



An Opportunity: Growing of Financial Technology to Stimulate Sharing Economy in East Java

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ABSTRACT

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This paper analyzes the phenomenon of financial technology starts to change conventional financial institution for helping economic development, which the financial technology more likely start-up company is the innovative solution of funding on this country. Financial technology on online-based business offers new opportunities, new investment trends and new funding resources such as lending and capital rising, wealth management and insurance, payment and financial research. I apply generalized method of moment approach on startup company data on financial technology that shows business models and the result shows that financial technology can synergy with financial institution will increase the sharing economy in East Java. Under a competitive industry, financial technology should improve their accountability, accessibility, and reliability to persuade other start-up businesses to growth up together. This paper explains what existing financial technology business model to help start-up business in Indonesia today and how financial technologies to realize good sharing economy in this East Java.

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INTRODUCTION

Today, Financial Technology (FinTech) is becoming more popular in Indonesia, and Financial Institutions are increasingly seeking and building their technology as their leading prior. Developments in FinTech are bringing both opportunities and threats to established financial services. In terms of funding, FinTech start-ups are evolving twice rapidly growth nowadays. Banks and insurers as financial institution are no longer placing their bets on building IT projects but are increasingly looking to external financial technology providers (Horn et al., 2015). Actually the financial technology can be part of a financial institution or a company itself. In financial technology, there are different types or categories such as lending, wealth management, personal investing, payment, insurance, crowd funding and financial research (Moldow, 2014). Moreover, FinTech start-ups also are changing the way in which people save, borrow, send money abroad and pay for things. When the presence of information technology has also become a very basic need by society, then FinTech have a tremendous opportunity to be alternative and new innovation for financial services. Some FinTech in Indonesia has grown and developed in conjunction with the growth of other start-up businesses. These synergies are expected to continue for increasing the value of transaction and the sharing economy in Indonesia.

Indonesia is the country with the fourth largest population in the world, with the middle class population reached 17.3 million in 2014 and expected to increase to 20 million in 2030 (Bank Indonesia, 2016). As a country that could potentially increase in per-capita gross income and strong purchasing power with rapid technological developments, it can be ascertained that the technology will be accepted and adopted by both. When looking at the Internet which became one of the products of information technology has now been used by most of the population in Indonesia. According to a report published by the Association of Indonesian Internet Service Provider (APJII) in last of 2015, Internet users in Indonesia reached 88.1 million (34% of the population), 79 million social media users (31%), and mobile users 318.5

million (125%) with penetration growth of up to 5% per year. According to a report published by the Association of Indonesian Internet Service Provider (APJII) in last of 2015, shows that in terms of numbers, the use of digital technology penetration in Indonesia is very large, even exceeding the combined populations of other countries in ASEAN. It makes use of FinTech in Indonesia is growing equally potential. Today there have been 96 FinTech identified companies operating in Indonesia that emerged through the company from financial institutions as well as start-up company (Bank Indonesia, 2016).

Based on categorization, the author divides the categories FinTech in lending and capital rising, wealth management and insurance, payment and financial research. Lending and capital rising is a financial service that utilizes digital technology to bring together the parties who need loans and those who are willing to lend. This service typically uses the website. Other capital rising more likely Crowd funding is a fund-raising activities through websites or other digital technologies for investment purposes and socially. Source of funding lending and capital rising can come from a person or group of people who knowingly put their funds, either in the form of equity, loans, just to donate, or public recognition. Modalku, Kitabisa.com, Gandengtangan and Crowdfunder as example of lending and capital rising in Indonesia. Then wealth management and insurance category is an alternative form of direct financial investment management and financial information that can be in the form of insurance, mutual funds and stocks though. This FinTech can also be a marketplace of some investment package for investors. Bareksa.com, IpotFund, Duitpintar.com, Rajapremi.com and Asuransi88.com as example of wealth management and insurance in Indonesia. Payment in FinTech is one of the breakthrough were very good and useful for users of financial services in addition to bring financial inclusion caused by the ease of access to finance is offered. In addition, there are other types of electronic payment instruments that have been used by some of the world community, the cryptographic-based payment system (blockchain) like Bitcoin. Furthermore, Veritrans, Kudo, Kartuku, Doku,

