

## FINTECH 4.0 TRAINING TO INCREASE CAPITAL AND BUSINESS INCOME FOR SME IN ULAK BANDING VILLAGE, INDRALAYA

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### Abstract

During the COVID-19 pandemic, SME in Indonesia became one type of business that was able to adapt and survive and even become a solution for improving the national economy. Fintech has supported SME to develop their business through collaboration with e-commerce partners. This is very helpful for SME during the Covid-19 pandemic. In increasing the capacity of SME actors towards fintech, it is necessary to provide permanent assistance such as digital training. It is intended that actors have digital skills which are expected to have an impact on their financial capabilities. Ulak Banding Village is one of the villages in South Sumatra, Ogan Ilir Regency where SME in the village still lack information about fintech. The problem of SME in Ulak Banding Village in terms of financing can be overcome with capital assistance from peer to peer (P2P) lending and crowdfunding. As well as to increase revenue using digital payment transfers through digital wallet applications, marketplaces, and social media. The training participants are expected to play an active role in increasing capital and expanding their business and transmitting the knowledge they have acquired to other SME.

**Keyword:** Capital, Financial Technology (Fintech), Small Medium Enterprise (SME).

### INTRODUCTION

The development of technology has brought many benefits and provided convenience in all aspects of human life (Taufik et al., 2021). During the COVID-19 pandemic, SME in Indonesia became one type of business that was able to adapt and survive and even become a solution for improving the national economy. However, in a vulnerable economic situation, independent economic revival is needed through business activities as a manifestation of the implementation of an emergency response status that limits residents' activities (Azizah et al., 2020).

The rapid development of digital technology has encouraged the integration of finance and technology, has given birth to a series of new forms of finance, and brought about major changes to human social life (Yang and Zhang, 2020). According to data from the Ministry of Cooperatives and SMEs, the number of SME currently reaches 64.2 million with a contribution to GDP of 61.07 percent or 8,573.89 trillion rupiah. In research conducted by the Demographic Institute (LD) of the Faculty of Business Economics, University of Indonesia (LD FEB UI), it is stated that financial technology (fintech) has helped SME in increasing turnover from 20 percent to more than 50 percent.

Financial technology (Fintech) is an amalgamation of financial management using technology systems (Setiani et al., 2020). Fintech refers to the application of internet technology and innovation in financial activities such as payments, loans, wealth management and insurance (Lu, 2017). Fintech plays an important role in economic transactions during a pandemic. Through the use of financial technology, the financial industry can be more efficient in one or more aspects of operations, reduce costs and improve efficiency and optimize user experience (Zhang and Yang, 2019). Fintech technology that continues to experience very significant improvements and developments (Putri and Christiana, 2021). Fintech has supported SME to develop their business through collaboration with e-commerce partners. This is very helpful for SMEs during the Covid-19 pandemic.

Citing the definition from the Otoritas Jasa Keuangan (OJK), fintech is an innovation in the financial services industry using technology. Fintech products are usually in the form of a system for carrying out specific financial transactions. The prospect of developing SME in Indonesia is high. Based on peer-to-peer lending data, funding in the SME productive sector is also increasing. In October 2021 yesterday it grew 52.74 percent of the total funding, where in 2020 it was only 38.90 percent. Fintech was established to improve the financial services currently offered by traditional financial institutions (Dinar et al., 2021). Various types of Fintech are here to help people's financial and entrepreneurial problems (Ningsih, 2020).

The era of the industrial revolution 4.0 is a challenge for a country to change conventional business models into technological systems (Andaiyani et al., 2020). Fintech emerged as one of the impacts of increasingly modern technological developments, especially in terms of finance (Putri et al., 2021). The presence of Fintech has a role in efforts to increase financial inclusion, fintech can help the community, especially the SME sector business players to obtain alternatives and access to financial services to make it easier (Liliana et al., 2021).

