and e-wallets such as Go-Pay, OVO, or Sakuku BCA. Peer-to-peer Lending and Crowd Funding encompass platforms like KoinWorks for P2P lending and Kita Bisa.com for crowdfunding. Market Aggregator platforms like DuitPintar.com provide detailed information and assistance in applying for financial products. The Risk Management and Investment category include services like Robo Advice, E-Trading, and Insurance provided by companies such as Bareksa, Investree, and Online-Pajak. In summary, Fintech comprises innovations in digital payments, peer-to-peer lending, market aggregation, and risk management and investment, all under the regulatory oversight of Bank Indonesia.(Ayu, 2021)

Payment systems in Indonesia are broadly categorized into cash-based and non-cash-based systems. The latter, introduced through the National Non-Cash Movement in 2014, includes card-based payment tools (credit cards, debit cards, and ATM cards) and Electronic Money (E-Money). Non-cash payments provide flexibility and efficiency in day-to-day financial transactions.(Gultom, 2022)

Fintech development is situated within the context of the fourth industrial revolution, marked by economic globalization and technological advancements. The concept of Society 5.0, focusing on human-centered development supported by technology, guides this transition. Fintech, born in 2004 with Zopa in the UK, reached a pivotal moment in 2008 with the introduction of Bitcoin, steering it towards cryptocurrency and blockchain innovation.(Adji et al., 2023). In Medan, Indonesia, Fintech reflects continuous technological progress and high demand for financial services. Despite significant growth in the Fintech sector covering digital payments, online loans, and blockchain technology adoption, challenges such as data security, consumer privacy, and regulation must be collaboratively addressed by authorities and industry players to ensure continued positive growth while safeguarding consumer interests.(Rinaldi & Krisnadi, 2019)

The Fintech business landscape in Indonesia is currently dominated by entities focusing on the payment segment (43%), followed by P2P lending (17%). Aggregators (13%) and various other businesses play vital roles in this dynamic environment. Medan's Fintech evolution symbolizes dynamic changes in financial behavior, promoting greater financial inclusivity and contributing to regional economic growth.(Marginingsih & Sari, 2019)

2. . RESEARCH METHODS

This research is conducted in the city of Medan, North Sumatra Province, which was selected due to its status as one of the areas with the largest population in Indonesia and significant trading transaction levels. The presence of Medan as a primary economic center in the region makes it a relevant environment for examining the development of fintech. The research is planned to be carried out over a two-month period, starting from September 2023 to November 2023. This designated timeframe is expected to provide sufficient duration for collecting the necessary data and analyzing the dynamics of fintech development in the city of Medan during this period.



To gather data, the researcher will design a questionnaire relevant to the research objectives regarding fintech development. Representative respondent samples will be selected from various segments of Medan's society, ensuring diversity within the sample. The distribution of questionnaires can be conducted either in-person or online, while interviews or direct observations may also be employed to obtain additional information from respondents. After the primary data is collected, statistical or qualitative analysis will be conducted to identify relevant trends and patterns. Additionally, this research will utilize secondary data from various sources such as industry reports, government publications, news articles, and official fintech company websites to complement the understanding of fintech development in Medan. Thus, this research methodology combines quantitative and qualitative approaches to provide a comprehensive overview of the use of financial technology in payment transactions in the city of Medan.

The sample for this research consists of 110 respondents from the areas of Medan Tembung and Medan Estate, as well as their surrounding areas. The selection of this sample is designed to reflect the diversity within the population of Medan City, providing a more specific picture and generating in-depth insights into the usage of fintech in the region.

2. RESULTS AND DISCUSSION

RESULTS

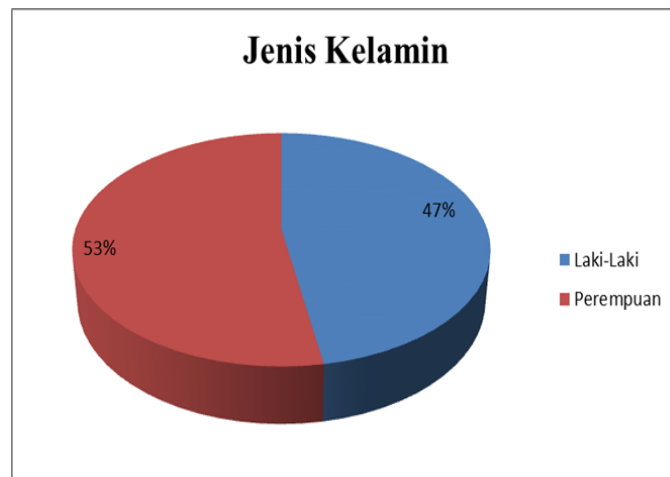


Figure 4.1 Respondent Identity Based on Gender.