Sakuku, Mandiri e-cash and e-pay BRI are partially online payment service in Indonesia. The last category of FinTech is financial research that more operates in the provision of services and personal financial information to global. FinTech can also be categorized in the market provisioning is used to compare the investment packages which are good to use. Cekaja.com, Compare88.com, Cermati and KreditGoGo are kind of market provisioning in Indonesia. The existence of FinTech will be an opportunity for a startup business to grow with the support of FinTech, which continues to be an alternative to the financial online transaction that can be accessed from various regions in Indonesia. Actually the global number of SMEs as other name of Start-up Company is hard to estimate. McKinsey & Co was established approximation calculation, in emerging markets alone, 365 million to 445 million micro, small and medium-sized enterprises exist, out of which 25 million to 30 million are formal SMEs and 55 million to 70 million are formal micro-enterprises, while the rest (285 million to 345 million) are informal enterprises and non-employer firms (World Economic Forum, 2015).

With among 255.708.785 peoples living in Indonesia, not only longer be the potential of new start-up companies but also the potential of a niche market is so high. With the FinTech, the acceleration will be increasingly digital economy can be expected, Jokowi administration in various interviews has stated that his desire to bring 100 new technology-based companies and expect their transaction value digital economy up to 130 billion in 2020 (Techinasia, 2016). Until 2016, several large venture capital companies have done massive funding to start-up Indonesia, for example East Ventures, Mountain Morning Star Ventures, 500 Startups and Indonesia, where they are the company's most frequently deal financing. But the start-up funding is still not evenly distributed in Indonesia, where the company's e-commerce still showed his dominance with a total funding of US \$ 708 Million. The amount of funding is very different from other sectors such as search and discovery, media, productivity, lifestyle and music that no one is touching the figure of US \$ 10 Million in mid 2016 (Techinasia, 2016). The synergies FinTech with e-commerce and start-up company (SME) are a major player in the digital economy. FinTech business field is a digital-based

financial services that extend from the payment system, banking services, insurance services, loan, give away fund, until just advice or lessons to the public through digital media. While e-commerce, among others in the form of an online store, an online marketplace (digital marketplace), online transportation services, and tourism support services online. Those expected synergies of them could potentially bring positive trends in interest and desire of youth to make promising new business in the future. East Java is one of the wealthiest provinces in Indonesia, with economic growth above the national growth of 5.44%, while nationally only 4.79% in 2015. Economic growth in East Java has only below to Jakarta as the capital of the State. But the growth was still collecting unemployment problem (906 thousand peoples) and poverty (12.28% of the population) are relatively growing. In 2015, there were three business sectors increased, namely mining, food and beverage and also financial services and insurance (BPS East Java, 2016). According to a World Bank study, it is anticipated that a 20% increase in financial inclusion could lead to employment growth of 1,4%. Assuming a 20% incremental change in financial inclusion in East Java in the next 5 years, FinTech alone could accelerate GDP growth rate in the province by 5% leading to 270.000 new jobs. The economic profile of East Java balances the manufacturing and trading hub of Surabaya with the broader agricultural profile in the rural hinterland. These economic opportunities and economic advancement will be related with SME's or start-up company in East Java that probably given benefit by FinTech among their assistances, accessibilities, affectivities and efficiencies.

There are two main purposes of this paper. First, we review financial technology based on business models to show what existing financial technology business model to help start-up business in Indonesia today. This purpose can't analyze all of financial technology that already operated, but as researcher, I tried to give any description about several financial technology products that shows good example for highlight. Second, other purpose is to explain how financial technology to realize good sharing economy in East Java. This purpose is to explain financial technology generally impact on financial institution that shows any opportunities analyzed by related theory. Then other results will show there several chances to realize good sharing

economy especially in East Java Province. The end of this paper hopefully can give views for all stakeholders about the importance of financial technology in the financial services and economic growth. I also hope that the East Java's Government may consider financial technology and other startup companies to be able to grow together with the community in the digital economy to achieve a highly competitive and dynamic.

LITERATURE REVIEW

Business Typology: Business Model for E-Business

The researcher nowadays more interesting to devote the greatest intention to business model is e-business. E-business means "doing business electronically" also called "internet-based business". Based on Mahadevan (2000) that describes e-business conduct commercial transactions with their business partners and buyers, thus excluding those that merely make use of web sites displaying information for products/ services sold in the physical world. The rapid growth and adoption of new technologies have facilitated organizational transformation. Recent advances in communication and information technologies, such as the emergence and swift expansion of the Internet will decline communication costs, have allowed the development of new ways to create and deliver value, which have offered scope for the new creation of new exchange mechanisms and transaction architectures (Amit & Zott, 2001). These development have opened new horizons for the design of business models by enabling firms to change fundamentally both in firm and industry boundaries (Mendelson, 2001).

