



Usefulness and The Risks of Fintech Payment for Smes in Ambon City

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ABSTRACT

The development of information technology makes people today tend to want to carry out their activities practically and quickly. The financial sector is one of the most affected by technological developments. The manifestation of the development of technology and information in the financial sector is the emergence of financial technology (fintech). Fintech can help Micro, Small and Medium Enterprises (SMEs) during the current pandemic as a form of business innovation that is expected to increase market share, as well as a step in overcoming problems related to capital financing, preparation of financial reports, payments and marketing, and financial transactions. and other financial literacy. The use of a technology certainly always provides benefits to its users, but there is always a negative side, namely the risks that will accompany it. This study aims to determine and analyze the influence of the Usefulness and Risk of Fintech SMEs in Ambon City. This study uses a quantitative method by distributing surveys to 54 SMEs in Ambon City using convenience sampling technique. The test results with SEM-PLS show that perceived trust, perceived risk and perceived usefulness affect the intention to use fintech payments for SMEs actors. Trust is the strongest factor in encouraging the intention to use fintech payments. For perceived ease of use and perceived risk have no effect on attitude and perceived usefulness. attitude has no effect on the intention to use fintech payment. Based on the path value calculation, the most powerful factor influencing the intention to use fintech payments is perceived trust.

Keywords: : Usefulness, Risk, Fintech Payment, SMEs.

JEL Classification Code: G23, G33, R19

INTRODUCTION

Capital is one of the classic problems of SMEs from the past until now. SMEs often have difficulty getting capital as a startup or business development. In fact, access to capital can be obtained from various financial institutions such as banking, multi-finance, and peer to peer (P2P) lending. In general, the requirements for obtaining capital loans from banks and finance companies are very large and it is difficult for SMEs actors to be able to obtain working capital. One of the requirements is that the absence of proper management and financial reports is one of the reasons encountered.

In today's era, with the advancement of technology, everything is made easier. Information technology has now become a necessity and inseparable in human life. Technological developments have a significant impact on all aspects of human life, one of which is the financial aspect. Information technology in the financial sector provides opportunities for us to carry out financial activities anywhere, anytime. These advances have caused the field to experience a change in financial activity from conventional to digital era. The development of technology in the financial sector is called Financial Technology (Fintech). The definition of Fintech as described by Bank Indonesia is the use of technology in the financial system that produces new products, services, technology and/or business models and can have an impact on monetary stability, financial system stability.

Technological changes in the financial sector also have an impact on the SMEs sector. Ease of access to financial services for SMEs is an important factor for increasing the competitiveness of the SMEs sector and is a must considering that SMEs are one of the driving factors for Indonesia's economic development process. (Mason and Brown; 2013). The reality is that not all SMEs have access to

financing. AFPI data for April 2021 shows that out of a total of 60 million SMEs, 46.6 or 77.6% of them cannot access banking credit.

The presence of fintech in this era can bring great opportunities and potential in the development of SMEs in Indonesia. Through fintech services, it is hoped that it can help SMEs to get convenience and efficiency in the financial sector. Fintech is a complement to the role of banks to channel funds to micro-enterprises. Loose rules in fintech are one of the reasons people choose this online credit over banks. Not only limited to helping finance business capital, the role of fintech is also in various aspects such as digital payment services and financial arrangements.

Fintech is a technology that utilizes the internet network, therefore knowledge of the use of technology is also an important factor for SMEs in accessing digital-based finance. The lack of knowledge of SMEs actors towards fintech can have a negative impact on these SMEs actors. As rumors circulate that the development of fintech raises several problems in its implementation. If the use of fintech is not anticipated from the aspect of regulation and supervision, it will cause risks to the community. This shows that fintech does not only provide convenience and help SMEs in terms of capital, but there are risks that then become a problem in using fintech. These risks include intimidating collections, higher loan interest than banks.

The ease and flexibility provided by fintech allows the risk of interest from SMEs actors to prepare financial reports will be lower, as well as their management. Financial behavior relates to how a person treats, manages and uses the financial resources available to him. Individuals who have good financial behavior in using their money tend to make budgets, control spending and manage finances well.

The problem of SMEs in Indonesia

is also a problem and weakness of SMEs in Maluku. Data from the Department of Cooperatives and UMKM in Ambon City, the number of SMEs actors in this area reached 38,518 and the proportion of SMEs lending was 27.46%. So as much as 72.54% get funds from their own capital or other loans. An initial survey for several SMEs actors in the city of Ambon, explained that there was a desire to get a loan but was constrained by the requirements and conditions of the lender, both banking and other non-bank finance. All have the same conditions. However, regarding financing, online-based payments, some of the SMEs actors when asked, they don't know much about online financing and payments. The reason is because they don't want to take risks, based on information from social media (Facebook), shows more about the disadvantages of using online loans. Lack of knowledge, lack of information, distrust affect the attitudes and behavior of SMEs actors. Based on the background described, this study aims to analyze the effect of the Usefulness and Risk of Fintech payment on SMEs actors in Ambon City.

