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FINANCIAL TECHNOLOGY TREND: THE ANALYSIS OF FORWARDNESS SOCIETY IMPLEMENTING OF FINANCIAL TECHNOLOGY AT KEDIRI, 2020

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Abstract: *This study aims to examine the forwardness of society at Kediri implementing financial technology. This study used risk, financial technology facilities, and public interest as independent variables that affect community forwardness. We did a survey to collect questionnaire data from 400 respondents. The results of this study provide empirical evidence that society at Kediri have been able to adapt financial technology. The risk factor for transaction errors can also be minimized by using financial technology, so society have tendency to implement financial technology*

Keywords: *Financial Technology, Forwardness Society, risk.*

1. Introduction

Recently, technology has always experienced significant developments where the goal is to be able to create a technology that is more up to date and capable of bringing about big changes in helping alleviate every human task (Indra Lila, 2021). The focus that is currently being discussed is about financial technology. The existence of a pandemic in early 2020 has made the community more adapted using financial technology. The tendency of society to use financial technology is due to the ease of transactions, reducing risk of transmission corona virus, and the availability of cash back offered by various financial technology service providers.

The various facilities offered by financial technology do not necessarily make financial technology a tool that makes payments easier for some people, but vice versa (Budiyono and Sutianingsih, 2021). Financial technology actually exists as a complementary payment that has been around so far, it does not function as a substitute for payment instruments. The problem of using financial technology arise when society thought that financial technology is a substitute for payment system, so society seem to be forced to change cash payment habits.

Previous research related to society perspectives on financial technology was by (Luckandi 2018) which focuses on the usage of financial technology in SMEs. The results of this study provide an explanation of factors influence the use of financial technology, especially in SMEs, are divided into 2 parts, supporting and inhibiting factors. The factors that support SME using financial technology are convenience, security, transaction suitability, and business. According to these supporting factors are evident in the form of ease of recording, ease of transaction processing, and increased sales (Sumadi, and Santoso, 2021). The inhibiting factors for the use of this service are technology implementation, costs, and infrastructure forwardness. Related to these inhibiting factors are clearly needed for adjustments at some point when implementing financial technology.

According to previous research, the focus of this research is to observe the factors inhibiting implementing financial technology. Financial technology seems to have become a necessity for

people now a day, the measurement of infrastructure forwardness needs to observe several things, one of which is the forwardness of the community to use financial technology. Research that discusses community forwardness was by (Trinugroho et al. 2017), the results provide empirical evidence that perceptions of forwardness are correlated with quality of supporting infrastructure. Furthermore, (Trinugroho et al. 2017)found that people who are more educated and younger are eager to adopt a financial technology system. Little evidence was found that men were more enthusiastic about using these technology-based systems. However (Trinugroho et al. 2017) found no evidence of different perceptions of forwardness between those living in rural and urban areas.

It becomes interesting when developing the results of previous research with the existing economic conditions in Kediri, East Java. As one of the developing cities in East Java, Kediri seems have followed the current trend. Kediri had Gross Regional Domestic Product (PDRB) level of IDR 291.48 million per capita in 2018(Wasono 2020). This has attracted several iconic industries to invest in Kediri. Many cafes are also growing in Kediri and of course this is followed by the increasingly widespread use of financial technology by various groups. The development of the digital economy in Kediri is also supported by existing financial service institutions such as banking, OJK, insurance and also supported by companies that innovatively utilize technology to provide financial services or financial technology. Financial technology, which is widely used in Kediri, focuses on financial services in the payment system, banking services, insurance services, loans, crowd funding, and just learning to the public through digital media. Based on this explanation, this research will focus on the forwardness of the people of Kediri, especially in implementing financial technology. This study aims to analyze the effect of financial technology infrastructure, financial technology risks, and the interest in making transactions for the people of Kediri using financial technology on the forwardness of the people of Kediri in implementing financial technology during the pandemic.