The Internet is a principal driver of the surge of the interest for business model and the consequent emergence of a literature, which resolves around the e-business. While in general scholars have described specific e-business initiatives. On distinguishes among 11 generic e-business models from e-shops to e-procurement to trust and other third-party services. Rappa (2001) classifies companies according to the nature of their value proposition and their mode of generating revenues.

Other scholars, like Applegate (2001) introduces the following six businesses model: focused distributors, portals, producers, infrastructure distributors, infrastructure portal and

infrastructures producers. While Mahadevan (2000) tried to following principal dimensions for classifying business models: user's role (how the client or prospect is consider by the company), interaction pattern (one or many people/ companies providing to one or many people/companies), nature of the offering (information, services, or products), pricing system (the system, price list, or dynamic price mechanism), level of customization (mass vs. customized content), and economic control (from self-organizing to hierarchical). Beside the typology of e-business model, component of e-business models is more important to evaluate that already organize or operate in every financial technology providers or products. For this paper, the author took 2 approaches concepts by Applegate (2001) and Osterwalder (2009). Applegate (2001) describes his component e-business model into concept (describes an opportunity), capabilities (define the resources needed to turn concept into reality) and value (measures the return to investors and other stakeholders). Applegate (2001) also made second order concepts that will be shown below: *Concept* includes Market opportunities; Product and services offered; Competitive dynamic; Strategy for capturing a dominant position; Strategic options for evolving the business, *Capabilities* include People and partners; Organization and culture; Operating model; Marketing sales model; Management model; Business development model; Infrastructure model. *Value* includes Benefit returned to stakeholder; Benefit returned to the firm, Market share and performance; Brand and reputation; Financial performance. Other scholars have attempted to provide business model ontologies. A business model ontology (Osterwalder, 2009) is a conceptualization and formalization of the essential components of a business model into elements, relationships, vocabulary and semantics. Osterwalder's business model also called business model canvas that usually used by any start-up companies to start their business.

Osterwalder's business model is consist of Value proposition (the reason why customers turn into one company over others), Customer segments (define the different groups of people or organizations enterprise aims to reach and serve in order to satisfy customer), Channel (communication, distribution and sales comprise a company interface that play important rules for the

customer experience), Revenue stream (represent the cash a company generates from each customer segments), Key resources (the most important assets required to make a business model work), Key activities (the most important actions must take to operate successfully) and Key partnership (create alliances to optimize their business model, reduce risk, or acquire resources. Those two approaches will be used for analyzing the existing financial technology that enough to answer and describe the first purpose of this paper.

Access to Finance

Modern development theory studies the evolution of growth, relative income inequalities, and their persistence in unified models. In many of these models, financial market imperfections play a central role, influencing key decisions regarding human and physical capital accumulation and occupational choices. For example, in theories stressing capital accumulation, financial market imperfections determine the extent to which the poor can borrow to invest in schooling or physical capital. In theories stressing entrepreneurship, financial market imperfections determine the extent to which talented but poor individuals can raise external funds to initiate projects. Thus, the evolution of financial development, growth, and intergenerational income dynamics are closely intertwined. Finance influences not only the efficiency of resource allocation throughout the economy but also the comparative economic opportunities of individuals from relatively rich or poor households. Meanwhile more effective and sustainable development approach would directly address financial market imperfections, without causing adverse incentive effects. Most redistributive policies create disincentives to work and save, although the economic magnitudes of these disincentive effects are a subject of intense debate (Aghion and Bolton 1997). Beck et al (2007) argue, these tensions vanish when focusing on financial sector reforms. Reducing financial market imperfections to expand individual opportunities creates positive, not negative, incentive effects. Hence these arguments are very consistent with modern development theories yet emphasize putting financial sector reforms that promote financial inclusion at the core of the development agenda.