METHODOLOGY

This research is a quantitative

study with primary data sources and survey techniques on 54 respondents of SMEs actors in Ambon City. The sampling technique used was convenience sampling, namely sampling based on the wishes and convenience of researchers in finding samples (Sugiono, 2012). The research instrument adopted from previous research. The method of data analysis and hypothesis testing uses the Structural Equation Model – Partial Least Square (SEM – PLS). This model is a multivariate analysis technique to combine factor analysis and path analysis so as to allow researchers to simultaneously test and estimate the relationship between multiple exogenous and endogenous variables with many factors (Gefen (2011) in Ghazali & Latan, 2012).

RESULT AND DISCUSSION

The validity test in this study showed the loading factor value of 0.7 on all AVE indigo constructs above 0.5. Thus, it can be stated that all constructs in this study are valid. The results of the discriminant validity test show that the validity has been met. Each construct tested has a square root value greater than the correlation between constructs.

Table 1
Validity Test

	PU	PEoU	NPFT	PK	PR	ATT
PU	0.851					
PEoU	0.717	0.825				
NPFT	0.418	0.420	0.803			
PK	0.510	0.588	0.408	0.896		
PR	-0.091	-0.037	0.142	-0.115	0.827	
ATT	0.720	0.538	0.424	0.625	-0.000	0.914

Source: Data processing, 2021

The results of testing the structural model that the value of adjust R2 on the variable of intention to use fintech payment is 27% and 63% on attitude based on the results of statistical testing with

bootstrapping analysis shows that from 8 hypotheses, 5 hypotheses are accepted and 3 hypotheses are not accepted. In detail the results of hypothesis testing can be seen in table 2.

Table 2
Hypothesis test

	Structural Loading	P Values	Note:
Hypothesis 1	-0.143	0.122	Not accepted
Hypothesis 2	0.628	0.000***	Accepted
Hypothesis 3	0.097	0.130	Not accepted
Hypothesis 4	0.400	0.000***	Accepted
Hypothesis 5	0.240	0.052*	Accepted
Hypothesis 6	-0.192	0.085*	Accepted
Hypothesis 7	0.247	0.037**	Accepted
Hypothesis 8	0.097	0.246	Not accepted

Source: Data processing, 2021

The effect of perceived ease of use on attitude. Based on the test results indicate that perceived ease of use does not have a positive and significant effect on attitudes. This means that the ease with which fintech payments can be used will not have a direct influence on attitudes. Attitude shows a person's response to a technology in the form of feelings of pleasure or displeasure with the use of technology. Convenience cannot directly influence a person's attitude towards technology, in this case, fintech payments. This study is not in accordance with the extended TAM theory which states that perceived ease of use on a regular basis can affect a person's acceptance of a technology. The findings of this study by comparing the use of fintech payment types and the results of questions to respondents, it can be concluded that the ease of use of fintech payments has not been accepted. Most of the fintech payment users are EDC (debit card) users, which cannot be used anywhere in the sense that they require a special place so that the flexibility of the tool is lacking. Sometimes the use of this type of fintech payment e-money also encounters obstacles such as a slow response from service providers, so that the respondents' perceived ease of use in this study is lacking in fintech payments which causes no positive influence on the attitudes of users. These results are in line with research conducted by Suyanto &

The effect of perceived usefulness on attitude. Based on the test results in this study, it shows that perceived usefulness has a significant positive effect on attitude. This means that the higher the usefulness or benefits of using fintech payments in SMEs, it will affect the user's attitude, in this case, manifested by his pleasure in using the technology in his business. Usefulness in the use of technology is expected to provide benefits and help facilitate human work. When someone feels that the use of fintech payments in their business provides various benefits, it will affect their attitude in using fintech payments in their business. The results of this study are in line with the extended TAM theory which states that perceived usefulness as one of the basic constructs of acceptance of a technology will affect a person's attitude. The usefulness of fintech payments in SMEs is manifested by an increase in performance, where the use of fintech payments helps many respondents to speed up payment transactions in their business. The results of this study also show that every SMEs does not only provide one type of fintech payment, even more so for the type of e-wallet, including OVO, Shopepay, Go-Pay, Oto Pay, Link Aja, Home credit and so on. This shows that the respondents in this study responded to the various uses provided by fintech payments for businesses, especially uses in the payment

system, so that SMEs tried to provide these payment services to support their business activities. These results are supported by research conducted by Amalia (2018), Cania (2018), Najib & Fahma (2020), and Suyanto &

