The Influence of Fintech on the Financial Inclusion of the Tegal City Community

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Abstract. Financial inclusion is the availability of public access to financial service products that are in accordance with the needs and abilities of the community. This study aims to analyze the impact of financial literacy and the use of fintech on financial inclusion. Fintech in this study is a disruptive innovation in the financial sector by utilizing technology and the internet to encourage the implementation of financial transactions. The survey was conducted on residents of the city of Tegal by selecting a sample using a targeted sampling technique. The sample selected is individuals who meet the criteria above 15 years old and are residents of the city of Tegal. Questionnaire data was distributed to respondents. More than 100 respondents can meet the requirements and analyze. The analyzed data meets the requirements for validation and reliability checks. Hypothesis testing is done by multiple regression analysis. The results of financial literacy analysis show that financial literacy has a significant positive effect on financial inclusion. The results of fintech data analysis show that fintech has a significant positive effect on financial inclusion. This study shows that increasing financial literacy and using fintech can increase financial inclusion.

Keywords: Fintech, Financial Inclusion

1. Introduction

During the COVID-19 pandemic, the role of fintech is very helpful and fintech technology is the fastest growing and widest segment in offering the latest service features and its role in making it easier for people to get financial products and literacy.[8]. For most groups of individuals, fintech is a solution in conducting financial transactions. During the pandemic, the implementation of the PSBB (Large-Scale Social Restrictions) rules hampered the pace of the economy in transactions. With the sophistication of fintech artificial intelligence, it allows economic actors to transact peer to peer without meeting face to face[16]. The pandemic period resulted in narrower community movement and the number of public services that made transactions via online. Financial services are also not spared from digital services that make it easier for people to make transactions with online media such as transfers, shopping, electronic wallets, and even online loans. Fintech offers a "revolution" of combining financial services with information technology that has improved the quality of financial services, and created financial stability. Fintech refers to the use of technology to provide financial solutions.

Apart from the above phenomena, there is some disagreement from several previous studies on the impact of FinTech on financial inclusion[5]. During the study, fintech said it had a significant positive effect on financial inclusion. A previous study stated that fintech had no effect on financial inclusion[24].

Therefore, it can be concluded that fintech is a service innovation. Financial services that take advantage of technological advances in financial transactions, and generate business

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models, applications, processes or products. Provide financial services. There are different types of service-oriented banks. Fintech such as mobile payment (payments), mobile banking (banking), internet, etc. Banks and e-commerce (electronic money). This service can be provided.[1]

Financial inclusion is an example of a program to expand access to finance in Indonesia, which can provide solutions to various factors causing low levels of financial literacy. OJK shows that the “level of knowledge” of financial community groups in Indonesia is only approaching 29.66%, while the level of use or groups of people who have access to financial services and the index of financial services is close to 67.82%”[20]. With the government's target in the Financial Inclusive National Strategy (SNKI) which is expected for the 2019 financial inclusion index period to be close to 75%, this is the urgency of this research.[21].

Financial inclusion is not an option, it is important, and banks are an important driver for achieving it. The development of financial inclusion supported by technological developments has great power over financial markets, especially in business activities. The revolution in the financial sector plays an important role in improving financial services and has an impact on financial system stability. Financial system stability is reflected in the performance of the banking sector, such as credit and credit, as well as increased welfare. Society through financial inclusion. However, the role of financial inclusion through fintech integration has not succeeded in reaching the wider Indonesian community, and the dominant contribution of financial inclusion has not been seen to affect financial system stability.[9]

To achieve a high level of financial inclusion, both individuals and economic actors must go through a decision-making process and use freely available resources. With the era of globalization, the impact of modernization has brought socio-cultural changes from traditionalism to modernity in Indonesian society, with increasingly progressive patterns of financial management and the use of financial products and services by formal financial institutions.[25]. However, not all Indonesians have embraced modernization. In some areas of Indonesia, customary (informal) institutions are used to meet the financial needs of the community. It is based on the principle of trust and respect for adat, which is very strong and makes it easy for Indonesians to finance. Activities through traditional institutions as compared to financial institutions.