Addressing financial sector imperfections can

also appeal to a wider range of philosophical perspectives than can redistributive policies in as much as the latter are directly linked with equalizing outcomes, whereas better functioning financial systems serve to equalize opportunities. Financial inclusion, or broad access to financial services, is defined here as an absence of price or non-price barriers in the use of financial services. Improving access, then, means improving the degree to which financial services are available to all at a fair price. It is easier to measure the use of financial services since use can be observed, but use is not always the same as access. Access essentially refers to the supply of services, whereas use is determined by demand as well as supply.

Other theory that relate with access to finance is financial intermediation. Financial intermediation can affect economic growth by acting on the saving rate, on the fraction of saving channeled to investment or on the social marginal productivity of investment. In general, financial development will be positive for economic growth. But some improvements in risk-sharing and in the credit market for households may decrease the saving rate and, hence, the growth rate (Pagano, 1993). Current financial intermediation theory builds on the notion that intermediaries serve to reduce transaction costs and informational asymmetries. As developments in information technology, deregulation, deepening of financial markets, etc. tend to reduce transaction costs and informational asymmetries, financial intermediation theory shall come to the conclusion that intermediation becomes useless. This theory will be help the author to give an answer for second purpose that shows financial technology can be solve access to finance problems, such as financial market imperfection, accessibility, transaction costs and informational asymmetries. This theory also will help to state that financial technology is not new competitor for financial institution but that is new partner for them.

Digital Economy Concept

In the process of business and economy digitalization, it is important to include a discussion regarding e-marketing, the existence of Internet in business, e-banking, e-commerce or e-business. The digital economy concept has been introduced for the first time by Tapscott (1998), explain about socio-political effect and economic

system which have specific characteristic as an intelligent space comprise of information, various information instrument access and information processing and communication capacity. The digital economy component could be identified at the first time namely are ICT industry, inter company and individual e-commerce activity, goods and services digital distribution, support on goods sales mainly system and Internet used service. Meanwhile the concept of digital economy according to Zimmerman (2000) is digitalization of information and ICT infrastructure. This concept often uses to explain the effect of ICT global in the field of Internet and economy. As an opinion of interaction between innovation development and technological advancement and its impact to macro and micro economy, Lamb and Kling (2003) have a certain opinion that the digital economy is a field of economy encompasses goods and services where its development, sales and supply depend on digital economy. The digital economy development is closely related to characteristics as value creation, the form of product as distribution channel, and structure form as customized offer and private or individual service (Zimmermann, 2000).

Financial technology as digital economy's product rarely used to publish in journal especially in Indonesia. But digital economy has several previous researches that show the phenomenon in digital economy. Although indirectly discussing the digital economy in Indonesia, an article as a research result entitled "An Information Technology and National Communication Planning Roadmap" written by Wahyudi (2007), explain about the important of Indonesia to plan a road map of informational technology and national communication. This is very important to be vigilante because Indonesia is really could not avoid the globalization influence triggered by ICT (Information Communication Technology) advancement in all aspect of life of people in Indonesia. Some problem faced by people of Indonesia among others: the government delay to regulate ICT implementations, the ICT provider is limited and only exist in big cities, the society has reaction to follow ICT development, the ICT infrastructure development is spread uneven lead to limited software and hardware market, the ICT product quality and price is uncompetitive compare to foreign product, the product software and

content piracy is glowing in Indonesia, the supply of ICT expert is limited, the society's ICT buying power is low and limited.

On the other hand, Park (2002) was researching on Asia Pacific region such research entitled Economic Spaces in the Pacific Rim: A Paradigm Shift and New Dynamics. This research using secondary data was analyzing the dynamic economic space due to ICT and communication advancement. According to Park the ICT advancement in Pacific region has experience significant advancement. The B2B advancement using e-commerce has significantly efficient in business transactions. This can possibly happened because more efficient in goods and services distribution and logistics This concept shows financial technology as digital economy's product can boost Indonesia's digital economy target around 130 Billion Rupiah transaction in 2020. Digital economy only focused on online or Internet based business, but potentially that stimulates other conventional or traditional business without border in Indonesia.

Sharing Economy as Technological Phenomenon

The development of information technologies alongside the growth of web 2.0 has enabled the development of online platforms that promote user-generated content, sharing, and collaboration (Kaplan & Haenlein, 2010). More importantly, the various instances of the sharing economy also share the characteristics of online collaboration, online sharing, social commerce, and some form of underlying ideology, such as collective purpose or a common good. Collective consumption is mainly positioned as a category of this contemporary technology-driven sharing economy. Moreover, CC operates through technological platforms, such as a website or mobile app, yet relies heavily on social dynamics for the actual sharing and collaboration. In fact, Wiertz and de Ruyter (2007) propose that firms that own and operate such online platforms do not control the actual sharing at all. Instead, the development is led by social dynamics, such as enjoyment and self-marketing of a community (Lin & Lu, 2011; Wasko & Faraj, 2000). Therefore, sharing economy (and in particular CC) platforms act merely as economical-technological coordination providers.