The effect of perceived risk on attitude. This study shows that the perception of risk does not have a negative and significant effect on attitudes. This means that the use of fintech payment technology basically still has risks but does not affect the attitude of its users. The findings show that the use of fintech payments carries a risk of transaction failure due to system errors or signal problems. Even though this does not affect the attitude of SMEs towards the use of fintech payments. The results show that the adoption of a payment technology by SMEs is not solely influenced by the risks of the technology. Respondents in this study stated that the reason for using fintech payments in their business was the demand from customers so that they could improve service to customers and be able to compete with their competitors. SMEs managers also think that the risks involved in using fintech payments are not too big compared to the benefits of fintech payments themselves. The biggest risk from using this fintech payment, which is felt to be only a sudden reduction in balance and even then, can be overcome because the company providing fintech payment services has provided services to make claims for customers with easy and fast complaint information. Based on this description, it can be concluded that the perception of the risk of using fintech payments in this study has no effect on attitudes. Venkatesh & Davis (2000) in the extended TAM theory states that individuals do not consider information from the existence of social processes in using a technology that will affect their behavior towards new technology. The influence of social processes in this

study is the perception of risk, because in Indonesia the social life of the people is prone to criminal acts, in line with the opinion expressed by Venkatesh & Davis (2000) that the perception of risk in this study has no effect on the attitudes of fintech payment users. The results of this study support the research conducted by Cania, (2018) and Rahayu, (2018), namely that there is no significant effect of risk perception on attitudes. because in Indonesia the social life of the people is prone to criminal acts., In line with the opinion expressed by Venkatesh & Davis (2000) that the perception of risk in this study has no effect on the attitudes of fintech payment users. The results of this study support the research conducted by Cania, (2018) and Rahayu, (2018), namely that there is no significant effect of risk perception on attitudes. because in Indonesia the social life of the people is prone to criminal acts., In line with the opinion expressed by Venkatesh & Davis (2000) that the perception of risk in this study has no effect on the attitudes of fintech payment users. The results of this study support the research conducted by Cania, (2018) and Rahayu, (2018), namely that there is no significant effect of risk perception on attitudes.

The effect of perceived trust on attitude. The results of this study indicate that there is a significant positive effect of perceived trust on attitudes. This means that the higher the trust in fintech payments, the more it affects a person's attitude to use it. Trust in the use of fintech payments in this study shows high results, complaint services and security guarantees from companies providing fintech payment services. The risk from using this technology makes SMEs trust in choosing payment systems using fintech payments even greater. The services provided by fintech companies provide a sense of security and comfort so that users believe in using the technology, so that it

will affect the user's attitude. According to the extended TAM theory, individuals can gain experience from using a system from time to time so that they can directly assess the potential benefits of using it. A user's trust is also obtained from his experience using a technology. The intensity of use that often makes users better understand how a technology works. The user's understanding of technology can create trust in the technology itself so that it affects his attitude in using the technology. In addition, the findings in this study indicate that the fintech payment service provider has anticipated the threats and risks that exist, thus making users more confident by using the technology as a payment system in their business.

Effect of perceived usefulness on intention to use fintech payment.

Based on the test results in this study, it shows that there is a positive influence of perceived usefulness on the intention to use fintech payments. The usefulness of fintech payments directly does not have a significant effect on user intentions. The use of fintech payments does help complete payment transactions in SMEs, but in practice they often experience problems in their use. Judging from the type of fintech payment, the most used by respondents in this study was EDC (debit card). Based on the open-ended questions given, most of the respondents answered that the use of these tools often experienced system troubles. The use of other types of fintech payments such as e-money OVO, Go-Pay, Shopepay is also often encountered problems due to signal interference., This causes user expectations by adopting this technology, such as speed and accuracy in helping to complete payment transactions using fintech payments, are less felt. This research is in line with the theory in extended TAM which states that perceived usefulness can affect the behavior and intentions of users in adopting a technology. The readiness of infrastructure such as

technology itself and human resources as users in the use of fintech payments needs to be prepared, so that the value of the usefulness of the technology can be felt to the maximum. (2020), and Najib & Fahma (2020) show that perceived usefulness has a positive effect on intention to use fintech.

Effect of perceived risk on intention to use fintech payment.

