UNDERSTANDING FINTECH: FINANCIAL TECHNOLOGY LITERACY

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Abstract

The rapid development of information and communication technology has significantly impacted the financial industry, particularly in financial services. This industry is no longer solely dominated by conventional financial institutions but has increasingly shifted toward financial technology based on Internet servers and applications. Women, as key members of their families, actively engage with financial markets and fintech, making them an important subject for research. Fintech encompasses products such as e-wallets, P2P lending, and crowdfunding. This study employs quantitative methods, using questionnaires as the primary data collection tool. Among the three fintech products, e-wallets were the most recognized and understood by respondents. This indicates that e-wallets are more easily accessible and comprehensible compared to other products.

Keywords: Fintech, Literacy, Women, Financial Technology, E-Wallets

INTRODUCTION

Women have often been targeted in financial fraud due to their perceived high consumerism tendencies, driven by curiosity about new products and the desire to fulfill their needs by any means. This phenomenon may be attributed to low levels of financial literacy. According to Anis and Candra (2016), data from small and medium enterprises (SMEs) in Indonesia shows that 33% are owned by women. This indicates that Indonesian women are familiar with financial activities, especially within their family environments. However, this does not necessarily guarantee their financial knowledge and understanding.

The evolving landscape of financial literacy has been significantly influenced by advancements in information technology, which have also impacted the financial sector in Indonesia (Purnomo, n.d.). Cases of financial fraud involving women have been reported, such as instances where women borrowed from technology-based financing services.
The Jakarta Legal Aid Institute (LBH) reported 1,330 victims of financial technology-related fraud, highlighting the critical need for financial literacy to protect women from online scams and other financial issues.

Financial literacy, as defined by the Association of Chartered Certified Accountants (2014), encompasses knowledge of financial concepts, the ability to understand communication about financial concepts, proficiency in managing personal or business finances, and the capacity to make financial decisions in specific situations. Financial literacy plays a vital role in influencing financial decision-making. The Financial Services Authority (OJK) defines financial literacy as the ability to understand and manage resources to ensure future prosperity. It involves a process that enhances consumers' and the public's knowledge, competence, and skills, enabling them to make better financial decisions.

In parallel, financial technology (fintech) refers to the use of computer programs and other technologies to support or enable banking and financial services. Fintech is a business model aimed at providing financial services through modern technology. As a disruptive innovation, fintech introduces efficiency and accessibility to financial services. This study aims to explore women's literacy and understanding of financial technology, focusing on its impact and usage within family financial management.

REVIEW OF LITERATURE

Fintech

Fintech is defined as "computer programs and other technology used to support or enable banking and financial services" (Oxford Dictionary). Financial technology, or fintech, also refers to a line of business that uses software to provide financial services, often involving startups aiming to disrupt traditional financial systems and corporations (Wikipedia). Fintech Weekly describes it as a business model leveraging software and modern technology to provide financial services.

Role and Challenges of Fintech

Fintech serves multiple roles, including providing structural solutions for the growth of the e-commerce industry, driving the growth of small and medium enterprises (SMEs) and fostering entrepreneurship, supporting creative businesses in reaching critical market mass, and enabling financial access for unbanked populations (Iman, 2016). However, fintech also faces challenges such as immature regulations, leading to potential misuse, and disruptive innovations that may destabilize traditional systems.

Types of Fintech

In Indonesia, fintech services include payment systems such as digital wallets and P2P payments, crowdfunding platforms, P2P lending services, financial planning tools, and retail investment solutions. Fintech models can be categorized as follows:

Consumer to Consumer (C2C): Focuses on payment and investment transactions between individuals. Business to Consumer (B2C): Establishes relationships between businesses and consumers. Business to Business (B2B): Facilitates transactions between businesses, including big data analysis and predictive modeling.

The Level of Understanding and Interest in Using Fintech

Research conducted by Chairul and M. Nur titled "Tingkat Pemahaman dan Minat Masyarakat dalam Penggunaan Fintech" explores the development of fintech as well as the public's understanding and interest in adopting it. The study concludes that the evolution of Industry 4.0 brings both positive and negative impacts. Adequate socialization and improved regulations are essential to ensure a clear path for fintech development (Burhanuddin, 2019).

Importance of Financial Literacy in Personal Financial Management

Amanita Novi Yushita's research titled *"Pentingnya Literasi Keuangan dan Pengelolaan Keuangan Pribadi"* discusses the crucial role of financial literacy in personal financial management. It highlights that financial literacy aids in making sound financial decisions related to personal finances (Amanita, 2017).