There are four characteristics of the sharing economy; namely online collaboration, social commerce, the notion of sharing online, and consumer ideology (Hamari et al., 2015). On the other hand, the sharing economy is a socio-economic ecosystem built around the sharing of human and physical resources. That includes the shared creation, production, distribution, trade and consumption of goods and services by different people and organizations. There are several sharing economy activities fall into four broad categories: Recirculation of goods; Increased utilization of durable assets; Exchange of services; and Sharing of productive assets. Moreover, sharing business can execute either, such as Own goods or provide services that they rent to customers, often on a short-term basis, or Create peer to peer platform connecting providers and users for the exchange, purchase, or renting of goods and services. The sharing economy also has spurred “micro-entrepreneurs” and facilitated the creation of new markets and economic activity where none previously existed (Ernest Young, 2015). The proliferation of digital platforms and mobile applications in recent years has been the primary driver for the momentum in collaborative consumption in recent years. Today this sharing

Table 1. Applegate Business Model: Modalku.com

economy coupled with new technologies drives substantial economic, social and environmental benefits by cutting down costs, conserving resources and reducing environmental.

METHOD

This study used a *qualitative* research method by observation and case study analysis. The case study is growing of financial technology to stimulate start-up businesses in East Java. This paper used descriptive data that obtained in several medias.

RESULT AND DISCUSSION

Financial Technology’s Business Typology

To answer the first research purposes, we first must know the business model used from a variety of financial products with existing technology to analyze using the business model of Applegate and Osterwalder. Here are some financial technology provider or product that is used as an example:

Modalku.co.id, Business Category: Lending and Capital Rising; Core Business: Lending (for SMEs); Location: West Jakarta; Tagline: “*Mari Berdayakan Penggerak Ekonomi Indonesia*”.

Concept	Capabilities	Value
<ul style="list-style-type: none"> Involved in third parties transaction: Lender, Modalku and Borrower. Trusted website with international and national recognition (Singapore website: fundingsocieties.com) Possible loan between 50 million to 2 billion Rupiah, with a tenor of 3, 6 and 12 months and an annual interest rate of about 12-20% p.a. 	<ul style="list-style-type: none"> Good partnership with media, bank and other industry. International standard team, High technology usage and Specialized risk management Marketing: Social Media and Partnership: Operation: Fast response 	<ul style="list-style-type: none"> Good benefit for lender (ROI up to 20% p.a. and Credit Insurance), Good loan for borrower (without collateral, fast loan acceptance and brief process) Good market share as trusted lender in Indonesia (total funded loan around 20,8 Billion Rupiah with 73 total loan)

Table 2. Osterwalder’s Business Model Canvas: Modalku.com

Value proposition	Highly recommended lending website (trusted)
Customer Segments	SMEs with 20 Million Earning per Month (CV, PT, Private is Available) / Still operate in regional sector (Jakarta, Bogor, Tangerang, Depok and Bekasi)
Channel	Q&A Live chat, Easy user interface for login and join
Revenue Stream	Loan interest
Key Resources	Business link (investor and loyal lender)
Key Activities	Lend some money for business capital
Key Partnership	Insurance & Risk management, Media and Bank

Kitabisa.com, Business Category: Lending and Capital Rising; Core Business: Crowdfunding (for social entrepreneur); Location: South Jakarta; Tagline: *“Menghubungkan orang baik, Kitabisa.com adalah situs terpopuler untuk menggalang dana dan berdonasi di Indonesia”*

Table 3. Applegate Business Model: Kitabisa.com

Concept	Capabilities	Value
<ul style="list-style-type: none"> Involved in third parties transaction: Donors, Kitabisa.com and Donated people/organization Trusted website national recognition as Indonesia’s most popular fundraising site Possible donation with necessary funding (social funding with reliable budget), Persuade kindness and social attraction 	<ul style="list-style-type: none"> Good partnership with media, community (social, religious, nature, etc) and other patron clients Youth management team, mobilize team, trusted funding with transparency Marketing: Social Media and Community, Operation: Fast response for follow-up donors candidate 	<ul style="list-style-type: none"> Helping others especially in social project and share kindness Top of market share as a number one crowd funding in Indonesia (total funded project around 42 Billion Rupiah with 2.499 project funded)

