

Research Article

Perception of the Role of Fintech on Formal Workers During the COVID-19 Pandemic (Study on Construction Workers)

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Abstract.

The development of FinTech in Indonesia has had many good impacts, not only for the company but also for the employees within it. Especially during the COVID-19 pandemic, which resulted in limited outdoor mobility. This study aimed to understand the effectiveness of FinTech for formal workers during the COVID-19 pandemic. The qualitative descriptive study was a case study of 40 employees at a construction company in Surabaya. The results of the study showed that FinTech plays an important role for formal workers in companies, including efficiency and facilitating financial services, facilitating funding and transactions, improving the standard of living of employees, as well as planning future investments for the formal workers themselves.

Keywords: financial technologist, covid19 pandemic, formal workers

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1. Introduction

Digital technology is a tool in society to obtain information and facilitate activities both in daily life and in helping in work and business. In recent years, the financial sector is one of the sectors affected by technological developments, it can be said that technology has entered the financial sector, called *FinTech*. According to Suyanto and Taufan Adi Kurniawan [1], this technological development affects people's lifestyles in various fields, especially the economy.

The Covid-19 pandemic that has haunted Indonesian society since 2020 has directly affected sectors related to people's daily mobility. If before the pandemic, many people made transactions directly outside the home, since the pandemic and the recommendation to be at home, have changed people's lifestyles to digitalization. Starting from

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shopping for daily necessities, school, and work, it is carried out virtually or online. For business people, Hu and Zhang revealed that the company's performance has decreased during the Covid-19 pandemic [2]. The most obvious economic consequences are the decline in company sales and profitability [3].

FinTech has a big role amid a pandemic, which is to help maintain people's purchasing power. The development of digitalization and the benefits felt by the public during the pandemic have triggered the emergence of renewable innovations in the field of digital finance, including financial technology (*FinTech*). Fintech has created creative breakthroughs for Indonesians who are not ready to accept changes in economic activity. On the other hand, *FinTech* provides new opportunities for the economy, which can increase its economic activity more effectively [4]. During the Covid-19 pandemic, many business actors and employees in the company have benefited from the presence of *FinTech*. *FinTech* provides convenience and efficiency in terms of technology-based financial management in the company which includes digitization of financial reports, payment technology, and online-based loans.

FinTech can support transactions related to lending and borrowing, buying and selling transactions, and payments to be more effective, efficient, and economical [5]. Like Go-jek which is affiliated with the *fintech* company Go-Pay. The presence of Go-Pay facilitates transactions in all services available in the Go-Jek application. Not only for customers but the convenience is also felt by the Go-Jek driver partners themselves in terms of time and energy efficiency. The transformation of consumer opinion with the existence of internet channels that form transactions that can be carried out instantly and at that time (*real-time*) is the cause of the development of fintech [6].

The existence of *FinTech* in Indonesia continues to optimize the role of the financial services sector in supporting the acceleration of national economic growth, maintaining financial system stability as a foundation for sustainable development, and opening financial access to improve the welfare of the public. As the ease and advancement of *FinTech* certainly carry risks, namely the development of new modes of crime that no longer use conventional means. Criminals use online, scamming, phishing, and theft of personal data.

Research conducted by Rendika there is an influence of information, facilities, and *User* loyalty in using the *FinTech* application during the Covid-19 pandemic [7]. The contribution of variables of information, facilities, and user loyalty in using fintech applications during the Covid-19 pandemic was 0.471 or 47.1%. Of the three variables that affect the use of fintech applications, the loyalty variable contributes the most. Meanwhile, the results of research conducted by Calvin Giovanni Ease of application,

reliability, security, traceability, and trust make consumers tend and intend to use the OVO E-Payment application as a transaction tool because the use of OVO helps performance in transactions, saves time, provides benefits and convenience in transactions so that it will make consumers prioritize using the OVO E-Payment application as a transaction tool [8].

2. Methods

This research uses qualitative research methods with a descriptive approach that is a description of the results of observations and documentation studies. According to Sugiyono [9], the definition of a descriptive method is a method used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. Qualitative methods are expected to be able to produce an in-depth description of speech, writing, and behavior that can be observed from a certain individual, group, society, or organization in a certain setting context that is studied from a complete, comprehensive, and holistic point of view.

In this study, researchers used data collection techniques, namely observation, and observation, observation activities carried out by researchers include systematic recording of events, behaviors, objects found and seen based on search results through internet media and social media, and other media needed to support the research. Through internet studies and observations, researchers collect information from articles found on the internet as well as print media. One of the main roles in making observations is to find complex interactions with natural social backgrounds [10].