The Role of Fintech in Micro, Small, and Medium Enterprises (MSMEs)

Wahid Wachyu Adi Winarto's study titled *"Peran Fintech dalam UMKM"* examines the impact of fintech on MSMEs. The research concludes that fintech plays a significant role in the growth of MSMEs in Pekalongan and enhances financial literacy among MSMEs (Wachyu & Winarto, 2020).

Financial Technology (Fintech): Its Concept and Implementation in Indonesia

Muhammad Afdi Nizar's research titled *"Financial Technology (Fintech): Its Concept and Implementation in Indonesia"* delves into the concept and implementation of fintech in Indonesia. The findings emphasize the importance of establishing clear regulations for fintech. Such regulations are necessary to prevent a "run fast and break things" approach, ensuring a healthy fintech ecosystem (Afdi & Afdi, 2020).

Optimization of Financial Technology (Fintech) in Enhancing Financial Literacy and Inclusion of Medium Enterprises in Purwokerto

Research by Cut Misni and Karina Odia titled *"Optimalisasi Financial Technology (Fintech) terhadap Peningkatan Literasi dan Inklusi Keuangan Usaha Menengah Purwokerto"* investigates the impact of fintech services on financial literacy and inclusion. The results reveal that fintech services positively influence financial literacy and inclusion among medium enterprises in Purwokerto (Cut & Karina, 2020).

Financial Literacy of Housewives in Shaping Family Financial Behavior

Anis Dwiastanti and Candra Wahyu Hidayat conducted research titled *"Literasi Keuangan Ibu Rumah Tangga dalam Membentuk Perilaku Keuangan Keluarga"* that examines the relationship between financial literacy and financial knowledge among housewives. The study highlights how financial literacy contributes to shaping family financial behavior (Anis & Candra, 2016).

RESEARCH METHOD

This study employs a field research approach, which involves direct observation of the subject under investigation to obtain relevant data. The research method used is quantitative analysis, involving in-depth data analysis based on structured questions. Data collection methods include the use of questionnaires and interviews.

The collected data is subsequently processed and presented in an organized and systematic manner. The data processing activities involve analyzing the results of questionnaires with questions related to financial literacy as well as understanding and knowledge of fintech.

The stages of data processing are as follows:

1. **Editing**

   All collected interview questions and questionnaire data are reviewed and grouped accordingly to ensure data accuracy and consistency.

2. **Data Compilation and Calculation**

   Data compilation and calculation are performed manually, assisted by computational tools to enhance precision.

3. **Tabulation**

   The processed data is organized and presented in the form of tables for better visualization and interpretation.

RESULTS AND DISCUSSION

This study, titled *"Understanding Fintech: Financial Technology Literacy,"* aimed to provide insights into the extent of knowledge and understanding of fintech or financial technology among respondents. The findings from the research are as follows:

1. A total of 250 questionnaires were successfully completed and returned from the 300 distributed.

2. The respondent categories are summarized in the table below:

Table 1: Respondent Marital Status

No	Description	Percentage
1	Married	47%
2	Single / Un Married	57%

Table 2: Respondent Age

No	Age Range	Percentage
1	20–30 years	30%
2	30-40 years	29%
3	40-50 years	19%
4	Above 50 years	22%

Table 3. Respondent Education Level

No	Education	Percentage
1	High School	24%
2	Undergraduate S1	52%
3	Master's (S2)	22%
4	Doctorate (S3)	2%

Table 4. Respondent Expenditure

No	Monthly Expenditure	Percentage
1	Up to 2.000.000	50%
2	2.000.000-5.000.000	33%
3	Above 5.000.000	17%

Table 5. Savings Ownership in Financial Institutions

No	Description	Result
1	Own savings in a bank	88%
2	Do not have savings in a bank	12%

Table 6. Financial Institutions

No	Bank	Result
1	Sharia Bank	44%
2	Non Sharia Bank	56%

Table 7. Bank Credit

No	Credit	Result
1	Yes	29%
2	No	71%

Table 8. Credit Providers

No	Bank	Result
1	Sharia Bank	34%
2	Non-Sharia Bank	66%

Table 9. Fintech Knowledge

No	Description	Result
1	Yes	49%
2	No	51%

Table 10. Sources of Fintech Information

No	Source	Result
1	Social Media	56%
2	TV/Radio	12%
3	Friends and Family	14%
4	Other	18%

Table 11. Digital Wallet Awareness

No	Description	Result
1	Yes	63%
2	No	37%

Table 12. Fintech Usage

No	Digital Wallet	Result
1	Yes	61%
2	No	39%

Table 13. E-Wallet Usage

No	Usage	Result
1	Yes	52%
2	No	48%

Table 14. Digital Wallet Security

No	Security	No
1	Yes	1
2	No	2

Table 15. Sustainability

No	Sustainability	Result
1	Yes	40%
2	No	60%

Table 17. P2P Lending

No	Description	Result
1	Yes	21%
2	No	79%

Table 16. Digital Wallet Usage

No	Description	Result
1	Online Shopping	73%
2	Transfers	12%
3	Balance Checking	12%
4	Others	3%