To increase the capacity of SME actors towards fintech, it is necessary to provide permanent assistance such as digital training. It is intended that actors have digital skills which are expected to have an impact on their financial capabilities. Large-scale social restrictions (PSBB) during the COVID-19 pandemic have resulted in a decrease in residents' income, including Ulak Banding Village, one of the villages in South Sumatra, Ogan Ilir Regency where SME in the village still lack information about fintech. The existence of Fintech, provides a relatively large output for Micro, Small and Medium Enterprises (SME) (Fajar and Larasati, 2021). Research result Rasidi et al., (2021) found that during the Covid-19 pandemic, SME turnover decreased and many SME did not have business capital reserves. Study (Karadag, 2015) explained that lack of capital and poor access to finance are considered the main causes of financial challenges for small and medium enterprises.

Ulak Banding Village is one of the villages located in Indralaya District, Ogan Ilir Regency with an area of 1.24 km<sup>2</sup>. The distance from Ulak Banding village to Indralaya district is 4 km<sup>2</sup>. The population of Ulak Banding village is 328 people, consisting of 160 men and 168 women and has 125 families. Some of the residents of Ulak Banding village have a non-fixed income as casual laborers, farmers and fishermen in the river. Ulak Banding village only has one educational facility, namely an elementary school, one posyandu and one place of worship. Not only that, the use of electricity there is only as many as 97 families. This shows that the government has not fully focused on development in Ulak Banding village.

Based on data published by BPS Indralaya District in Figures 2021, Ulak Banding Village does not have a market building (place for buying and selling). Thus, it is necessary to provide SME education by utilizing existing Financial Technology such as the use of digital wallets such as Ovo, Gopay, Dana, digital payment transfers, social media, and a marketplace for SME in increasing business activity income, as well as the use of peer to peer lending and crowdfunding in increasing business activities SME capital. That way the use of financial technology is very helpful. In addition to playing a role in financial transactions, fintech also plays a role in funding and economic turnover so that output will eventually increase the capital and business income of SME.

The training method that will be carried out in Ulak Banding Village uses the face-to-face method with a discussion skills approach in the hope that the material presented can be optimally received and applied by the community around the training site. This training is also intended as empirical learning for students of Sriwijaya University, Faculty of Economics, Department of Development Economics. This training also involved the Capital Market and Commodity Futures Laboratory, Faculty of Economics, Sriwijaya University. The role of students in fintech 4.0 training in Ulak Banding Village is as the right hand of training facilitators who contribute to the implementation of training for SME.

Thus, this area is the right target to provide education and training to the surrounding community regarding coaching in Fintech 4.0 Training to Increase Capital and Business Income for SME in Ulak Banding village, Indralaya District, Ogan Ilir Regency.

## **IMPLEMENTATION METHOD**

The implementation of this community service activity was carried out for 1 (one) day on October 4, 2022, in Ulak Banding Village, Ogan Ilir Regency, South Sumatra Province. Activities are carried out in the form of training, lectures, and discussions, with the scope of activities in the form of training on the use of fintech with the target of SME.

## **RESULTS AND DISCUSSION**

The implementation of this community service activity was attended by 20 participants with an average age of 20-50 years, most of the participants had started small businesses and several other participants already had other businesses. Before starting the training, participants conveyed their business constraints, especially low income or turnover, low demand for products, problems increasing business capital and obstacles in knowledge of utilizing online access such as selling in the marketplace. This is in line with research conducted by Fatoki (2014) which examines the role of fintech in micro-enterprises in South Africa, found that the level of financial literacy is low by new micro-enterprise owners.