The observation made was to see and follow the effectiveness of *FinTech* in 40 formal workers at one of the Construction companies in Surabaya after 2 years through the Covid-19 pandemic. In addition to being useful for employers, *FinTech* is giving influencing employees by providing access to financial products during the Covid-19 pandemic. The characteristics of respondents who use *FinTech* can be described in the table as follows table 1:

The data table 1 above shows an overview of the frequency distribution related to the age of respondents who use fintech, the largest number of respondents are between 31-35 years old with 15 people. Then followed by respondents aged between 25-30 years as many as 10 people and respondents aged 20-24 years as many as 9 people. While the rest aged between 36-40 years were 6 people. These results indicate that

TABLE 1: Characteristics of respondents by age.

Age	Total
20-24	9
25-30	10
31-35	15
36-40	6
Total	40

employees who use fintech are mostly adults, namely 31-35 years old, this is possible because this age is a productive age.

TABLE 2: Characteristics of respondents by gender.

Gender	Total
Male	19
Female	21
Total	40

The data table 2 above shows an overview of the distribution of frequencies related to the gender of respondents who use fintech. Most respondents were women as many as 21 people. Meanwhile, the number of men is 19 people.

TABLE 3: Characteristics of respondents by level of education.

Education	Total
Senior High School	15
Bachelor	22
Magister	3
Total	40

The data table 3 above shows an overview of the distribution of frequencies related to the education level of respondents who use fintech. Most respondents were undergraduates as many as 22 people. Then as many as 15 people were high school graduates and the remaining 3 people were Masters graduates. From the data obtained, the author will analyze qualitatively by understanding and stringing together the data that has been collected and compiled systematically, then conclusions are drawn.

3. Results and Discussion

Financial technology is something that results from combined of service finance with something business model technology with transaction first payment _ should face to face advance or meet direct and bring some cash now we can to do transaction

payment distance far in count second only [11]. FinTech in Indonesia can develop along more increasing total internet and smartphone users [12]. Financial technology is defined as innovation in technology with various service models of finance that can get material effects on business processes related to the provision of something service finance (Financial stability board) [13].

The COVID-19 pandemic that has occurred since 2020 has had an impact on the sustainability of the company. There are so many companies that go out of business or temporarily stop business operations. A survey conducted by the Ministry of Manpower stated that around 88% of companies have been affected by the pandemic over the past six months and are generally in a state of loss. The loss was due to declining sales, so production had to be reduced. As for companies that are still surviving during the pandemic, they must do efficiency and innovation. Starting from business diversification to operational cost efficiency. Not only companies, but formal workers must also be able to innovate appropriately. In addition to innovation for the company where they work, it also innovates for the future of the employees themselves. Increasing productivity at work is a form of innovation for the company while innovating for the future is how these employees create new sources of income without having to sacrifice their main job.

In the era of increasingly sophisticated technology as it is today, it is utilized by formal workers at construction companies in Surabaya. The internet facilities provided by the company are used to learn to develop themselves which can eventually trigger the creative process and innovations. Renewable technology is not only beneficial for the upper level of the company but also for the lower middle level because inevitably they have to hone their skills to adapt to digitalization.

One of the renewable technology advances that are rife today is *Financial Technology (FinTech)*. *FinTech* is a commitment of financial service actors to continue to innovate and transform from traditional transactions into digital form, with a shorter, easier, and more affordable process with the existence of a digital platform. The development of *FinTech* in Indonesia has had many good impacts not only for the company but also for its employees in it. In addition to providing ease of financial-related activities for company owners, *FinTech* also plays an important role for formal workers in the company. Before the Covid-19 pandemic, top management had introduced and educated new technologies in the field of finance to middle-level formal workers to provide understanding and training on the use of financial applications using smartphones. From the results of observations made on 40 formal workers, almost 99% were greatly

helped by the presence of FinTech, while 1% felt they did not benefit from FinTech due to a lack of understanding and lack of experience in the use and benefits of FinTech.

3.1. Efficiency and simplifying financial services

The current COVID-19 pandemic has resulted in limited mobility outdoors. To minimize the risk of virus transmission in office clusters, many formal workers limit activities outside the office or even enforce WFH. In the end, there was a change in the lifestyle of employees where most financial transactions were carried out from home, all online through FinTech. In a survey conducted on formal employees at the company, almost all of the respondents had accounts for e-commerce applications or online transportation. Only with a computer or smartphone that is already connected to the internet, *FinTech* can be accessed by formal workers wherever they are. They don't have to queue for a long time in CS for the opening of a new account or have to linger at the teller to deposit their money. If payday time comes, formal workers can simply check the balance on their smartphones.