2. Research Method

The research method used is quantitative. The population studied was all people in the city of Kediri, amounting to 292,768 people. The sampling technique in this study used the Slovin formula with a significance level of 5%. The following describes the use of the Slovin formula according to (Sugiyono 2017):

$$n = \frac{N}{1 + n(e)^2}$$

Where:
n = total sample
N = total Population
E = error

So,

$$n = \frac{292.768}{1 + 292.768(0{,}05)^2}$$

$$n = 399{,}4$$

Based on these calculations, it is obtained that the sample we use is 399.4 with rounding, so the sample we use is 400 people. Data collection is done by distributing questionnaires online using google form which are then tabulated so that the resulting data can be processed. Hypothesis testing in this study uses multiple linear regression.

The dependent variable in this study is the forwardness of the community in using financial technology. Several other variables to see what things affect the forwardness of the people of Kediri City in implementing financial technology used in this study, among others, risk, infrastructure, interest in transactions. The risk variable is measured based on the level of risk and loss experienced while using financial technology based on research (Wildan 2019). Infrastructure variables are measured based on the facilities provided by various financial technology applications as well as public openness to technology based on research (Trinugroho et al. 2017). Meanwhile, the transaction interest variable is measured based on the frequency of the use of financial technology and the realm of using financial technology based on research (Wildan 2019). We estimate our empirical model using ordinary least square. Our empirical model to be estimated is as follows:

$$Forwardness = \alpha_0 + \beta_1 RISK + \beta_2 INFRA + \beta_3 FRE + \varepsilon_i$$

3. Results and Discussion

3.1. Results

Before distributing questionnaires online, we have tested the validity of the questions we will ask respondents. Each question will be valid if it has a significance value below 0.05. The following table shows the results of the validity test

Tabel 1. Result of Validation Test

Soal	r_{tabel} (N= 33, α=5%)	Pearson Correlation	r_{hitung}	Keterangan
Soal1	0,344	0,997	0,000	Valid
Soal 2	0,344	0,997	0,000	Valid
Soal 3	0,344	0,996	0,000	Valid
Soal 4	0,344	0,996	0,000	Valid
Soal 5	0,344	0,996	0,000	Valid
Soal 6	0,344	0,996	0,000	Valid
Soal 7	0,344	0,997	0,000	Valid
Soal 8	0,344	0,997	0,000	Valid
Soal 9	0,344	0,997	0,000	Valid
Soal 10	0,344	0,995	0,000	Valid
Soal 11	0,344	0,996	0,000	Valid
Soal 12	0,344	0,995	0,000	Valid
Soal 13	0,344	0,995	0,000	Valid
Soal 14	0,344	0,996	0,000	Valid
Soal 15	0,344	0,997	0,000	Valid
Soal 16	0,344	0,996	0,000	Valid
Soal 17	0,344	0,996	0,000	Valid

Based on table 1, it can be stated that the questions in the questionnaire are valid.

The next step is to perform a regression test using SPSS version 22. The following is a table of regression test results for the research variables

Tabel 2. Result of Regression (Anova)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	826,152	3	275,384	172,704	,000[b]
	Residual	631,438	396	1,595		
	Total	1457,590	399			

a. Dependent Variable: forwardness

b. Predictors: (Constant), fre, risk, infra

Table 2 interpretation shows that the sig. 0.000 <0.005 which means that the independent variables simultaneously or together have a significant effect on the dependent variable. So that it can be interpreted that the variables of infrastructure, risk, and interest in transacting together have a significant influence on the forwardness of the community in implementing financial technology. In more detail, the influence that is given between the measurements of each variable can be shown in Table 3 below:

Tabel 3. Result of Regression (Coefficients)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,354	,580		4,062	,000
	infra	,419	,039	,434	10,694	,000
	risk	,014	,028	,017	,496	,620
	fre	,423	,042	,417	10,148	,000

a. Dependent Variable: forwardness

The description of the table explains that infrastructure as measured by the convenience and independence facilities provided by financial technology applications has a significant effect on people's forwardness to use financial technology. The next independent variable that has a significant effect on people's forwardness to implement financial technology is the variable of people's interest in transactions. However, the risk variable does not have a significant influence on the implementation of financial technology in the people of Kediri because of the Sig. amounting to 0.620 is greater than the significance level of 0.05.