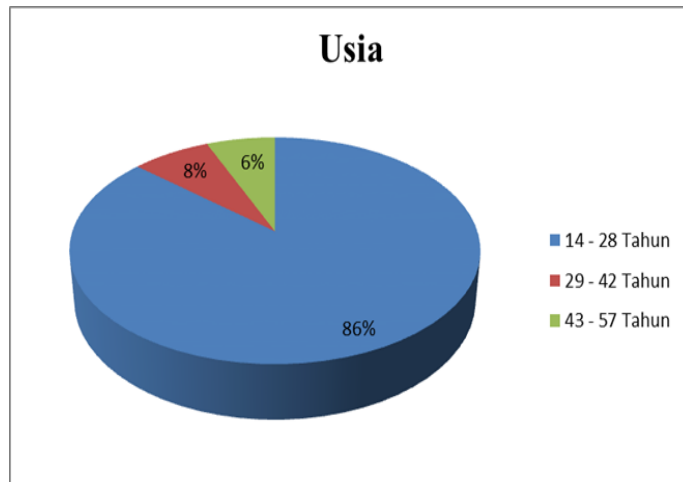


Figure 4.2 Respondent Identity Based on Age.

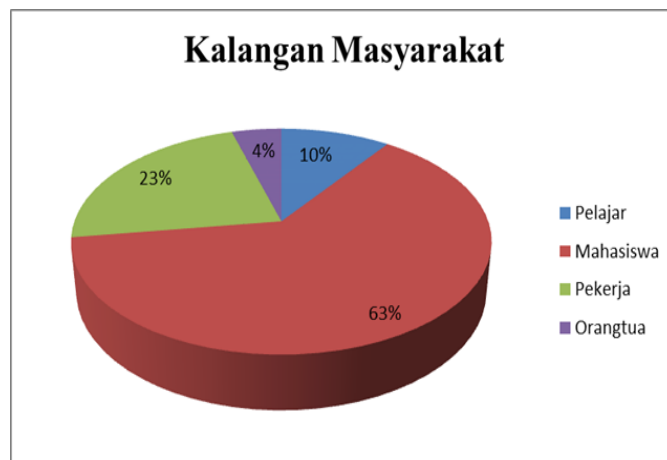


Figure 4.3. Respondent Identity Based on Social Groups.

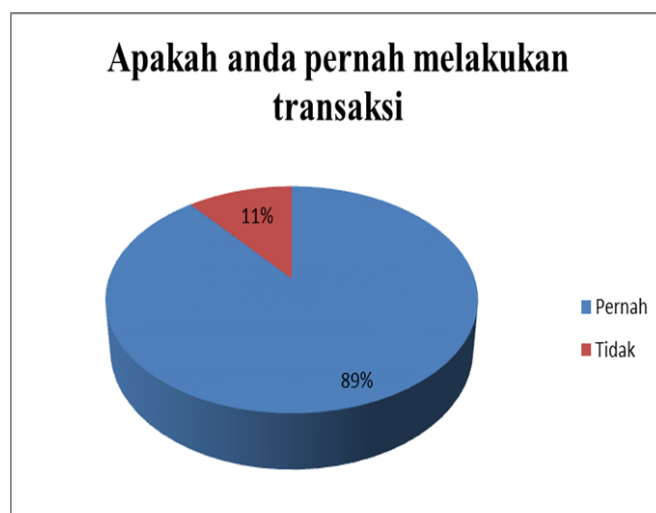


Figure 4.4 Respondent Information Based on Transaction Experience.

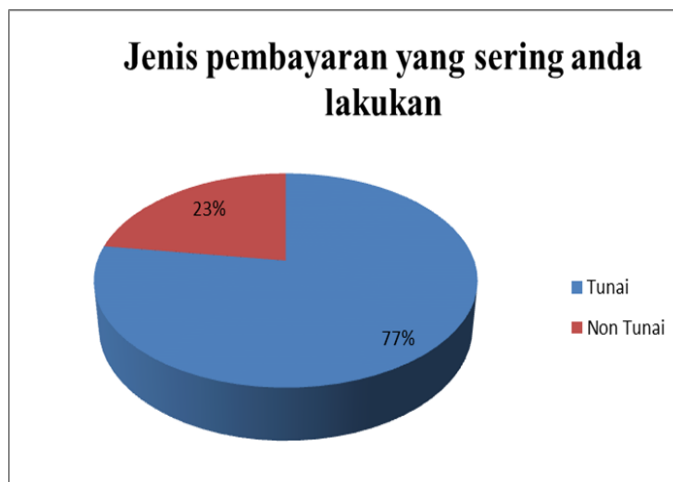


Figure 4.5 Respondent Information Based on Transaction Types.