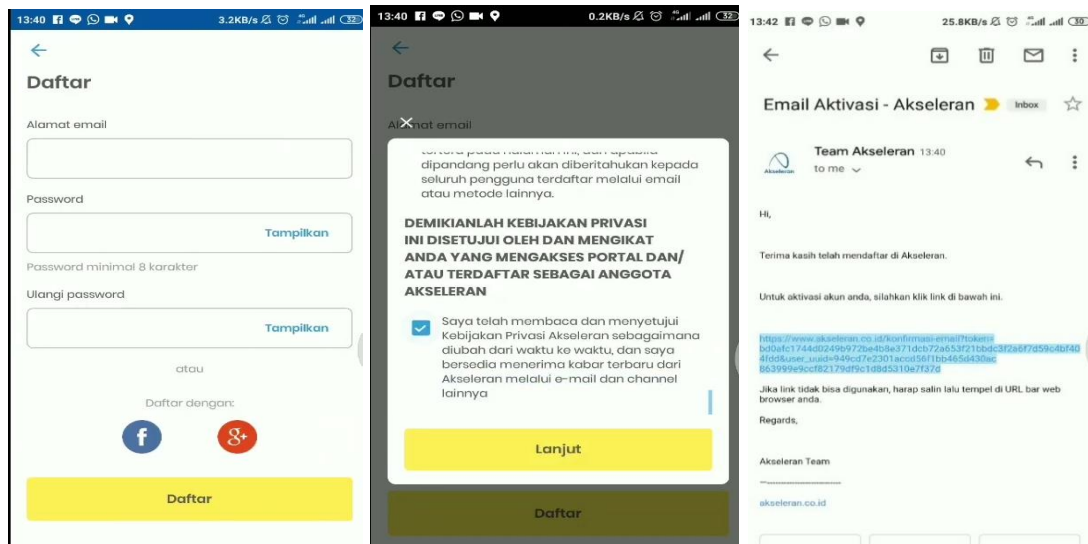
**Table 1. Training Participants Age Distribution**

Age Group	Frequency	Percent
20-30 Years	8	40%
31-40 Years	5	25%
41-50 Years	5	25%
> 50 Years	2	10%

Source: Field Data, 2022

In this training, it begins by providing material related to fintech, then continues with practice to participants and questions and answers. In the practice session, participants tried to create an account and tried how to get extra by using one of the P2P applications, namely Akseleran, using their respective smartphones. The steps in obtaining additional capital with the Accelerator application are as follows:

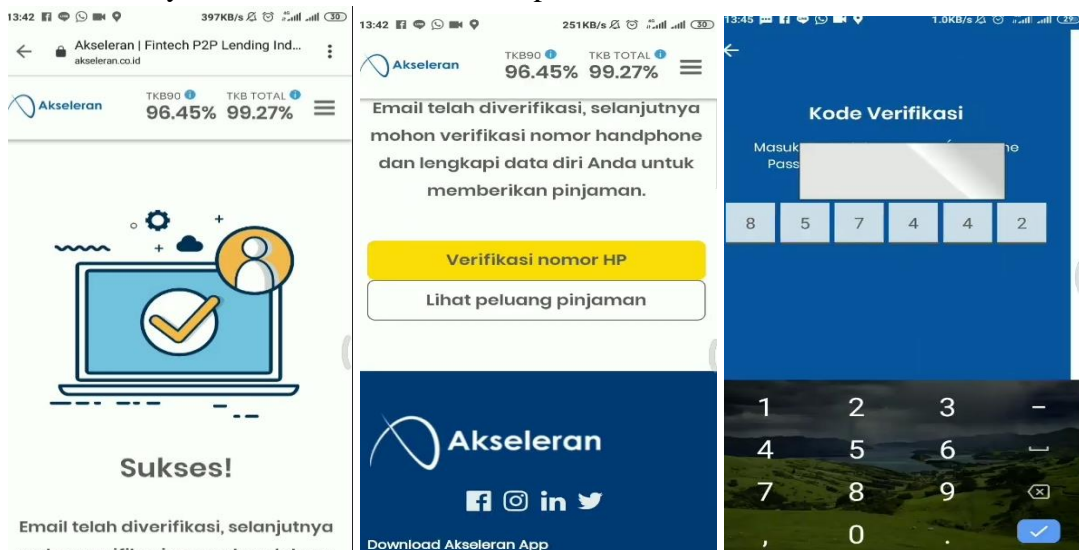
1. Go to the [www.akseleran.com](http://www.akseleran.com) site or download the application on the playstore.
2. Enter the google account password and password, check the policy of acceleration, and understand, then click the link sent to the email entered.



