

Measuring The Interest of Micro, Small and Medium Enterprises in The Use of Financial Technology Products

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Abstract

This research was conducted to determine the level of financial literacy of micro, small and medium enterprises and to determine whether or not there is an influence of the level of financial literacy and promotional strategies via social media on interest in using financial technology products. This research is a descriptive quantitative research using probability random sampling techniques with respondents from micro, small and medium enterprises in Batam City. Data collection in this research used a questionnaire method with a Likert scale model and was distributed to 100 respondents. The data used are descriptive analysis and simple regression analysis as well as multiple regression analysis using SPSS 22.0. The results of this research show that (1) The financial literacy level of micro, small and medium enterprises is included in the sufficient literate category, which is considered to be in the sufficient category with a percentage of 81.12 percent . (2) There is a positive and significant influence between the financial literacy level variable on interest in using financial technology products. (3) There is a positive and significant influence between promotional strategy variables via social media on interest in using financial technology products. (4) There is a positive and significant influence of the variable level of financial literacy and promotional strategies via social media on interest in using financial technology products. This illustrates that asking micro, small and medium enterprises to use financial technology products is in the very satisfactory category.

Keywords: Financial Literacy, Promotion Strategy, Interest

INTRODUCTION

The increasingly rapid economic growth and economic development makes financial institutions play an important role in people's lives. The varied roles of financial institutions mean that each institution strives to distribute various financial products and services to the public. The public must properly understand the benefits and risks and believe that the financial services products they use can improve people's welfare, so the implementation of education in understanding finance in the community really needs to be improved (Murinde et al., 2022). As human needs increase, knowledge about finance also increases. Financial literacy is a basic need for every individual or society in managing finances (Boot et al., 2021). Because if mistakes occur in managing finances, it will cause problems in managing finances. Therefore, financial literacy plays a very important role for individuals or communities so that economic difficulties can be avoided, including micro, small and medium enterprises.

Indonesia is the country with the largest economy in Southeast Asia, but Indonesian people are still categorized as having a low level of financial literacy. Only 32 percent of the population in Indonesia is financially literate, while for micro, small and medium enterprises the level of financial literacy only reaches 28 percent (ojk.co.id). Financial literacy is a set of knowledge and skills of an individual that enables them to make decisions effectively with all the financial resources they have (Manurung, 2009: 24). A bank is an institution that acts as a financial

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intermediary to collect and distribute funds in the form of savings, deposits and so on. In line with technological advances, the banking world is expected to innovate in providing services such as ATMs, internet banking, mobile banking and so on in order to facilitate public access to use banking facilities in carrying out transactions. However, in reality, the use of banking services is still low and needs to be increased again (www.bi.go.id). Therefore, the financial industry will continue to innovate in developing more practical transactions. One of them is the presence of technology in the financial sector, namely *fintech* (*financial technology*).

Fintech is a range of digital financial businesses that provide financial services by utilizing modern software and technology (Agwu, 2014). *Fintech* operates in various fields such as payments, investment, financing and financial research. According to (Christmastianto, 2017) the definition outlined by the National Digital Research Center (NDRC), financial technology is a term used to refer to innovation in the field of financial services, where the term comes from the words financial and technology (*fintech*) which refer to innovation. finance with a touch of modern technology. *Fintech* makes it easier to make transactions in the financial sector more practical and efficient, aiming to maximize the use of technology in speeding up financial services.

Currently, non-cash payment systems such as *e-wallets* and *payment gateways* are in great demand among the public because of the benefits they obtain, such as faster payment processes. Research results from the Indonesian fintech association show that there are around 120 companies operating in the fintech sector. The increase in fintech companies is in line with the number of mobile phone owners which is far greater than the number of bank account holders (cnnindonesia.com). Several fintech companies that offer well-known payment gateways are payment systems on Gojek, Ovo, Shopee, Dana, Bukalapak, Tokopedia, Tcash, and others.

Data from Indonesian fintech shows that only 36 percent of Indonesian citizens have access to banking and financial products. This figure is low when compared with other countries (fintech.id). This is an opportunity and challenge for the government, financial institutions and fintech companies to increase financial literacy and increase financial inclusion. People's difficulties in accessing financial technology (*fintech*) services are due to a lack of financial literacy, so it is important to understand financial literacy to use technological financial products (Manurung, 2012) .

Recent advances in fintech have led to increasingly innovative trade and this has led to increased competition that companies must face. Companies are required to determine the right marketing strategy so that their products become the choice. Understanding the market and the right strategy will help companies win the competition (Bank, 2015) . Promotional strategies via print and electronic media are now starting to be abandoned, due to technological developments and the existence of smartphones connected to the internet, many companies are now switching to promotional strategies using social media such as Facebook, Twitter, Youtube, Instagram and Tiktok.