The next discussion discusses the coefficient of determination explaining the variation in the influence of the independent variables on the dependent variable. The coefficient of

determination can be measured by the value of R Square or Adjusted R-Square. R-Square is used when the independent variable is only 1 (commonly called Simple Linear Regression), while the Adjusted R-Square is used when the independent variable is more than one (Iqbal 2000). This study uses three independent variables so that it will focus more on the adjusted R square value to see the percentage of free variables affecting the dependent variable as shown in table 4 below:

Tabel 4. Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,753[a]	,567	,564	1,26275

a. Predictors: (Constant), fre, risk, infra

Table 4 shows the adjusted R square figure of 0.564 or 56.4%. This means that the forwardness of the society in Kediri implementing financial technology is simultaneously affected by the independent variables using in this research. The effect of the independent variable on the dependent variable simultaneously is 56.4% while 43.6% are influenced by other variables not examined in this study.

3.2. Discussion

Based on the statistical data in Table 3, it can be explained that the ease of payment processing facilities and independent payment facilities have a significant effect on the forwardness of the people of Kediri in using financial technology. Furthermore, it can be explained that the people of Kediri have experienced the benefits of ease and independence in making transactions using financial technology. Previous research by (Trinugroho et al. 2017) shows empirical results that infrastructure is positively and significantly associated with perceived forwardness in the implementation of cashless system in Yogyakarta. Previous research by (Trinugroho et al. 2017) technology infrastructure is measured by banking facilities, access to business centers, and telecommunication. In this study infrastructure measured by telecommunication, and banking facility.

The independent variable that does not have a significant effect on the forwardness of the people of Kediri city to use financial technology is risk. The risk variable has an insignificant effect on the forwardness of the people of Kediri in using financial technology. This means that the people of Kediri tend to believe in financial technology and few experience the risk of transaction fraud using financial technology. In other words, transactions using financial technology are felt to be safer, from the perspective of the people of Kediri. The existence of financial technology tends to minimize the risk of transaction errors, so that it can further increase public confidence in using financial technology. Previous research conducted by (Wibowo, Rosmauli, and Suhud 2015) provide empirical evidence that public trust in financial technology significantly affects people's interest in using financial technology.

In connection with the next research variable, namely the public's interest in using financial technology which in this study is measured by using the frequency of use of financial technology

and the convenience facilities provided by financial technology. The variable of public interest has a significant influence on the forwardness of the people of Kediri in using financial technology. This means that the people of Kediri city have understood well the facilities provided by financial technology. Furthermore, the statistical results in table 3 explain that the people of Kediri city have a tendency to make transactions using financial technology as seen from the frequent payments made with financial technology. The continuous repetition of the use of financial technology by the public can also prove that financial technology is a type of technology that is needed and can be accepted by the wider community, without exception the people of Kediri. The results of this study are in line with previous research by (Silalahi and Pramedia 2018) which provides empirical evidence that the good quality of the m-payment system will cause users to repeat the use of the m-payment system continuously.

Further research related to financial technology will continue to be an interesting topic to discuss. Given that in the new normal era which prioritizes social distancing, financial technology provides solutions for the community so that the economy continues. Efforts to understand financial technology in rural areas still need to be carried out, especially in areas such as the developing city of Kediri. The open culture of society with technology does not necessarily make it easier for people to adapt to technological updates. Future research is expected to be able to explain other variables that are more dominant in influencing the forwardness of the people of Kediri in using financial technology.

4. Conclusion

We conclude that society at Kediri are ready implementing and adapt with financial technology. In order to increase the usage of financial technology at Kediri, education on the use of financial technology should not only reach modern markets, but also be able to reach traditional market too, so for the next step the improvement of the economy can be achieved.

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