The results of this study indicate that the perception of risk has a negative effect on the intention to use fintech payments. This means that there is a risk in using fintech payments that will affect a person's intention not to use the technology. The risks that exist in the use of technology will be considered for users if the risks involved are greater than the use value of the technology. Based on an analysis of open-ended questions, the questionnaire found that the most common risk of using fintech payments was transaction failure, although there were other risks, such as sudden loss of balance or theft of personal data. The risk of transaction failure is a risk that often occurs. Transaction failure can be influenced by internal system factors and external factors., Internal risk is due to disruption of the fintech payment service system itself, while external factors are due to internet connection instability that often occurs. These various risks often make users reluctant to use fintech payments, which is actually expected to facilitate and speed up transactions, and vice versa.

The results of this study indicate that the high risk of transaction failure in the use of fintech payments makes the payment transaction process take longer so that it affects user intentions, in this case SMEs, not to use fintech payments as a payment system. The results of this study support research conducted by Cania (2018), Sijabat et al., (2019) and Cahyani et al., (2020) which state that there is a negative influence of risk perception on the intention to use fintech payments.

The effect of perceived trust on

the intention to use fintech payment.

The results of this study indicate that there is a positive and significant influence on the perception of trust on the intention to use fintech payments. The higher the trust in fintech payments, the higher the impact on the intention to use fintech payments in a sustainable manner. The existence of a complaint service for problems using fintech payments provided by the technology service provider company makes users feel that their security is guaranteed. The effect of this is that the trust in using fintech payments by SMEs is higher, the greater the guarantee of security and clear services from the technology provider, the greater the intention to use it in an effort to help facilitate payment transactions. Based on the extended TAM a good image of a technology will influence a social group to adopt a new technology. The image is formed because of a social process so that one can judge a technology from the good or bad side. When a person's assessment of the technology is good, it will affect his intention to adopt the technology. Likewise, the trust that a person has in the use of high fintech payments will affect his intention to use the technology in a sustainable manner. According to Najib & Fahma (2020) social conditions in Indonesia are high in criminal acts, encouraging research related to the acceptance of a technology to add a variable of trust perception. Trust in technology is not only a guarantee of security from outside attacks such as hackers but also from the ability of the technology to help complete the work of Sijabat et al., (2019). This study shows that the perception of trust is one of the important factors in the consideration of someone using a technology by looking at its significant effect on usage intentions. This study supports the results of research conducted by Sijabat et al., (2019), Najib & Fahma (2020), and Raja & Widodoatmodjo (2020) which show a positive and significant influence on the perception of trust on the

intention to use fintech payments. This study shows that the perception of trust is one of the important factors in the consideration of someone using a technology by looking at its significant effect on usage intentions. This study supports the results of research conducted by Sijabat et al., (2019), Najib & Fahma (2020), and Raja & Widodoatmodjo (2020) which show a positive and significant influence on the perception of trust on the intention to use fintech payments. This study shows that the perception of trust is one of the important factors in the consideration of someone using a technology by looking at its significant effect on usage intentions. This study supports the results of research conducted by Sijabat et al., (2019), Najib & Fahma (2020), and Raja & Widodoatmodjo (2020) which show a positive and significant influence on the perception of trust on the intention to use fintech payments.

The influence of attitude on the intention to use fintech payment. Based on research conducted that there is no positive effect of attitude on the intention to use fintech payments. This means that the attitude of the user does not determine the intention to use a technology. The attitude in this case is the user's feeling of liking for the use of fintech payments, not the intention to use it sustainably. Some of the shortcomings of this fintech payment system affect a person's attitude in using it. Delayed cash receipts, system errors, and signal problems sometimes make you reconsider using this payment system. Moreover, the findings of this study state that the disbursement of money in the system sometimes has a limit on the amount of money withdrawn every day. In fact, in this case, several respondents said that in order to repurchase the inventory of merchandise, cash was needed for payment. The results of this study are not in accordance with the extended TAM theory which states that attitudes towards using the system will affect the intention to use a technology. So the attitude of

the respondents in this study did not like the use of fintech payments in this case, the most prominent was related to the disbursement of money, even though the respondents in this study still chose to use the payment technology as a form of service to customers. A person's attitude does not affect his intention to use technology in this case is fintech payment. Several other considerations can influence user intentions, even though a person's attitude does not like the technology, but because of other considerations such as usability, security, and encouragement from customers, it can influence a person's intention to continue to use it. The results of this study are not in line with this theory and do not support research conducted by Najib & Fahma (2020), Suyanto & Kurniawan (2019), and Raja & Widoatmodjo (2020) showing that user attitudes will affect the intention to use fintech.

CONCLUSION

The results of the study show that perceived trust, perceived risk and perceived usefulness affect the intention to use fintech payments for SMEs actors. Trust is the strongest factor in encouraging the intention to use fintech payments. When the provision of fintech payment services can guarantee system security and reliability, user trust will be formed. Although there are several risks in digital transactions, this is not an obstacle to the intention to use fintech payments if the user's perception of trust can be built.

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