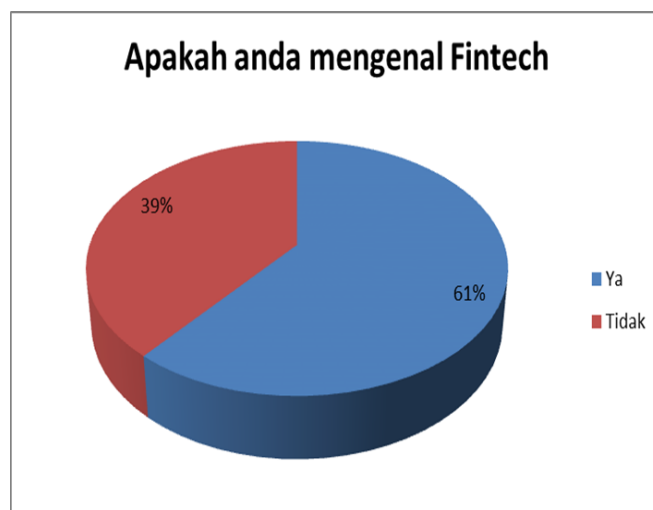


Figure 4.6 Respondent Information Based on Fintech Awareness.

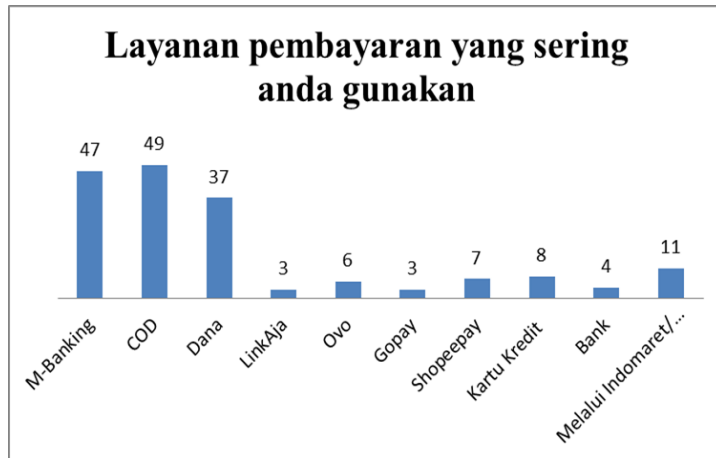


Figure 4.7 Payment Services Utilized by Respondents

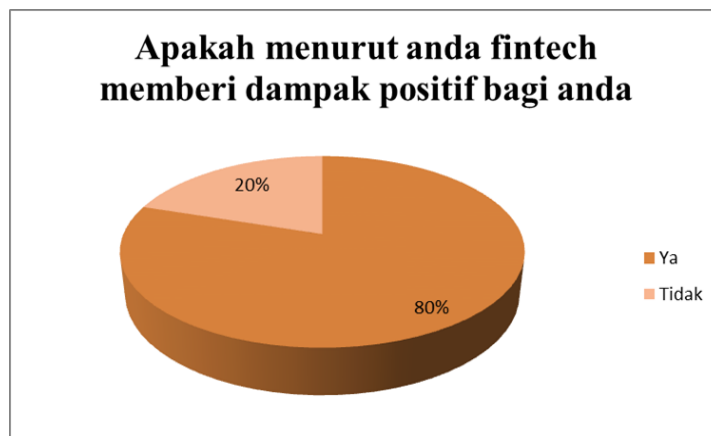


Figure 4.8 Respondent Information Based on Fintech Impact.

DISCUSSION

Based on the analysis results from Figure 4.1, it was found that the number of respondents involved in the survey was 110 people, revealing an interesting finding that the majority of fintech users in Medan City are female. Approximately 52.7% of the total respondents, or 58 individuals, were female, while 48.2% were male, with 53 respondents. This data indicates that women contribute significantly to the adoption and usage of fintech services in the region.

The dominance of women in fintech usage may reflect an inclusive trend of fintech involving various segments of society, including gender groups. This trend could suggest the openness and interest of women in financial technology innovations, as well as their trust in the convenience and benefits offered by fintech.

Moving on to Figure 4.2, which involves 110 respondents, it can be concluded that the majority of fintech users in Medan City fall within the age range of 14 to 28 years old. Approximately 86% of respondents, or 95 individuals, belong to this age group, indicating a

dominance of relatively young fintech users. This aligns with the global trend where young age groups tend to be early adopters of technology, including digital financial services.

Although the 14-28 age group dominates, the survey results also note the presence of respondents from older age groups. The 29-42 age range is represented by 8 respondents (about 8%), while the 43-57 age group has 7 respondents (about 6%). Despite their smaller proportion, the presence of fintech users from older age groups indicates a widespread interest and adoption of fintech across various demographics in Medan City.