Table 19. Online Loan Transactions

No	Description	Result
1	Yes	6%
2	No	94%

Table 18. Online Loans

No	Description	Result
1	Yes	47%
2	No	53%

Table 20. Crowdfunding

No	Description	Result
1	Yes	77%
2	No	23%

Table 21. KitaBisa.com

Description	Result
Yes	41%
No	59%

Table 22. Confidence

No	Description	Result
1	Yes	33%
2	No	67%

The evolution of the financial sector in Indonesia aligns closely with technological advancements. The advent of Industry 4.0 has disrupted conventional financial systems, transitioning them into digital-based financial sectors. In Indonesia, financial technology (Fintech) emerged amidst societal and governmental unpreparedness, which is evident in the numerous challenges that have arisen during its implementation. This study aims to explore the level of fintech literacy among women.

Our research focuses on understanding the financial technology literacy of women through a series of specific questions, including:

No	Question
1	Do you have a savings account in a bank?
2	Which bank do you save with?
3	Do you have a loan from a bank?
4	Where do you take out loans?
5	Are you familiar with the term "Fintech"?
6	Where did you get information about fintech?
7	Are you aware of digital wallet applications?
8	Do you use any of these applications: GoPay, OVO, LinkAja, Dana, ShopeePay?
9	Do you frequently use digital wallet applications?
10	Do you trust the security of digital wallet applications?
11	Will you continue to use digital wallet applications in the future?
12	What types of transactions do you perform using digital wallet applications?
13	Are you aware of P2P Lending applications?
14	Are you familiar with online loans?
15	Have you ever used an online loan application for a transaction?
16	Do you find online loan applications easy to use?
17	Will you use online loan applications for the long term?
18	Are you familiar with crowdfunding?
19	Are you familiar with the sharing application KitaBisa.com?

To gather responses, we distributed a questionnaire via Google Forms. The respondents consisted of women who were chosen due to the rising number of fraud cases and defaults in online loans. The study also examined their knowledge of banking and bank

loans. Our research encompasses a general overview of fintech without focusing on specific products, aiming to provide a broad understanding of women's financial technology literacy.

Financial literacy is the ability to understand and effectively use various financial skills. Fintech refers to the knowledge and understanding of financial technology, including its products, usage, and security aspects. Respondents in this study were women aged 20 to over 50 years old.

The findings reveal that most respondents have a good understanding of banking, savings, and loans, both in conventional and Islamic banks. They are well-informed about saving and borrowing in these institutions.

However, when it comes to fintech, the results show limited literacy. For example: 1) Fintech Awareness: 49% of respondents are aware of fintech, while 59% are not; 2) Information Sources: Of those familiar with fintech, 56% learned about it through social media, 12% from TV/radio, 14% from friends or family, and 18% from other sources; 3) Digital Wallet Usage: Over 60% of respondents know about digital wallets and use applications like GoPay, OVO, LinkAja, Dana, and ShopeePay. However, more than 50% of them do not trust the security of these applications, and 60% do not intend to use them long-term; 4) Online Loans: While more than 70% of respondents are unfamiliar with P2P Lending, awareness rises to over 40% when referred to as "online loans." However, only 2% have used online loan applications, and more than 80% find them challenging to use. Over 90% of users do not plan to use these applications long-term; 5) Crowdfunding: More than 70% of respondents are unaware of crowdfunding, but over 40% recognize the KitaBisa.com platform. Only 20% have used crowdfunding platforms, and only 30% of them are confident in making donations via these platforms.

CONCLUSION

This study emphasizes the critical gaps in financial technology (fintech) literacy among women in Indonesia. While digital wallets such as Go-Pay, OVO, and Shopee Pay are relatively recognized and utilized by a majority of respondents, a significant portion remains skeptical about their security and sustainability. Other fintech products, including

P2P lending and crowdfunding platforms, are less familiar and underutilized, indicating a lack of comprehensive understanding and trust.

The findings highlight the necessity for targeted educational initiatives to enhance awareness and comprehension of fintech services among women. Financial literacy campaigns should aim to demystify fintech products, addressing concerns about security and usability. Furthermore, fintech providers must prioritize improving the transparency, user experience, and trustworthiness of their platforms to foster greater adoption and confidence. By bridging these knowledge and trust gaps, the fintech ecosystem can empower women to make informed financial decisions, thereby enhancing their economic participation and resilience.

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