2. Methods

This type of research is quantitative research. Quantitative analysis is done by analyzing the problems that are realized with data that can be explained quantitatively. This study uses a sampling method in the form of non-probability sampling with a convenience sampling technique, namely a sampling method based on considerations of convenience to obtain some basic information quickly and efficiently.[2]. This study uses fintech as the independent variable, while financial inclusion is used as the dependent variable.

The survey was conducted using a closed questionnaire which is a research instrument that contains a number of written questions and includes answer choices. The process of collecting data using closed questionnaires can facilitate researchers because the questionnaire has provided answer choices. So that the answers from respondents are more focused and also do not deviate from the expected answers. This will make it easier for researchers to analyze the data because the data obtained will be more focused[2]. The purpose of reliability testing is to find out how reliable the rating of the scale is.

3 Discussion

Financial technology (fintech) is an innovation in financial technology. Quoted from a large Indonesian dictionary. Financial Meaning Finance is a special edition dealing with finance and technology means technology. i) Scientific method to achieve practical goals (Applied Science). ii) Total funds for the provision of goods needed for human survival and comfort . From the explanation of the two words above, financial technology can be interpreted as a means / scientific method in managing finances to achieve practical goals in providing the products needed for survival and comfort.[23]..

Indonesia's financial sector startup services (known as fintech companies) themselves began to grow in 2006. This is also a sign that Indonesia has entered FinTech Generation 3.0. Even in the Industrial Revolution, especially in the development of payments, these technologies have historically been highly renewable. Judging from the overall development and progress, fintech was in the middle of the market from 1661 to 2014. However, due to the rapid expansion and development of the FinTech pandemic, 33% of FinTechs in Indonesia recorded more than IDR 80 billion transactions, reported to be in 2017. 2020. or more than IDR 4.6 trillion. This value sounds great, but in reality there is still a lot of room for improvement. According to the survey results, used by 70, 3% of adults financial products or services provided by formal financial institutions 55.7% of adults have accounts with financial institutions [4]. This means that there are still many who do not have access to formal financial institutions.

After the 2008 financial crisis, financial inclusion gained popularity. The goal of financial inclusion is to eliminate all costs and restrictions on access to and use of formal financial services for the general public. There are 4,444 financial inclusions, which leads to financial inclusion. The economic exception is the impossibility of using formal financial institutions because of a number of limitations, such as: The goal of financial inclusion is to promote economic growth through distributing income, reducing poverty, and ensuring the integrity of the financial system. A decrease in wealth and inequality in the nation may lead to a rise in financial inclusion. Financial inclusion is therefore not a choice but a necessity, and banks are a key factor in achieving it.[13].

Supported by the development of information technology and the rapid spread of the internet, several digital financial services have emerged, making it easier for the general public to obtain knowledge and education about finance and financial services. This definition is expected to enable consumers of financial products and services, as well as the wider community, to not only know and understand financial service institutions and financial products and services, but also change and improve people's financial management behavior. To improve their welfare. Therefore, based on the explanation above, the following hypothesis can be made:

3.1 Fintech (Risk and investment management) has an influence on financial inclusion (financial knowledge) in the people of the city of Tegal

Currently, Perum Pegadaian, cooperatives, and other microfinance institutions are the three financial institutions that give the underprivileged access to financial services. In many nations, access to formal financial services is widely seen as one of the key factors in efforts to reduce poverty. Increased public access to financial services has a considerable positive impact on the economy, according to a number of academic studies. reduction of poverty. In several developing nations, increasing public use of financial services is a key topic on the policy agenda.[5].