Table 4. Osterwalder’s Business Model Canvas: Kitabisa.com

Value proposition	Highly recommended crowd funding website (trusted)
Customer Segments	No specific customer segment (importantly kindness)
Channel	Live chat, follow up e-mail and SMS
Revenue Stream	5% for every project held (except: natural disaster)
Key Resources	Business link (patron clients; influential person and loyal donors)
Key Activities	Fundraising for social entrepreneurs and projects
Key Partnership	Bank, other financial technology (Veritrans)

Rajapremi.com, Business Category: Wealth management and Insurance; Core Business: Insurance Marketplace; Location: Jakarta; Tagline: *“Your Way, We Protect”*

Table 5. Applegate Business Model: Rajapremi.com

Concept	Capabilities	Value
<ul style="list-style-type: none"> Involved in third parties transaction: Client, Rajapremi.com and Insurance Company Trusted website with international and national recognition as sister company from FatFish Internet Group, Singapore Offer all of insurance with many choices and affordable price 	<ul style="list-style-type: none"> Good partnership with media, bank and insurance company International standard team, International cultured company Marketing: Social Media and Partnership: Operation: Fast response 	<ul style="list-style-type: none"> Good client for choosing kind of insurance, many insurance company offered so that client can compare them well Good market share as trusted company with cooperate insurance company

Table 6. Osterwalder’s Business Model Canvas: Rajapremi.com

Value proposition	Highly recommended insurance marketplace website (trusted)
Customer Segments	Wealth person (25-60 years old), Salary (> 5 Million Rupiah)
Channel	Live chat
Revenue Stream	Insurance package sales
Key Resources	Corporate Insurance Company
Key Activities	Selling polish insurance in their marketplace
Key Partnership	Bank and Insurance

CekAja.com, Business Category: Market provisioning; Core Business: Financial

e-commerce; Location: Jakarta; Tagline: “E-commerce Finansial Pertama di Indonesia”

Table 7. Applegate Business Model: CekAja.com

Concept	Capabilities	Value
<ul style="list-style-type: none"> Involved in third parties transaction: Client, CekaAa.com and Financial Institution and Company Trusted website with national recognition as licensed company in Compare88 Group, Ltd, Singapore Choose financial products quickly and safely on your financial needs and the best financial products become very easy with CekAja.com comparison engine that will give a neutral product comparison and according to your needs. 	<ul style="list-style-type: none"> Good partnership with media and financial institution Professional team management from two joint-venture company Marketing: Social Media and Partnership: Operation: Medium response 	<ul style="list-style-type: none"> Good financial e-commerce that offers many option for save, spend or invest money. Good market share as no.1 and pioneer of financial e-commerce in Indonesia

Table 8. Applegate Business Model: CekAja.com

Value proposition	Highly recommended financial e-commerce website (trusted)
Customer Segments	Wealth person (25-60 years old), Salary (> 5 Million Rupiah)
Channel	Follow up e-mail
Revenue Stream	Financial e-commerce product sales
Key Resources	Financial Institution and Company and team
Key Activities	Selling financial products
Key Partnership	Financial Institution

Veritrans.co.id, Business Category: Electronic payment; Core Business: Payment service; Location: Jakarta; Tagline: “Simplifying online transaction”

Table 9. Applegate Business Model: Veritrans.co.id

Concept	Capabilities	Value
<ul style="list-style-type: none"> Involved in third parties transaction: Client (Business Partner) Veritrans.co.id and Financial Institution Trusted website with national recognition Give payment service for any online business (from start-up company to corporate company) and online payment gateway that focus on the product and the best service to create online payment is simple, reliable and secure. 	<ul style="list-style-type: none"> Good partnership with media and financial institution Professional team management Marketing: Social Media and Partnership: Operation: Fast response 	<ul style="list-style-type: none"> Good online payment gateway that already synergy with best financial institution (top 5 bank) in Indonesia Good market share in Indonesia, which is serve several e-business, e-commerce and other online transaction.