**Figure 1. Stages of Account Creation in Acceleration**

Source: Acceleration

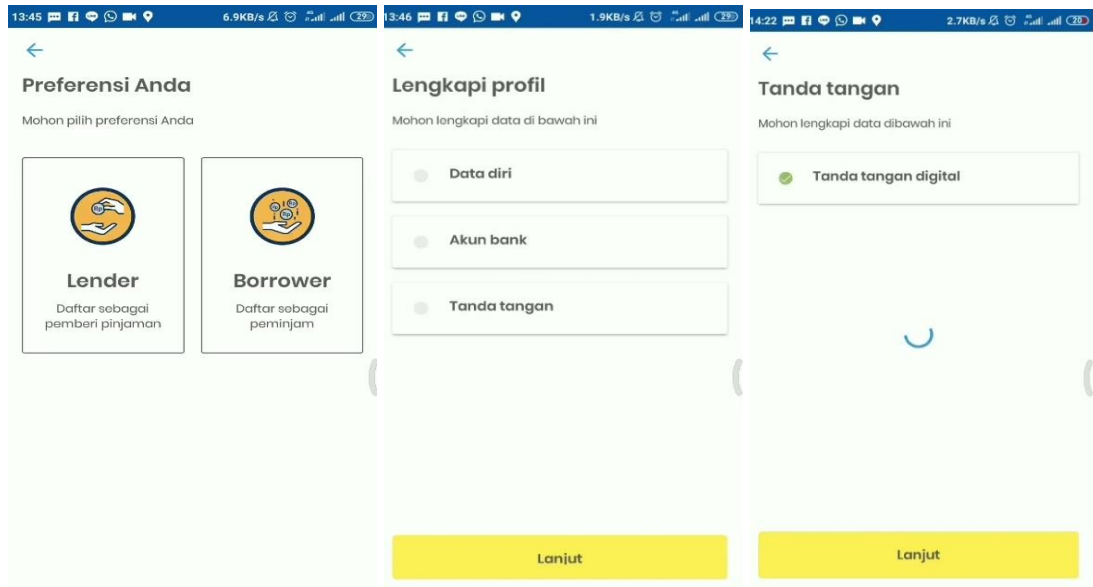
3. After successful email verification, enter an active mobile number, the OTP code will automatically enter the SMS on each cellphone.



**Figure 2. Verification Account**

Source: Acceleration

4. Next, after the account is successfully created. If you want to get additional funds, participants click the enter button as a borrower. Then complete the profile such as KTP, NPWP, and the bank account used. Next, enter the digital signature.



**Figure 3. Entering personal data in Acceleration**

Source: Acceleration

5. If the data has been entered and all conditions are met, please wait for 1x2 hours and the loan will be verified by Akseleran.



**Figure 4. Verification of Accelerated Account Data and Borrowing Funds**

Source: Acceleration



**Figure 5. Training Activities at Community Houses in Kerinjing Village**



**Figure 6. Participant Q&A Activities**



**Figure 7. Ulak Banding Village Fintech Training Activities**

Source: Field Documentation, 2019

Utilization of Fintech can expand the reach of increasing capital and increasing business in small businesses such as home industries in Ulak Banding Village. Using the role of P2P and Crowdfunding can provide additional SME capital, while the use of digital payments such as Ovo, Gopay, Dana, digital payment transfers, social media, and a marketplace for SME in increasing business activity income. That way the use of financial technology is very helpful. In addition to playing a role in financial transactions, fintech also plays a role in funding, and economic turnover so that the final output will increase the capital and business income of SME

in Ulak Banding Village. So, the lack of capital and lack of understanding of fintech is no longer a problem.

## CONCLUSION

In the implementation of the fintech 4.0 training in Ulak Banding Village, it was concluded that most of the people in Ulak Banding village before this training did not understand the material related to the role of P2P lending, crowdfunding, and digital payments. However, after this training was held, SME actors were interested in getting additional capital and realized the importance of using digital payments to expand their business reach which in turn increased business turnover.

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