Social media can help people in various aspects of their needs, aspects of entertainment, education, health, expressing themselves, relationships and so on. Instagram has recently been very popular among micro, small and medium businesses and overall the number of active Instagram users will continue to increase from year to year, because Instagram focuses more on photos and videos compared to other social media and Instagram has various functions that can be enjoyed. by its users and has also become the right place to promote products to consumers. So consumers can find out directly about the products being marketed through uploaded photos and videos.

Most Instagram and TikTok users can immediately react to advertisements on these platforms, for example by visiting the product or service site. Promotional strategies via Instagram and TikTok have begun to be implemented by fintech companies with various methods applied to promote their products, such as Instagram stories, celebrity endorsements, giveaways, paid promotions and Instagram ads. Compared to Facebook or Twitter, the strategy via Instagram is the best place to carry out promotional activities. As more and more micro, small and medium businesses use smartphones and have social media accounts, especially Instagram, fintech promotions are starting to be carried out intensively, with attractive marketing promotions via Instagram social media.

Financial literacy is the knowledge and skills to apply an understanding of concepts and risks, skills to be able to make effective decisions in a financial context to improve financial well-being, both individual and social, and to be able to participate in the community (Kemendikbud, 2018) . Apart from that, the Financial Services Authority (OJK) also emphasizes the importance of financial inclusion as an inseparable part of financial literacy. The definition of financial inclusion itself is a process that ensures easy access, availability and use of the formal financial system for all individuals (Chen & Chang, 2021). Implementing education in order to improve public finances is very necessary because based on a survey conducted by the OJK in 2013, the financial literacy level of the Indonesian population is divided into four parts, namely:

Well literate (21.84%), namely having knowledge and confidence about financial service institutions and financial service products, including features, benefits and risks, rights and obligations related to financial products and services, and having skills in using financial products and services.

Sufficiently literate (75.69%), have knowledge and confidence about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services.

Less literate (2.06%), only have knowledge about financial service institutions, financial products and services.

Not literate (0.41%), do not have knowledge and confidence in financial service institutions and financial products and services, and do not have skills in using financial products and services.

Financial Literacy has long-term goals for all groups of society, namely:

Increasing the literacy of someone who was previously less literate or not literate to become well literate;

Increase the number of users of financial products and services.

So that the wider community can determine financial products and services that suit their needs, the public must properly understand the benefits and risks, know their rights and obligations and believe that the financial products and services they choose can improve people's welfare.

For society, Financial Literacy provides great benefits, such as:

Able to choose and utilize financial products and services that suit your needs; have the ability to carry out better financial planning;

Avoid investment activities in unclear financial instruments;

Gain an understanding of the benefits and risks of financial products and services.

Financial Literacy also provides great benefits for the financial services sector (Feng et al., 2022). Financial institutions and society need each other so that the higher the level of financial literacy in society, the more people will utilize financial products and services. Promotion strategy is a step that must be taken into account in a series of marketing management activities (Tjiptono, 2017) . Promotional Strategy activities are steps in the field of marketing in the form of interaction/communication carried out by the company with consumers or customers.

Social media has become a marketing medium that is widely used today. Moreover, in this digital era, many people are competing to set up online businesses. So knowledge about social media marketing is very important for everyone to have, especially those who are running an online business (Umar et al., 2021). There are many strategies that can be used to market on social media. Both for large scale businesses and small scale businesses. For large-scale businesses, usually they already have regular customers for each product. However, for small-scale businesses, they usually still need a lot of effort to get lots of consumers. Therefore, they really need to learn social media marketing strategies for small scale businesses. So they can attract many consumers through social media (Allen et al., 2022).

The definition of interest is attention that contains elements of feeling. Interest is a drive or desire within a person for a particular object. For example, interest in studies, sports or hobbies (Musrofi, 2018) . Interests are personal (individual). Likewise, with the interest of a person or micro, small and medium business actor in

entrepreneurship by utilizing developments in information technology and financial technology, a catalyst is needed that plays a role in growing interest.

Even though non-cash payments are very popular, there are still many people who are not familiar with fintech and the various benefits it provides. So there is a need for interest in using financial technology products by increasing financial literacy and financial technology among micro, small and medium businesses and carrying out promotional strategies through social media so that interest in using financial technology products arises. Previous research conducted by (Margaretha, 2015) found that the level of financial literacy was in the low category. Likewise, research conducted by (Rasyid, 2012) shows that the results of measuring the level of financial literacy are still considered sufficient or far from the optimum category, even close to the low category, so financial literacy must be improved further. This research makes it very necessary for micro, small and medium entrepreneurs, especially those who live in Batam City, to know the extent to which they understand finance, have a good level of financial literacy and are interested in technological financial products.