Table 10. Osterwalder’s Business Model Canvas: Veritrans.co.id

Value proposition	Highly recommended online payment gateway (trusted)
Customer Segments	Online Company/ Internet based Company, Start-up Company
Channel	Follow up e-mail, Call center
Revenue Stream	Online Gateway Service (Service Package) and Cost of transactional / Service charge
Key Resources	Financial Institution and team
Key Activities	Selling financial products
Key Partnership	Financial Institution and Business Partner

Based on business model analysis, the business model of Veritrans.co.id, Kitabisa.com and Modalku.co.id has the potential to scale greater

than other financial technology product. The three financial technology also have the opportunity to impact and influence the start-up company in

Indonesia which is not only focused on e-commerce continues to grow.

Financial Access and Digital Economy Promises

In the modern finance, a financial service is paramount in enhancing the value of financial transactions. Conventional Finance may have to adapt to the emergence of technologies that offer a wide range of interesting products. There are various trends that will emerge in the future, in accordance with the phenomenon of financial technology booming. Some of the trends that I think will change the financial service in 2020, namely: Financial Technology will change and drive new business model; Digital becomes mainstream because infrastructure was fulfill; The sharing economy will appear in every part of financial system; The cloud system will become an important infrastructure; Asia, especially South-east Asia will emerge the key of technology driven innovation (data, market and system); Cyber security is top of mine for financial institution's concern and Regulator will turn to technology as well.

So that, there are several priorities that should be cover those trends, such as, updating your IT operating model; Build the technology capabilities to get more intelligent about your customer need; Prepare your infrastructure to connect anything and anywhere; Pay enough attention to cyber-security; and Make sure your talent and skill is ready to compete.

When those trends will appear immediately, the economy problems can be avoided. In 2020, many companies will be in risk, so financial technology is a problem solver for that condition (PwC, 2016). Digital economy promises could be happened if the regulatory authorities become a friend not a foe. On the other hand, between financial institution and financial technology should be collaborative and support each other to make sustainable partnership.

Sharing Economy in East Java is Really Possible

Second highest population in Indonesia and second highest economy transaction below DKI Jakarta, East Java has big potential to be successful for using financial technology as sharing economy weapon. If financial technology

has been success to bring sharing economy, it will provide several benefit across all the ecosystem stakeholders, including the customer, seller/ entrepreneur and the platform. The sharing economy also has boosted the entrepreneurial spirit and the platforms or financial technologies are converting innovative ideas into disruptive business. There several benefit of sharing economy in East Java: Financial technology bring new business model for utilize resource in East Java, such as data, information and infrastructure. Efficient utilization of resources may be attributed to a better matching of the demand/supply gap in a particular segment. For example, business model like lending and fundraising will help and produce new entrepreneur.

Other financial technology product, payment and insurance can turning the wheels of the economy on the financial institutions and the process of financial inclusion can be more easily obtained with the information available from the product; Financial technology can increase job opportunities and job creation. That means platforms are able to give job quickly than traditional industry, which probably would take more time in bureaucracy. Online platforms give more affordable change for job seeker to build their own business. It is empowering a new class of micro-entrepreneurs who are financially rewarded for sharing their services; After unemployment rate was decreased, the social mobility certainly changes to be better.

There are many of them getting new job or business that providing additional income to people. So that, the additional income generated by the sharing economy increases the spending or purchasing power of the individual; Financial technology or other technology will indirectly give new skill development in sharing economy. By nature, many people want to follow their success that made from sharing economy. Firstly, they will learn more about technologies and languages and secondly they start to adopt it into their daily activities; Technology has facilitated transparency and accountability by developing open-ended, user-friendly platforms that promote sharing among users. Technology has gave better options for user to build business without asymmetric information and agency cost that probably made some bribes or frauds and ; The term "Digital Literacy" can be defined as the

awareness attitude and ability of individuals and business to appropriately use digital tools and technology to identify, access, interact, transact, manage, analyze and synthesize digital resources to create or construct new knowledge.

CONCLUSION

Financial technology is not a threat for financial institution, if they can work together as collaborative partner. All of financial technologies is ready to help other start-up company with different way based on their business model. Probably there are only several financial technology directly related with them, but financial technology function will give knowledge about efficiency and affectivity in business. East Java absolutely has a change to be digital province in Indonesia, if regulators and government give more attention to financial technology and Start-up Company to prove their ability.

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