Further analysis of preferences, needs, and habits of fintech users within each age group can provide deeper insights into the dynamics of fintech usage across different age ranges. This information can serve as a foundation for developing targeted marketing strategies, product enhancements, and education initiatives specific to the characteristics of each age group. Moreover, a deeper understanding of the needs and expectations of users from different age groups can assist the fintech industry in continuous innovation and relevance amid changing preferences and market demands.

Based on data from Figure 4.3, fintech users among the community in Medan City show diverse distribution across various demographic groups. Students dominate as fintech users, reaching 63% of the total respondents. This reflects a high adoption of fintech among students, possibly influenced by their openness to innovation and the need for practical financial solutions. Furthermore, school students also constitute a group that actively uses fintech, though in a smaller proportion, accounting for 10%. The use of fintech by school students can be linked to the ease of access and convenience in conducting daily financial transactions.

Workers also exhibit a significant level of adoption, reaching 23% of respondents. This reflects that fintech is not only popular among the academic community but also among individuals actively engaged in economic activities. The use of fintech by workers may be related to the need for efficiency in financial transactions, given their busy work schedules. On the other hand, parents are noted as a less active group in using fintech, comprising only about 4% of the total respondents. This may be due to a lack of understanding or trust in financial technology among the older generation.

This analysis illustrates that fintech adoption in Medan involves various segments of society, with students playing a significant role in the use of financial technology. Efforts to enhance fintech adoption among students, workers, and parents may involve targeted educational campaigns to overcome barriers and improve understanding of the benefits of fintech within each demographic group.

In Figure 4.4, it is explained that 89% of respondents actively engage in transactions, using both cash and non-cash payment methods, indicating significant adoption of fintech in Medan City. This high proportion reflects that the majority of the population actively integrates financial technology into their financial activities.

It is important to note that fintech inclusion encompasses not only the use of non-cash payments but also involves cash transactions. Despite the global trend towards digital payments, the sustained use of cash indicates the importance of aligning fintech with local consumer preferences and habits.

The analysis of fintech development in Medan City in Figure 4.5 indicates that the majority of respondents tend to prefer cash payments, with 77% of total respondents choosing this payment method. However, it is evident that non-cash payment methods also receive considerable attention, with 23% of respondents opting for this option.

In the category of payment facilities, Cash on Delivery (COD) leads as the most frequently used method by respondents, reaching 49%. Mobile banking (m-banking) is also a popular choice at 47%, indicating the adoption of banking technology through mobile devices. Additionally, payment applications such as Dana (37%), the use of payment services through Indomaret/Alfamaret (11%), credit cards (8%), OVO (6%), ShopeePay (7%), LinkAja (3%), and other traditional banking services are also explained in the survey results of Figure 4.7.

From the survey data in Figure 4.6 and Figure 4.8 involving 110 respondents in Medan City, it can be observed that approximately 61% of respondents claim to be familiar with fintech. This result reflects a fairly good level of awareness regarding the existence and functions of fintech among the local community. The high percentage of respondents familiar with fintech can be considered a positive indicator of the direction of financial technology adoption in the city.

Subsequently, among respondents who acknowledged being familiar with fintech, around 80% stated that fintech has a positive impact on them. This result indicates that the majority of individuals acquainted with fintech perceive positive benefits from the use of financial technology. Some positive impacts that respondents may recognize include ease of access to financial services, transaction efficiency, and innovation in personal financial management.

A more in-depth analysis regarding the specific types of positive impacts perceived by respondents can provide a more comprehensive understanding of how fintech has influenced their financial experiences. For example, whether they feel more secure, efficient, or even more engaged in managing their finances as a result of using fintech.

4. CONCLUSION

Based on the research findings and analysis outlined, it can be concluded that 110 respondents yielded interesting results indicating that the majority of fintech users in Medan City are women, with 58 respondents or approximately 52.7% of the total. The majority of fintech users in Medan City fall within the age range of 14 to 28 years old. About 86% of respondents, or 95 individuals, belong to this age group, indicating the dominance of relatively young fintech users. This aligns with the global trend where young age groups tend to be early adopters of technology, including digital financial services.

In the distribution of fintech users based on demographic groups, students dominate with 63%, indicating that the younger generation has significant interest in adopting technology-based financial services in the city. About 86%, the majority of respondents in Medan City have engaged in transactions. Approximately 61% of respondents acknowledge being familiar with fintech, and the high percentage of respondents familiar with fintech can be considered a positive indicator of the progress of financial technology in the city.

This is evident from the 80% survey response stating that fintech has a positive impact on them. Moreover, based on the survey, the payment system tends to prefer cash over non-cash. This can be seen from the most frequently used payment facility by respondents, which is Cash on Delivery (COD), followed by M-Banking and Dana as the top 3 preferred facilities.

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