Looking at the problems above, it can be concluded that financial literacy is very necessary to increase understanding of finance and financial technology (fintech) as well as to increase the interest of micro, small and medium businesses in making transactions using technological financial products with promotional strategies through social media carried out by companies.

METHODS

This research is research that uses the dependent variable interest in using financial technology products (Y) and the financial literacy level variable (X1) as well as the promotional strategy variable via social media (X2). So the hypothesis used is:

H1: The level of financial literacy in micro, small and medium enterprises has a positive and significant effect on interest in using financial technology products.

H2: Promotional strategy factors via social media among micro, small and medium enterprises have a positive and significant effect on interest in using financial technology products.

H3: Financial literacy level factors and promotional strategies via social media have a positive and significant effect on interest in using financial technology products.

This research uses quantitative research with a descriptive approach. Quantitative research methods are a type of research whose specifications are systematic, planned and clearly structured from the beginning until the creation of the research design (Sugiyono, 2016:11) . This descriptive research method is carried out to determine the existence of independent variables, either only on one variable or more without making comparisons with other variables (Sugiyono, 2016:53) .

The research location is in Batam City, Riau Islands.

The data collection technique for this research is a Likert scale model questionnaire which was distributed to 100 respondents. In this research, sampling was carried out using a probability sampling technique, namely a sampling technique that provides an equal opportunity for each element (member) of the population to be selected as a member of the sample (Sugiyono, 2016: 82) . The type used is simple random sampling, which is taking sample members from a population randomly without paying attention to the strata in that population.

To determine the number of samples, the Slovin formula is used as follows:

$$n = N / 1 + N^2$$

$$n = 6064 / 1 + 6064 (10\%)$$

$$n = 6064 / 60.64$$

$$n = 100$$

After the data is collected, the author will carry out an instrument test, namely a validity and reliability test to find out statement items that meet the validity and reliability criteria so that analysis prerequisite tests can be

carried out, namely the stages of normality test, linearity test and multicollinearity test to find out whether the data analysis is for Hypothesis testing can be continued or not (Imam Ghazali, 2012) . Then data analysis was carried out using descriptive statistical techniques, testing to find out the level of financial literacy and simple regression analysis to test each independent variable against the dependent variable and multiple regression analysis to test all independent variables together against the dependent variable using statistical tools. namely SPSS 22.0 (UMI, 2016) .

RESULTS

Descriptive Analyse

In this research, the results obtained from distributing questionnaires from 100 respondents from micro, small and medium enterprises were as follows

Table 1. Descriptive Analyses and Correlation Analyses for the Main Study’s Variable

	N	Mean (SD)	Min	Max	Range	Skew	Kurtosis	SE	1.	2.	3.	4.
1. Exhaustion	649	7.69 (6.03)	0	30	30	0.69	0.08	0.24	-	.73***	-.20***	-.41***
2. Cynicism	649	3.38 (4.27)	0	24	24	1.38	1.34	0.17	-	-.30***	-.39***	
3. Professional Efficacy	649	24.89 (7.83)	0	36	36	-0.89	0.76	0.31		-	.31***	
4. Job satisfaction	649	7.60 (2.18)	0	10	10	-1.14	1.13	0.09			-	

Note: *** $p < .001$

No	Origin Characteristics Respondent	Amount	%
1	Business fields :		
	1. Culinary	34	34%
	2. Fashion	47	47%
	3. Health	4	4%
	4. Beauty	11	11%
	5. Other Services	4	4%
2	Gender :		
	1. Boy	37	37%
	2. Female	63	63%
3	Monthly income:		
	1. 10,000,000 – 20,000,000	90	90%
	2. 20,000,000 – 30,000,000	9	9%
	3. >30,000,000	1	1%
4	Monthly expenses:		
	1. <8,000,000	9	9%
	2. 8,000,000 – 13,000,000	85	85%
	3. 13,000,000 – 18,000,000	6	6%
5	Bank account ownership	100	100%
6	Technology financial products used:		
	1. Gopay	34	34%
	2. Funds	18	18%
	3. Shoppay Shopee	10	10%

4. Ovo	2	2%
5. Tokocash Tokopedia	1	1%
6. Tcash Telkomsel	2	2%
7. Others	33	33%

Source: Primary data processed, 2024

From the recapitulation of the validity and reliability tests of the 34 statement items in the questionnaire, it was stated that all the statement items were valid and then a reliability test was carried out which showed that the level of reliability was very high for the financial literacy level instrument and promotional strategies via social media, meaning that the research instrument had met the requirements as data collection tools in research. By testing descriptive statistics and going through several stages of calculating the level of financial literacy among micro, small and medium business actors in Batam City, it is 82.21 percent and is classified into the sufficient literate category, which indicates that micro, small and medium business actors in Batam City already have knowledge about financial service institutions with various products. This can be seen from the alternative answers of respondents who understand finances.