3.2 Fintech (Market provisioning) has an influence on financial inclusion (financial knowledge) in the people of the city of Tegal

Digital financial service financial technology. Paying doesn't require physical form. The government and wider community must establish FinTech in Indonesia to monitor and manage financial activities at the state, corporate, and individual levels. Financial technologies will produce a cashless world. These two aspects give the people innovative and affordable financial services and make the country more competitive. The foregoing explanation led to the following hypothesis:

3.3 Fintech (Cashless society) has an influence on financial inclusion (financial knowledge) in the people of the city of Tegal

Payment systems, peer-to-peer lending, asset management, market offerings, and crowdfunding are common Indonesian fintech services. In 2018, commercial and agricultural sectors received 7.64 trillion Rp in Fintech loans [6]. Fintech solves challenges that payment banks can't.

3.4 Fintech (Risk and investment management) has an influence on financial inclusion (financial behavior) in the people of the city of Tegal

Well-regulated Fintech will solve financial issues. Fintech can empower individuals. The digital economy, especially financial technology, allows users to get financial services without a bank. Without proper infrastructure and internet, a cashless society is impossible. If infrastructure and internet don't support, people use cash. Financial technology requires internet access.

3.5 Fintech (Market provisioning) has an influence on financial inclusion in the people of the city of Tegal

Digital economy advances. Technology Finance may influence the economy. Financial technology can make us cashless. Cashless societies reduce corruption. You can also prevent and monitor illicit donations. Financial technology and a cashless society allow this. Free internationalization. Growth Digital technology, notably finance and cashless communities.

3.6 Fintech (Cashless society) has an influence on financial inclusion (financial behavior) in the people of the city of Tegal

Both banks and fintechs have a mission to provide the best experience. Therefore, Complementing customers. By merging their capabilities, dependable banks and fintech eliminate each service's blind spots. FinTech drives digital economy through service and product innovation. By expanding promotional financial services. Mobile, efficient fintech is expected. Can solve problems financial services can't As usual, digitalization has impacted the financial services business.

3.7 Fintech (Risk and investment management) has an influence on financial inclusion (financial attitudes) in the people of the city of Tegal

Market provisioning is a market data analysis service model. In a 2014 survey on digital and banking, Currently, 40% of mass Asian and HNWI customers prefer online or mobile banking services, half under 40 years choose digital banking services. The current digital banking customers in Asia It reaches 670 million and is expected to grow to 1.7 1 billion customers by 2020 [8].

3.8 Fintech (Market provisioning) has an influence on financial inclusion (financial attitudes) in the people of the city of Tegal

The changing times have led to changes in society. Everyday life, one of which is modern trading activities. In this case, cash payments are gradually being abandoned and changed to card payments. Non-cash payment behavior is also influenced by lifestyle. Latifah's study (2015) This also shows an influence on lifestyle (activities, interests). Opinion) When I bought 36.8% from BCA Fraz. This lifestyle is based on the need for non-cash transactions. The impact of a lifestyle that tends to be minimal in cash when making a decision to buy a BCA flash.

4. Conclusion

(1) Fintech variables (risk and investment management and market provisioning) have no effect on financial inclusion (financial knowledge), while fintech (cashless society) variables affect financial inclusion (financial knowledge); (2) Fintech variables (risk and investment management and market provisioning) have no effect on financial inclusion (financial behavior), while fintech (cashless society) has no effect on financial behavior (financial attitude). (1) Researchers are hampered in providing a survey about fintech and financial inclusion to the people of Tegal because they have not fully studied these two concepts. (2) The results of this study emphasize the current development of a cashless society, therefore other variables cannot contribute more. Initial assumptions are that few Tegal residents comprehend risk, investment, and market provisioning. (1) Researchers are unable to provide a survey about fintech and financial inclusion to the people of Tegal since they have never completely examined these ideas. (2) This study emphasizes the development of a cashless society, thus other variables cannot contribute more. Initial assumptions are that few Tegal residents comprehend risk, investment, and market provisioning. (1) Researchers are unable to provide a survey about fintech and financial inclusion to the people of Tegal since they have never completely examined these ideas. (2) This study emphasizes the development of a cashless society, thus other variables cannot contribute more. Initial assumptions are that few Tegal residents comprehend risk, investment, and market provisioning.

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