While e-commerce and online transportation applications are used by respondents for online transportation reservations and food courier services, online shopping, and making credit payments, electricity internet, and other transactions. In general, the online applications that are commonly used by these respondents are mostly provided or collaborated with *FinTech* as a payment service, such as Gojek with *FinTech* called Go-Pay, Grab and Tokopedia with *FinTech* Ovo and so on. *FinTech* applications are also very helpful in controlling finances. This is in line with research conducted by Ryu where the use of FinTech applications via cellular makes financial transactions convenient, economical and transparent [10]. Even some applications provide bill payment services such as credit & postpaid, credit cards, or PLN electricity tokens. These things can be more efficient in time and energy because there is no need to leave the house to make a transaction.

3.2. Facilitate funding, and transactions and improve living standards

The existence of *FinTech* can improve the living standards and purchasing power of formal workers. Mediocre salaries and the uncertain status of formal workers make them rack their brains to supplement their income and savings. However, this is not an easy matter, because formal workers in the company must work full-time and carry

out responsibilities as formal workers. To start a side business, formal workers can use *FinTech* for business funding. Where the service has received an operating permit from the Financial Services Authority (OJK) so that it is safe to use. The types of loans offered vary from productive and consumptive loans. Both conventional and syariah. Fintech is able to drive a continuous increase of loan transactions [14].

As much as 25% of formal employees in the company use loans as their side business capital. The capital obtained can be used as a side business for selling online, and employees can become drop shippers by selling various supplier goods or having their products. Formal workers who do online business do not need to think about payment tools because currently, *FinTech* companies partner with e-commerce to provide financial facilities to facilitate buying and selling transactions and payment methods. This payment alternative can expand the reach of the market or buyers in e-commerce which in turn can increase transaction volume, such as Gojek with Go-Pay, Grab and Tokopedia with *FinTech* Ovo, and so on.

3.3. Future investment planning

Not always formal workers are in a comfort zone position. In conditions that are full of uncertainty and job careers that are not guaranteed, formal workers must be able to carry out future planning related to finances. In addition to looking for additional income such as selling online, they also use *FinTech* as a means of invention. Fintech investment is now the choice of many people who want to invest their money in the hope of getting big profits. Many employees began to be inventively literate, with varying costs and could be accessed anywhere. The choice of Investment Instruments also varies from mutual funds, stocks, deposits, and much more. All investment processes are carried out and controlled by all parties involved with only smartphones and the internet. This *FinTech* dimension includes an e-trading platform that allows consumers to invest directly through a computer on all types of assets, "smart contracts", and *FinTech* innovations that offer Robo-advice on financial services (financial advisors), including investment and portfolio management.

FinTech services not only have many benefits for employees but also need to be taken into account the risks that exist. The risk of cybercrime, transaction errors, and misuse of personal data are some of the crimes that often occur because non-bank financial regulations are not as strict as banking. Therefore, employees in construction companies must be smart consumers choosing financial services at *FinTech* companies

registered and officially licensed by the OJK. To avoid fraud and becoming a victim of *fake FinTech*.

4. Conclusion

The COVID-19 pandemic that has occurred since 2020 has had an impact on the sustainability of the company. A survey conducted by the Ministry of Manpower stated that around 88% of companies have been affected by the pandemic over the past six months and are generally in a state of loss. Not only companies, but formal workers in the company must also be able to innovate appropriately by increasing productivity in working for the company and innovating for the future by creating new sources of income without having to sacrifice their main job. The internet facilities provided by the company are used to learn to develop themselves so that they can trigger creative processes and innovations in renewable technology. One of them is the use of Financial Technology (*FinTech*). The development of *FinTech* in Indonesia has had many good impacts not only for the company but also for the formal workers in it. *FinTech* also plays an important role for employees in the company. Efficiency and facilitating financial services by only having a computer or smartphone that is connected to the internet, *FinTech* can be accessed by employees wherever they are. Facilitate funding, and transactions and improve the living standards of employees because a variety of productive and consumptive loans are provided. Both conventional and sharia. Future investment planning includes an e-trading platform that allows employees to invest directly via computer on all types of assets, “*smart contracts*”, and *FinTech* innovations that offer *Robo-advice* on financial services (financial advisors), including investment and portfolio management.

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