After conducting a simple linear regression test and multiple linear regression, it was found that the first hypothesis had a positive and significant influence between the level of financial literacy on interest in using fintech products because the better the ability of micro, small and medium enterprises in Batam City to manage finances as capital to improve the quality of life, the better it will be. There is great interest among micro, small and medium enterprises in Batam City in following current economic developments in the technological era and the growing interest in using fintech products. Furthermore, the second hypothesis is that there is a positive and significant influence between promotional strategies via social media on interest in using fintech products because understanding the market and the right strategy will be more helpful in making the product a choice. The right promotional strategy in the current technological era is social media, especially for micro, small and medium businesses in Batam City, almost all of whom have social media. Instagram and Tiktok have recently become very popular among micro, small and medium businesses in Batam City because their features are more attractive than other social media. From the promotional strategy carried out, it will create a feeling of pleasure and interest and the emergence of interest in wanting to use the fintech product and the third hypothesis is that the positive and significant influence of financial literacy and promotional strategies through social media together will have on interest in using fintech products due to a good understanding of finance. and the existence of an attractive promotional strategy through social media means that the curiosity or interest of micro, small and medium businesses in Batam City in using fintech products will be greater because it is supported by factors from within the individual regarding financial understanding and encouraged by external factors, namely more attractive promotional strategies.

DISCUSSION

Referring to the initial objectives of this research which have been described above, the following conclusions are obtained:

The level of financial literacy among micro, small and medium enterprises in Batam City is included in the Sufficient Literate category, that is, it is still in the sufficient category, namely the average financial literacy value shows a figure of 82.21 percent. Increasing financial literacy is very necessary, especially financial education is very important to be given from school to university age, including the role of parents, teachers and lecturers in order to broaden their knowledge about finances in the present or future as well as the need for factors within the individual who are active in following economic developments. then financial literacy will increase.

There is a positive and significant influence between the level of financial literacy on interest in using fintech products. The better the ability of micro, small and medium enterprises in Batam City to manage finances as capital to improve the quality of life, the greater the interest of micro, small and medium enterprises in Batam City in following current economic developments in the technological era and the greater the interest in using fintech products. more increasing.

Limitation And Future Research Directions

Micro, small and medium enterprises must be able to increase their level of financial understanding to a high level or be included in the good category. So, armed with good financial understanding, you will be able to help people solve economic problems. Financial literacy really needs to be improved not only among micro, small and medium business actors, but the community also needs to implement education about financial literacy so that people understand more about using technological financial products which have recently been widely used by smartphone users in the world. The company's decision to use promotional strategies, especially social media, really needs to be focused more so that it attracts more interest and needs to pay attention to other factors that have an impact in efforts to increase interest in using financial technology products. This competition in the fintech product business is a new challenge for the banking world in providing financial services, so collaboration between the banking world and fintech companies is needed, so that it can expand banking access and increase understanding of technological financial products.

CONCLUSION

There is a positive and significant influence between promotional strategies via social media on interest in using fintech products. The right promotional strategy in the current technological era is social media, especially for micro, small and medium businesses in Batam City, almost all of whom have social media. Instagram and Tiktok have recently become very popular because their features are more interesting than other social media. From the promotional strategy carried out, it will create a feeling of pleasure and interest and the interest in wanting to use these fintech products will also increase.

There is a positive and significant influence on the level of financial literacy and promotional strategies via social media together on interest in using fintech products. This can be seen from the F-count results of 48.291 and a sig level of 0.000. Meanwhile, partially, both financial literacy and promotional strategies through social media also have a positive and significant effect on interest in using fintech products. Having a good understanding of finance and having an interesting promotional strategy through social media means that the curiosity or interest of micro, small and medium businesses in using fintech products will be greater because it is supported by factors from within the individual regarding financial understanding and is encouraged by factors from externally, namely a more attractive promotional strategy. Thus, it can also be concluded that the interest of micro, small and medium enterprises in Batam City in using fintech products is in the very satisfactory category.

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